JZechner ASSOCIATES INC.

INCREASE YOUR FUTURE WEALTH POTENTIAL

J ZECHNER ASSOCIATES SPECIAL EQUITY FUND

PORTFOLIO MANAGER: JACQUELINE RICCI, CFA

The past year proved to be challenging with the Fed embarking on a rate-tightening cycle to curb inflation and restore it to their targeted level. Consequently, markets experienced numerous fluctuations throughout the year, leaving investors grappling with pivotal questions: recession or a soft landing, persistent rate hikes or a pivot, ongoing global conflicts, and weak corporate profitability amid the tightening cycle.

The fourth quarter mirrored the rest of the year, with investors closely monitoring every utterance from the Fed. At the quarter's onset, markets witnessed a sell-off fueled by concerns that the tightening cycle would persist "higher for longer," and Powell would persist until inflation was subdued. However, in December, the traditional "Santa Claus Rally" materialized despite the hurdles. The gains were more widespread than in most of the year. The catalyst for the rally emerged in November when the market sensed that Fed was ready to pivot. In early December, Powell reaffirmed that the Fed wasn't projecting any imminent reversals in interest rate policy. Instead of interpreting this as a retreat from the perceived policy pivot, investors seemed to overlook the message's content, considering it another "green light" for easing in 2024.

The final quarter witnessed significant tax loss selling in energy and small-cap stocks which offset strong equity markets. In the fourth quarter the portfolio was down -2.0% while the S&P TSX small cap index was up almost +6.0%. For 2023, the portfolio was down -8.3% compared to the benchmark return of +4.8%.

On the positive side the three names contributing most to performance this quarter included H2O Innovation, OpSens Inc. and GoEasy Ltd. These three names added +1.8% to the portfolio returns. H20 Innovation is a complete water solutions company focused on providing best-in-class technologies and services.

OpSens is a fibre optic sensor manufacturer offering innovative solutions for interventional medical, energy and laboratory industries. At inception this company used fibre optics to test pressure and temperature in the Oil and Gas industry but soon pivoted to develop a significant expertise in the medical field.

GoEasy is one of Canada's leading non-prime consumer lenders, offering a full suite of products including unsecured and secured loans as well as point of sale financing.

OUTLOOK

With Fed Powell adopting a more dovish stance in December, interest rates should drop further in 2024. The current Federal Reserve's "dot plots" are forecasting three rate cuts over the year while the market (Fed funds futures) is currently pricing in six cuts. The initial cut is most likely in the second or third quarter of 2024, which would be very constructive for Canadian small cap stocks.

As we look forward to rates dropping in the US, we expect the US dollar to weaken. This should underpin commodity strength and be extremely positive for the portfolio and Canadian small cap stocks.

Commodity equities are currently at very low levels and provide excellent opportunities for 2024 and beyond. Last year's weakness was caused by slower growth from China, lack lustre EV sales, high interest rates and fear of a global slow-down. What remains constant is the lack of investment in the base metal/battery metal sectors creating a stagnant supply situation. When demand does begin to pick up, low inventory levels should squeeze prices higher earlier than in prior cycles

The standout commodity last year was uranium, which rose $48 - $91 per pound because of low utility inventories and tight supply. Golds in particular look ready for a positive move in 2024. There has been more corporate activity recently with larger producers taking interest in small companies with good assets. Energy was the last commodity sector to fail last year despite underlying strong demand.

With winter starting late this year, it appears that gas markets could be challenged through much of 2024. On the other hand, Canada's first LNG facility will be up and running by early 2025 and should begin loading in late 2024.

The portfolio continues to hold an overweight in technology. With interest rates forecast to fall in 2024, technology growth stocks could continue to do well.

