OCEANFRONT
INVESTMENT COUNSEL INC.

CHARTBOOK
Market Comment

Prepared by OceanFront Investment Counsel Inc.

oceanfrontwealth.com

TABLE OF CONTENTS

Chartbook Market Comment: May 2025

OCEANFRONT INVESTMENT COUNSEL INC.

Market Comment

Volatility has been high in April as markets have been roiled by a series of tariff-on/tariff-off announcements. The S&P500 fell over 21% from its peak in February to its trough in April, only to quickly rally back to close around the level where it began the month.

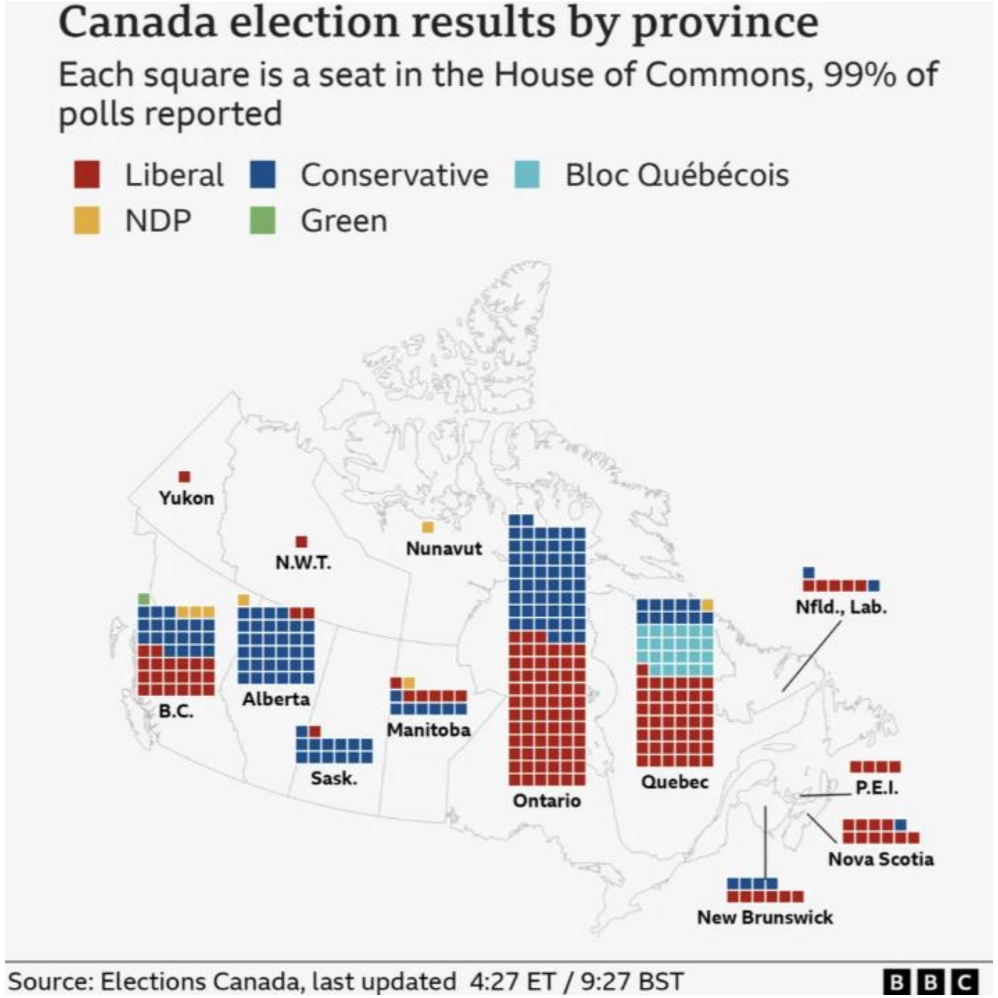
The Bank of Canada announced no change to its policy interest rate in April. In its press release there was a key theme, "uncertainty", which was mentioned 10 times. A lack of clarity and direction from the Trump administration on trade has put the economy in a fog of confusion. Businesses may struggle to make decisions on capital expenditure, hiring and investment when their supply chains could be hit with tariffs the following day. Such unpredictability is not a healthy environment for commerce and has increased the risk of an upcoming recession.

Mark Carney's Liberals were victorious in the election and are set to form government. Carney appears to have won support from Canadians who believe he would be the most effective in dealing with Donald Trump, and we expect news of upcoming trade discussions between the two leaders soon.

