MDL
Associates

BMO Nesbitt Burns

October 2022 - Extrait # 68

IT'S ALWAYS DARKEST BEFORE DAWN

BMO Private Wealth

MDL Associates

BMO Nesbitt Burns

Pierre's comments

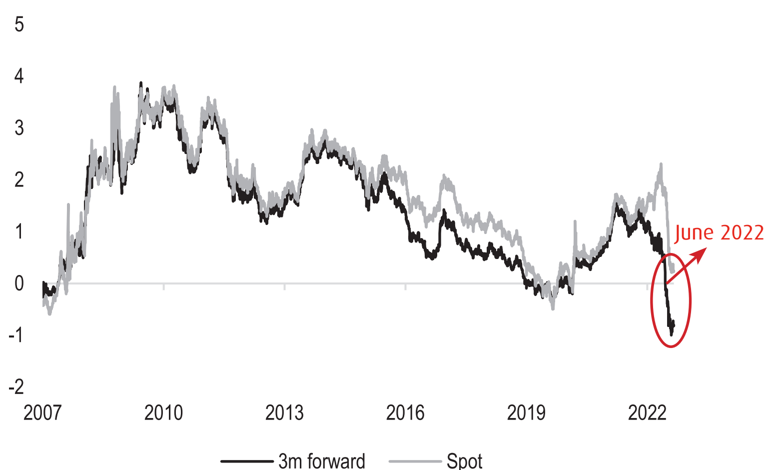
IT'S ALWAYS DARKEST BEFORE DAWN

As I am writing these lines, during the week of September 5th, it has become clear that a recession looks inevitable. However, given the market's volatility these days, perhaps much of the information here will have become obsolete by the time it reaches you, but the investment philosophy remains the same.

The most accurate tool to predict a recession is an inverted yield curve. Over the last 55 years, every time the 3-month vs. the 10-year U.S. Treasury bill yield has inverted, a recession has hit within 10 months. One such inversion took place in June 2022.

Chart 1

3m10y spread inverted in the middle of June



Source: Refinitiv, Credit Suisse Research Institute

Table 1

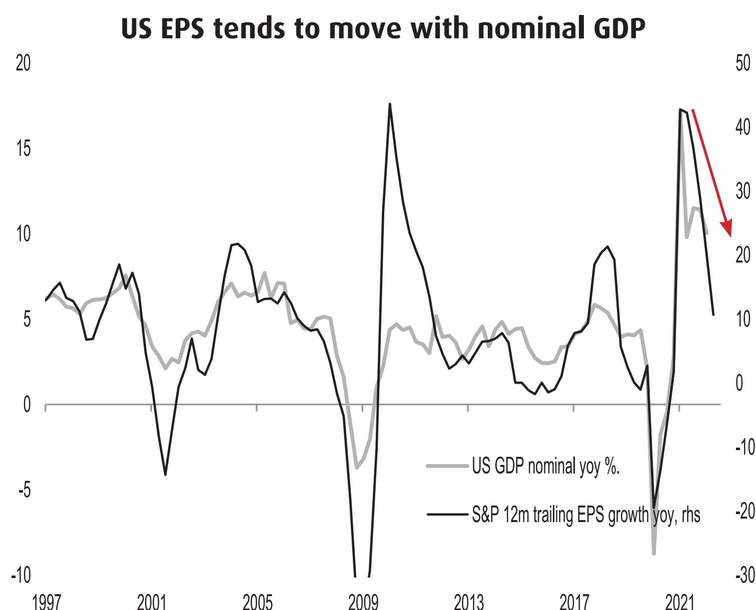
Inversions lead recessions by 10 months on average

3m10y inversion date	Peak of business cycle	Lead (months)
Sep-66	na	na
Dec-68	Dec-69	11
Jun-73	Nov-73	5
Nov-78	Jan-80	14
Oct-80	Jul-81	8
Jun-89	Jul-90	13
Jun-00	Mar-01	7
Aug-06	Dec-07	16
Jul-19	Feb-20	7
Average		**10.1**
Median		**9.5**

Source: Refinitiv, Credit Suisse Research Institute

However, its length and depth remain a major question mark, but it will definitely reflect the decisions and the path of the Federal Reserve Board (Fed) and its chairman, Jerome Powell. Mr. Powell has repeated many times that rebalancing the economy, regaining the supply/demand equilibrium and getting inflation under 3% will be a painful process. Given that the Fed has no control over the supply side, Chairman Powell will tackle the demand side by raising interest rates back to normalization (Fed fund rate at ± 4% from current 2.5% in early September) and hope that the economic slowdown this will cause will allow for the supply chain to rebalance itself and inflation to subside as a result. During this economic adjustment period, we should see inventories build up accompanied by massive layoffs and a rise in unemployment. This is the "pain" that Mr. Powell is referring to. Alternately, inflationary pressures will subside, and the inflation "demon" will hopefully be returned to his 2 to 3% "cage."