31-December-23			INVESTMENT RETURNS	
	Q4 23	1 Year	3 Year	5 Year
Special Equity Fund	-1.99%	-8.31%	-1.09%	10.48%
S&P/TSX Small Cap	5.98%	4.79%	4.57%	8.38%

Notes:
*Returns are Net of Fees.
*All indices are total return.
*Management Fee 2.0% Performance Fee 20% of the annual return in excess of 10% hurdle rate with a 1 yr. carry-forward on any deficiency relative to the hurdle rate.
*Past performance is not indicative of future results.
*Index returns are shown for comparative purposes only. Securities held in the portfolio do not replicate the index. No guarantee is given that performance will match the index indicated. All returns are expressed in CAD

Categorization: Canadian Small/Mid Cap Equity

Funds have been categorized according to the Canadian Investment Funds Standards Committee criteria.

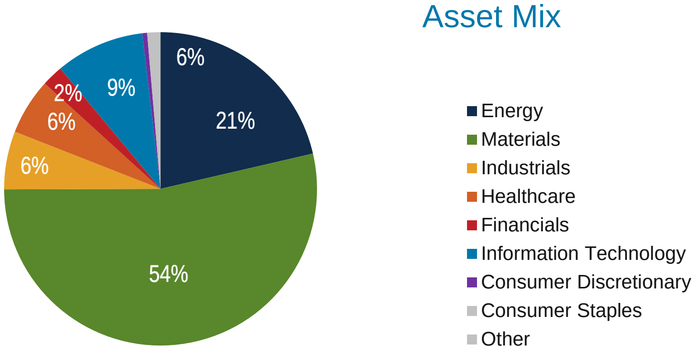
Fund Objective:

The fund is designed to generate consistent, positive returns that are commensurate with a moderate to high degree of investment risk. The objective of the Special Equity Fund is to provide long-term growth through capital appreciation by investing in rapidly growing small, medium and large Canadian companies that demonstrate the ability to grow at a faster rate than the economy. The Fund is suitable for sophisticated investors who can tolerate a moderate to higher degree of risk and volatility. This fund should produce higher returns than the market over time but may experience a greater than average degree of volatility over short-term periods. Investors must be prepared to accept a higher degree of risk.

Strategic Allocation:

The fund's aim is to add value through security selection but will focus on themes and concepts that may influence the sector weightings. The strategy includes identifying stocks with sustainable growth characteristics from a universe of primarily small and mid-capitalization stocks. The fund is suitable as a portion of an investor's overall equity component of a fully diversified investment portfolio. It typically holds 70 plus stocks, and is aimed to be fully invested, limiting cash to small amounts.

Asset Mix



Top 5 Holdings:

Stocks	
Athabasca Oil Corp.	1.98%
Capstone Copper Corp.	1.92%
NGEX Minerals Ltd..	1.84%
K92 Mining	1.83%
G Mining Ventures Corp.	1.81%

(as of December 31, 2023)

Benefits of our Pooled Funds

The J Zechner Associates Pooled Funds offer professional money management, varied investment choices, the potential for above average returns and lower management fees so you keep more of your accumulated wealth.

A pooled fund is a unit trust that operates like a mutual fund but is not required to have a prospectus under securities law.
A pooled fund is sold through an Offering Memorandum.

J Zechner Pooled Funds are available to accredited investors. Units of the funds are qualified investments for registered products.

Solid Partnership Foundation

Eligibility for Investment

The Fund will only invest in securities that will be qualified investments under the Income Tax Act (Canada) for a trust governed by a registered retirement savings plan (an "RRSP"), registered retirement income fund (a "RRIF), or tax-free savings account (a "TFSA").

Performance Disclosures

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value will fluctuate so that when withdrawals are made by the investor the shares or units may be worth less than their original cost. Unless specified, all performance quoted is gross of fees and expenses.

Benchmarks: Index returns are provided for comparative purposes only to show how the companies returns compare to a broad-based index of securities. As the indices do not have costs, fees or other expenses associated with their performance. In addition, securities held in the indices may not be similar to securities held in the composite's accounts.

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