OCEANFRONT
INVESTMENT COUNSEL INC.

CHARTBOOK
Market Comment

Prepared by OceanFront Investment Counsel Inc.

oceanfrontwealth.com

TABLE OF CONTENTS

Chartbook Market Comment: May 2024

OCEANFRONT INVESTMENT COUNSEL INC.

Market Comment

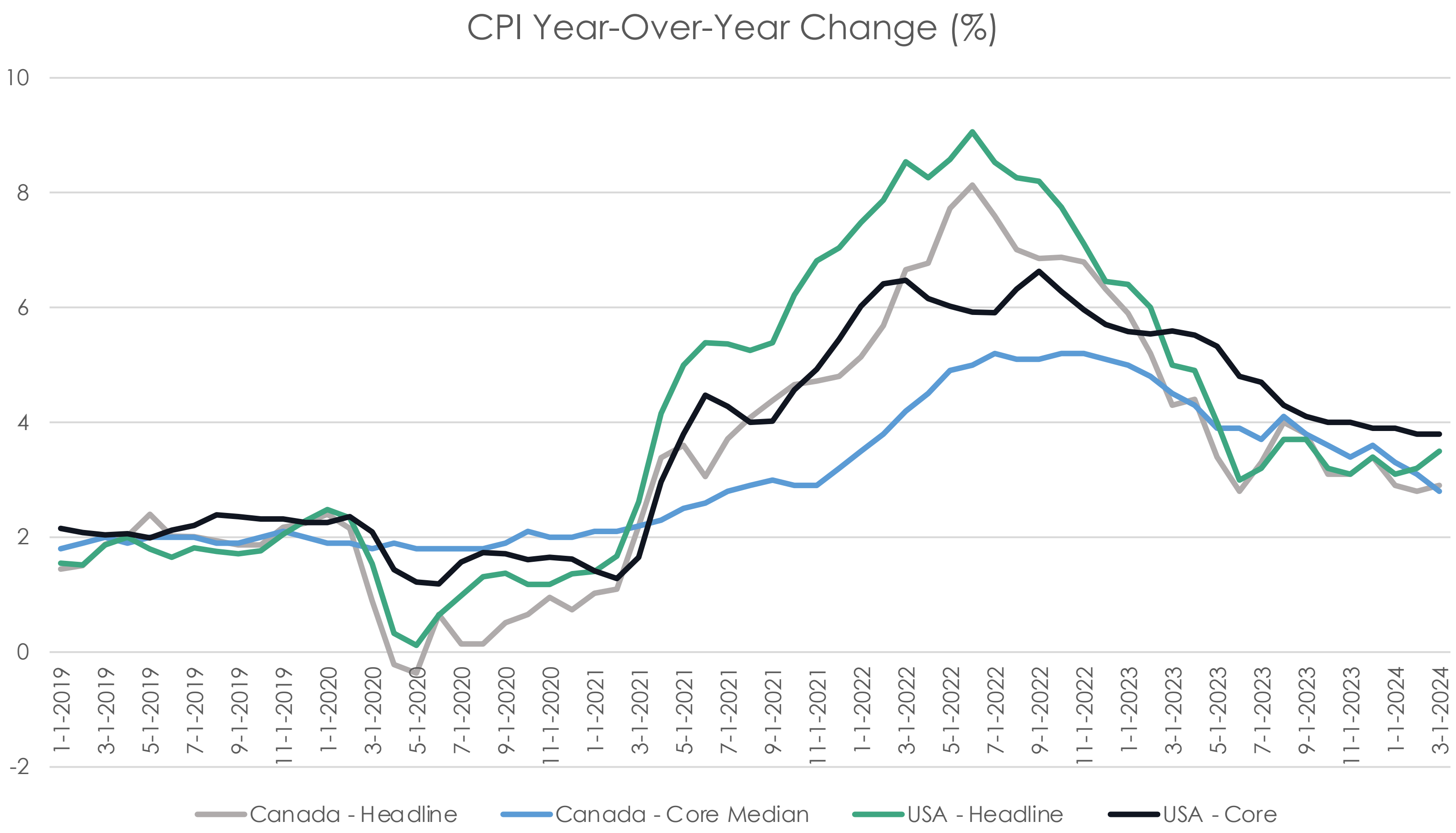
The battle with inflation rages on. It has been widely anticipated that with declining inflation, rate cuts from central banks would soon follow. While interest rate cuts in the short-to-intermediate term remain likely, inflation has been stubborn, causing the Bank of Canada and Federal Reserve to keep their policy interest rates high for the time being.

