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MARRET ASSET MANAGEMENT INC.

MARRET ENHANCED TACTICAL FIXED INCOME FUND

Weekly Commentary | January 13, 2023 | Series F, CAD

WEIGHTS	
Cash	25%
Commercial Paper	0%
Govt. Bonds	31%
IG Bonds	27%
HY Bonds	16%
Bank Loans	1%
Equities	0%

YIELD INFORMATION	
Yield to Maturity	4.77%
Current Yield	3.69%
Yield to Worst	4.77%
Average Duration	1.63 Years

PERFORMANCE	
Since Inception	2.70%
MTD	0.83%
YTD	0.83%
1 YR	-1.06%
3 YR	1.20%
5 YR	1.62%
NAV	10.5767
Distribution YTD*	0.0000

*Current Period Distribution: 0.0541
Date of Inception: November 28, 2014
Source: Marret Asset Management Inc., January 13, 2023

Risk assets rallied again last week as softer than expected inflation data increased optimism of a dovish shift from the Federal Reserve. On Thursday, US Headline Consumer Price Inflation was -0.1% month over month versus +0.1% last month. Excluding the lagging shelter component and the highly volatile food, energy, and automobile components, US Consumer Price Inflation was +0.15% month over month. This equates to a roughly +1.8% annualized pace in the underlying core components. On Friday, the University of Michigan's consumer survey of 1-year ahead inflation declined from 4.4% to 4.0% versus expectations of 4.3%. The S&P500 gained 2.67%, credit spreads tightened materially, and the entire government bond curve rallied. Oil prices reversed last week's decline and rose 8.3%. Gold prices increased 2.9%.

Market Performance	6-Jan	13-Jan
S&P 500		
Index Level	3,895	3,999
Pct. Chg. (%)		2.67%
BofA Merrill Lynch U.S. High-Yield Index		
Yield	8.45%	8.12%
Yield Δ		-33bps.
Bloomberg Barclays U.S. Aggregate Corporate Index		
Spread	131	123
Spread Δ		-8bps.
UST 10Yr. Yield	3.56%	3.50%
3-Month CAD Bankers' Acceptance	4.74%	4.77%

The Fund generated a gain last week as spreads tightened and bonds rallied. The US 10-year interest rate declined -5bps and the Canada 10-year interest rate declined -19bps. Duration was reduced from 1.70 to 1.63 years.

We expect that coordinated global monetary tightening at a record-breaking pace into a synchronized global growth slowdown will result in a recession. Monetary policy is likely to stay too tight for too long as central banks focus on strength in lagging economic data. Excess savings built up from pandemic fiscal stimulus has allowed the economy to remain resilient thus far. This savings should be sufficiently drawn down and will stop providing support in 2023.

Investors have so far reacted positively to any hint of a thought of a pause in monetary policy tightening. Volatility will remain elevated and shifts in valuations will continue as markets try to anticipate the path of interest rates. We expect investors will still react positively to a pause. However, we believe this will result in a failed rally as central banks are expected to hold interest rates at a restrictive level, leading to a continued challenging risk market environment.

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Assets with higher interest rate sensitivity are likely to perform better while risk assets suffer a substantial drawdown in a recession scenario. The Fund will continue to rotate between asset classes based on relative value opportunities as investor sentiment shifts. Given the significantly inverted yield curve, it will focus on generating carry using short duration, high quality fixed income securities while adding some exposure longer duration government holdings on rate backups to protect itself in a recessionary environment.

Sources: Marret Asset Management Inc., Bloomberg Finance L.P., January 13, 2023.

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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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