

1st Quarter 2023 Portfolio Management *Gill Wealth Group*



Wealth Management
Dominion Securities

April 20, 2023



Executive Summary

Extreme pessimism but the markets performed

Markets had a positive performance in the first quarter of 2023. Despite record pessimism on the economy and the stock markets, financial markets were able to continue with the rally in stocks from the October 2022 lows.

Recently concluded, CNBC's **All American Economic Survey** recorded **69% of respondents with a negative view of the economy, while just 24% said this is a good time to buy stocks.**

The regional banking crisis in the US and the failure of a major Swiss bank further tightened the monetary conditions already existing from the steep interest rate hikes by the central banks. However, looking ahead, the stock market current behaviour is signalling that we are close to the end of the interest rate hiking cycle.

With the existing economic uncertainty and volatility in the financial markets, it becomes challenging to have the mental discipline to practise the following proven Warrant Buffet simple mantra.

"Be fearful when others are greedy, and be greedy when others are fearful"

In investing, there is a mechanical part and the mental part. Market participants can learn the mechanical part, the fundamental and technical analysis, discount models etc but the mental

discipline is the tough part, especially when there is a constant barrage of negative economic news in the media. How to identify excellent businesses worth holding? How to behave rationally in the face of ups and downs in the market?

I try to stay updated on the daily news, but the key focus is to stay consistent with the investment strategy. Maintain adequate diversification, constantly identify businesses to buy and improve the quality of existing portfolio investments.

In stock investing, by owning a portfolio of stocks, you are a partial owner, shareholder, of a variety of businesses. The objective is to preserve and build your wealth through their growth and return of capital via buybacks and dividends over the medium term. And market volatility is an inherent component of this process.

What have we done in the first quarter for our clients? A bit of a contrarian approach.

- a. Stay invested
- b. Increase investments for portfolios with higher level of cash
- c. Reduce cost by decreasing mutual fund holdings with overlapping and generic strategies and increasing single stock investments in quality businesses

FYI, the chart on the next page may indicate the supply side inflation trend.

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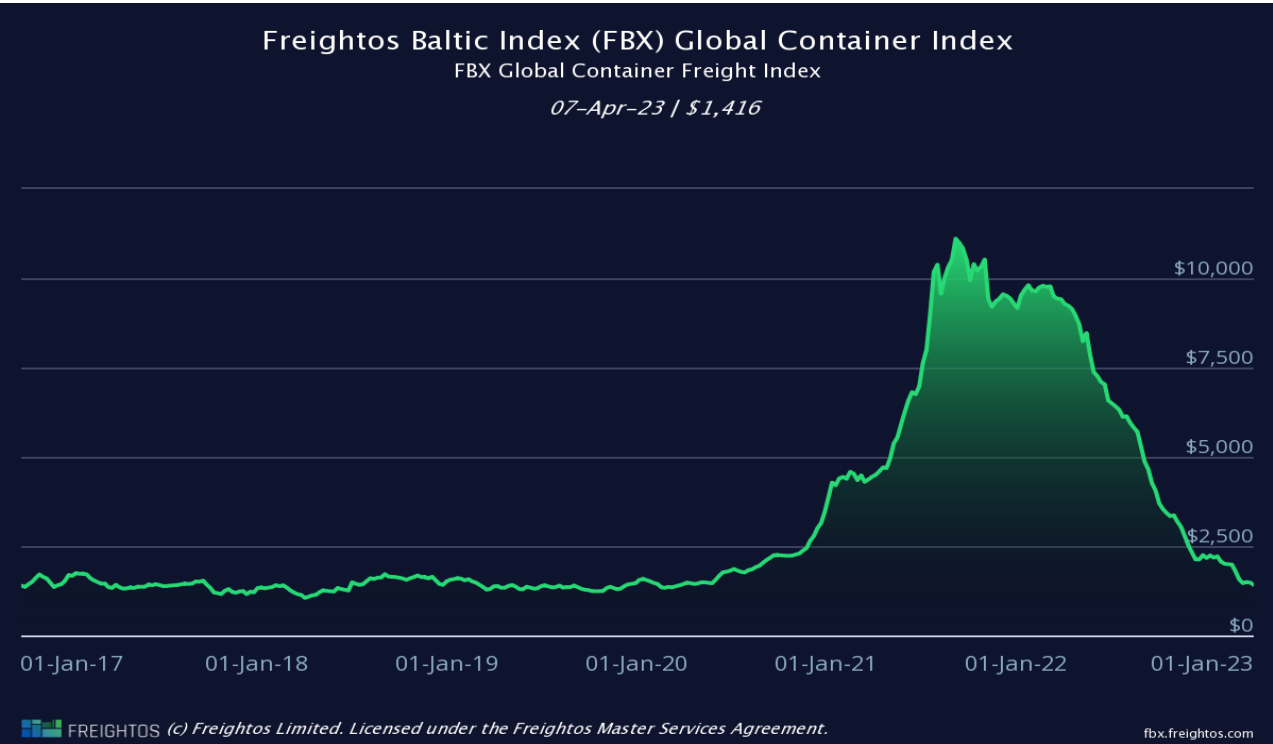
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Exhibit 1



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