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Dear Client,

We watch the news with shock and horror as Vladimir Putin continues to wage war on Ukraine, killing thousands of innocents and displacing millions more. The cost to the Ukrainian people is massive. We cannot express deep enough sympathies to them, their families and friends, and all the other victims of war.

While it seems almost petty to even bring it up, Putin's actions have also impacted stock markets around the globe (and consequently our portfolios) and had an immediate and noticeable cost in our day-to-day lives, higher gas prices being one of the most obvious. While compared to the plight of the people of Ukraine, portfolio values certainly fall under the heading of "First World problems". Nonetheless, understandably many are concerned about what the war means for their investments and what can or should be done at this time.

"How much of my investments are in Russia and what are you and the fund managers doing about that?" Bear in mind it's a complicated world and every fund is unique with different levels of exposure to Russia, but the highest value that I've seen so far was about one tenth of one percent of a portfolio. So, on a $1,000,000 portfolio, for example, about $1,000 was invested where we didn't want it. In this case, it was due to index funds or exchange traded funds held inside of a portfolio, so the manager had little control over that very small piece. Regardless, they specifically told me that they intended to divest themselves of any remaining exposure as soon as it became possible. **In short, your fund managers are doing the right thing in as professional, diligent, and ethical a manner as possible.**

"Are you still optimistic given the current situation in Ukraine?" At the time I was asked this question, I gave a yes-and-no answer. It wasn't until later upon further reflection that I realized I missed the bigger-picture answer – it's still a yes-and-no answer, just more comprehensive.

No, I am not optimistic for Ukraine. They are devastated. It will be a very long time before they are back to where they were if they win or a very, very, very long time if they don't.

But the answer is also yes, I am optimistic about our investments. Surprisingly, and in spite of the pain inflicted on Ukraine, this war has created a MASSIVE long-term net positive development for the planet. And I'm not alone in thinking this. Warren Buffett's been silent about the current crisis so far (and almost certainly buying up stocks at a

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discount), but back in March of 2014 when Russia annexed Crimea, he stated that a Russian invasion of Ukraine at the time wouldn't cause him to sell any stocks. In fact, he went on to say, *"If stocks are cheaper, I'll be more likely to be buying them."*

He went further, adding that he wouldn't even cash out if the conflict escalated into World War III. *"Well, if you tell me all of that is going to happen, I will still be buying the stock. You're going to invest your money in something over time. The one thing you could be quite sure of is if we went into some very major war, the value of money would go down."*

More recently Buffett reiterated his faith in our long-term prospects. During Berkshire Hathaway's 2020 AGM he stated, *"I was convinced of this in World War II. I was convinced of it during the Cuban Missile Crisis, 9/11, the financial crisis — that nothing can basically stop America. We faced tougher problems, and the American miracle, the American magic, has always prevailed, and it will do so again."* He did acknowledge that the American Civil War, the Great Depression, and the COVID-19 pandemic were all detractors from US progress, but he states (rightfully so, in my opinion) that the country does, and will, always come out ahead.

It should be noted that while he says this about America, it holds true for us here in Canada and, I would argue, all free-market democratized nations.

If we look at things from a historical perspective, after a major world event (eg. Pearl Harbour, Cuban missile crisis, Brexit, etc.), most of the time stocks recover within a year. Sometimes they take longer, but they have ALWAYS recovered, and I would claim they always will recover. Volatility is and will be a constant. It's reasonable to expect that enhanced returns will continue as well.

We did a quick comparison of the Dow Jones Industrial Average (DJIA) the last time Russia got aggressive with Ukraine in March of 2014, when Warren made his comments about buying in. Here's what we found:

DJIA March 1, 2014	DJIA March 1, 2022	Return Total	Return Annualized
16,046.99	33,294.95	107%	9.55%

We look to what the expected long-term impact of the invasion will be, and here we find a silver lining. Here we find another optimistic "yes" like I referred to earlier. We know this situation is creating a sense of unity among NATO nations. We know this is creating a greater sense of urgency in other nations to join NATO.

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NATO's stated primary purpose is "to guarantee the **freedom and security** of its members through political and military means".

> POLITICALY: NATO promotes democratic values and enables members to consult and cooperate on defence and security-related issues to solve problems, build trust and, in the long run, prevent conflict.
> MILITARILY: NATO is committed to the peaceful resolution of disputes. If diplomatic efforts fail, it has the military power to undertake crisis-management operations.

Having more members commit and invest for freedom and security in the world is a very positive thing. Will this prevent wars? I doubt it will eliminate all future threats, but I'm sure it will prevent some.

Long term, Putin's gambit has backfired. While we don't yet know the outcome of his war with Ukraine, we do know that he has succeeded in uniting the democratic world against him in the short term and against future tyrants in the long term. An outcome that, while coming at an astronomical cost for the people of Ukraine, can only be a huge positive for the globe in the future.

As I review portfolios, I see that, in general, most portfolios are down. Some by more, some by less, but so far none of them have dipped more than 10%. Two notable exceptions have been, surprisingly, the Canadian dividend (and value) space, and understandably, the oil & gas sector.

Ultimately, I view this as a mini buying opportunity. It's not a pound-the-table, beg, borrow, and steal opportunity to buy in at an amazing discount like we had in 2014 or 2020, but we do have the opportunity to buy investments at a slightly discounted price at this time, and I would encourage you to do so.

As always, please don't ever hesitate to reach out if you want to discuss your personal situation and/or holdings or just want to chat. We are here for you.

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