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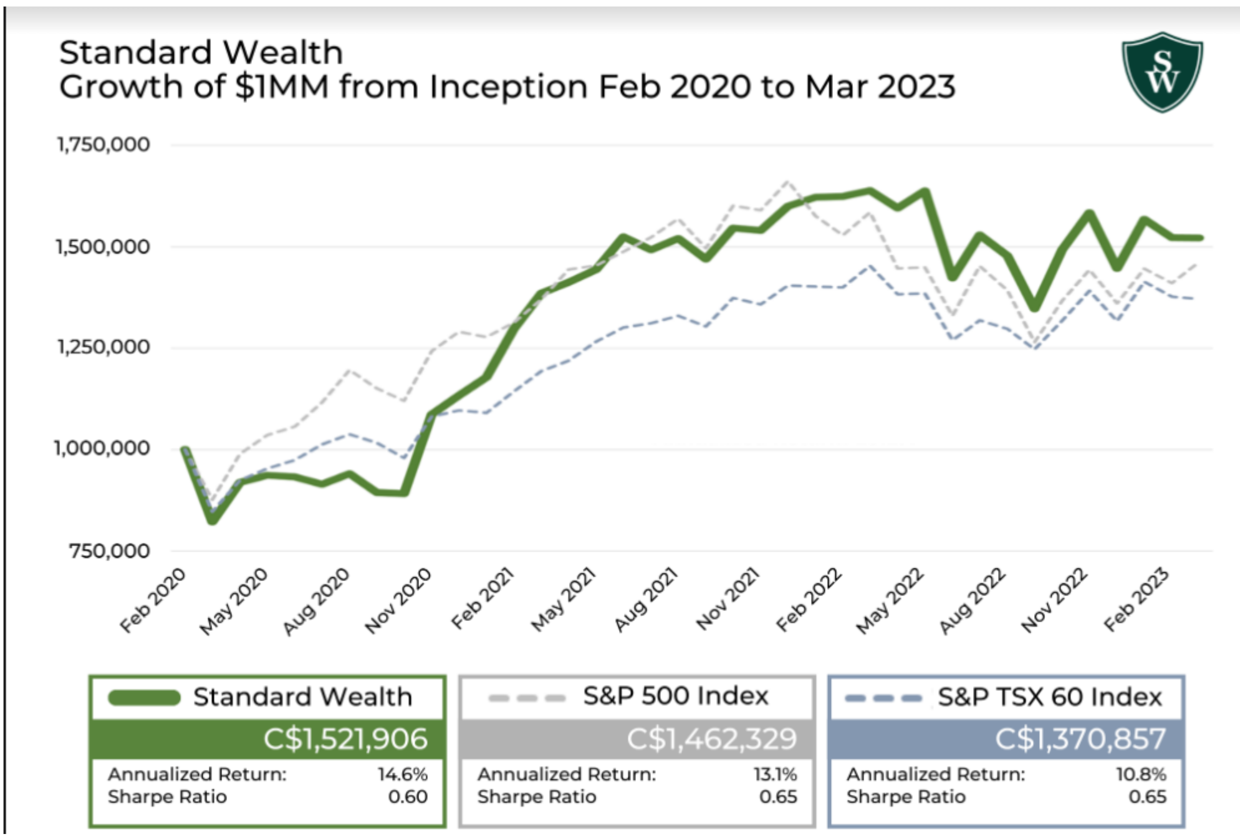
April 11, 2023

Dear Investor,

Drum roll please! We are happy to announce two key milestones from the Standard Wealth strategy. The first is our three-year track record which signifies to most investors a sufficient length of time to see if a strategy is worthy of inclusion into a diversified portfolio of investments. A strong year or two of performance can be attributed to luck and market timing, however, three good years of alpha above the benchmark is generally considered worthy of further analysis for investors. The second bit of news we are happy to share is our outperformance to the S&P 500 of 150 basis points and the TSX 60 of 380 basis points since inception. The graph below is a great illustration of the alpha generated for investors who have participated in the Standard Wealth strategy.



We encourage you to speak with your financial advisor to see if Standard Wealth fits your diversified portfolio.

"Finding the best person or best organization to invest your money is one of the most important financial decisions you'll ever make"

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Bill Gross

Investors in the first quarter of 2023 experienced many different emotions as the new year started with a big rally in the equity markets, which quickly soured with interest rate hikes being the catalyst for a global banking crisis. Credit Suisse is no more, and credit default swaps on other major European banks have spiked as investors seek protection when banks or sovereign governments stop paying their creditors. For example, rates on credit default swaps for Deutsche Bank leapt to 173 basis points on March 24, which is an abnormally high price to pay for insuring against a default on their outstanding bonds and ongoing liabilities.