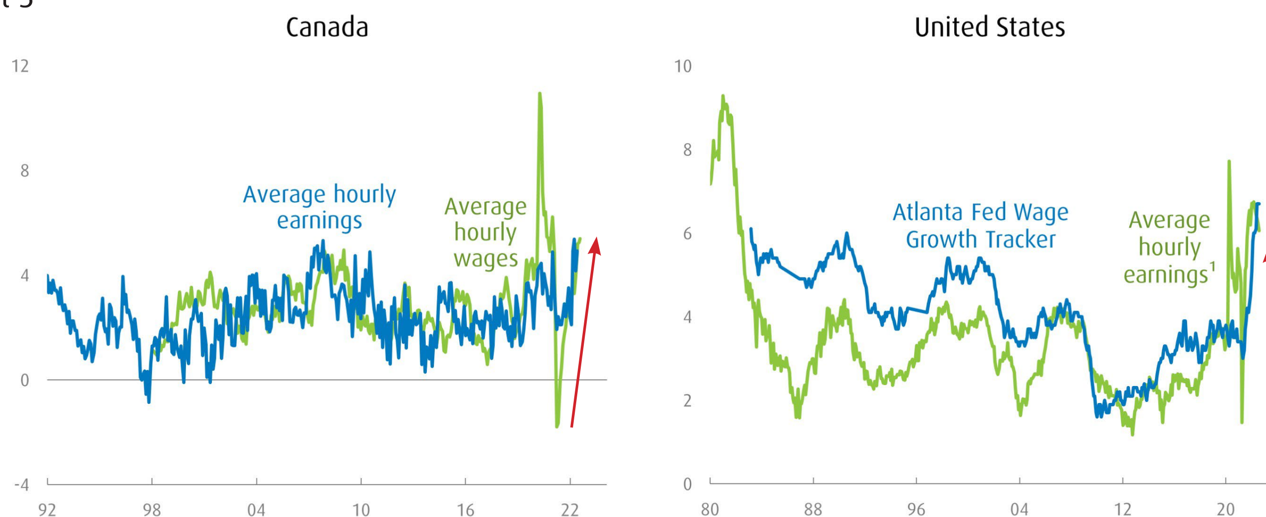
Chart 2 (U.S. EPS vs. nominal GDP)



Source: Refinitiv, Credit Suisse Research Institute

Although this is a likely scenario and the Fed's desired outcome, questions have been raised as to the necessity to create pain to attain that goal. The economy has already shown signs of weakening and, given that there is a lag before higher interest rates begin to impact the economy, some economists argue that the Fed has potentially done enough, and time alone could do the trick – allowing the full impact of the Fed's past interventions to be felt while avoiding an overreaction and completely choking the economy. Many corporations and businesses support this approach as it could provide the smoother landing of a slowing economy without having to fire, re-hire and re-train employees when the workforce is very tight. However, a tight labor market and all-time low unemployment levels are exactly what the Fed wants to address (Chart 3).

Chart 3



[1] Production & nonsupervisory employees

Sources: BMO Economics - Haver Analytics

Labor costs represent 60% of total costs and are the stickiest part of inflation as it is also the only one that does not come back down. Back in the '70s, Powell observed that the Fed had tried to be more casual toward inflationary pressures and failed. It then took unprecedented hawkish decisions under then Fed Chairman Paul Volker, who raised interest rates to 20%, which resulted in a hard landing of the economy and one of the most difficult recessions ever in the early '80s. He was credited for beating inflation, but at a huge cost.

It is true that inflationary pressures were mostly under control for the following 40 years, but this period also coincides with the "globalization" era. The first free trade agreement was signed by Canada's Prime Minister M. Brian Mulroney and U.S. President Ronald Reagan in 1984. This triggered a series of similar agreements worldwide. Nowadays, given the geopolitical tensions around the world, with dependency of foreign energy sources and microchips and more, countries are shifting toward self-sufficiency, a move which, in itself, is inflationary. This "cocooning" effect combined with an aging population and demographics may cause sustainable pressure on labor force and wage inflation for decades to come.

The key will be in controlling the inflation demon and keeping him in check, perhaps by adopting new immigration rules and implementing new technologies. Over the shorter term, though, the Fed is confronted by the following two monetary policy alternatives and their possible consequences:

1) An interest rate hike "pause" would reignite stock markets and wealth creation, but risk enhancing runaway inflation, i.e., short-term gain for long-term pain.

2) Continued pressure on interest rates to the normalized level would dampen inflation but increase the risk of a deeper recession and much higher unemployment levels, i.e., short-term pain for long-term gain.

Kicking the can forward by not attacking inflation early may result in much more pain later down the road. Simply thinking we would have to raise interest rates much higher later to obtain the desired outcome sends shivers down my spine when I think of all the sovereign debt outstanding and climbing refinancing costs. Back in the late '70s, world sovereign debt to GDP was in the 32% range, whereas today it is in excess of 100%! The unintended consequences of such actions could be disastrous. The Fed has reiterated on many occasions its primary mandate, which is to get inflation back under control, in line with their 3% average target. If the Fed is true to its promise and mission, then option 2 is the obvious choice. Mr. Powell has repeatedly warned everybody of the Fed's intent. At this point, it is a matter of believing the Fed or not!

How much short-term pain are we really exposed to? The stock market is a discounting mechanism of future anticipated corporate earnings and the risk of disrupting events. With the markets down an average of 22% from their highs, perhaps the worst is already behind us. A classic hard landing of the economy would have equity markets correct an average of 35-40%, which means we may be exposed to another 15% downside (Table 2) ... It is always darkest before dawn.

