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With news of runaway inflation, rising interest rates and the war in the Ukraine dominating the headlines, the announced retirement of Frederick Smith, CEO of FedEx Corp -the largest air freight firm in the world, likely went unnoticed.

As a Yale undergraduate in 1965, Smith wrote a term paper for his economics course outlining an overnight air delivery service for urgently needed items such as medicines or computer parts. His professor was not much impressed with the paper, but after a stint in the Air Force, Smith sought to put his classroom idea into practice. He founded Federal Express (now FedEx) in 1971 and in April 1973 14 Dassault Falcon jets took off from Memphis airport with 186 packages destined for 25 cities.



In retrospect, it was an inauspicious time to launch a new venture that consumed large quantities of fuel. Oil prices skyrocketed following the Arab states' oil embargo and the US economy fell into a deep recession. Most airlines struggled during the 1970s and Federal Express was no exception.

But Smith's idea found favour with customers, and 49 years after its initial deliveries, the firm is a global colossus with over 650 aircraft, including 42 Boeing 777s -each of which can fly more cargo than 100 Falcons. Although it took over two years to turn its first profit, FedEx became the first start-up in American history to generate over \$1 billion in revenue in less than 10 years without relying on mergers or acquisitions. The journey has proved rewarding for investors as well -100 shares purchased at the initial offering price of \$24 in 1978 has grown to 3,200 shares worth over \$700k today.

Fred Smith's idea is just one example of ingenuity that humans have exhibited for centuries. Sticks and stones led to hammers and spears, the wheel and axle, the steam engine and eventually to semiconductors and jet aircraft. The invention of writing made it possible to store and reliably hand down information from one generation to the next, making knowledge accretive.

Civilization is a history of innovation -curious minds seeking to improve upon existing ways of meeting humankind's wants and needs. Public securities are just one example of such creativity and they have a history of rewarding investors for the the capital they supply to fund such innovation. But a significant fraction of the wealth created in public equity markets typically comes from only a small number of firms. This is why we believe in owning a broad universe of equities through globally diversified investment funds managed by our wealth management partners at Dimensional, EdgePoint, Guardian Capital and Mackenzie Investments. This improves the probability of participating in the rewards and ingenuity and innovation, wherever and whenever it takes place. This is the basis for our model portfolios, which balance capital growth with capital protection towards the overriding goal of a a better investment outcome for you.

Thank you for reading!

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