INCREASE YOUR FUTURE WEALTH POTENTIAL

J ZECHNER ASSOCIATES FIXED INCOME FUND

PORTFOLIO MANAGER: JEFFREY HEROLD

The bond market sold off sharply in March as inflationary pressures forced the Bank of Canada and the U.S. Federal Reserve to initiate what are expected to be series of interest rate increases. At the beginning of the month, bond prices traded higher and bond yields moved lower as Russia's invasion of Ukraine caused a flight to safety bid for bonds. However, the market subsequently came to a consensus that the war in Ukraine was a regional event, and its most significant impact globally would be to exacerbate already high inflation by causing shortages of certain commodities and foodstuffs. Bond yields moved steadily higher through most of the remainder of the month, encouraged by the central bank rate increases and expectations of more aggressive monetary tightening in the coming months. In one example of the sharp increases in bond yields, Canadian 10-year bond yields rose to 2.60%, a level not seen since October 2018. The FTSE Canada Universe Bond Index returned -2.99% in March.

Canadian economic activity reverted to a more robust footing as both Ontario and Quebec ended their Covid-19 lockdowns. Notwithstanding the lockdowns, GDP growth for January was estimated at 0.2% which set up first quarter GDP to grow at a robust 4% pace. Employment surged in February, with 336,600 new jobs created, leading the unemployment rate to drop a full percentage point to 5.5% from 6.5%. The unemployment rate fell below its pre-pandemic level and the participation rate improved to near pre-pandemic levels. Other good economic news included retail sales, which increased substantially more than expected. Less positively, Canadian inflation continued to increase, reaching 5.7%, its highest level since 1991.

The Bank of Canada finally began raising its interest rates on March 2nd, with a 25 basis point increase. Subsequent comments by Bank officials hinted that future increases may be more aggressive, and the bond market began anticipating increases of 50 basis points at the next two rate setting meetings. Yields of shorter term bonds were especially impacted as investors anticipated the changing trade-off between money market instruments and bonds.

U.S. economic data showed continued strong growth in that country. As in Canada, there was robust job growth, and it pushed the U.S. unemployment rate down to a historically low rate of 3.6%. Retail sales were also higher than forecasts. U.S. inflation continued to climb, reaching 7.9%, while the core rate rose to 6.4%. The headline and core inflation rates were at their highest levels in 40 years. The inflation readings increased the pressure on the Fed to take more aggressive action to slow the price increases

Outlook:

At the beginning of March, we shortened portfolio durations which was highly beneficial to performance as bond prices sold off and yields increased throughout the month. However, now that the central banks have begun reducing monetary stimulus and the market has priced in aggressive tightening going forward, we have returned duration of the portfolios to neutral. In our view, much of the monetary tightening expectations have been priced into the market and there is still a substantial risk with the crisis in Ukraine.

Over the past year, North American yield curves have seen substantial flattening due to expectations of monetary tightening. With the Canadian and U.S. economies remaining strong, it is likely that the Bank of Canada and the Fed will raise interest rates multiple times in both 2022 and 2023. As a result, short term yields in both countries may experience more upward pressure than longer term yields, and the yield curves may become inverted as a consequence. preserve values should short term yields be pushed higher.

With the cheapening of corporate bonds in the first quarter of 2022, we now see corporate credit as more attractive and have been taking advantage of opportunities to add oversold corporates to the portfolios.

31-March-2022		INVESTMENT RETURNS		
	Q1 2022	1 Year	3 Years	5 years
Fixed Income Fund[1]	-5.84%	-2.91%	1.64%	2.31%
FTSE TMX Universe	-6.97%	-4.52%	0.45%	1.58%

Notes:

1. Fund returns are gross of fees.

Categorization: Canadian Neutral Balanced

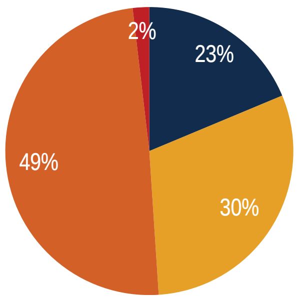
Funds have been categorized according to the Canadian Investment Funds Standards Committee criteria.

Fund Objective: Income and Growth

Investors in the Fund will find a portfolio that is seeking yield, income and opportunities for long term growth by investing primarily in large cap, blue chip dividend paying stocks in combination with good quality government bonds and higher yielding credit worthy corporate bonds.

Strategic Allocation:

The conservatively managed Zechner High Income Fund is a good core investment fund that acts as an anchor and offset to the more growth oriented Zechner Pooled Balanced Fund.



Asset Mix

- Canadian Provincial Bond
- Canadian Government Bonds
- Canadian Corporate Bonds
- Cash

Top 5 Holdings:

Bonds	
Canada Housing Trust 3.15% Sept 15, 2023	10.03%
Canada 1.75% Dec. 1, 2053	7.70%
Canada RRB 4.25% Dec. 1, 2026	5.80%
Alberta 3.30% Dec. 1, 2046	4.27%
Canada Housing Trust 1.90% March 15, 2031	3.90%

(as of March 31, 2022)

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.

Zechner Pooled Funds are available only to Canadian investors and require a minimum investment of $150,000; unless the investor is an Accredited Investor. Units of the Funds are qualified investments for certain registered plans.

Solid Partnership Foundation

Our Pooled Funds are held at CIBC Mellon, who acts as Trustee, Custodian, Valuation Agent and Unitholder Recordkeeper provider. Our commitment to integrity is behind our decision to partner with a leading Canadian custodian, reassuring our clients that their funds are safe and secure. Like J. Zechner Associates, CIBC Mellon is firmly committed to integrity, client service and exceptional results.

For more information please contact:

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