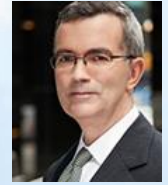


INCREASE YOUR FUTURE WEALTH POTENTIAL

J ZECHNER ASSOCIATES FIXED INCOME FUND



PORTFOLIO MANAGER: JEFFREY HEROLD

The robust “Everything Rally” extended through December as investor optimism about future interest rate cuts continued to push bond and equity prices higher. The key event in the month was the December 13th meeting of the U.S. Federal Reserve, which left its interest rates unchanged but indicated that rate reductions were likely in the next 12 months. The market reaction was swift and significant as shorter term Treasury bond yields plunged 25 basis points or more that day as some investors speculated that rate cuts might occur as soon as March. Canadian bond yields mirrored the drop in U.S. yields, albeit by a slightly smaller amount. And over the balance of the month, yields in both countries continued to decline. The broad Bloomberg Canada Aggregate and FTSE Canada Universe indices returned 3.52% and 3.43%, respectively, in December.

Economic data received in the month showed the Canadian economy was struggling to grow. Indeed, Canadian GDP failed to expand in October, although the year over year pace of growth increased from 0.6% to a slightly less tepid 0.9% pace. The unemployment rate rose to 5.8% from 5.7% as the 36,000 person increase in the labour force overwhelmed robust job creation of 24,900 positions. Adding to the gloom, housing starts were weaker than expected in November, as starts of buildings with multiple units dropped 26% from the previous month over affordability concerns.

U.S. economic data received in December showed that the American economy remained resilient. While the manufacturing sector showed some weakness, most other sectors continued to grow. The labour market remained tight as the unemployment rate fell to 3.7% from 3.9% while the participation rate edged upward. In addition, both retail sales and housing starts were stronger than expected. The inflation rate edged lower to 3.1% from 3.2%, but the core rate remained elevated at 4.0%. Overall, the economic data did not present any urgent reason for the Fed to begin cutting interest rates.

Internationally, the only major central bank to adjust monetary policy in December was Norway’s Norges Bank, which raised its rates by 25 basis points for its first increase since September. Other global central banks left their rates unchanged and global bond markets rallied in sympathy with the move in U.S. bonds as investors speculated about the timing of future interest rate cuts by other central banks.

Outlook

As noted last month, we are concerned that the recent bond rally may have gone too far. We are not convinced that inflation will continue to quickly fall to the 2% target, in part because the comparison with price moves last year will be more challenging in December. As well, the sharp drop in bond yields has loosened financial conditions markedly, with lower mortgage rates being an obvious example. That means there is less pressure on the Bank of Canada to reduce interest rates. In addition, we think investors have not yet focused on how much (or how little) the Bank will lower rates when it does begin to loosen monetary conditions. The Bank has suggested that its estimate of the neutral rate, which is neither stimulative nor restrictive, may be revised higher. If the Bank ultimately only lowers its overnight target rate to 3.00%, it is difficult to see great value in long term Canada bonds yielding roughly 3.25%. Accordingly, we are keeping portfolio durations close to benchmarks as we await more information on the economy and inflation.

Sector wise, given the need for interest rates to remain high for several more months, we remain cautious about corporate bonds and believe the current level of yield spreads does not properly reflect the level of risk in the economy. We are particularly cautious regarding real estate issuers given their elevated leverage and the need to adjust cap rates to reflect current interest rates and bond yields. In addition, there is a concentration in equity market gains, particularly in the U.S. S&P500 where seven massive tech stocks are dominating the price performance of the other 493 index constituents. Any correction in equities will likely cause corporate yield spreads to widen noticeably.

| 29- December 2023 | INVESTMENT RETURNS | | | |
|--------------------------------|--------------------|--------|---------|---------|
| | Q4 2023 | 1 Year | 3 Years | 5 years |
| Fixed Income Fund ¹ | 4.70% | 4.43% | -3.85% | 0.81% |
| FTSE TMX Universe | 8.27% | 6.69% | -2.81% | 1.30% |

Notes:

- *Returns are Net of Fees.
- *All indices are total return.
- *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

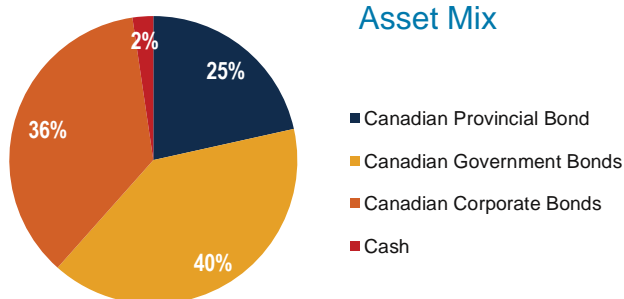
Categorization: Canadian Fixed Income

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

Fund Objective: Income and Capital Preservation

Investors in the Fund will find a portfolio that is seeking capital preservation and long term returns consistent with a diversified portfolio invested in a broad range of high quality Canadian Fixed Income securities.

Strategic Allocation:



Top 5 Holdings:

| Bonds | |
|--|--------|
| Canada Housing Trust 1.90% March 15, 2031 | 15.40% |
| Ontario 2.15% June 2, 2023 | 7.93% |
| Canada Housing Trust 1.80% December 14, 2024 | 7.49% |
| Canada 2.75% June 1, 2033 | 7.35% |
| Canada 2.75% December 1, 2055 | 6.99% |

(as of December 29, 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.

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

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.

For more information please contact:

David Cohen, President
 Tel 416-867-8649
 Toll free 1-866-259-6482
 dcohen@jzechner.com