

		<u>Dec 2022</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	-5.76%	-18.11%	7.66%	9.42%	12.56%
U.S. Small Cap Equities	Russell 2000	-6.49%	-20.44%	3.10%	4.13%	9.01%
Energy Infrastructure Equities	Alerian U.S. Midstream Energy	-5.57%	29.56%	12.13%	7.74%	-
U.S. Real Estate Equities	Dow Jones U.S. Select REIT	-5.24%	-25.96%	-1.37%	2.50%	5.74%
Global Equities	MSCI All Country World Index	-3.94%	-18.36%	3.99%	5.21%	7.95%
International Developed Equities	MSCI EAFE	0.08%	-14.45%	0.86%	1.54%	4.66%
Emerging Market Equities	MSCI Emerging Markets	-1.41%	-20.09%	-2.68%	-1.39%	1.43%
U.S. Taxable Fixed Income	Bloomberg U.S. Aggregate	-0.45%	-13.01%	-2.71%	0.02%	1.06%
U.S. Tax-Exempt Fixed Income	Bloomberg Municipal Aggregate	0.29%	-8.53%	-0.77%	1.25%	2.13%
High Yield Fixed Income	Bloomberg U.S. Corporate High Yield	-0.62%	-11.19%	0.05%	2.31%	4.03%
Floating Rate Loans	S&P/LSTA Leveraged Loan	0.44%	-0.60%	2.55%	3.31%	3.67%
International Fixed Income	Bloomberg Global Aggregate Ex-U.S.	1.31%	-18.69%	-5.94%	-3.07%	-1.64%

Economic News

- The Federal Reserve hiked interest rates by 0.50% in December, increasing the Fed Funds rate by 4.25% in 2022.
- The Personal Consumption Expenditures (PCE) price index moved slightly lower, to 5.5%, but remained well above the Fed's 2% target.
- Following two consecutive quarters of negative GDP growth, real GDP grew at an annualized rate of 2.9% in the third quarter.
- Mortgage rates more than doubled in 2022, resulting in declines in new home building and existing home sales.
- The U.S. Dollar (USD) rose 9% in 2022, after peaking up 15% during the year.
- Rising costs, not deteriorating sales, accounted for much of the weakness in earnings this year. We expect profits to decline in 2023.

Market Update

- 2022 was the 7th worst year for the U.S. stock market. The U.S. bond market had its worst year in over 40 years.
- It was the worst year for the Bloomberg Aggregate Bond Index dating back to its creation in 1976.
 - There have only been four down years for the Index prior to 2022, with the greatest previous decline of -2.9% occurring in 1994.
 - The largest annual decline for U.S. Treasuries prior to 2022 was 11.1%, but the benchmark U.S. government bond lost 15% this year.
- An iconic 60/40 portfolio of U.S. stocks and bonds lost 17% in 2022, marking it the third worst year on record for traditional diversified portfolios.
- The good news for investors is that yields have increased dramatically, leading to higher expected future returns.
 - Global stocks and short-to-intermediate investment grade bonds now yield around 2.5% and 4-5%, respectively, and the combined yield of +3.5% is well above the 1.5% yield at the start of the year and 1.3% heading into 2021.

Personal Consumption Expenditures Price Index

- PCE, the Fed's preferred gauge of inflation, decreased 0.6% month-over-month, but remained well above the 2% long-term target.

Consumer Price Index: 12-Month Change (Bottom)

- The annual inflation rate (CPI) slowed for a fifth consecutive month to 7.1% in November.
- Energy costs, the primary driver of inflation, increased 13.1% in 2022.
- Inflation forecasts have been revised higher to 3.1% for 2023 and 2.5% in 2024.

