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MARRET ENHANCED TACTICAL FIXED INCOME FUND

Weekly Commentary | November 18, 2022 | Series F, CAD

WEIGHTS	
Cash	20%
Commercial Paper	0%
Govt. Bonds	26%
IG Bonds	28%
HY Bonds	24%
Bank Loans	2%
Equities	0%

YIELD INFORMATION	
Yield to Maturity	5.01%
Current Yield	3.73%
Yield to Worst	5.01%
Average Duration	1.94 Years

PERFORMANCE	
Since Inception	2.58%
MTD	0.53%
YTD	-2.70%
1 YR	-2.49%
3 YR	0.80%
5 YR	1.46%
NAV	10.4867
Distribution YTD*	0.2175

*Current Period Distribution: 0.0541
Date of Inception: November 28, 2014
Source: Marret Asset Management Inc., November 18, 2022

Risk asset performance was mixed last week on conflicting economic data and policymaker comments. On Tuesday, producer price inflation excluding food and energy moderated to 0.0% month over month versus expectations of +0.3%. On Wednesday, retail sales excluding autos and gas surged to +0.9% month over month versus expectations of only +0.2%. On Thursday, the Philadelphia Federal Reserve Business Outlook Survey plummeted from -9 to -19 versus expectations of only -6. Federal Reserve Board Member, Christopher Waller, emphasized that last week's weaker-than-expected consumer price inflation "was just one data point" and that he would not be "head-faked by one report". San Francisco Federal Reserve President, Mary Daly, noted that "pausing [hikes] is off the table right now and not even part of the discussion". The S&P500 declined -0.69% on the week but credit spreads tightened materially. The government bond curve flattened as the US 2-year yield rose 20bps while the US 30-year yield declined -9bps. Oil fell -10% as recent tensions cooled between the US and Saudi Arabia with the Biden administration declaring the Crown Prince off limits from any lawsuits related to the killing of US-based journalist, Jamal Khashoggi.

Market Performance	11-Nov	18-Nov
S&P 500		
Index Level	3,993	3,965
Pct. Chg. (%)		-0.69%
BofA Merrill Lynch U.S. High-Yield Index		
Yield	8.94%	8.85%
Yield Δ		-9bps.
Bloomberg Barclays U.S. Aggregate Corporate Index		
Spread	146	134
Spread Δ		-12bps.
UST 10Yr. Yield	3.81%	3.83%
3-Month CAD Bankers' Acceptance	4.32%	4.45%

The Fund generated a gain last week as credit spreads tightened materially. The US 10-year yield rose 2bps while the Canada 10-year yield declined -2bps. Duration was slightly decreased to 1.94 years.

There is a high probability of central banks over tightening monetary policy, resulting in a hard landing. Central banks will likely be slow to recalibrate their monetary policy when the economy does begin to soften; first pausing, then holding interest rates at an elevated level for a period of time. We believe the pause will initially be positive for risk assets. However, maintaining elevated policy rates will lead back to a challenging and volatile market environment. In this scenario, we expect bonds will become more of a classic hedge than they have been recently.

Changes in sentiment will result in high near-term volatility. While we believe government bonds are attractive over the medium term, shifts between asset classes, as valuations warrant, will provide the best balance of returns versus risk in the near term. We still expect to add duration as rates move higher and central banks move closer to peak interest rates. The Fund will focus on generating carry while minimizing risk and enhancing returns by taking advantage of tactical and relative value opportunities.

Sources: Marret Asset Management Inc., Bloomberg Finance L.P., November 18, 2022.

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The Yield Information reported is representative of the strategy and not any individual client yield. These figures are compiled from third-party sources believed to be reliable, however, care should be taken when relying on these figures as the information is obtained from third party sources that may or may not be verified. All data presented is unaudited.

The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.

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