In April, the Bank of Canada ("The Bank") announced it was holding its policy rate steady at 5.0%. The Bank said that it expects the global economy to grow at a rate of 3%, which would be significantly higher than the current growth rate of the Canadian economy, and that inflation will slow.

Also in April, the Government of Canada announced its 2024 budget. There were several proposed changes to taxation, including a substantial change to taxation of capital gains, where the inclusion rate will increase from 50% to two-thirds for corporations and trusts. For individuals, the inclusion rate will remain at 50% on the portion of realized capital gains for the year up to $250,000, but will increase to two-thirds for any realized capital gains above the $250,000 threshold. This rule would come into effect on June 25, 2024 upon a vote in favour from Parliament and Royal Assent.

OCEANFRONT
INVESTMENT COUNSEL INC.

Inflation

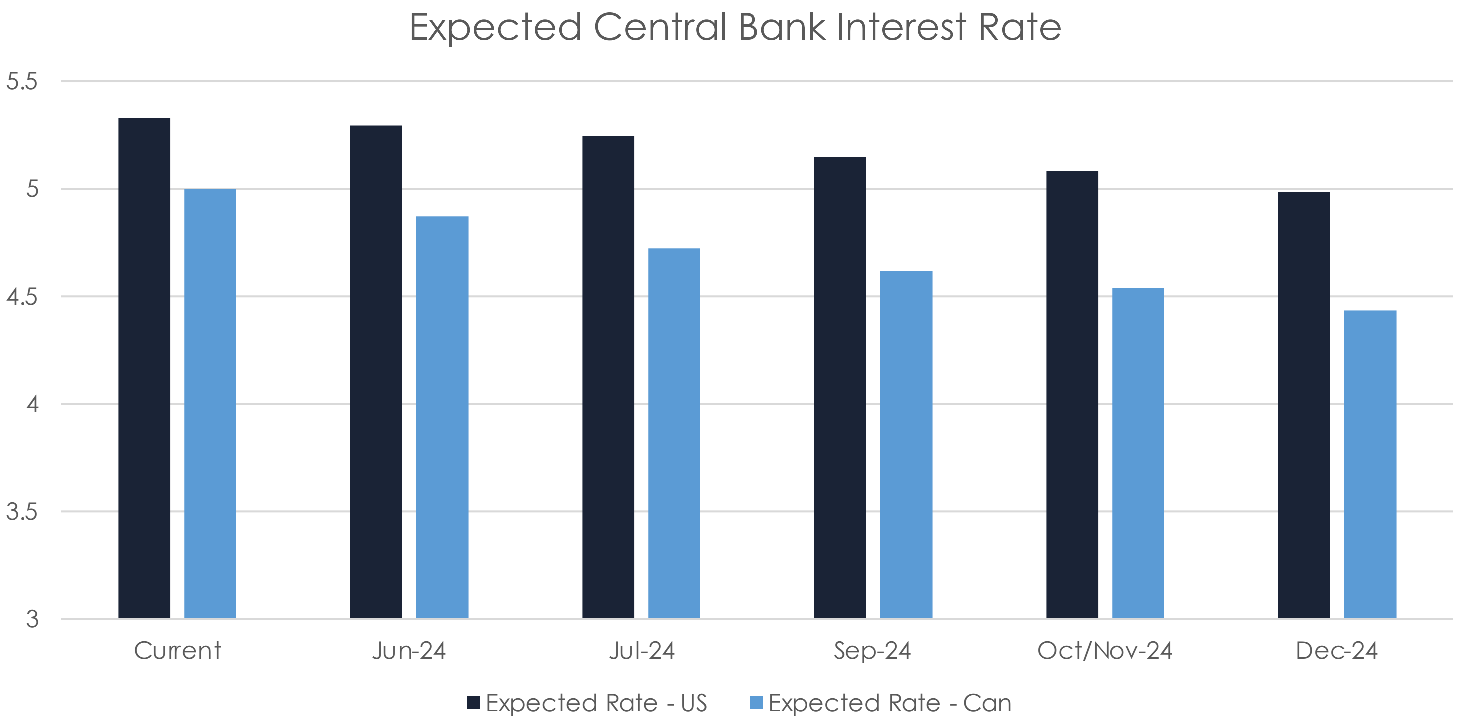


Headline Inflation in the USA unexpectedly increased in March. Since mid-2023 there has been very little progress made toward the 2% inflation target of the Bank of Canada and Federal Reserve.

