



PERSPECTIVES

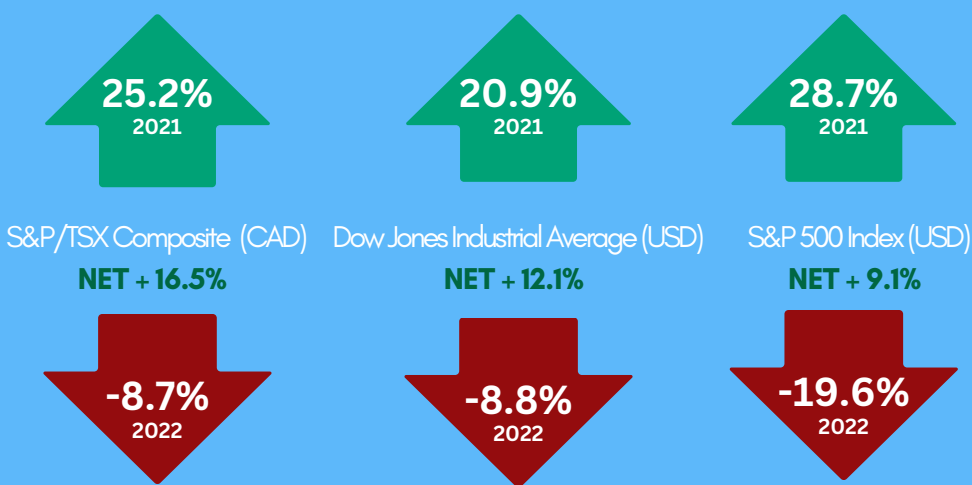
Shelly Appleton-Benko
Odlum Brown Limited



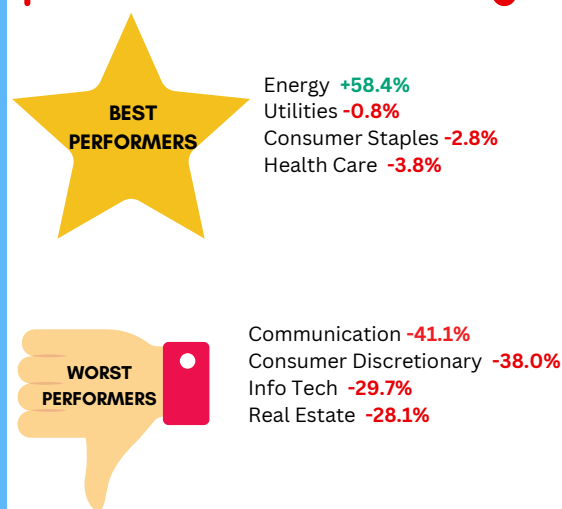
In numerology, the number 22 is known as the "Master Builder". When one thinks of a master builder year, you may imagine lofty returns and building wealth. However, 2022 brought us what I like to think of as a year full of change and renovation, as investors were forced to clean house, renovate the existing portfolios and prepare for higher interest rates, inflated prices and (gasp!) even a recession. Interestingly enough, energy prices were the best performing sector. However, if you compare the price of light crude on January 1, 2022 with light crude at the end of 2022, they are almost identical! That is a wild ride and one more reason why we need to remind ourselves to look beyond the news reels and headlines and remember that investing for the long term is the key to wealth accumulation. Over the last year, volatility in the energy sector began with prices of light crude at \$77/barrel racing to \$122/barrel in June and now back trading at \$77/barrel. One could not have predicted that kind of volatility and the negative effects this has had on consumer goods, discretionary spending and inflation on everything!

Inflation rates average around 2% per year, and we just heard the latest numbers from the U.S. came in at 6.8%. Although this is lower than the month before, we have a long way to get back to average. Everything expanded in 2022 except for the price of real estate. We saw a decent correction in home prices and a definite easing of market activity that was mostly driven by the interest rate hikes. These changes to the interest rates have assisted us in building more of a fixed income portfolio with some elevated returns of short-term bonds as well as Guaranteed Investment Certificates.

2021 vs. 2022 YTD Total Return NET POSITIVE



YTD Performance BY SECTOR



YTD CAD DOLLAR

CAD/USD
-7.5%



The BIG "R"

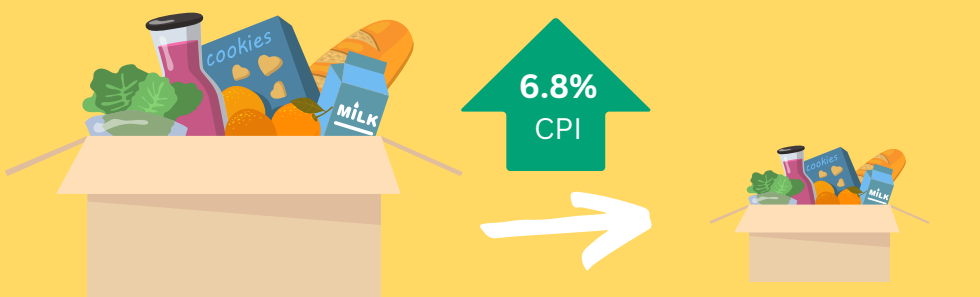
re-ces-sion noun

a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters.

Well, we hate to say the big "R", but it's not as scary as it seems. Market corrections are a necessary reset for the markets. The best way to make a "recession-proof portfolio" is continuing to invest in strong individual companies who we believe will outperform expectations.

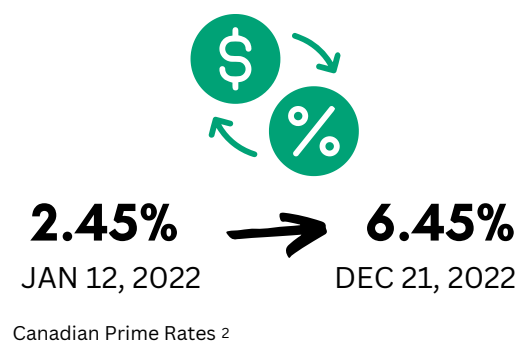


A Look at INFLATION



CPI reflected as 12 month change as of Nov 2022 ¹

Changes in INTEREST RATES



YTD BITCOIN

BTC
-64.8%



Volatility of CRUDE OIL



TERM FOR 2023: THE BLUE ZONE

Have you heard of the term "Blue Zone"? The Blue Zones are areas in the world where people live the longest, with the most Centenarians, and are healthiest. According to National Geographic, they are places like Okinawa, Japan; Ikaria, Greece; and Loma Linda, California to name a few.



In just a few weeks, Odlum Brown will be celebrating our 100th birthday in business! With this centenary, our firm will become part of the Blue Zone in the investment world! As we reflect on the volatility the markets brought in 2022, I remind myself that change is the constant we can all count on. In the last 100 years, there have been many market corrections, a few major crashes and many historical global events. The point is that when we look ahead to the future, we should realize that change will always be part of our financial future. At the end of the day, the ability to adapt is what leads to long-term success.

¹ <https://www150.statcan.gc.ca/n1/daily-quotidien/221221/dq221221-eng.htm>
² https://ycharts.com/indicators/canada_prime_rate

*All YTD returns as of Dec 31, 2022.