

The Wright Financial Group: April 2022

First Quarter 2022 – Market Review

U.S., Canadian and global equities ended Q1 positively, posting gains in March, but for the overall quarter, markets were mixed. Geopolitical tensions, rising oil prices, high inflation, supply chain disruptions and central bank policy weighed on the S&P 500 Index, Nasdaq, Dow Jones, MSCI EAFE Index and global indexes. The energy rich TSX Composite Index, on the other hand, benefited from the market turbulence.

In Q1, Canada's S&P/TSX Composite Index posted a positive return, with the energy and materials sectors outperforming. Energy stocks gained +28.8% during the quarter as the impact of already tight supplies of crude oil were exacerbated by economic sanctions imposed on Russian oil exports by the West in response to Russia's invasion of Ukraine. Natural gas prices, which also were moving higher due to tight supply in the face of increasing demand, continued their upward trend. This was also due to the impact of sanctions imposed on exports of Russian natural gas. With Europe now motivated to reduce and possibly eliminate its dependency on Russian energy exports, the share prices of Canadian energy producers have benefitted significantly. Materials stocks gained +20.2% for the quarter, also for the same reason, as sanctions on Russian commodity exports have increased the supply-demand imbalance of many commodities, including fertilizers, grains and base metals. Partially offsetting this was the performance of information technology stocks; this sector weighed the most on performance as the prospect of higher interest rates caused investors to question the high valuations of technology companies and to lower exposure to the sector.

U.S. equities endured a challenging quarter, dragged lower by the communications services and consumer discretionary sectors, which posted returns of -9.3% and -13.0%, respectively, as the low potential for growth and the sensitivity to rising rates caused investors to reduce exposure to the communications services sector. Consumer discretionary stocks began to reflect the uncertainty of rising input costs and supply-chain challenges as well as labour shortages. This was

WHAT'S NEW IN Q1?

Reminders:

- ✓ Contribute to your TFSA – 2022 Limit has increased to \$6,000 for a total contribution potential of \$81,500.

Deadlines:

- ✓ Tax Deadline is May 2, 2022

Recommended Reads:

Freezing Order: A true story of money laundering, murder, and surviving Vladimir Putin's wrath by Bill Browder

Preferred Podcasts: The Loonie Hour



HAPPY SPRING!

partially offset by outperformance from the energy sector, which returned +39.2% partly due to sanctions on Russian energy exports. The technology-heavy S&P 500 posted a loss on the quarter as a two-week rally to end the quarter helped to erase some of the losses caused by the concerns over high valuations and interest rates.

In bond markets, U.S. and Canadian yields rose on inflation news and expectations of more, larger rate hikes by the Fed and Bank of Canada. The yield curve continued flattening throughout Q1, reflecting tighter Fed interest rate policy and forecasts for slower economic growth.

Our Equity Models

Our allocation to the energy sector towards the end of 2021 set us up for success in 2022. It is important to remember that investment returns rarely come in straight lines, and we continue to stress the importance of staying invested and sticking to the investment process.

The Wright Financial Group - Canadian High Yield Equity Portfolio Strategy

The Wright Financial Group Canadian High Yield Equity Portfolio strategy outperformed the benchmark during the first quarter of 2022. Overall, our equity allocation contributed to the outperformance.

From an allocation perspective, our overweight position in energy helped along with our underweight positions in information technology, industrials and consumer staples. Overall, these gains were offset by our allocation in the financials as well as our underweight in the materials sector.

Stock selection in energy was the main contributor to outperformance. Our individual holding in Canadian Natural Resources (CNQ) continues to outperform the broader market (up +9.32% in March and is up +45% year-to-date). Within the real estate sector, RioCan REIT and Allied Properties were the two big contributors as the reopening progressed and Covid-related restrictions eased, increasing investor sentiment on these real estate names.

Annualized Returns (%)	1 M	3 M	6 M	9 M	1 Y
TWFG - High Yield	4.09	7.64	12.92	12.49	20.18
S&P/TSX Composite Index (PR)	3.62	3.14	9.07	8.55	17.06
Diff +/-	0.47	4.50	3.85	3.94	3.12

The Wright Financial Group - Canadian Equity Portfolio Strategy

The Wright Financial Group Canadian Equity Portfolio strategy outperformed the benchmark during the first quarter of 2022, as well as over the last year. Our overweight allocation to energy contributed most to performance as did our individual equity selection.