Personal Consumption Expenditures Price Index

Change from Month One Year Ago

November 2022	5.5%
October 2022	6.1%
September 2022	6.3%
August 2022	6.3%

Track of 2022 Inflation

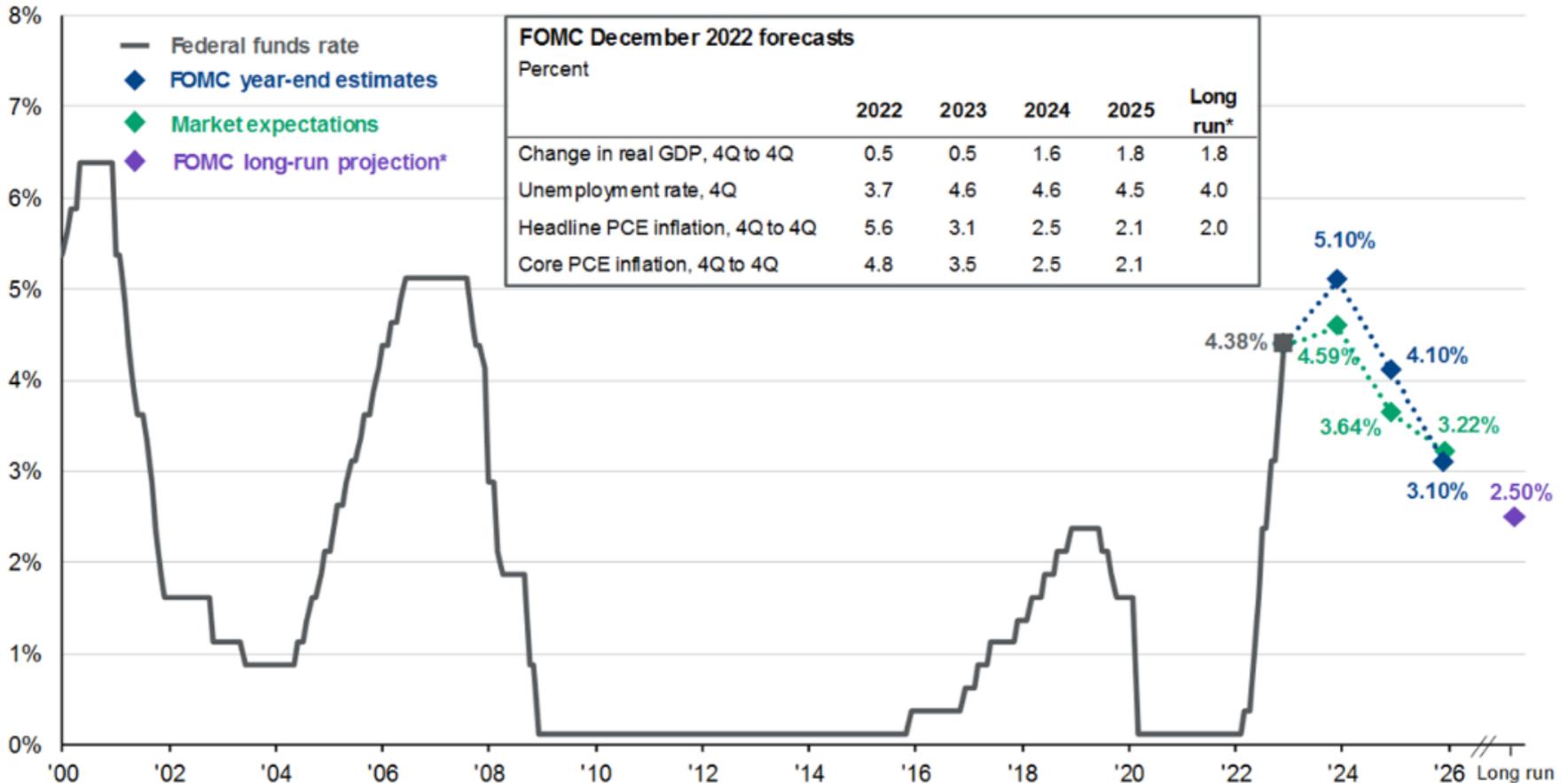


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- The U.S. Federal Reserve raised the fed funds rate by 0.50% to 4.35% during its final meeting in December.
- The raise followed four straight 0.75% increases; December's hike was in line with expectations.
- Borrowing costs ended the year at their highest level since 2007.
- The Fed now expects interest rates to reach a peak of 5.1% or more in 2023.
- The next Fed meeting is scheduled for January 31-February 1 where a 25 bp (0.25%) increase is expected.

