

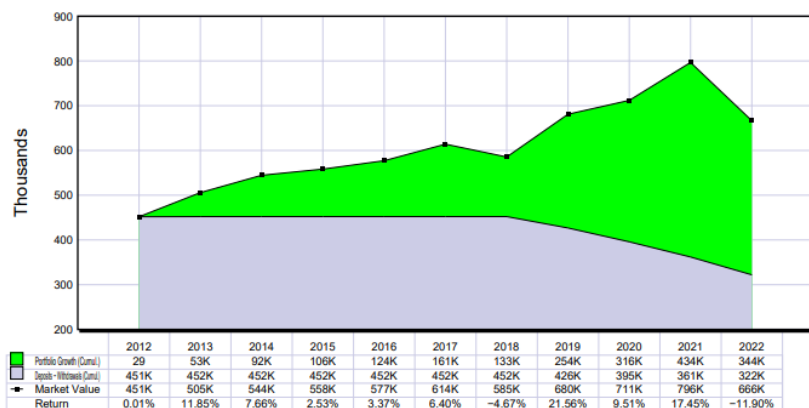
Cash Flow Solutions Model Portfolio

Q3 Quarterly Commentary - as of September 30, 2022

The third quarter was negative for all the major indices, which dragged down almost all accounts. Concerns over rising interest rates, geopolitical tensions, energy crisis and recession fears resulted in bulk selling during the quarter.

*Please note investments staged a remarkable rebound the first two days of October and recouped more than half the lost value from September. We expect more volatility for Q4.

The model now has an asset mix of 13% cash equivalents, 8% fixed income, and 79% equities. While the economic and investment landscape is more challenging, volatile, and unpredictable heading into 2023 we believe a diversified portfolio provides the best opportunities for long-term growth and tax-efficient income. **Despite the ups and down of the markets over the years the annualized return of the model portfolio is 6.19% net of costs since January 2013.** See graph. *Please note this client is regularly withdrawing funds.



return from December 19, 2012 to September 30, 2022:

6.19%

What We See Ahead...

Inflation Fever & Higher Interest Rates

While it's reassuring to see that inflation is moderating from 40-year highs, we believe it is a bit too premature for investors to assume that the return towards more normal levels of inflation will be a smooth descent from the peak. Increasing interest rates is the primary tool used by central banks to hit the brakes on inflation. However, rate increases, while useful in slowing down the broader economy, do little to rein in rampant inflation caused by supply chain issues.

Global Demand Concerns

Global consumption predictions are being revised lower based on multiple factors including: central bank policy of higher interest rates, the risk of recession in Europe due to a severe energy crisis, and China's Zero-COVID policy. The supply side of the materials and energy sectors is still very tight leading to higher prices, which benefit investments in these sectors such as: **Suncor (SU \$45.11)** and **Ninepoint Energy ETF (NNRG \$46.91)**

Seasonality Trends (Santa Claus Rally)

The Santa Claus Rally is like an annual Christmas gift to the stock market. It refers to the seasonal outperformance of the stock market during the holiday season between U.S.

Thanksgiving and New Year's. We believe that markets will perform well in the last quarter with energy investments leading the way.

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The top three performing investments for Q3

1. Nutrien Ltd. (NTR-T)	12.34%
2. WSP Global (WSP-T)	4.52%
3. Labrador Iron Ore (LIF-T)	1.98%

During Q3 the following investment changes were made:

We rebalanced and reduced positions in the third quarter to reduce risk across the portfolio. Four of the investments we reduced were low dividend payers that would not pay us significantly as we wait for a market rebound. Moreover, we reduced the REIT ETF because naturally it carries high debt loads and rising interest rates could lower earnings.

We reduced the following positions below:

- Brookfield Asset Management (BAM.A-T)	Dividend 1.29%
- Visa (V-US)	Dividend 0.83%
- WSP Global (WSP-T)	Dividend 0.99%
- iShares Real Return Bond ETF (XRB-T)	Interest 1.76%
- CI Canadian REIT (RIT-T)	Dividend 5.32%

Generating investment income in a high inflation/rising rate environment is a key strategy moving forward.

Investors put a premium on investments that pay a consistently growing dividend as they are the mark of healthy companies. In addition, fixed income investors are becoming very frustrated with bond returns and with GIC rates looking appealing we are considering making a switch.

Despite recent performance being affected by high inflation and increasing interest rates, we expect these volatile times will moderate in the months ahead. We encourage you to read the IN FOCUS newsletters to stay up-to-date and remember to stay focused on the future and your personal well-being. *What good is your wealth without your health!* We are here to help so feel free to email or call (780) 414-2552 if you have questions or comments. Thank you.

In the spirit of Thanksgiving, we give thanks and gratitude for your trust and confidence in our team to provide you with continuous care over the past 22 years!

Wishing you continued health! Take care, stay safe!

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