OCEANFRONT
INVESTMENT COUNSEL INC.

Interest Rate Expectations

Interest rate expectations have adjusted to the hotter than expected inflation data in the US. Markets are now pricing in just a single interest rate cut by the Federal Reserve by the end of 2024, and 2 cuts from the Bank of Canada. This would result in an interest rate differential of 0.5% between the two central banks.

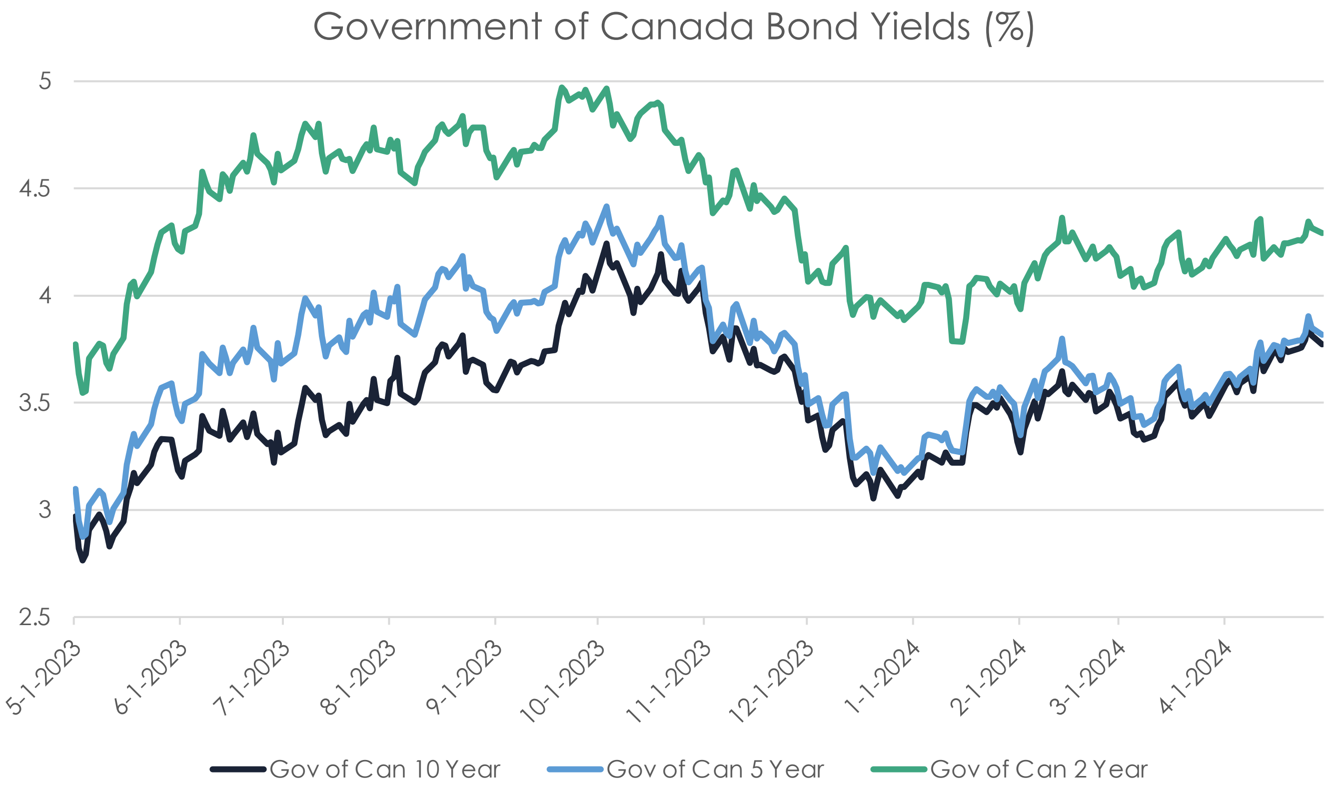


Data: Overnight Index Swap markets as of April 29, 2024

Bond Yields

Bond yields declined dramatically towards the end of 2023 as markets expected lower inflation and lower rates in 2024. Since then, yields have steadily risen as those expectations have yet to materialize.

