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## January 2022 Commentary

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We closed 2021 with a 0.51% gain and a final result of 9.93% gross in our hypothetical equity model\*. Depending upon individual asset mix, that translates to mid-high single digit returns for most of our clients, after fees. '21 will go down as a transition year. With so much financial and political upheaval, there has been a lot of rotation from one market leader to another. Though we managed to grind out a gain, it was not a vintage year as the market is still hunting for solid direction. However, we are starting to see some positive signs.

All in all, a workman-like result; progress but not remarkable. After the incredible run we had over 2019 & 2020, this is a great way to digest those returns. We'll take it and see what 2022 delivers.

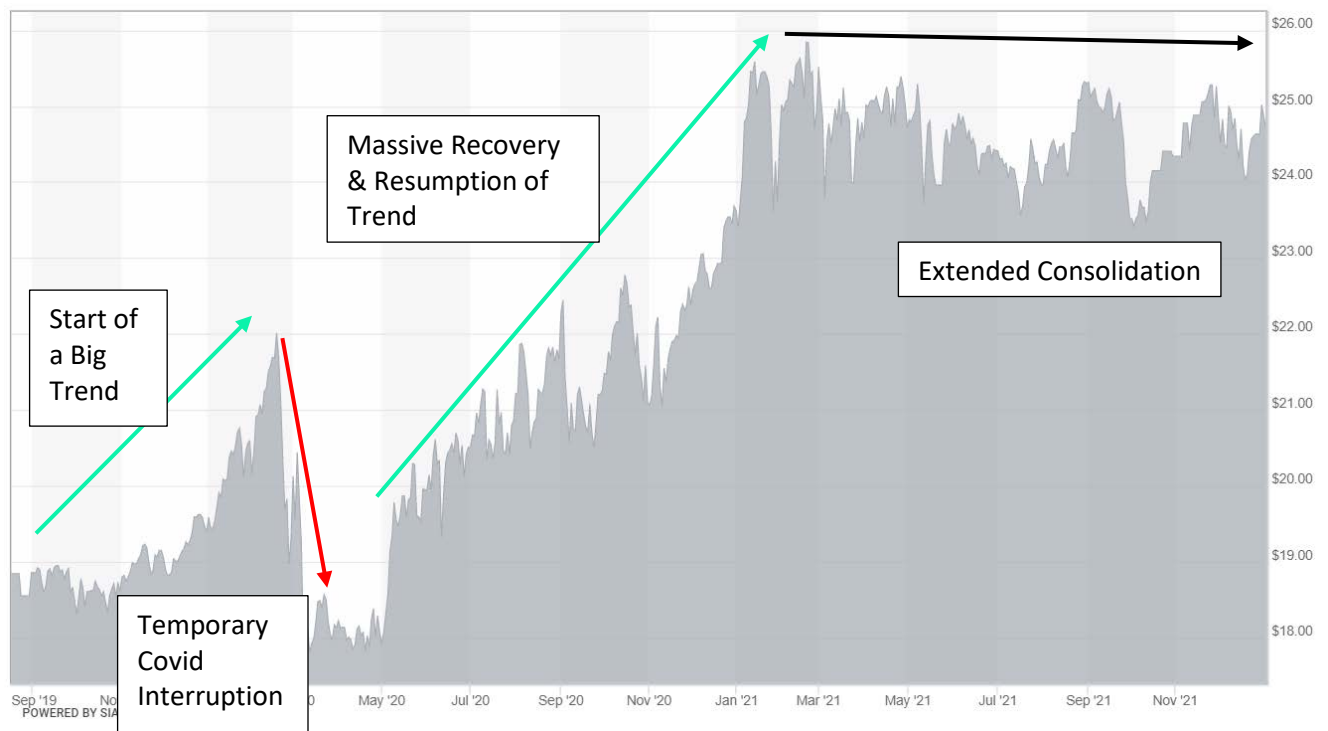
\* If you are new to this newsletter, our reference to a 'hypothetical equity model' bears explaining. Because every client's portfolio is slightly different and customized, we track a 'hypothetical' model to represent our results. This model contains the same investments as the equity portion (i.e. the 'engine') of your portfolio. It excludes the bonds. Each trade is done at the same time and price as your portfolio.

Our *Hypothetical Equity Model* closely approximates the actual performance of your equities before fees. It gives us context, allowing for various types of analyses & comparisons.

### Market Update

After the last two editions of this letter forayed into geopolitics, let's get back to what the sausage grinder is actually producing once you dump all the ingredients into the chute. The (now updated) graph below has been featured in these pages several times since May 2021. Let's ditch all the technical talk; you can see in one picture what is happening.

