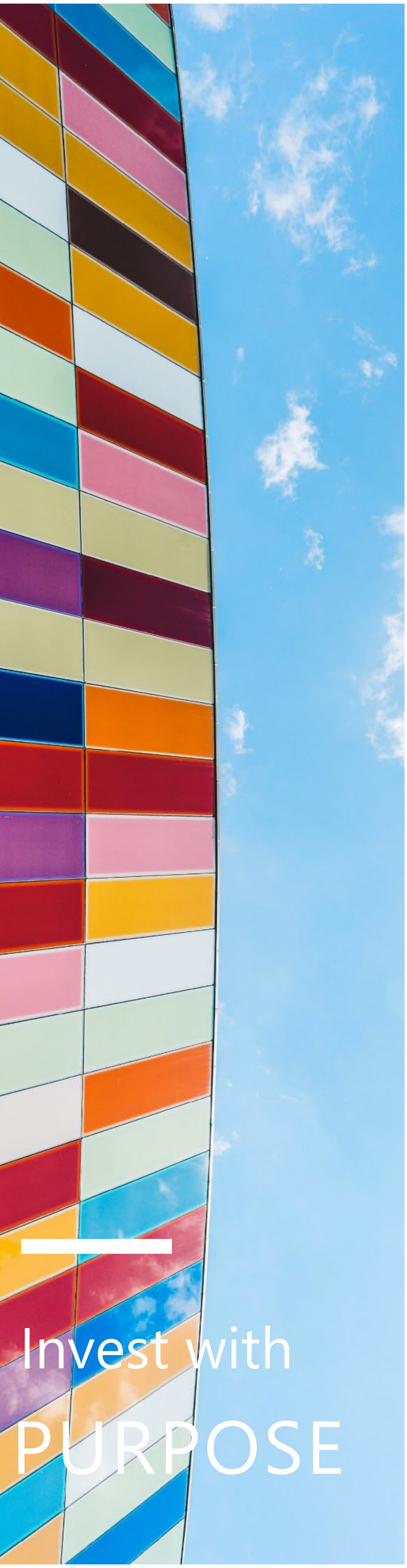
CrossPoint Financial | iA Private Wealth

PORTFOLIO COMMENTARY

March 2023

Prepare for Higher Oil Prices



OPEC+'s surprise production cut is expected to eliminate the current supply surplus and push world oil markets into a deeper deficit later this year. Before the intervention, global oil supply was set to exceed demand by about 500,000 barrels a day from April to June. However, the cutbacks unveiled by Saudi Arabia and its partners change that picture, nearly wiping out the excess which was anticipated to leave markets in balance this quarter, while the stockpile drawdowns expected from July onward are now considerably more pronounced. This move is expected to put the oil price recovery on a much stronger track.

Canadian home sales rose 2.3% on a month-over-month basis in February, although actual monthly activity came in 40% below the same period in 2022. The MLS Home Price Index declined 1.1% month-over-month and was down 15.8% year-over-year. The Canadian population grew by 2.7% in 2022 (the biggest annual rise in more than 50 years), which should provide lasting tailwinds for single-detached and multi-unit housing starts.

MSCI Inc., considered one of the most influential providers of Environmental, Social, and Governance (ESG) ratings, is overhauling the way it evaluates over 31,000 funds, resulting in tens of thousands of downgrades. After the rerating, just 54 funds will have the highest ESG rating of AAA, down from 1,120. The change shows how problematic ESG ratings are as the methodologies behind the ratings remain relatively opaque. While using ESG ratings in security selection can be useful, investors should always take extra steps to ensure the fund's strategy meets their expectations.

Canada has formed partnerships with leading German automakers, Volkswagen, and Mercedes, to address the increasing need for clean transportation solutions. Volkswagen will establish an electric vehicle (EV) battery manufacturing facility in St. Thomas, Ontario. The investment is a significant step forward in Canada's efforts to build a clean transportation sector that can meet the global and North American demand for zero-emission vehicles. Separately, the US and Japan have signed a deal that aims to strengthen supply chains for EV battery minerals and would grant Japanese automakers wider access to the US EV tax credit.

China's yuan has overtaken the US dollar as the most traded currency in Russia, with monthly trading volumes surpassing the dollars for the first time in February and becoming even more pronounced in March. This comes after Western sanctions prompted Russia to switch foreign trade transactions from the dollar and euro. The Bank of Russia now regularly calls on companies and citizens to move their assets into the ruble or "friendly" currencies to avoid the risk of having them blocked or frozen.

Despite the recent surge in Bitcoin's price, liquidity in the cryptocurrency market remains low. The US regulatory crackdown and the collapse of some crypto-adjacent banks have tempered investors' enthusiasm, while institutional reluctance to offer liquidity has exacerbated the problem. The decline in trading volumes suggests waning appetite for Bitcoin at its recent higher levels, indicating there could be more wild swings coming.