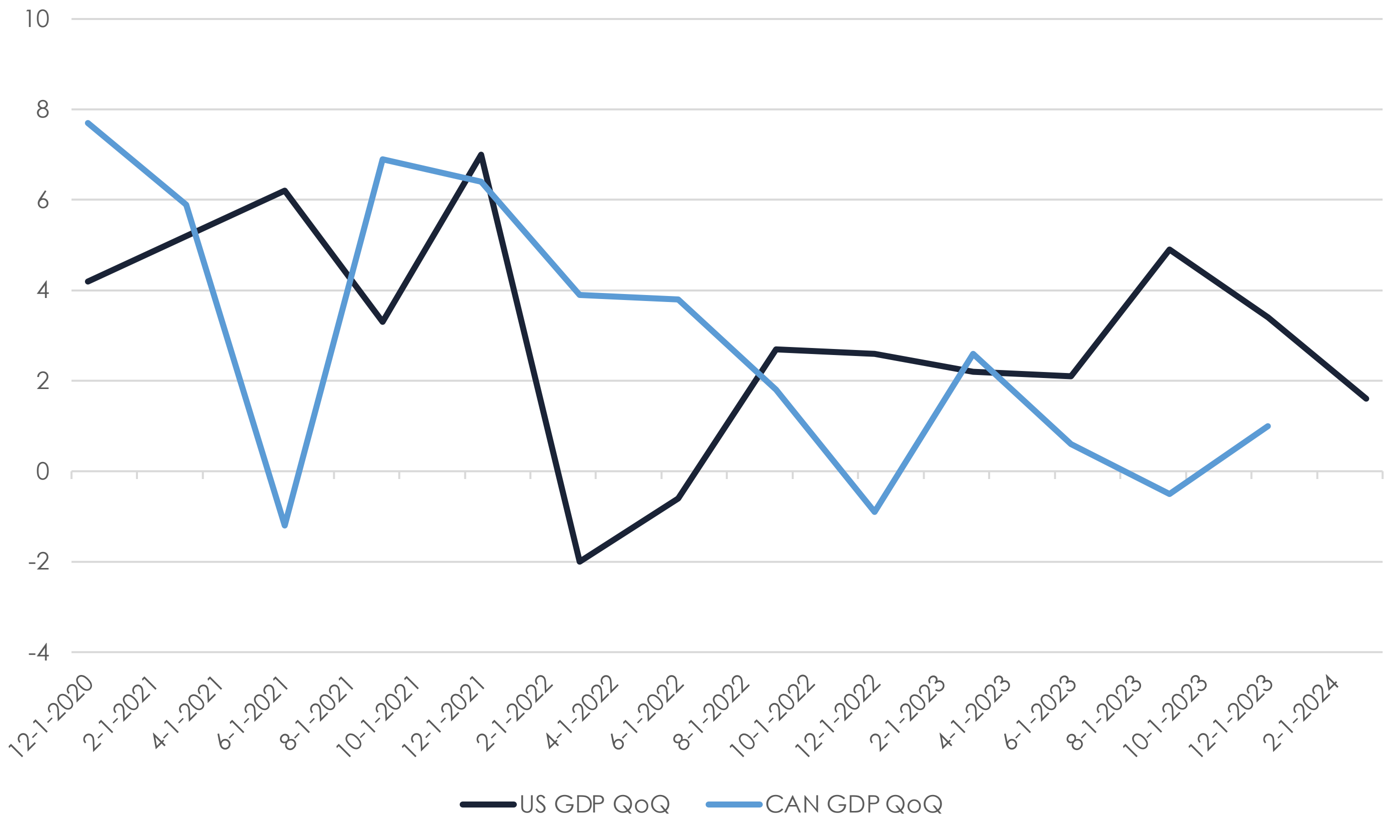
Rising yields means lower prices and thus lower returns for bondholders, but does present the opportunity to own low risk instruments like government bonds at an attractive yield relative to the recent past.



As of April 29, 2024

OCEANFRONT INVESTMENT COUNSEL INC.

GDP



Economic growth as measured by Gross Domestic Product (GDP), has been strong in the US and sluggish in Canada of late, although the most recent data in the US was well below expectations. In Canada, there is a case to be made that this sluggish growth will cool off inflation and that the Bank of Canada should cut rates to stimulate the economy.

