MONTHLY LETTER - APRIL 2023

After a roller-coaster start to the year, the financial markets appeared resilient in April. The Canadian S&P TSX stock index returned 2.9%. All sectors ended the month in the green, with outperformance from communications, health care, energy and materials sectors. In April, the Canadian dollar finished down 0.3% against the U.S. dollar; the diverging monetary policies of Canada and the U.S. continue to exert downward pressure on the Canadian currency.

In the U.S., the S&P 500 returned 1.6% in local currency and 1.8% in CAD. We are now at the midpoint of the earnings season for first quarter 2023 and at the time of writing, 79% of reporting companies had net income above analysts' expectations. However, earnings are projected to decline by 3.7% compared to the same quarter in 2022; this would mark the second consecutive quarter of year-over-year declining profits. The bright spots were generally strong results from technology companies. Moreover, in a context of falling interest rates since the beginning of the year, investors are regaining their appetite for technology stocks. It is worth noting that nearly 25% of the S&P 500 market capitalization again comes from Apple, Microsoft, Alphabet, Amazon, Meta and Nvidia; we should remember that during the pandemic, we were talking about technology bubbles at this level of market concentration. This is further proof that today's markets only have eyes for inflation.

The European stock market has continued to surprise as the main indices continued to gain last month; 3.1% for the FTSE 100 (UK), 2.3% for the CAC 40 (France) and 1.9% for the DAX 30 (Germany).

The bond market capitalized on falling interest rates, mainly at the long end of the curve, delivering a return of 0.98% for the FTSE Canada Universe Bond Index. Corporate bonds were the best performing sector as the risk premium declined.

On the economic front, commercial and industrial loans are down more than they were before the recent collapse of two regional U.S. banks, a month and a half ago. The massive withdrawals have left banks with less liquidity and capital and forced them to increasingly restrict access to credit. The impact will fall primarily on small and medium-sized businesses. Tighter access to credit is eventually expected to further slow the economy.

The employment figures remained strong. In the U.S., 236,000 jobs were created in March, while in Canada, the number of jobs increased by 35,000. While these numbers are impressive, there are signs of an economic slowdown; job openings are declining, resignations are down, and U.S. employment insurance claims are trending upward.

As far as inflation is concerned, the consumer price index continued to slow in March on both sides of the border. The Bank of Canada is targeting 3% inflation this summer and according to our projections, we expect to reach this objective. This would be one more reason for the Bank of Canada not to raise interest rates again. However, the latest data shows that core inflation (excluding energy and food) is slowing considerably less than total inflation. Total inflation in Canada and the U.S. was 4.3% and 5% respectively, while core inflation was 4.5% and 5.6%. This implies that overall inflation was reduced most recently by lower energy and food prices; inflation in services remains strong and well anchored.

Finally, expectations were high that the Fed would announce the end of its interest rate hike cycle. While news of a pause was welcomed in the short term, it is worth remembering that this is not historically associated with renewed growth for the markets. In fact, if we reflect on the last three tightening cycles, after rates peaked, markets fell, the economy continued to slow for a longer period and the Fed had to introduce monetary easing on average within nine months.

Bobby Bureau, MBA, CIM®
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ETERNA INFRASTRUCTURE FUND

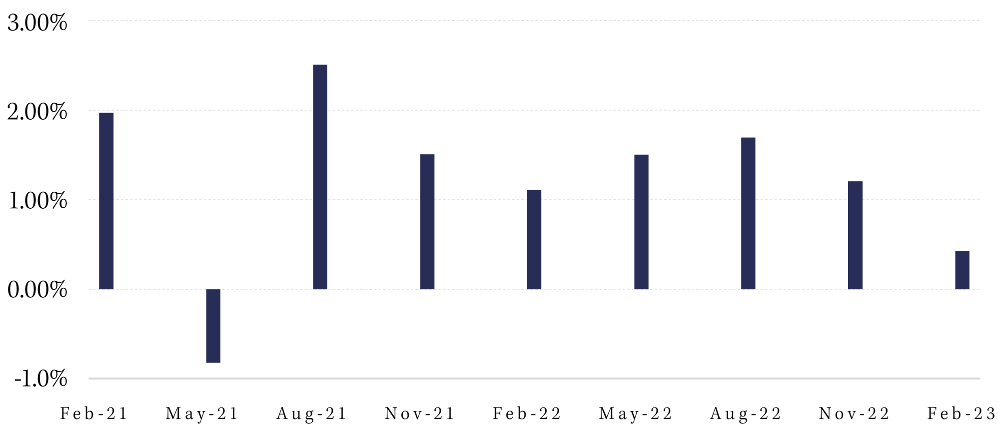
Investment Objective

The Eterna Infrastructure Fund is designed to generate a high and stable risk-adjusted current rate of return for its investors over the long term through diversified infrastructure investments. The Fund promotes ESG best practices throughout the selection process.

Investment Strategy

Invest in large-scale, long-term infrastructure projects across North America through external companies carefully selected by the managers and focused on infrastructure management.

