

		<u>Dec 2021</u>	<u>YTD</u>	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>10-Years</u>
U.S. Large Cap Equities	S&P 500	4.48%	28.71%	28.71%	26.07%	18.47%	16.55%
U.S. Small Cap Equities	Russell 2000	2.23%	14.82%	14.82%	20.02%	12.02%	13.23%
Energy Infrastructure Equities	Alerian U.S. Midstream Energy	0.75%	45.01%	45.01%	7.94%	1.05%	--
U.S. Real Estate Equities	Dow Jones U.S. Select REIT	9.01%	45.91%	45.91%	16.84%	9.65%	10.70%
Global Equities	MSCI All Country World Index	4.00%	18.54%	18.54%	20.38%	14.40%	11.85%
International Developed Equities	MSCI EAFE	5.12%	11.26%	11.26%	13.54%	9.55%	8.03%
Emerging Market Equities	MSCI Emerging Markets	1.88%	-2.54%	-2.54%	10.94%	9.87%	5.49%
U.S. Taxable Fixed Income	Bloomberg U.S. Aggregate	-0.26%	-1.54%	-1.54%	4.79%	3.57%	2.90%
U.S. Tax-Exempt Fixed Income	Bloomberg Municipal Aggregate	0.16%	1.52%	1.52%	4.73%	4.17%	3.72%
High Yield Fixed Income	Bloomberg U.S. Corporate High Yield	1.87%	5.28%	5.28%	8.83%	6.30%	6.83%
Floating Rate Loans	S&P/LSTA Leveraged Loan	0.64%	5.20%	5.20%	5.63%	4.27%	4.69%
International Fixed Income	Bloomberg Global Aggregate Ex-U.S.	-0.07%	-7.05%	-7.05%	2.46%	3.07%	0.82%

- Global equities capped off a fantastic year with a strong 4.0% return in December to end the year up over 18.5%.
 - The highly contagious Omicron variant did little to disrupt markets as the world learns to manage through the pandemic.
- In the U.S., equity markets rose nearly 4.5%, despite third quarter real GDP coming in lower than the 2.6% consensus estimate.
 - The deceleration was attributable to weaker consumer spending, a wider trade deficit and a slower pace of home building.
- At the December meeting, the FOMC officially announced its intention to conclude tapering by March 2022, and the Fed's dot plot implied three rate hikes in both 2022 and 2023; Chairman Powell cited high inflation and falling employment rates as the catalysts for tightening.
- U.S. small and mid-cap equity index returns were positive, but muted, amid uncertainty about how Omicron could impact small businesses.
- Outside the U.S., foreign equities gained a combined 4.1% in December, with the price-to-earning discount to U.S. equities a wide 6.9x.
- In bond markets, nominal and real U.S. 10-year Treasury yields ended the year at 1.5% and negative 3.5%, respectively; inflation was 5.0%.
- U.S. investment grade bonds slid 0.3% lower as yields moved incrementally higher, with a Bloomberg U.S. Aggregate Bond yield of 1.8%.
- High yield bonds and floating rate loans gained in December and ended the year returning over 5% to lead all fixed income categories.
- International bonds declined 7.1% for the year, with the U.S. dollar strengthening 7.2%.

- The U.S. dollar weakened 1.2% against the Canadian dollar in December, ending the month with an exchange rate of 1.2656.
- The highly contagious Omicron variant had descended upon Ontario and Quebec during the final weeks of 2021, and both provinces introduced lockdowns to avoid overwhelming the hospital systems.
- According to Bloomberg, the recently imposed restrictions were not expected to prevent the Bank of Canada from moving ahead with its plan to begin raising rates, and a liftoff was expected to occur as soon as January 26th or March 2nd.
- The plan to raise interest rates was predicated on expectations that the most recent wave of COVID-19 would raise inflation by further constricting the supply chain, and the fact that Canada's economy had been growing at pre-pandemic levels by year-end.



Date Range	USD to CAD	+/-
YTD	1.2754-1.2656	(0.8%)
1-Year	1.2754-1.2656	(0.8%)
3-Years	1.3644-1.2656	(7.2%)

\$USD 1,000,000
 =
\$CAD 1,265,572

@ 1.2656
(12/31/2021)

CAD Profile	
*Inflation Rate	4.7% (Nov 2021)
Interest Rate	0.25% (Dec 2021)
Information	http://www.bankofcanada.ca

*Total CPI Inflation

Sources: xe.com, Statistics Canada, bankofcanada.com, Bloomberg

The larger chart below shows the historical daily COMEX copper price, which is displayed in U.S. dollars per pound. The chart provides 20 years of price history as well as past recessions. The embedded chart provides a zoomed-in image of the 2021 calendar year copper price movement.

Copper prices were up \$0.94 per pound year-to-date, or 26.7%.

Since the \$2.10 low point on March 23, 2020, prices have risen \$2.36 per pound, or 112.4%.

The price of copper was \$4.46 per pound as of December 31, 2021.



Copper Price Outlook

The price of copper remained steady in December for the second consecutive month, ending just \$0.18 per pound higher.

The modest price increase was attributable to continued tight inventories, despite some easing from the record highs reached in May.

According to Fitch Solutions, its analysts said that copper prices have largely traded sideways over the fourth quarter of 2021, but that sentiment towards the metal has begun to weaken compared to the first half of 2021.

Looking ahead, Fitch Solutions forecasts copper prices will move steadily lower.

Specifically, its analysts are predicting prices will moderate 1% by the end of 2022, move 6% lower by the end of 2023, and fall as much as 10% by the end of 2025.

The chart below shows the historical daily West Texas Intermediate (WTI or NYMEX) crude oil prices per barrel, displayed in U.S. dollars. The chart provides 20 years of price history and includes shaded columns to reflect past U.S. economic recessions.

Oil prices were up \$26.69 per barrel year-to-date, or 55%.

Since the \$11.26 low point on April 21, 2020, prices have risen \$64.00 per barrel.

The price of crude oil was \$75.21 per barrel as of December 31, 2021.



Oil Price Outlook

Oil prices moved higher in December, increasing \$9.03 per barrel. According to Bloomberg, the higher cost of oil was attributable to U.S. crude inventories which had fallen for six consecutive weeks.

While prices ended December better than 10% higher, there was plenty of volatility during the month. Most of the price movement was attributable to OPEC+, which doubled down on its intention to add 400,000 barrels per day to its January production. While this initially sent the prices lower, it quickly rebounded, as recent history has shown that the group has been severely limited in its ability to increase production quickly.

Looking ahead, the EIA (U.S. Energy Information Administration) predicts that the price of oil will move modestly lower and trade between \$60 and \$80 in 2022 with a bias for the lower end of the range.