



2022.03.09

Year-to-date, markets around the world have reacted negatively to inflationary pressures, rising interest rates, rising gas prices and, now, war in Ukraine. The MSCI world equity index is officially in Bear territory (down 20% for 2022), causing investors to conclude this year is already a write-off. But not so fast. While it is true that these risks understandably are weighing heavily on investors looking to price today the future earnings of companies.



But looking at the past 15 years in stock markets, one could draw the opposite conclusion, and that markets may still deliver gains as we move further into 2022. When markets are under pressure, investors should remember that years that have seen negative inter-year declines in markets, have more often than not, finished in positive territory by year end.

As the chart below shows, despite average intra-year drops of almost 13%, annual returns were positive in 11 of 14 years. Recently and most notably, 2020 saw a March/April decline of 35% as Covid-19 hit the global economy. Yet by year-end, markets clawed all their losses back and finished in the black.

ANNUAL RETURNS AND INTRA-YEAR DECLINES

EdgePoint Global Portfolio, Series F intra-year declines vs. calendar-year returns
Despite average intra-year drops of 12.8%, annual returns were positive in 11 of 14 years



As at December 31, 2021 Total returns, net of fees (excluding advisory fees), in C\$. Series F is available to investors in a fee-based/advisory fee arrangement and doesn't require EdgePoint to incur distribution costs in the form of trailing commissions to dealers. *2008 annual return and intra-year decline are from November 17, 2008 to December 31, 2008. Source: Morningstar Research Inc. Maximum decline is the largest intra-year market drop from a peak-to-trough during the calendar year. Inception date of the Portfolio: November 17, 2008. Series F available to investors in fee-based/advisory fee arrangement and excludes trailing commissions. See Important Information - Quantile rankings for additional details.

As a core position in our model portfolios, the **EdgePoint Global Growth & Income** fund has similarly delivered positive returns, despite double digit mid-year declines. Short-term fluctuations in markets allow the fund managers to capitalize on volatility, by acquiring positions in quality companies trading at a discount. In other words, *volatility equals opportunity* and we remain confident in their ability to navigate their fund through challenging markets such as this one.

As has been written on countless occasions, the direct of equity markets in the short term is unknown. But since the creation of capital markets over a century ago, medium to long term investors have seen positive outcomes from well diversified, well managed portfolios. A great deal of thought has gone into our asset allocations and they have been constructed to capture much of the upside and much less of the downside. Right now, they are protecting on a relative basis and portfolio declines have been confined to single digits. This could change and quite possibly for the worse, before getting better. But market recoveries always happen, it is only a question of time frame.

As always, I look forward to speaking with you and please reach out if some additional re-assurance is required at this time. And thanks for reading!

Martin
1-519-546-5088

MARTIN WEILER, FINANCIAL ADVISOR
FIRST CAPITAL FINANCIAL / WORLD SOURCE FINANCIAL MANAGEMENT INC
50 CORESLAB DR. DUNDAS, ON L9H 0B2
P: 519-829-1331 F: 833-869-8042
MARTIN@FCFCORP.CA

Mutual Funds and some Segregated Funds provided by the Fund Companies are offered by Martin Weiler, a registered representative, through Worldsource Financial Management Inc., sponsoring mutual fund dealer. Other Products and Services are offered through First Capital Financial Corporation. This email and any attachments are intended only for the recipient(s) named in this email and may contain personal and/or confidential information. If you have received this email in error, please email the sender immediately, and delete the original email. Dissemination, distribution, or copying of all or any part of this message by anyone other than the intended recipient(s) is not authorized. The information provided in this email and/or attachment/s is solely for general and educational purposes and is based on the perspectives and opinions of the owners and writers. It is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering of tax, legal, accounting, or professional advice. Please consult an appropriate professional regarding your particular circumstances. References to third party goods or services should not be regarded as an endorsement of those goods or services. All information provided is believed to be accurate and reliable, however, we cannot guarantee its accuracy. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus and/or the fund facts before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.