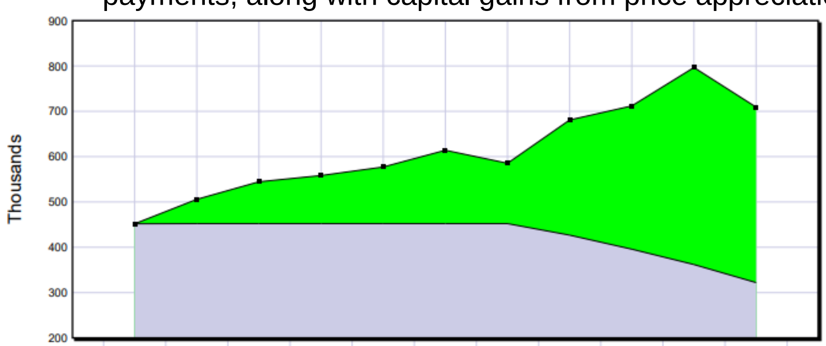
Cash Flow Solutions Model Portfolio
Q4 Quarterly Commentary - as of December 31, 2022

A look back at 2022 reminds us that central bank policy can have a huge impact on investments! Many believed, **"inflation was transitory".** However, inflation increased to over 7% leading to several jumbo-sized, consecutive interest rate increases within 10 months – the fastest pace on record! This in turn led to the largest losses for fixed income investors since the 1980s. There was nowhere safe to hide and we are grateful that we were not invested heavily in technology as some investments in that sector were down over 50%!

10 Year Discretionary Anniversary! **Since we started the discretionary balanced model in December 2012, accounts are annualizing 6.62% per year, net of costs. For 2022 the model down approximately -6.27% including costs for 2022.** Our investment focus remains on generating cash flow for you in the form of dividends and interest payments, along with capital gains from price appreciation.



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Portfolio Growth (Cumul.)	29	53K	92K	106K	124K	161K	133K	254K	316K	434K	387K
Deposits - Withdrawals (Cumul.)	451K	452K	452K	452K	452K	452K	452K	426K	395K	361K	322K
Market Value	451K	505K	544K	558K	577K	614K	585K	680K	711K	796K	709K
Return	0.01%	11.85%	7.66%	2.53%	3.37%	6.40%	−4.67%	21.56%	9.51%	17.45%	−6.27%

return from December 19, 2012 to December 30, 2022: 6.62%

So what is the outlook for 2023?

Despite the uncertainty around the inflation, interest rates and geopolitical tensions, we remain optimistic for several reasons:

1. It is very rare to see two back-to-back negative performance years. Sometimes the worst years are followed by the most wonderful years, such as after the declines in 2002 and 2008. According to Macrotrends.net the S&P 500 has only seen consecutive years of negative returns three times since 1957.

2. Research suggests there are several Canada-specific advantages heading into 2023. We believe there remains significant value opportunities in Canada in the following sectors: resource, materials, industrials and financial sectors, while the technology heavy U.S. markets are expected to be range bound.

3. We continue to see strength in dividend paying investments. Given the outlook for slower economic growth, we believe dividends will play an increasing role in total return. This bodes well as companies with excess cash flow will most likely increase their dividends.

Not all will be positive as market volatility will continue as investors navigate geopolitical tensions, declining earnings and interest rates that stay higher for longer. Economies may or may not dip into recession but will certainly feel elements of stagflation as inflation will continue to rise faster than economic growth.

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In our experience, we believe that the model portfolio can still grow modestly throughout 2023. Our plan is to continue to provide a smoother, risk-adjusted return than the market by focusing on diversification, dividend-income and maintaining a balanced approach to portfolio allocation.

Monthly and Q4 returns for the Cash Flow Solutions Model were as follows*:

Oct	Nov	Dec	Q4
5.99%	3.76%	-3.38%	6.25%

*** Returns are net of investment costs**. Actual performance of your account(s) will vary due to inception date and the timing of deposits and withdrawals. Your complete performance for the full range of periods can be found on the portfolio summary page.

The top three performing investments for the full year 2022 based on price gains:

Whitecap Resources (WCP-T)	+43.39%
Suncor (SU-T)	+35.70%
Nutrien (NTR-T)	+3.97%

During the 4th quarter, the following changes were made to the portfolio model:

- During Q4 we added to two existing investments **Enbridge (ENB-T), BMO Global Gold ETF (ZGD-T)** and one new investment **Tourmaline Oil (TOU-T)** reducing the cash balance from 13% to 7%.
- **Tourmaline Oil Corp (TOU-T)** engages in exploration, development, and production of oil and natural gas. Analysts believe there is still room to run for the stock with global natural gas shortages. This investment is rated high risk and as such we made a small initial investment.

As we mentioned earlier it is very rare to see two consecutive years of negative returns in the market, which bodes well for investors' confidence heading into 2023! While history points to a potentially positive year, we continue to mindful of the risks and will be utilizing cash reserves as safety buffers.

We thank you again for your patience as we recognize the ups and downs in the markets can be unsettling. Your success and peace of mind is our priority and we value the relationships we have with you. We thank you as well for the numerous referrals we've received over the past year. Your confidence and trust in us is appreciated.

Wishing you continued success, good health and happiness for 2023!

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