Table 2

S&P 500 in bear markets and recessions (grey)

S&P bear markets; (r) are bear markets during recessions					
Peak	Peak to Trough (m)	Trough	Peak to Trough Performance	Time to return to Previous Peak	Return to Previous Peak
May-46	11.8	May-47	-28.5%	52.3	Sep-50
Aug-56	14.9	Oct-57	-21.5%	26.1	Sep-58
(r) Dec-61	6.5	Jun-62	-28.0%	21.0	Sep-63
Feb-66	8.0	Oct-66	-22.2%	15.0	May-67
(r) Nov-68	18.1	May-70	-36.1%	39.8	Mar-72
(r) Jan-73	21.0	Oct-74	-48.2%	91.5	Jul-80
(r) Nov-80	20.7	Aug-82	-27.1%	23.5	Nov-82
Aug-87	3.4	Dec-87	-33.5%	23.4	Jul-89
(r) Mar-00	31.0	Oct-02	-49.1%	64.9	Jul-05
(r) Oct-07	17.2	Mar-09	-56.8%	66.1	Mar-13
(r) Feb-20	1.1	Mar-20	-33.9%	6.0	Aug-20
Average	14.0		-35.0%	42.3	
Median	14.9		-33.5%	32.9	
(r) Average	16.5		-39.9%	56.6	
(r) Median	18.1		-36.1%	64.9	
03-Jan-22		Local trough	-23.6%	Current perf.	-17.5%

Sources: BMO Economics - Haver Analytics

Under option 1, accomplishing a successful softer landing for economy would confirm that market lows are behind us and we may be at the early stages of a brand-new bull market, albeit one that could be short-lived.

To position ourselves in view of a most likely scenario, we will analyze a few key factors that could influence the outcome.

1) QE vs. QT (money supply)

2) Job creation vs. GDP growth (productivity ratio)

3) Supply chain vs. geopolitical tensions

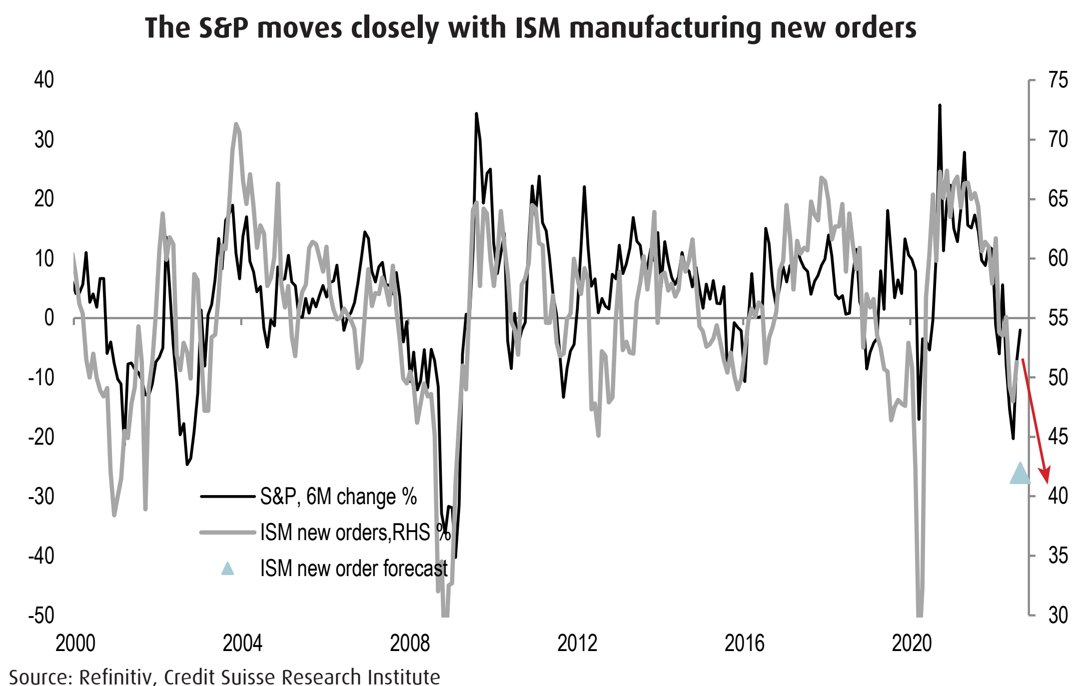
1) QE (Quantitative Easing) vs, QT (Quantitative Tightening)

Simply put, quantitative easing is commonly referred to as a 'money printing' operation put in place by the Fed, one that allows it to ease money supply to offset a financial crisis (2008-2009), a pandemic (2020-2021), or any other unpredictable event that threatens the survival of a properly operating economy. Simultaneously, the Fed would cut the cost of this freshly printed money by lowering interest rates to 0%, which would ultimately lift asset prices and create wealth. According to Savita Subramanian, Equity Strategist at Bank of America, QE has explained about 50% of the P/E multiples expansion. The other half most

probably reflects the earnings growth momentum based on the economic rebound. Quantitative tightening (QT) could and should do exactly the opposite, as it involves reducing the money supply. Ms. Subramanian explains in her August 15th research note that 'based on the strong linear relationship between QE and the S&P returns from 2010 to 2019, QT through 2023 would translate into a 7% drop in the S&P 500 (August 15th S & P: 4,300)'. To her credit, the market has dropped to 3,900 since then, reflecting her perception. The focus now turns to corporate earnings growth momentum, given the higher cost of credit and wages. A lower P/E multiple on a lower earnings forecast could cause further market weakness and potential layoffs. Do not forget, the Fed wants to realign supply and demand, but can only control demand! Higher unemployment would help lower demand and inflationary pressures.

