

April 2023

## Rate Hikes Hitting Earnings

The Q1 2023 US earnings season has begun and will show the impact of the Fed's monetary policy on corporate profitability. Year-over-year earnings growth is expected at -6.5%, making it the second quarter of an earnings decline. Domestically focused companies may struggle, while multinational corporations could benefit from a weaker dollar. Many companies have issued negative guidance, with the consensus suggesting a recession in the second half of the year. For more information, click here.

There is growing concern that the US government could face a technical default on its interest payments in the coming months. Political polarization is at historically high levels, higher than the 2011-13 debt ceiling crises that resulted in a downgrade of the US's credit rating. While a technical default is not the most likely outcome, the investment implication is negative for risky assets. Some missed payments for a limited time would result in equity market volatility, tighter monetary policy, and slowing global growth.

Poland, Hungary, Slovakia, Bulgaria, and Romania have agreed to impose restrictions on Ukrainian grain products as part of an agreement with the EU, replacing their unilateral bans on imports. Poland's initial ban was implemented after weeks of street protests by Polish farmers over a grain glut that triggered a collapse in prices. The measures will be in place until June 5, with the possibility of being extended through the end of the year, jeopardizing Ukraine's crucial economic lifeline. The move to ban Ukrainian grain came as a surprise, given Poland's support for Ukraine through its conflict with Russia. A reduction in the global supply of grain could introduce new inflationary pressures to food prices.

Apple has launched a high-yield savings account in partnership with Goldman Sachs, aimed at attracting US financial clients with an attractive rate. The move intensifies competition in the deposit market, adding to the pressure on traditional financial firms, particularly small and midsize banks that have experienced significant withdrawals this year. The new product is part of Apple's bid to generate more revenue from services and provide another way to lock consumers into the Apple platform.

Chile has announced its long-awaited lithium policy, which gives the state a majority stake in all new contracts and has caused shares in the two current producers in the South American nation, SQM and Albemarle, to tumble. The government will respect existing arrangements with the two companies, but both would move to the state-controlled model once contracts expire in 2030 and 2043, respectively. President Boric's administration seeks a bigger role for the state in a metal that's critical to the cleanenergy transition, with Chile being the world's second largest supplier of the metal.

Central banks are increasingly allocating their foreign exchange reserves into gold, which has contributed to the recent surge in prices. The shift towards precious metals is driven by a belief that there will be a massive de-dollarization trend, which could benefit gold and silver as the US dollar still makes up a significant portion of global foreign currency reserves. Emerging markets, including China, Turkey, and India, have been diversifying their reserves away from the dollar, putting a floor under gold prices.

### Portfolio Contributors

- Shares of **Abbott Laboratories (ABT)** traded 9.64% higher after beating earnings estimates and reaffirming guidance for the fiscal year.
- **BCE Inc (BCE)** outperformed the market as investors shifted capital towards more conservative industries, like Telecommunications.

### Portfolio Detractors

- Shares of **Nucor Co (NUE)** pulled back slightly, down 4.07%. Slowing global growth may mean weakened demand for steel products through 2023 into 2024.
- The volatile **ARK Innovation ETF (ARKK)** was pulled 11.01% lower, partially due to an earnings miss by Tesla, the ETF's largest position.

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



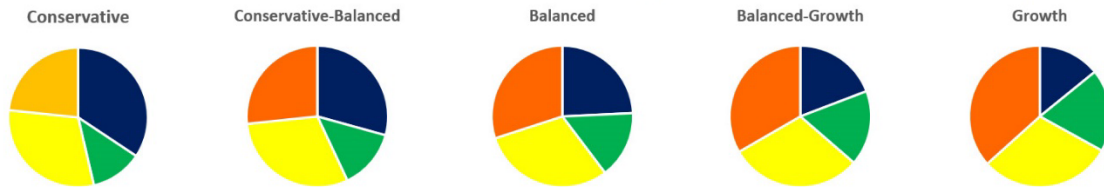
Invest with  
**PURPOSE**

Investment and Benchmark Performance

as of April 30th, 2023

Name	1-Mo	3-Mo	6-Mo	1-Yr	3-Yr Annualized	5-Yr	YTD 2023	2022	2021	2020	2019
<b>CPF Fixed Income Model</b>	0.7%	0.7%	5.0%	1.8%	-0.2%	1.4%	3.3%	-8.1%	-0.2%	4.5%	8.3%
Canadian Universe Bond Index	0.9%	1.0%	5.4%	2.6%	-2.6%	1.2%	4.0%	-11.7%	-0.2%	4.5%	7.3%
<b>CPF Equity Model</b>	0.5%	-0.4%	6.7%	3.1%	5.7%	3.6%	5.8%	-19.8%	6.9%	15.0%	19.2%
MSCI World Index (CAD)	2.1%	4.2%	11.7%	9.5%	12.1%	9.0%	9.7%	-11.6%	21.1%	11.4%	21.4%
<b>CPF Alternative Model</b>	-0.1%	-0.1%	2.1%	4.3%	7.9%	6.6%	1.1%	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%	1.7%	5.0%	5.0%	5.0%	5.0%
<b>CPF North American Stock Model</b>	4.2%	7.3%	9.3%	3.5%	18.8%	11.6%	11.1%	-9.4%	33.8%	12.2%	25.1%
50% S&P/TSX60 + 50% S&P500	2.5%	1.0%	6.7%	0.0%	12.2%	8.4%	7.5%	-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
<b>CPF Portfolios</b> Conservative Portfolio	1.2%	2.0%	5.3%	3.4%	5.0%	4.4%	4.8%	-5.5%	6.6%	7.3%	10.8%
Conservative-Balanced Portfolio	1.3%	2.2%	5.5%	3.4%	6.2%	4.8%	5.1%	-5.7%	7.2%	8.2%	11.6%
Balanced Portfolio	1.5%	2.4%	5.7%	3.5%	7.2%	5.3%	5.4%	-6.0%	8.2%	9.2%	12.8%
Balanced-Growth Portfolio	1.6%	2.6%	5.9%	3.6%	8.3%	5.8%	5.7%	-6.3%	9.3%	10.1%	13.0%
Growth Portfolio	1.7%	2.8%	6.1%	3.7%	8.8%	6.0%	6.0%	-6.5%	9.9%	10.4%	13.5%
SRI-ESG Enhanced Portfolio	0.9%	5.0%	12.3%	9.0%	13.3%	11.1%	10.0%	-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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