

2022 First Quarter Update

After excellent gains in 2021, the first three months of this year brought negative returns. What started out as an overdue correction has been exacerbated by the combination of inflation, rising interest rates and the conflict in Ukraine.

Canada's TSX was a bright spot, but the bulk of growth was in energy stocks while other mainstream parts of the index were down. The U.S. markets were also down (about 5%) and our dollar was up over 1%, which added to the downdraft. Europe was mainly down with the U.K. slightly above break-even.

The big surprise was oil and gas. The price of oil was up by 1/3 in the first quarter. The runup started with economic recovery around the world and continued with panic over the boycott of Russian oil that some countries have put into effect. This created the perception of shortages before they even occurred. This could last a long time if indeed Europe decides to stop buying Russian gas and oil. Europe is in a difficult spot because they rely so heavily on Russia for their energy products. However, some countries, like Lithuania, have been able to ban the import of Russian oil and it is likely others will find a way to follow.

Climbing interest rates are a reaction to inflation and designed to reduce demand for goods and services. Rate hikes are always a double-edged sword – good for savings account rates and GICs, but bad for mortgage and loans of all sorts. Going forward, the Bank of Canada is likely to raise their rate by 0.5%, which will spur mortgage rate hikes and increases to lines of credit and auto loan rates. Maybe a rate hike will slow down our desire to buy things we don't need with money we don't have...

Bond segments of our balanced portfolios have also been affected by rate increases. When rates change quickly, bonds go negative so they do not provide the downside protection they typically would. In the long run this will help bond returns, but in the very short run, it hurts, which is one of the reasons our balanced portfolios are down.

Markets were down for January and February, and even to marginally up in March. Our balanced portfolios are down about 6% so far this year.

| | Market | Dec 31/21 | Mar 31/22 | YTD |
|-------------------------|---------|-----------|-----------|--------|
| Canada | TSX | 21215 | 21890 | 3.18% |
| U.S. | DOW | 36338 | 34678 | -4.57% |
| U.S. | S&P 500 | 4766 | 4530 | -4.95% |
| U.K. | FTSE | 7385 | 7515 | 1.76% |
| France | CAC | 7123 | 6660 | -6.50% |
| Germany | DAX | 15885 | 14414 | -9.26% |
| Japan | NIKKEI | 28792 | 27821 | -3.37% |
| Canadian \$ | | 79.03 | 79.96 | 1.18% |
| Oil (US\$) | WTI | 75.43 | 100.28 | 32.94% |
| Western Canadian Select | WCS | 62.87 | 86.18 | 37.08% |

**Source: CNN Money

April 2022

Tax Refund?

Here are some tips for using your refund wisely:

1. **Pay down consumer debt!** Start with the credit card or loan that has the highest interest rate.
2. **Top up your emergency savings.** Consider opening a separate no-fee, high interest savings account for your emergency fund.
3. **Contribute to a Tax-Free Savings Account.** This is the best way to save for larger purchases in the future.
4. **Contribute to an RRSP to increase your tax savings for next year!**
5. **Donate the money to a charity.** There are significant tax savings to being charitable and it goes to a good cause.

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Maude Financial Celebrates its 40th Anniversary!

On April 1, 1982, John Maude founded the financial services business that is known today as Maude Financial Inc. He rented a small office in Millet, Alberta and moved his one-person operation to Wetaskiwin within the first year. Computers were not standard at that time, and he had to drive life insurance quotes to Edmonton to be processed!

The principle on which the business was established remains the foundation of Maude Financial Inc. today: the best interests of the client come first. This fuels our goals to provide solid financial advice and excellent customer service, building strong, lasting relationships with our clients.

Earth Day 2022: Investing in our Planet

We all care about living on a planet that can sustain human life. As Earth Day approaches, it seems appropriate to talk about investing with thoughts of our children, grandchildren, and others in mind.

Already we are on a path that will change the way humans will have to live. We've known for the last 40 years that we need to change how we act, burning fossil fuels and polluting our air and water at a frenzied pace. We in North America use 25% of the world's resources yet have only 5% of the world's population. It is because our way of living allows us – even encourages us – to do whatever we want, whenever we want with little or no regard for the consequences for not only our fellow humans, but all other life on the planet.

Investment managers are changing the way they look at companies and industries they wish to invest in. When analyzing an opportunity to buy shares in a company, investment managers are incorporating new criteria to evaluate the organization's level of planning and action on environmental and sustainability issues. More and more, the idea is that if companies do not have policies that address sustainability, they are not doing enough to mitigate the challenges and threats that climate change brings to our world, which will surely impact every business in one way or another. Examples of these risks include population migration, disruptions to our food supply, changing consumer values and preferences, new laws and regulations around environmental matters, an increase in extreme weather events leading to destruction and a plethora of knock-on effects... the list goes on. Failing to take steps to address these concerns threatens profitability and creates risk for investors.

There are things we can do to help lower our pollution footprint. We can make our homes more efficient with insulation, windows and heating systems. For those who have property suitable for a solar system, you can not only reduce greenhouse gas emissions, but get about a 5% after-tax return on investment given today's floating rate electricity costs. It's a better investment than cash in so many ways.

Now to a more controversial point: we need to do less! We need to fly less, drive less, and buy fewer new things. By living a simpler life, we are helping to preserve our planet for those who come after us – no matter who they are and where they live on Earth.

However, the most effective and simple action we can take is to vote for representatives who support clear and decisive action on climate change. Without regulation and effective laws, we will not be able to accomplish what needs to be done to save our planet. Left to our own devices, humans will simply continue to ignore the impending doom that lies ahead. Humans are the only species on Earth that knowingly make their habitat uninhabitable over time.

I suspect that in 70 years, my great-grandchildren will be angry. They will say things like “they *knew* – they had all the facts. They were warned about exactly what would happen if they didn't change things, and they did almost *nothing*. What were they thinking?”

So I ask – what are you thinking? Now is the time to Invest in our Planet. We only have one.