QT started in June 2022, but the Fed is doubling the pace starting in September, taking up to $95 billion/month off its balance sheet, or $1 trillion over a year. This action will meet inflation head on, and it could be perceived at first that inflation is beaten. But the backdrop will be a slowing economy and hopefully enough to increase unemployment from 3.5% to 5% to smooth out wage inflation. If QT is maintained throughout 2023, the GDP growth may fall short of expectations.

Chart 4



Source: Refinitiv, Credit Suisse Research Institute

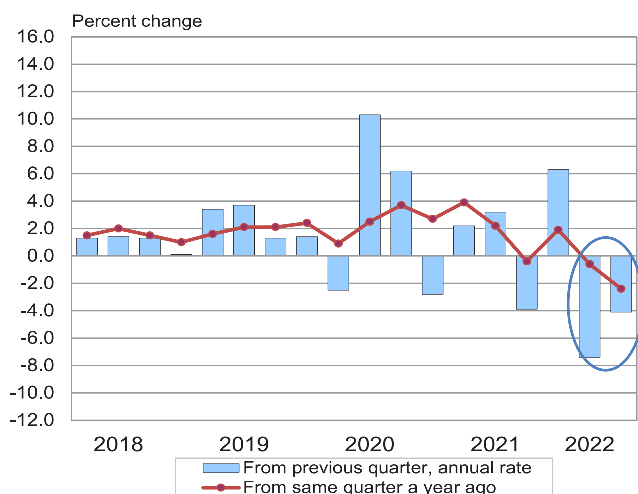
Chart 4 shows the relationship between the ISM Manufacturing Index (also called the Purchasing Managers Index) and the S&P 500. ISM is a leading indicator of the gross domestic product (GDP) for the coming quarter. The correlation here is obvious. ISM must be above 55 to support a 2% GDP growth rate and for markets to move up. Credit Suisse Research expects ISM orders to fall to the low forties in the coming months.

To think that shrinking the Central Bank's balance sheet will be a benign process for the markets is optimistic. For the Fed to resort back to QE as soon as there is an unintended consequence destabilizing the economy could significantly impact its credibility. Therefore, short-term pain is on their agenda.

2) Job creation vs GDP growth

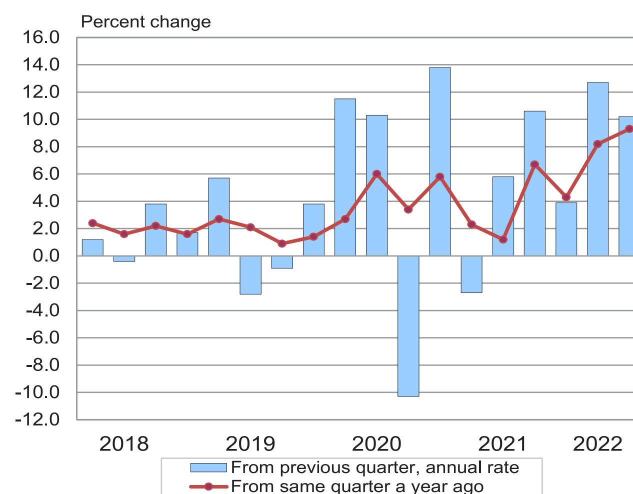
Since January 2022, roughly 3 million new jobs have been created in the U.S., while the GDP growth rate has been slipping.

Chart 5



Source: Bureau of Labor Statistics BLS Productivity and Costs Sep01, 2022

Chart 6



Source: Bureau of Labor Statistics BLS Productivity and Costs Sep01, 2022

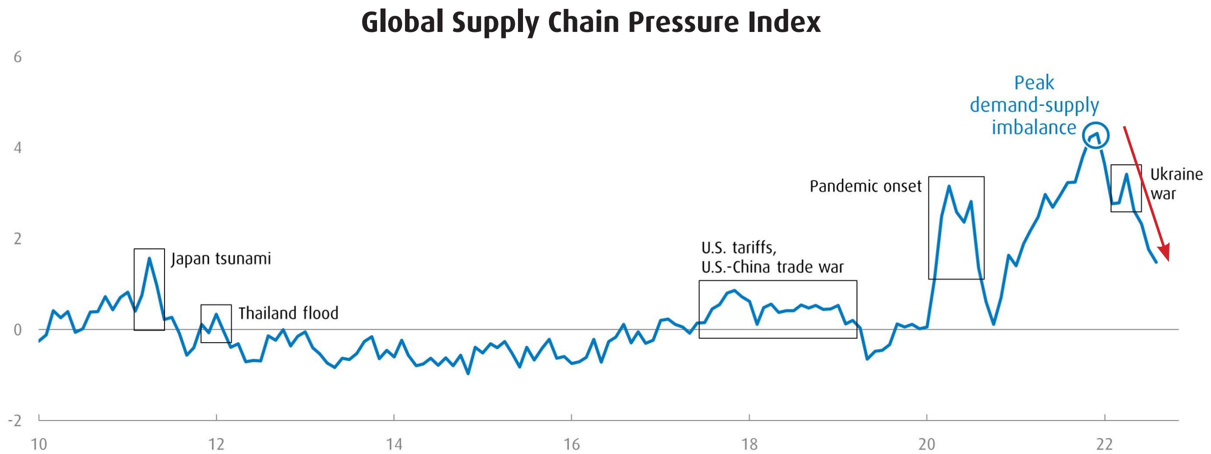
This is an unusual phenomenon... How can we add workers and produce less? In other words, the U.S. productivity ratio is weakening and that happened two quarters in a row for the first time ever. With unit labor costs increases of 9.3% over the last four quarters, the largest since 1982, corporate profitability is facing headwinds, particularly if you also consider higher financing costs resulting from the Fed's actions. Corporations may be hoarding jobs right now, struggling to replace quality staff. Employees will have the upper hand until corporate earnings tumble. Only massive layoffs would shift the power back to employers. This would help improve the productivity ratio and put a damper on wage inflation. I view this as a necessary pain for the Fed to regain control over inflation.