Portfolio Contributors

- Shares of **Microsoft Corp (MSFT)** continued to rally, helped by AI enthusiasm, ending 15.98% higher than the previous month.
- **Apple Inc (AAPL)** gained 11.86% aided by general flows into the NASDAQ, which experienced its strongest monthly return since June 2020.

Portfolio Detractors

- **Bank of Montreal (BMO)** ended down 6.91% after worries of contagion from the collapse of Silicon Valley Bank spread to Canadian markets.
- Expectations for a slowing global economy led to shares of Nucor Corp (NUE) down 8.32% over the course of the month.

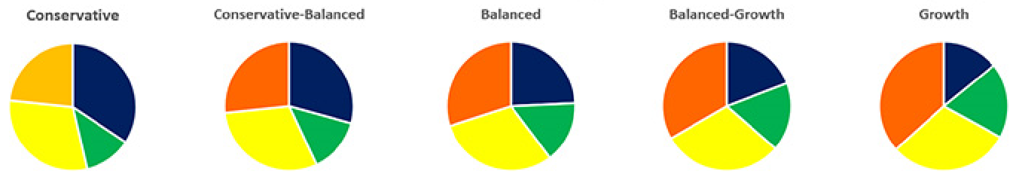
All returns are for the reported month and in local currency.
All data sourced from SIACharts and FACTSET.

Investment and Benchmark Performance

as of March 31st, 2023

	Name	1-Mo	3-Mo	6-Mo	1-Yr	3-Yr Annualized	5-Yr	YTD 2023	2022	2021	2020	2019
	CPF Fixed Income Model	1.3%	2.3%	3.6%	-1.5%	0.3%	1.1%	2.3%	-8.1%	-0.2%	4.5%	8.3%
	Canadian Universe Bond Index	2.2%	3.1%	3.6%	-2.0%	-1.2%	0.9%	3.1%	-11.7%	-0.2%	4.5%	7.3%
	CPF Equity Model	0.5%	5.3%	11.0%	-5.4%	7.4%	3.5%	5.3%	-19.8%	6.9%	15.0%	19.2%
	MSCI World Index (CAD)	2.4%	7.4%	15.7%	1.0%	14.7%	8.7%	7.4%	-11.6%	21.1%	11.4%	21.4%
	CPF Alternative Model	0.6%	1.0%	3.2%	6.7%	9.6%	6.5%	1.0%	6.5%	9.1%	7.3%	7.8%
	Absolute Return of 5% Per Year	0.4%	1.3%	2.5%	5.0%	5.0%	5.0%	1.3%	5.0%	5.0%	5.0%	5.0%
	CPF North American Stock Model	3.1%	6.8%	10.4%	-3.8%	19.3%	10.7%	6.8%	-9.4%	33.8%	12.2%	25.1%
	50% S&P/TSX60 + 50% S&P500	1.4%	4.9%	11.0%	-9.2%	15.1%	8.2%	4.9%	-14.5%	24.7%	10.0%	25.5%

All performance data tracked in SIACharts. All returns are gross of advisor fees.



	Name	1-Mo	3-Mo	6-Mo	1-Yr	3-Yr Annualized	5-Yr	YTD 2023	2022	2021	2020	2019
CPF Portfolios	**Conservative Portfolio**	1.4%	3.3%	6.0%	0.0%	5.6%	4.1%	3.3%	-5.5%	6.6%	7.3%	10.8%
	Conservative-Balanced Portfolio	1.4%	3.5%	6.3%	-0.2%	6.8%	4.5%	3.5%	-5.7%	7.2%	8.2%	11.6%
	Balanced Portfolio	1.4%	3.7%	6.6%	-0.3%	8.0%	4.9%	3.7%	-6.0%	8.2%	9.2%	12.8%
	Balanced-Growth Portfolio	1.5%	3.8%	6.9%	-0.5%	9.1%	5.4%	3.8%	-6.3%	9.3%	10.1%	13.0%
	Growth Portfolio	1.5%	4.0%	7.3%	-0.6%	9.6%	5.6%	4.0%	-6.5%	9.9%	10.4%	13.5%
	SRI-ESG Enhanced Portfolio	3.5%	9.1%	14.1%	1.2%	15.1%	11.0%	9.1%	-9.1%	18.8%	21.7%	18.6%

All performance data tracked in SIACharts. All returns are gross of advisor fees.

Proxy funds used for benchmark indexes:

- Canadian Universe Bond Index: iShares Canadian Universe Bond Index EFT (XBB.TO)
- MSCI World Index (CAD): iShares MSCI World Index EFT (XWD.TO)

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