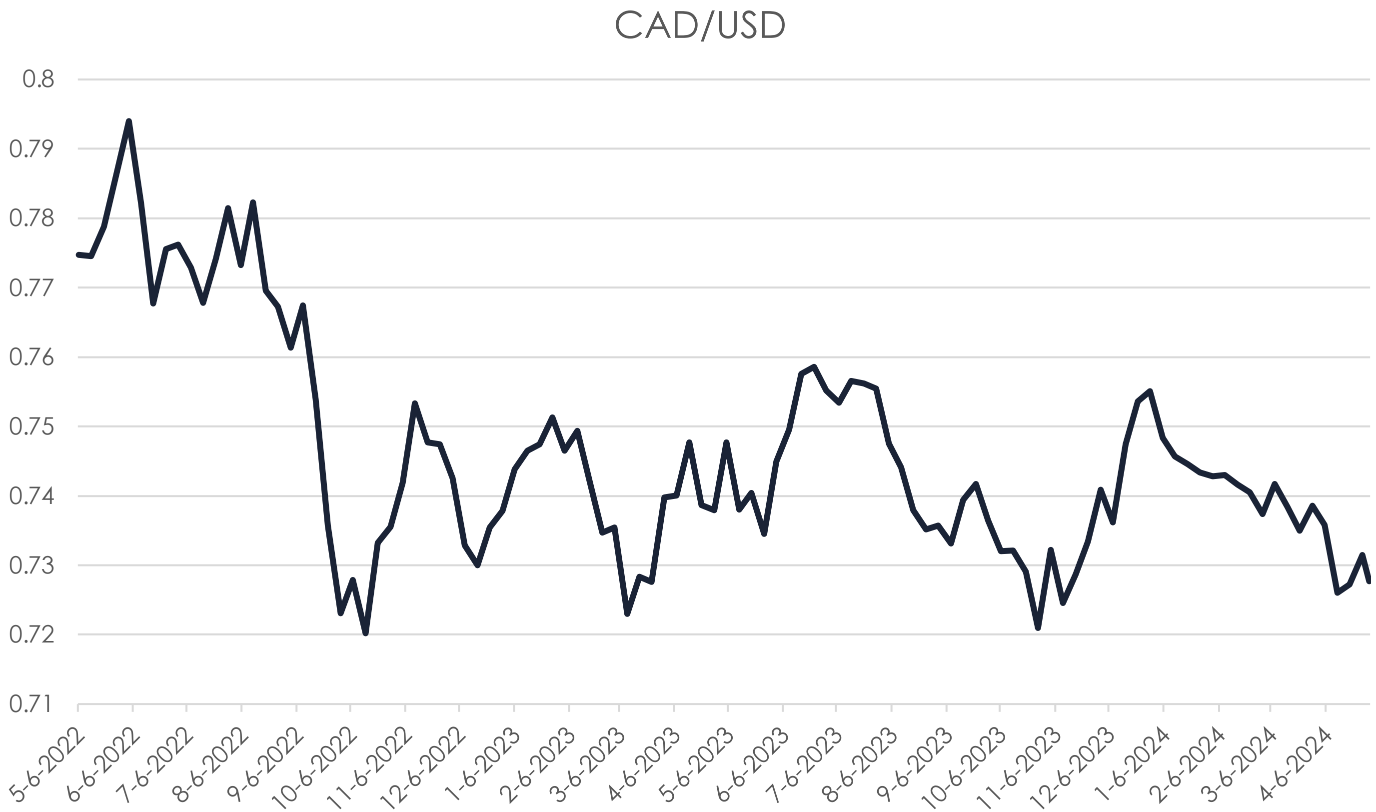
OCEANFRONT
INVESTMENT COUNSEL INC.

 Source: Bloomberg, OceanFront Investment Counsel Inc.

Canadian Dollar

With slower growth in Canada than the US, combined with lower interest rates in Canada, the Canadian Dollar has been weak compared to its US counterpart. Should the Bank of Canada cut rates sooner than the Federal Reserve, the interest rate differential would increase, thus putting more pressure on the Canadian Dollar.