The longer inflation remains robust, the more it takes away the Fed's ability to pivot and cut rates. So, interest rates could stay higher for longer with markets and GDP lower for longer as well.

3) Supply Chain vs Geopolitical Tensions

A broken supply chain combined with robust demand caused by the pandemic is reversing, slowly but surely. This source of inflationary pressure is subsiding, and inventories are now building up again. As a result, we may be facing a sling shot effect, given a demand slowdown consequent to the Fed's hawkish monetary policy. Retailers who over-ordered when faced with a strong demand and lack of supply may now be in the exact opposite situation going forward, facing discounting and lower margins.

Chart 7

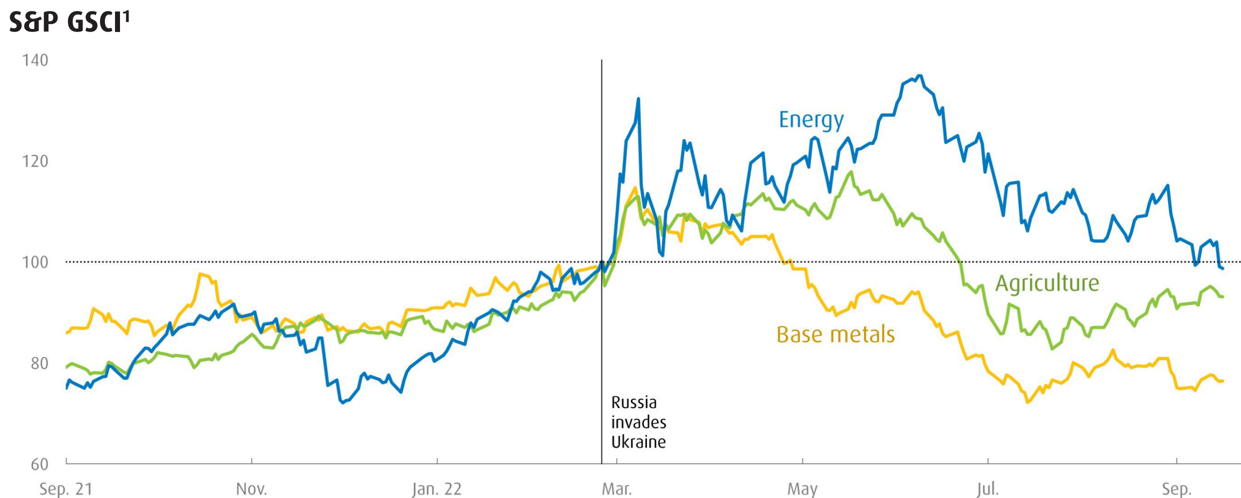


Sources: BMO Economics - Haver Analytics - Federal Reserve Bank of New York

Chart 7 confirms that the Global supply chain is reverting to its mean. This, combined with other slowing economic indicators (see charts 1, 2 and 4), is surely in reaction to the acceleration of monetary policy tightening (QT) and should impact inflationary pressures gradually.

Geopolitics could also tilt inflation one way or the other. Given the world economic slowdown, demand for commodities should continue to slow along with prices. The wild card remains Russia's threat to expand Ukraine's invasion using energy as a weapon against Europe and further destabilize the European Union and its economy. Chart 8 shows the immediate impact on commodity prices the Russian-Ukraine conflict caused followed by the growing risk of world economic slowdown and recession reversing commodity prices trend.

Chart 8 - Global commodities



Sources: BMO Economics - Haver Analytics

We could as well see the opposite outcome, one where the Ukraine would recapture some of its lost ground to the East and a potential Russian retreat, which may create temporary oversupply of oil and gas and a consequent drop in energy prices, avoiding the worst-case scenario.

Economic woes in China, the second-largest economy, as forced them to cut interest rates, unlike the rest of the world, a clear sign of Asia's economic slowdown and a desire to kick-start their economy challenged by continuous Covid lockdowns and a U.S. dollar at a 20-year high (Chart 9).