Federal funds rate expectations

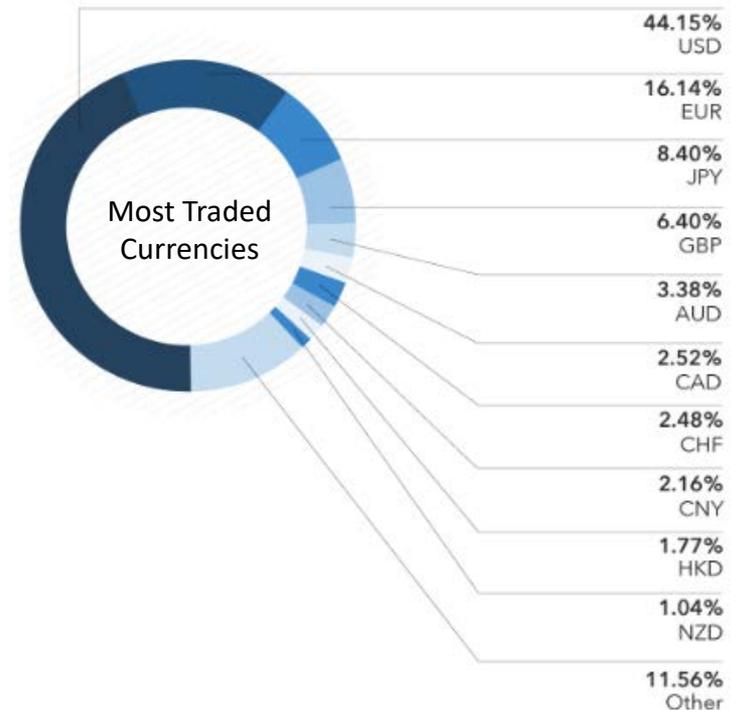
FOMC and market expectations for the federal funds rate



- The U.S. dollar did not materially change against the Canadian dollar in December after it strengthened \$0.08, or 7.0%, year-over-year.
- Canada's economy expanded by 0.1% in October, and early numbers for November show no growth.
- Canada's service sector has grown for six consecutive months, while its goods sector has contracted over the past four months.
- In December, the Canadian government announced it would ban foreigners from purchasing residential property in Canada after prices surged following the pandemic. The government's intention is to prevent foreign profiteering and reduce the growing number of underused and vacant properties.

CAD Profile	
*Inflation Rate	6.8% (Nov 2022)
Interest Rate	4.25% (Dec 2022)
USD vs CAD	1.35401-1.35398 (Dec 2022)
Information	http://www.bankofcanada.ca

	Currencies	Units per USD	USD per Unit
USD 1.00	Euro	0.9317	1.0732
	Japanese Yen	131.00	0.0076
	British Pound	0.8263	1.2101
	Australian Dollar	1.4677	0.6813
	Canadian Dollar	1.3539	0.7385
	Swiss Franc	0.9244	1.0817
	Chinese Yuan	6.9090	0.1447
	Hong Kong Dollar	7.8121	0.1280
	New Zealand Dollar	1.5748	0.6349



*Total CPI Inflation

Sources: xe.com, Statistics Canada, CBC, The Economic Times

COPPER @ \$3.81 USD per pound.