Within financials, Bank of Montreal and Royal Bank of Canada were the biggest contributors to performance. Entering the year, Bank of Montreal was positioned as a preferred name in the Canadian banking space and this position continues to be the case. Canadian Natural Resources was another top contributor to our performance and it continues to be a favoured name in the current environment given its leverage to energy prices, best-in-class assets, and its free-cash-flow profile. Within the consumer discretionary space, Canadian Tire was our largest contributor as the company has shown an ability to navigate the supply chain disruptions very well and continues to put up strong results across all of its banners.

Our selections in Shopify and our position in TFI International detracted as investors began to consider the possibility that the trucking cycle had reached its peak.

In April, we added a position in Nutrien as the global supply and demand dynamics continued to be favourable. Adding to this recently was the invasion of Ukraine by Russia and the ensuing sanctions which removed a significant amount of the global potash and nitrogen supply. This further pressured global supply sending prices higher.

Annualized Returns (%)	1 M	3 M	6 M	9 M	1 Y
TWFG - Canadian Equity	2.34	6.18	14.42	14.11	19.77
S&P/TSX Composite Index (PR)	3.62	3.14	9.07	8.55	17.06
Diff +/-	-1.28	3.04	5.35	5.56	2.71

The Wright Financial Group – U.S. Equity Portfolio Strategy

The Wright Financial Group U.S. Equity Portfolio strategy outperformed the benchmark during all reportable periods over the last year. Our asset allocation, and in particular our overweight allocation to energy, has led to the outperformance over the course of the last year. The S&P 500 energy sector was up +8.78% in March. The weighting in health care was also a big contributor this past month (sector up +5.35%). Our individual holdings in the health care sector essentially doubled the S&P 500 return and outperformed the respective sectors.

Annualized Returns (%)	1 M	3 M	6 M	9 M	1 Y
TWFG - US Equity	5.87	1.92	9.04	9.46	20.71
S&P 500 Index (PR)	3.58	-4.95	5.17	5.42	14.03
Diff +/-	2.29	6.87	3.87	4.04	6.68

What we can expect now?

After a stressful start to 2022, there were signs in March that markets are rebounding. More rate hikes are coming to combat inflation, which will likely remain high in Q2, but should cool later in the year as supply chains normalize, prices ease and hopefully peace is restored in Ukraine. After the record breaking double digit returns of 2021, it's inevitable the pace of growth will be slower this year. However, economic fundamentals and corporate earnings remain healthy and the post-pandemic recovery continues.

Regardless of where we are in the market cycle, it's important to take a disciplined approach to investing and stay focused on your long-term financial goals. Regularly reviewing and rebalancing your portfolio back to the target asset mix we created also helps you remain on track. I am here to support you in achieving your financial goals. Should you have any questions regarding your portfolio, please do not hesitate to contact our office.