Chart 9 U.S. Dollar (DXY)

Sources: https://www.tradingview.com/symbols/TVC-DXY/

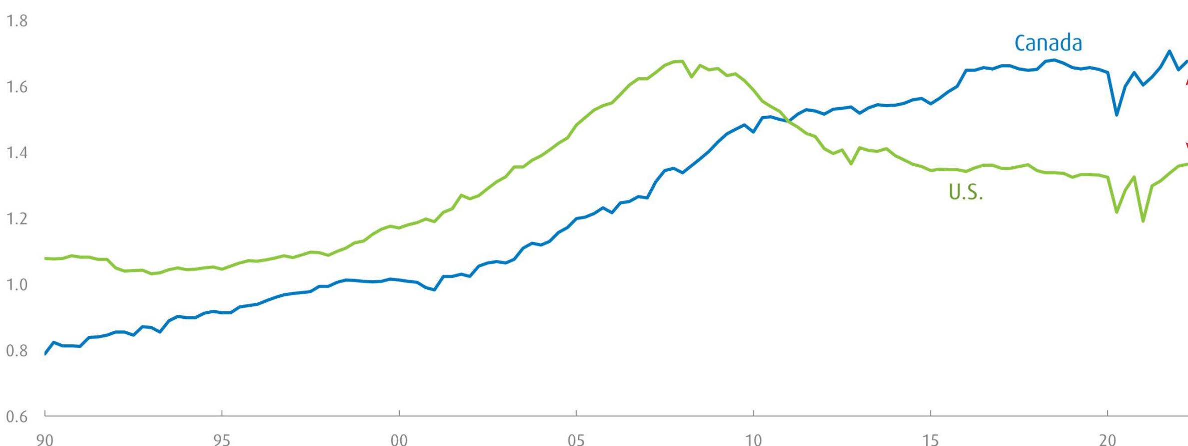
While the strength of the U.S. dollar has helped temper inflation in the U.S., the falling pound has pushed the inflation rate above 10% in the UK. Perhaps President Biden is considering some trade relief between China and the U.S. where both parties stand to benefit from stabilizing the supply chain, more trade and lower prices by cutting sanctions, duties, and taxes. This kind of action would further contribute to the fight against inflation in the U.S. But is President Biden prepared to do that? What would be the political fallout in the U.S.? ... before or after the midterm elections? Or will China invade Taiwan to help boost its economy and take advantage of the current world geopolitical tensions and economic slowdown to do so? Taiwan is the world largest producer of microchips, and the U.S. is its largest customer. Until the U.S. regains microchips self-sufficiency (i.e., the U.S. Chips and Science Act introduced in August 2022), they may be open to some sanction relief with China.

Investment Strategy

Understanding macroeconomics helps in envisioning its impact on the domestic front. Canada's economy is very closely matched to that of our largest trading partner to the south. Conversely, the U.S.'s monetary and fiscal policies will have a more direct impact on its largest trading partner to the North. The stronger U.S. dollar resulting from the rise of interest rates in America is negatively impacting Asian exports and their economic slowdown. The Canadian dollar has been the outperformer of all other currencies against the greenback, although it has weakened slightly. It will be difficult for the Canadian dollar to regain strength versus the U.S. dollar unless Canadian interest rates move higher than U.S. rates, which is unlikely given our much larger consumer debt levels (Chart 10). It will take a world economic recovery for the Canadian dollar to regain its momentum.

Chart 10

Household debt ratio[1]



[1] Households, nonprofits and unincorporated businesses

Sources: BMO Economics - Haver Analytics

In view of the continuing tightening of monetary policy and the Central Bank's desire to reduce inflationary pressures, defensive investing should be the continued strategy, as noted last April in Newsletter 67. The good news is that most of the bear market is behind us. If a 35% to 40% correction represents the average drop, we may be within 10%- 15% of that range by the time you get this letter. There is always a risk of an overshoot when the market deleverages in the wake of margin calls. That should be your Buy signal. Most bear markets end with either a panic or an unexpected major bankruptcy.

The focus should be on two main ratios. First, the debt level of a company and its interest coverage capacity. Second, the ability to pay and to increase dividends over time. An attractive dividend is one that does not exceed a 50% payout ratio, and we would not want to own shares of a company that has to borrow to make its dividend payment. Selected companies usually have stable and predictable earnings, with high barriers of entry limiting competition, and a mature business model that is less cyclical in nature.

History shows us that when inflation averages 5% or higher, dividends produce 54% of total returns. In the '60s, given a poor stock market performance, dividends represented nearly 70% of total returns. In addition, well covered strong dividend stocks tend to outperform in bear markets and are usually the first stocks to rebound, driven by investors searching for yield and growth at a discount. If a bear market lasts longer

than expected, strong dividend stocks will provide shareholders with a decent return on their investment while they wait for the economy to expand again. While we can find good dividend paying stocks in many sectors, some sectors with high operating costs may choose to pay a low dividend to its shareholders and reinvest the surpluses for growth purposes (i.e., Consumer Staples, Consumer Discretionary, Health Care and Industrials). Other sectors may provide a hedge against inflation, but they may be more cyclical as well. Proper stock selection is needed in those inflation-sensitive sectors.

Appropriate asset class weighting will provide more or less volatility, based on your risk tolerance level. The equity component of your portfolio will drive volatility but will also better protect you against inflation over time. At this point in the cycle your equity component should not exceed your target level.

Most clients will identify themselves in one of these three categories.

1) Working full time and having the ability to save money every year.

2) An individual that may or may not have a portfolio but comes down with a significant amount of cash at once (sale of property, business, or inheritance).

3) A retired individual or couple slowly unwinding their savings for their retirement needs.

The investment strategy is different for each of these categories as their needs, risk tolerance and investment horizon are different. However, the core of the portfolio, what I call the "foundation stocks," will be quite similar, albeit for their individual weightings. The timing for investing or divesting may vary as well.