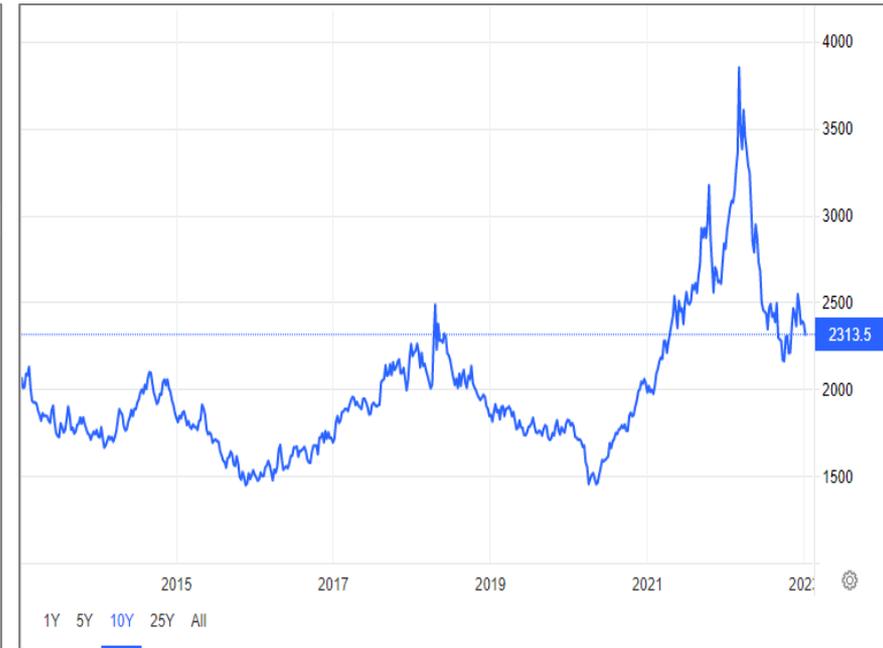
Copper prices were down \$0.58 per pound, or 13.2%, year-over-year, and down \$1.02, or 21.1%, since the March 2022 peak of \$4.83. **Looking ahead, guidance suggests copper will trade at \$3.72 per pound by the end of the first quarter, and at \$3.47 in 12 months.**

Mining giant Glencore is estimating a supply shortage of 50 million tonnes in 2023. Per TradingEconomics, copper prices declined in the year “as sharp recession concerns offset the looming supply worries for the metal, a key gauge for global economic activity. Still, looming shortage worries limited declines and ramped up expectation for higher future prices.”

ALUMINUM @ \$2,378 USD per tonne.

Aluminum prices were down \$429 per tonne, or 15.3%, year-over-year, and down \$1,471, or 38.2%, from the record high price of \$3,849 per tonne in March of 2022.

Aluminum was trading nearly 40% below its March record peak due to persistent fears of a demand-sapping global recession. Optimism about China’s reopening has begun to fade amid fears that another wave of COVID infections could inhibit the country’s ability to open its economy as quickly as expected. **Aluminum is forecasted to trade at \$2,316 USD/tonne by the end of the first quarter, and \$2,142 in 12 months.**



- The price of a barrel of crude oil decreased \$0.04 in December to \$80.51.
- The average price of regular unleaded gasoline was approximately \$3.26 per gallon at the end of the year, about the same as one year prior.

Change in production and consumption of liquid fuels

Production, consumption and inventories, millions of barrels per day

Production	2019	2020	2021	2022*	2023*	Growth since '19
U.S.	19.5	18.6	19.0	20.3	21.1	8.2%
OPEC	34.6	30.7	31.7	34.1	34.5	-0.2%
Russia	11.5	10.5	10.8	10.9	9.5	-17.3%
Global	100.3	93.9	95.7	100.0	101.1	0.8%
Consumption	2019	2020	2021	2022*	2023*	Growth since '19
U.S.	20.5	18.2	19.9	20.4	20.5	-0.1%
China	14.0	14.4	15.3	15.2	15.8	12.5%
Global	100.8	92.0	97.6	99.8	100.8	0.0%
Inventory Change	2019	2020	2021	2022*	2023*	Growth since '19
	-0.5	1.9	-1.9	0.2	0.2	

The price of crude oil did not materially change, month-over-month, despite falling to \$71.59 during the first half of December.

The price of a barrel of oil increased \$5.30, and was up 7.0% year-over-year, but down 35% from the March peak of \$123.70.

Futures data suggests crude oil is expected to trade at \$83.77/barrel by the end of the first quarter and at \$94.09/barrel in one year.

Price of oil

WTI crude, nominal prices, USD/barrel