Sincerely,

CIBC Wood Gundy



Doug Wright, CIM | Senior Wealth Advisor, Portfolio Manager

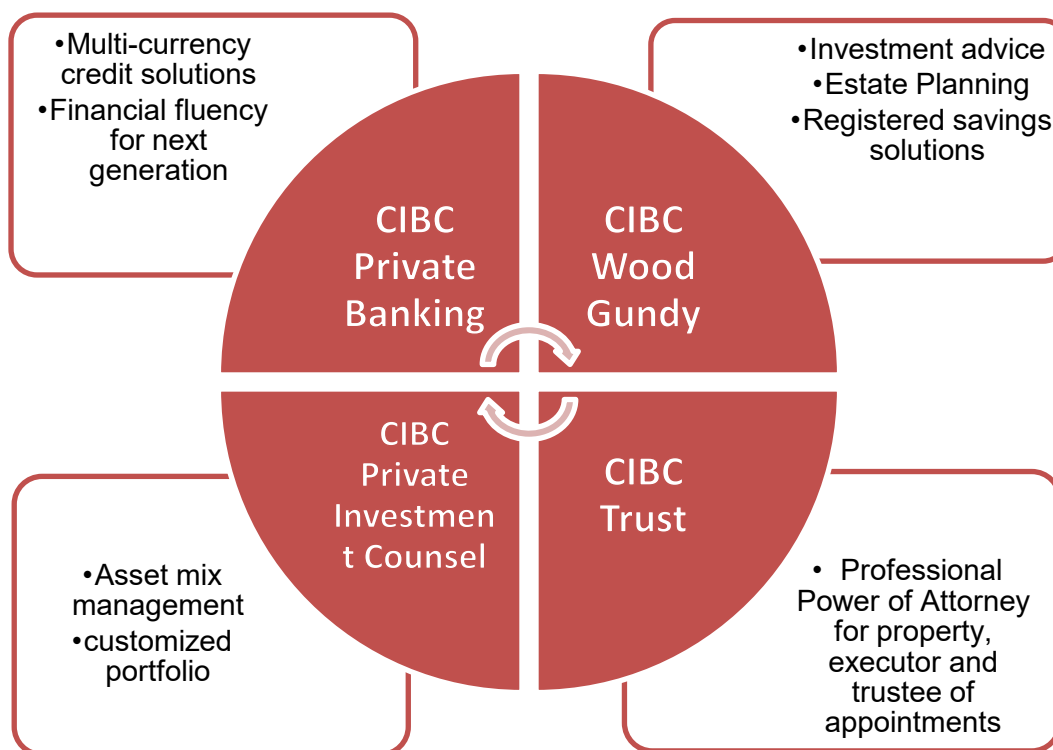


carbon footprint as well as creating a more secure, equitable and sustainable future for all.

We are proud to announce that CIBC has been recognized as one of Canada's Greenest Employers! We are proud to be among many leading companies that are creating a culture of environmental awareness. This award recognizes our long-term commitment to accelerating climate action, our progress toward reducing our

CIBC Family Office

CIBC Family Office is dedicated to providing clients with unique and bespoke solutions in cash, credit, investment and wealth planning, allowing us to meet your multigenerational goals and creating a lasting legacy. Whether you are a business owner, an executive/Professional or an Individual/Family, our team of experts will help you craft a holistic wealth strategy that works for you.



Women and Wealth

In March we celebrated International Women's Day globally. It is a time to honour women's social, economic, cultural and political achievements. The 2022 theme of International Women's Day is Break the Bias, whether its deliberate or unconscious, bias makes it difficult for women to move ahead. Every day we need to make a mindful effort to stop the bias. To read more on women and wealth at CIBC click [here](#).

Sincerely,

CIBC Wood Gundy



Doug Wright, CIM | Senior Wealth Advisor, Portfolio Manager

The information in this letter is derived from various sources, including CI Global Asset Management, Globe and Mail, Daily Mail, National Post, Wall Street Journal, Forbes, MSCI, Bloomberg, Reuters, Investment Executive, Advisor's Edge, U.S. Energy Information Administration, Baystreet, CNBC, The Economist, Yahoo News, CTV News, Bank of Canada and Statistics Canada as at various dates. This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources and reasonable steps has been taken to ensure their accuracy. Market conditions may change which may impact the information contained in this document. Before acting on any of the above, please contact me for individual financial advice based on your personal circumstances.

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Performance results set out in this document are based on composite of CIBC Wood Gundy Advisor Managed Accounts ("AMA") with more than \$75,000 invested in a specified investment strategy managed by the AMA Portfolio Manager. The subsequent AMA accounts in the strategy are included after second month following their inception. Also included in the composite are closed AMA accounts that held in the strategy, up to the last full month the strategy was held. Composite performance returns are geometrically linked and calculated by weighting each AMA account's monthly performance, including changes in securities values, and accrued income (i.e. dividend and interest), against its market value at the beginning of each month, as represented by the market value at the opening of the first business day of each month. Performance results are expressed in stated strategy's base currency and are calculated based on gross of fees. Individual account performance results for clients of AMA invested in the Strategies may also materially differ from the performance results set out in this document, which are based on the Composite, due to the factors described above, and other factors such as an account's size, the length of time the Strategy has been held, cash flows in and out of the individual AMA client account, trade execution timing, market conditions and movements, trading prices, foreign exchange rates, specific client constraints against purchasing securities of related and connected issuers to CIBC Wood Gundy

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