While we all know long-term investing provides the best way to beat inflation and create wealth, humans will always be driven by their emotions. Fortunately, some humans have better control over their emotions than others. This is why a proper balance, selection and guidance are necessary.

Some say the stock market is very volatile, much more than the real estate. The reason why it appears that way is because of the liquidity of one as opposed to the other. While you cannot sell your real estate asset in a second, you can sell your stocks... and the more people do that, the lower the stock prices drop... So, the stock market is a victim of its biggest quality and that is its "liquidity." When people panic, they do not sell their real estate assets because it would take too long, so they revert to their most liquid asset, stocks. This is what smart investors drool about...

It is not because your neighbor sells his house for $200,000 lower than its value that your house is worth $200,000 less! But if he sells his BCE at $45 down from $65, it does not mean it is worth $45 either... maybe you should buy it from him at that price! All this to say that market volatility creates opportunities for smart investors, not panic.

On a positive note, there are signs of improvement in the fight against inflation:

1) Falling commodity prices

2) Supply chain improvement

3) Only 6 ships waiting at L.A. Terminal vs over 100 a year ago

4) GDP growth slowing

5) Consumer demand subsiding

6) Real Estate prices dropping

7) Inventories growing

Unemployment remains the key metric to ensure that inflation will not get out of control. The Fed is acting accordingly to date, but will it stick to its game plan? That is the game changer. The Fed was late to pull the punch bowl away and introduce needed constraining policies. Will the Central Bank overreact? Will the market overreact? How hard will the landing be?

I am reminded of these words of wisdom from Mr. Buffett: “It is a market of stocks, not a stock market.”

Our client portfolios are built to withstand tough times, and they should reflect your risk tolerance. You own great stocks, with attractive, well-covered dividends, which is what you need. They will lead the market out of recession, and you will be paid to wait through the “darkness” while you wait for “dawn.”

Recommended sector weighting - October 2022

Income Oriented Portfolio	Sectors	Rational	Growth Oriented Portfolio
5,00%	Communication Services	Remains our favourite yield play, despite challenges of yield strategies.	5,25%
2,00%	Consumer Discretionary	Valuation correction has been significant with near term cyclical weakness as economy normalizes largely priced in.	4,50%
5,00%	Consumer Staples	Food inflation is near-term tactical advantage, but sector is a classic defensive sector.	7,50%
6,00%	Energy	Deep value sector, strong cash generation, risk of commodity price running its course is high. Continue to favour large cap Energy Stocks that have shown operational resilience in a range-bound oil price environment.	9,25%
15,00%	Financials	Steadfastly maintaining holdings in the broader sector. However we prefer those companies with strong U.S. platforms – especially within banks (commercial banking + wealth management).	16,25%
4,00%	Healthcare	Prefer the U.S. for diversity	6,25%
7,50%	Industrials	Now the most expensive sector in the TSX, earnings have struggled to meet expectations. Focus on the rails, select manufacturers, and waste companies – especially those leveraged to the US.	8,00%
6,50%	Information Technology	No denying the fundamental momentum, but rate of change in terms of performance is under way; remain increasingly selective.	7,00%
4,00%	Materials	We remain slightly overweight the Materials sector with a focus on base metals, and companies with strong operating efficiency and cash flow generation. Gold Represents an attractive hedge to the market.	3,50%
3,00%	Real Estate	Stronger-than-expected earnings environment, also our work shows Real Estate to be less interest-sensitive than other high-yield sectors, particularly since 2002.	3,00%
7,00%	Utilities	Rising yields, low organic growth and high payout ratios are a tough combination. However, electricity producers offering growth with a strong balance sheet remain attractive.	4,50%
0,00%	International Equities (EAFE)	Geopolitacal instability and strong US dollar create unecessary risks in internationnal markets (EAFE - Europe, Asia, Far-Est)	0,00%
65,00%	**Average equity weighting**		**75,00%**

The Income Oriented Portfolio and the Growth Oriented portfolio illustrated weightings are appropriate a 65% and a 75% equity portfolio. They should be adjusted based on your investor profile.

Sources:

- Bloomberg
- BMO Capital Markets Equity Research Reports
- BMO Capital Markets North American outlook
- BMO Financial Group Economic Outlook
- BMO Nesbit Burns Part Team, portfolio advisory team
- BMO NB Canadian Equities Guided Portfolio – September 2022
- BMO NB US Equities Guided Portfolio – September 2022
- BMO NB North American Equities Guided Portfolio – September 2022
- BNN
- Bureau of Labor Statistics (BLS)
- CNBC
- Credit Suisse Research Institute
- Dow Jones Newswires
- Fidelity Viewpoints
- Globe and Mail
- Goldman Sachs
- Haver Analytics
- https://www.tradingview.com/
- Invesco
- JP Morgan
- Morningstar
- Piper Sandler
- Refinitiv
- Standard & Poor's Capital IQ Equity Research
- S&P Global
- The Barons
- The Wall Street Journal

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Reference Portfolio Return

$5,000,000
$4,500,000
$4,000,000
$3,500,000
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$0

Dec '90, Dec '91, Dec '92, Dec '93, Dec '94, Dec '95, Dec '96, Dec '97, Dec '98, Dec '99, Dec '00, Dec '01, Dec '02, Dec '03, Dec '04, Dec '05, Dec '06, Dec '07, Dec '08, Dec '09, Dec '10, Dec '11, Dec '12, Dec '13, Dec '14, Dec '15, Dec '16, Dec '17, Dec '18, Dec '19, Dec '20, Dec '21, Sep '22