Our model is essentially trend following. When there are strong trends that are lead by strong performing assets, we print money. When leadership changes constantly, we tread water. Below is our flagship *SIA ML Tactical Global Equity Pool*. We started this in August 2019. It went straight up, then ran into the April 2020 Covid Wood Chipper. From there, it promptly exploded to new record highs into Q1, 2021. Since then it is pretty much a billiard board.



The more this continues, the more energy we store and the bigger the next move. Generally, that should be in the same direction as what preceded it. For the bulk of 2021 we have vacillated between caution and green shoots and this has been reflected in these pages. Our apologies for the whiplash,

we just call it like we see it. We're back to seeing signs below the surface that have us getting a little bit more excited. Still not enough to get us off the 20% we hold in cash (normally 3%), but positive nonetheless. What narrative could support the small signs of improvement that we are seeing? Perhaps the beginning of the end of the Covid nightmare. Omicron seems to be extremely mild. Everyone is getting it and getting over it. Flu season tends to peak in the third week of January for good reasons. Perhaps this is what is going to drive some improving metrics.

## December 2021 Portfolio Review

Mott Liokossis Hypothetical Model sector breakdown at the end of December 2021:

Cash	12.08%
Diversified Global Equity Portfolio	37.74%
Diversified Canadian Equity Portfolio	11.79%
Electronics & Semi-Conductors	8.43%
Energy	6.48%
Computer Software	6.23%
Conglomerates	6.20%
Retail	5.53%
Banking	5.52%

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### Hypothetical Model Growth Portfolio Holdings at the end of December 2021:

% Held	Security	Symbol	Sector	Price	Yield
12.08%	Cash				
8.43%	ASML Holding NV	ASML	Electronics & Semi-Conductors	\$ 1,006.72	0.40%
5.52%	Barclays PLC	BCS	Banking	\$ 13.09	1.27%
6.23%	Infosys	INFY	Computer Software	\$ 32.00	1.25%
6.48%	Cheniere Energy Inc.	LNG	Energy	\$ 128.25	0.26%
5.53%	Lowe's Companies Inc.	LOW	Retail	\$ 326.85	0.86%
37.74%	SIA ML Global Tactical Pool	SWI220	Global Equity Portfolio	\$ 24.71	15.58%
6.20%	Textron Inc.	TXT	Conglomerates	\$ 97.62	0.08%
11.79%	BMO SIA Focused CDN EQ ETF	ZFC	Canadian Equity Portfolio	\$ 40.27	0.94%

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	Monthly Returns												Yearly Returns	YTD
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
2021	1.62%	5.68%	-3.36%	0.16%	-0.85%	0.93%	0.28%	7.23%	-4.67%	1.70%	0.60%	0.51%	9.93%	
2020	4.33%	-3.90%	-8.54%	-0.42%	9.70%	2.13%	5.75%	4.27%	-2.33%	-1.79%	7.32%	6.07%	22.93%	
2019	1.36%	5.01%	3.75%	3.46%	-1.58%	2.58%	0.97%	1.13%	-3.33%	-0.78%	3.76%	2.09%	19.73%	
2018	2.84%	0.81%	-0.31%	-0.79%	5.53%	8.19%	-0.60%	8.18%	-2.65%	-14.70%	-0.14%	-2.73%	1.60%	
2017	-1.26%	3.11%	0.49%	3.26%	1.45%	-3.95%	0.50%	2.31%	3.43%	7.33%	2.38%	-3.57%	16.08%	
2016	-3.29%	-2.97%	-3.70%	-3.30%	5.04%	1.01%	3.03%	-0.56%	1.02%	-1.70%	1.56%	0.82%	-3.36%	
2015	9.73%	2.78%	3.71%	-8.98%	10.69%	-4.34%	7.93%	-5.39%	-3.05%	0.23%	-0.08%	1.84%	13.89%	
2014	6.39%	6.38%	-5.18%	-4.67%	1.52%	1.94%	-1.25%	5.18%	-2.40%	0.44%	5.70%	3.57%	18.08%	
2013	6.00%	4.20%	3.95%	-2.83%	9.64%	-3.67%	4.06%	3.65%	3.29%	3.42%	4.68%	2.66%	45.96%	

Monthly & Annual Returns for the Mott Liokossis Hypothetical Model Growth Portfolio.

Performance reflects actual trades executed in our maximum growth model and does not include fees or expenses.

We use this hypothetical model as the basis for our clients' portfolios.



Growth of \$10,000 Jan. 04, 2013 - December 31, 2021

Mott Liokossis Model (MA02)	\$35,339
World Stock Equal Weight Index (EWI785)	\$21,556
Canadian Stocks (XIC.TO)	\$21,779
Canadian Bonds (XBB.TO)	\$13,154
Commodities (DBC)	\$9,824



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