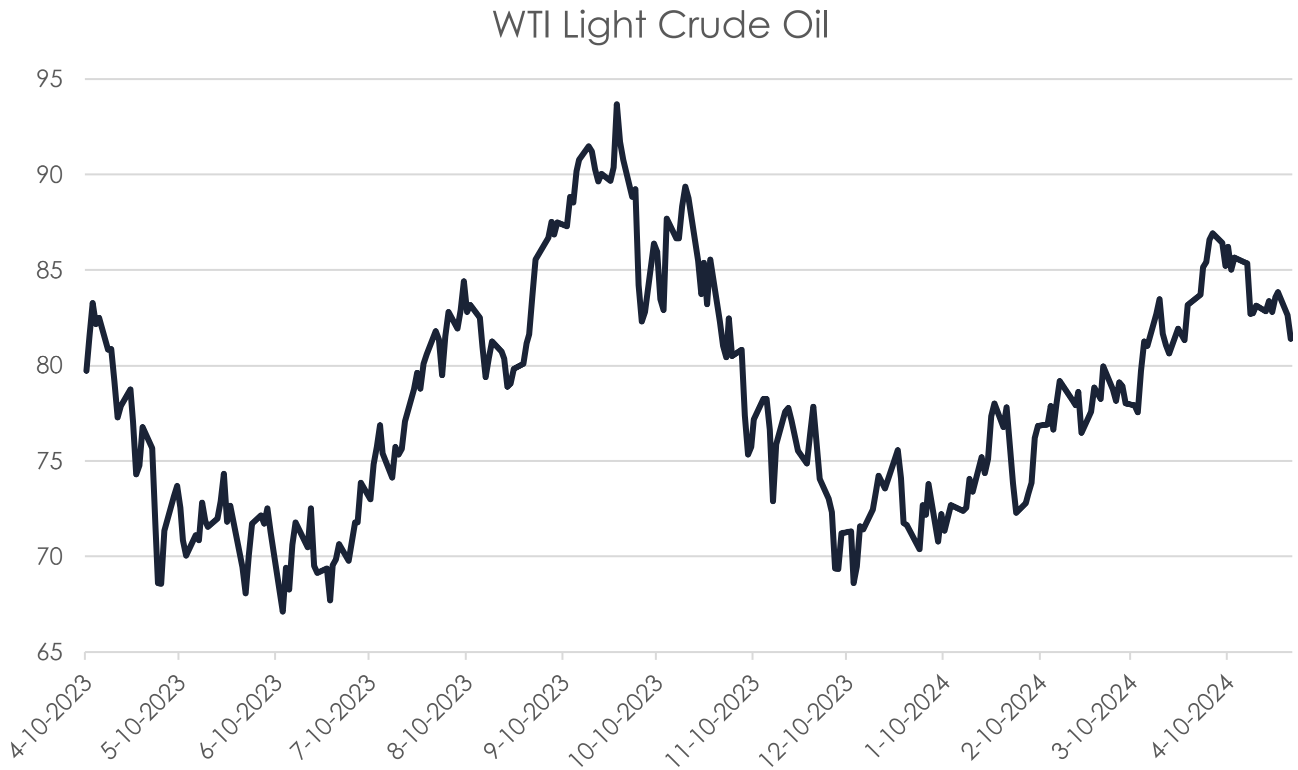
In that case we could see a test of the lows of the past two years at around $0.72 CAD/USD.



Data as of April 30, 2024

OCEANFRONT
INVESTMENT COUNSEL INC.

Oil



Data as of April 30, 2024

Oil has cooled off after a big rally from ~$68 to ~$86. As a major oil exporter, the Canadian economy is very exposed to market prices for oil. If oil prices were to continue to trend higher, it should be supportive for the Canadian economy and the Canadian Dollar. But if the recent dip in prices leads to a further fall, we should see the Canadian Dollar come under even more pressure.

OCEANFRONT
INVESTMENT COUNSEL INC.

DISCLAIMER

The particulars contained herein were obtained from sources believed to be reliable at the time of print, but we cannot guarantee their accuracy or completeness. Current analysis and interpretation of such information is subject to change. This report is for general information only and does not constitute tailored advice offered to an individual. Individuals should consult with their professional advisors, including tax professionals, prior to making investment decisions. Certain statements may contain speculative information that carries known and unknown risks, uncertainties, and other factors. These factors can potentially lead to significant differences between the actual outcomes, performance, or accomplishments of OceanFront Investment Counsel Inc. or the overall industry outcomes, and any future outcomes, performance, or accomplishments indicated or suggested by such forward-looking statements. It is important to note that these statements may not be suitable for everyone. Past performance is not indicative of future results.

OceanFront Investment Counsel Inc. is a subsidiary of OceanFront Wealth Inc. OceanFront Investment Counsel Inc. is registered as a Portfolio Manager in B.C., Alberta, Manitoba, and Ontario and as an Investment Fund Manager in B.C. and Alberta. Information contained herein, relating to OceanFront Investment Counsel Inc. is intended only for Canadians residing in the provinces where OceanFront Investment Counsel Inc. is registered.

E&OE

OCEANFRONT
INVESTMENT COUNSEL INC.