Ref Portfolio
S&P TSX*
S&P TSX**
T-Bills

Value as of September 30,
$ 4,005,906

Average Return
12.06 %

$100,000 invested on June 1st 1990

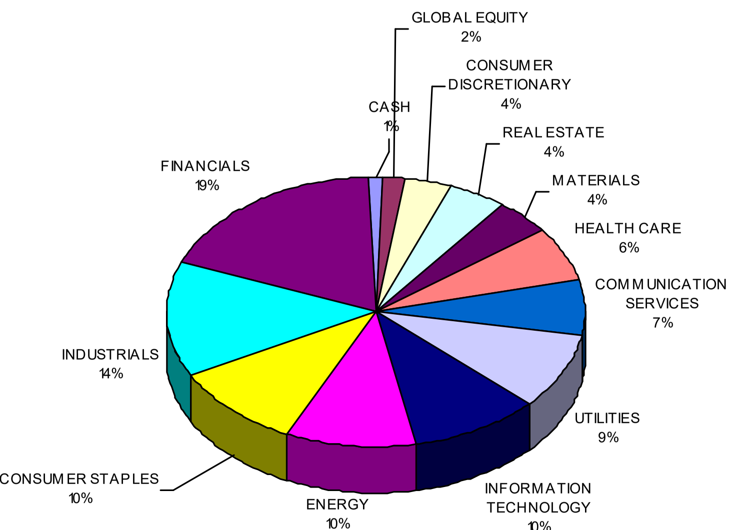
**Does not include income or div*

***Includes income and div*

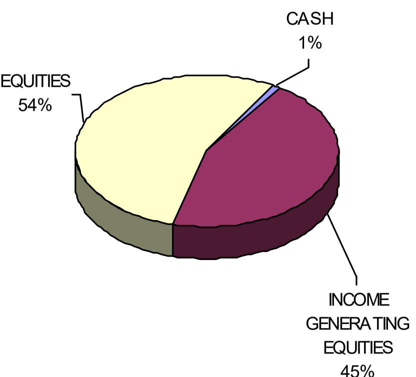
The returns are compounded monthly and revenues are reinvested.

September 2022

REFERENCE PORTFOLIO HOLDINGS AND ASSET MIX



By Sub-Index %



By Category %

Performance - T-Bills vs SP TSX vs Reference Portfolio

Year	T-Bills (return)	SP TSX[1]	SP TSX[2]	Portfolio(return)
1990	13,20%	-17,96%	-14,80%	**5,94%**
1991	9,35%	7,85%	12,02%	**22,14%**
1992	6,67%	-4,61%	-1,43%	**10,50%**
1993	4,68%	28,98%	32,55%	**34,91%**
1994	5,19%	-2,50%	-0,18%	**6,09%**
1995	6,42%	11,86%	14,53%	**8,09%**
1996	3,93%	25,74%	28,35%	**16,21%**
1997	2,85%	13,03%	14,98%	**21,05%**
1998	4,56%	-3,19%	-1,58%	**1,87%**
1999	4,67%	29,72%	31,71%	**19,96%**
2000	5,23%	6,18%	7,41%	**30,40%**
2001	3,73%	-13,94%	-12,57%	**9,54%**
2002	1,75%	-13,97%	-12,44%	**3,61%**
2003	2,22%	24,29%	26,72%	**22,23%**
2004	1,84%	12,48%	14,48%	**13,87%**
2005	2,53%	21,91%	24,13%	**15,73%**
2006	3,52%	14,51%	17,26%	**14,30%**
2007	3,59%	7,16%	9,83%	**8,06%**
2008	1,50%	-35,03%	-33,00%	**-28,07%**
2009	0,29%	30,69%	35,05%	**29,37%**
2010	0,60%	14,45%	17,61%	**21,05%**
2011	0,92%	-11,07%	-8,71%	**4,18%**
2012	0,97%	4,00%	7,19%	**7,38%**
2013	0,97%	9,55%	12,99%	**18,14%**
2014	0,92%	7,42%	10,55%	**16,43%**
2015	0,50%	-11,09%	-8,32%	**6,36%**
2016	0,50%	17,51%	21,08%	**16,75%**
2017	0,71%	6,03%	9,10%	**13,26%**
2018	1,40%	-11,64%	-8,89%	**-3,26%**
2019	1,67%	19,13%	22,88%	**26,19%**
2020	0,39%	2,17%	5,60%	**8,38%**
2021	0,13%	21,74%	25,09%	**28,68%**
*2022	1,31%	-13,09%	-11,14%	**-11,84%**

Return Compounded as of December 31, 2021

	T-Bills (return)	SP TSX[1]	SP TSX[2]	Portfolio(return)
3 years	0,73%	14,01%	17,52%	20,73%
5 years	0,86%	6,78%	10,04%	14,04%
10 years	0,82%	5,91%	9,14%	13,47%

***Average return since inception (YTD)** …………………………………. **12.06%**

* (YTD): Year To Date (September 30th, 2022)

$100,00 invested on June 1st 1990

The returns are compounded monthly and revenues are reinvested.

1: Does not include income or dividend

2: Includes income and dividend

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