A shotgun wedding of UBS and Credit Suisse came after comments from Saudi National Bank Chairman, Ammar Al Khudairy, stating that further investment beyond the $1.4 billion in equity that SNB made in November of 2022 was not possible. The powerful and significant impact of this statement cannot be underlined any clearer. The markets realized this loss of confidence from Credit Suisse's major shareholder, and the stock proceeded to tumble. UBS snapped up Credit Suisse after shares fell more than 98% from an all time high of April 2007, whipping out large equity holders, which will have reverberations across the financial community.

Silicon Valley Bank (SVB), once a notable player, was confronted with problems in a rising interest rate environment as depositors withdrew funds that had been invested in longer duration bonds, incurring large unrealized losses as interest rates continued to rise. Executives at the bank failed to adequately understand the inverse relationship of when interest rates go up, bond prices go down, and any bonds with longer duration would be ultra-sensitive to interest rate movements. Even though KPMG auditors gave the bank a clean bill of health 14 days before the collapse of SVB, investors picked up on the significant unrealized losses in the bond portfolio and a bank run ensued where SVB was a forced seller in raising liquidity for depositors wanting to withdraw funds. It is possible that SVB will not be the last bank to have this mis-match of duration in the bond portfolio when investors request the withdrawal of their deposits.

The Federal Reserve dot plot, which indicates the forecasted interest rate path from Federal Reserve Officials, has 2023 finishing with an interest rate of 5.1%, with no FED officials seeing a cut in rates, but market participants see 2023 rates ending quite a bit lower. Either the market or the FED is going to be wrong, and I am going to side with the FED as we do not foresee the FED lowering rates in 2023. Higher for longer is going to be the mantra in the interest rate world unless we have a dramatic deterioration across the economy, which we believe is unlikely. The American consumer sentiment is in good shape, as referenced by Deloitte in their State of the Consumer Report for March 2023, "Americans feel slightly more optimistic about their personal finances and the direction of the economy". The American economy continues to expand, with GDP forecasted to grow at 0.7% in 2023, and the unemployment level remains very low, with just 3.6% of American workers looking for a job.

Investors have a perplexing scenario to understand in that the risk on sentiment from investors has performed well in Q1, and value-based strategies have not. For Example, Bitcoin was the best-performing asset class in Q1 with a 70% gain, with WTI oil declining steadily over the past six months. A falling oil price is great for consumers but will continue to hold the inflation rate at a stubbornly high number of 6.04%, far above the desired rate of 2% the FED would like to see. Could it be that since the stock market is forward-looking, all the bad news has already been taken into account and that is why we have seen equities markets rally in Q1? Possibly, but we believe we will see corporate earnings decline slightly and the price to earnings ratio to further contract.

Standard Wealth investors have seen their portfolio adding to names such as Crescent Point Energy, Canadian Imperial Bank of Commerce, Bank of Nova Scotia, Bristol Myers Squibb and Kinder Morgan while reducing exposure in Altria. We also redeployed capital from sales in the Accelerate Arbitrage ETF and Accelerate OneChoice ETF, as they performed very well during the recent market volatility. These uncorrelated ETFs helped reduce portfolio volatility, and when needed, generated fresh capital to be deployed into companies whose share prices have taken an unwarranted decline.

"A market downturn doesn't bother us. It is an opportunity to increase our ownership of great companies with great management at good prices."

Warren Buffet

Looking forward, we continue to believe we will see a shallow recession. However, markets are forward-looking and when the FED stops raising rates, this catalyst of no further interest rates increases, could drive equity markets higher. Currently, the S&P 500 in forecasted to earn $220 in 2023. With the benchmark trading at 4,109 as of March 31, the forward price to earnings ratio is 18.67, which historically was a fair valuation paid by investors to be invested in the S&P 500.

As of March 31, 2023, the Standard Wealth strategy has a dividend yield of 3.20%, with a current portfolio price to earnings ratio of 12.4. In addition, the strategy has a trailing twelve-month return of -7.10%.

Best of luck to investors as we diligently work to protect client capital.

Best Regards,

Fred Mannix

Fund Performance

TTM Return -7.1%, Dividend Yield of 3.2% and P/E of 12.4

Standard Wealth Returns (from Feb 29, 2020)		
2020 (Feb 29 - Dec 31)	16.1%	annualized
2021	41.2%	annualized
2022	-9.6%	annualized
1 Yr (TTM)	-7.1%	holding pd
3 Yr	22.8%	annualized
5 Yr	n/a	annualized
Since Inception Feb 29, 2020	14.6%	annualized
S&P 500 Index	13.1%	annualized

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