QUARTERLY RETURNS



PERIODIC RETURNS

3 months	0.43%
6 months	1.64%
1 year	4.91%
2 years	4.62%

ANNUAL RETURNS

2022	4.50%
2021	6.76%

FUND OVERVIEW

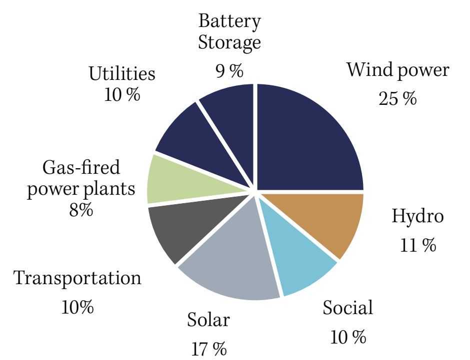
Primary Manager: Eterna Investment Management

Inception Date: January 2021

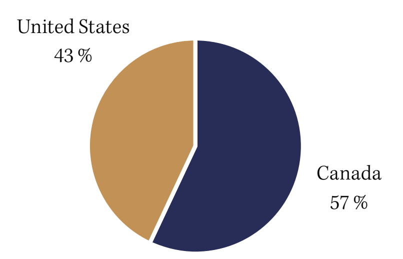
Target Return: Net return between 6% and 8%

Certain liquidity restrictions apply

Sector Distribution



Geographic Distribution



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STATISTICS ON APRIL 30TH, 2023

CANADA

Unemploy. rate (March)	5,0 %	-
C.P.I. (March)	4,3 %	↓
3 months treasury bills	4,43 %	↑
Bonds 5 years	2,98 %	↓
Bonds 10 years	2,84 %	↓
S&P/TSX	20 637	↑

UNITED STATES

Unemploy. rate (March)	3,5 %	↓
C.P.I. (March)	5,0 %	↓
3 months treasury bills	5,03 %	↑
Bonds 5 years	3,48 %	↓
Bonds 10 years	3,42 %	↓
Dow Jones - Industrial	34 098	↑
S&P 500	4 169	↑

CURRENCIES

$ USA / $ CAN	0,74	↑
$ USA / € Euro	1,10	↓
¥ Yen / $ USA	136,30	↓

The arrow indicates the trend since the publication of the last monthly data or end of the month.

MARKET INDICES IN CANADIAN DOLLARS AS OF APRIL 30TH, 2023

	YTD	3 months	6 months	1 year	3 years*	5 years*
FTSE Canada 91 Day TBill Index	1,43 %	1,06 %	2,13 %	3,20 %	1,19 %	1,38 %
BONDS						
FTSE Canada Universe Bond Index	4,23 %	1,10 %	5,39 %	2,52 %	-2,57 %	1,26 %
FTSE Canada Short Term Overall Bond Index	2,27 %	0,90 %	3,02 %	2,08 %	-0,27 %	1,44 %
Indice adapté gestion privée Eterna [1]	3,21 %	1,06 %	3,98 %	2,81 %	-0,94 %	1,59 %
FTSE Canada Mid Term Overall Bond Index	4,61 %	1,28 %	5,39 %	3,81 %	-1,98 %	1,78 %
FTSE Canada Long Term Overall Bond Index	6,80 %	1,28 %	8,80 %	2,06 %	-5,93 %	0,59 %
NORTH AMERICA STOCK MARKETS $ CAN						
Canada - S&P/TSX	7,59 %	0,17 %	7,99 %	2,67 %	15,15 %	9,03 %
United States - Standard & Poor's 500	9,35 %	4,49 %	7,94 %	8,55 %	13,48 %	12,68 %
United States - Dow Jones	3,69 %	2,32 %	4,62 %	11,70 %	13,15 %	10,71 %
INTERNATIONAL STOCK MARKETS $ CAN						
United Kingdom - FTSE-100	11,49 %	6,51 %	23,13 %	14,35 %	13,02 %	4,14 %
France - CAC-40	19,37 %	9,25 %	32,52 %	26,77 %	17,15 %	5,50 %
Germany - DAX	17,96 %	8,70 %	33,18 %	24,87 %	12,89 %	3,99 %
Japan - Nikkei-225	6,64 %	2,78 %	13,52 %	9,49 %	2,99 %	1,65 %
Hong Kong - Hang Seng	0,12 %	-7,48 %	34,58 %	-0,30 %	-8,12 %	-7,36 %
Australia - S&P/ASX 200	0,93 %	-6,65 %	9,47 %	-2,91 %	9,31 %	2,51 %
CURRENCY						
USD versus CAD	-0,01 %	1,85 %	-0,53 %	5,48 %	-0,95 %	1,08 %

* Annual compounded total return.
1 The Eterna Adapted Private Wealth Index is made up of 60% of FTSE Canada Short Term Overall Bond Index and of 40% of FTSE Canada Mid Term Overall Bond Index.ada..

Source : Bloomberg

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