Being an investor during times of volatility is not often fun, but it is to be expected. Volatility is the price of admission to investment markets and it often brings new opportunities with it.

OCEANFRONT
INVESTMENT COUNSEL INC.

Canadian Election

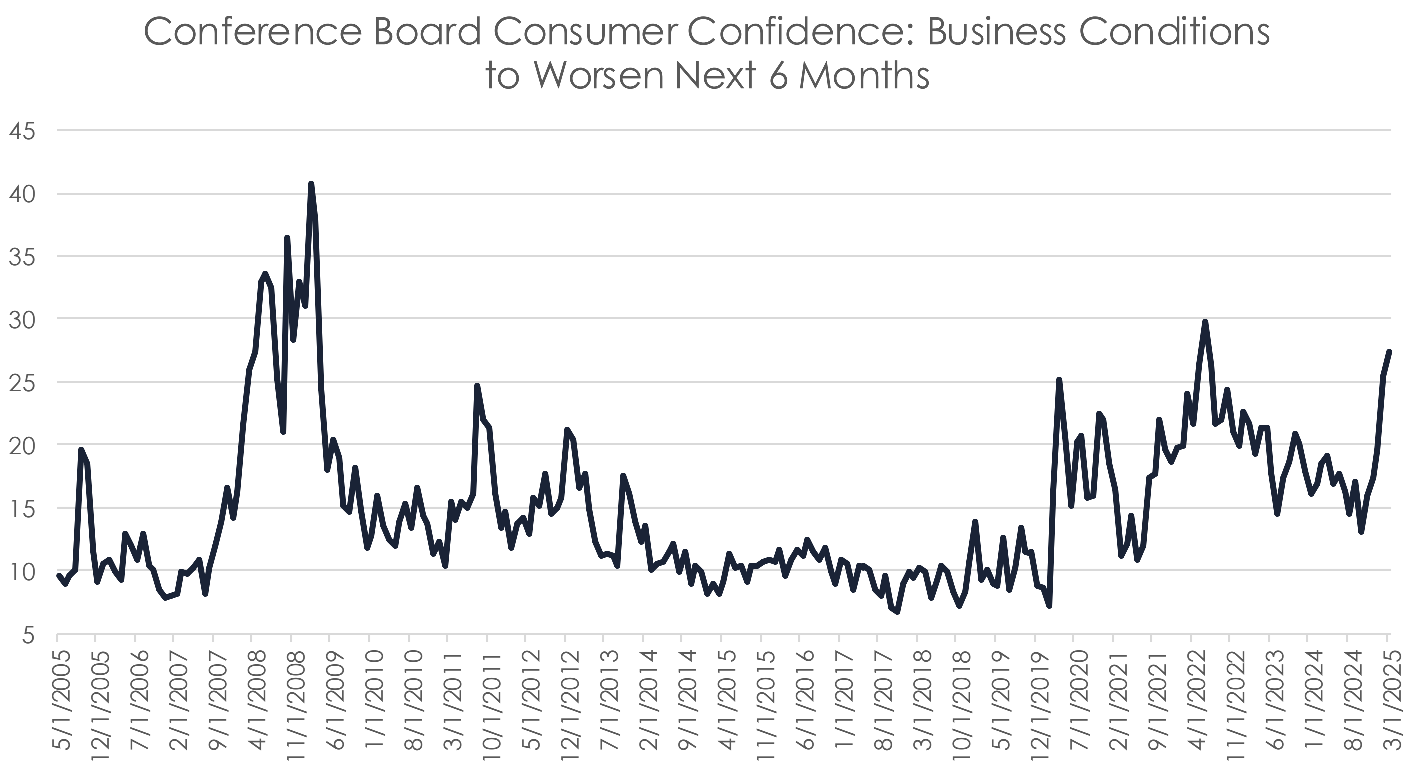


As expected, the Liberal party won the election. Prime Minister Mark Carney has won a minority government with 168 seats in parliament, short of the 172 needed for a majority with remaining votes continuing to be counted (as of the morning of April 29).

 Source: BBC, Elections Canada, OceanFront Investment Counsel Inc.

Business Conditions

American consumers are becoming pessimistic on the economy. In the recent Conference Board consumer survey, nearly 30% of respondents expect business conditions to worsen in the next 6 months, a dramatic increase since the start of the year.



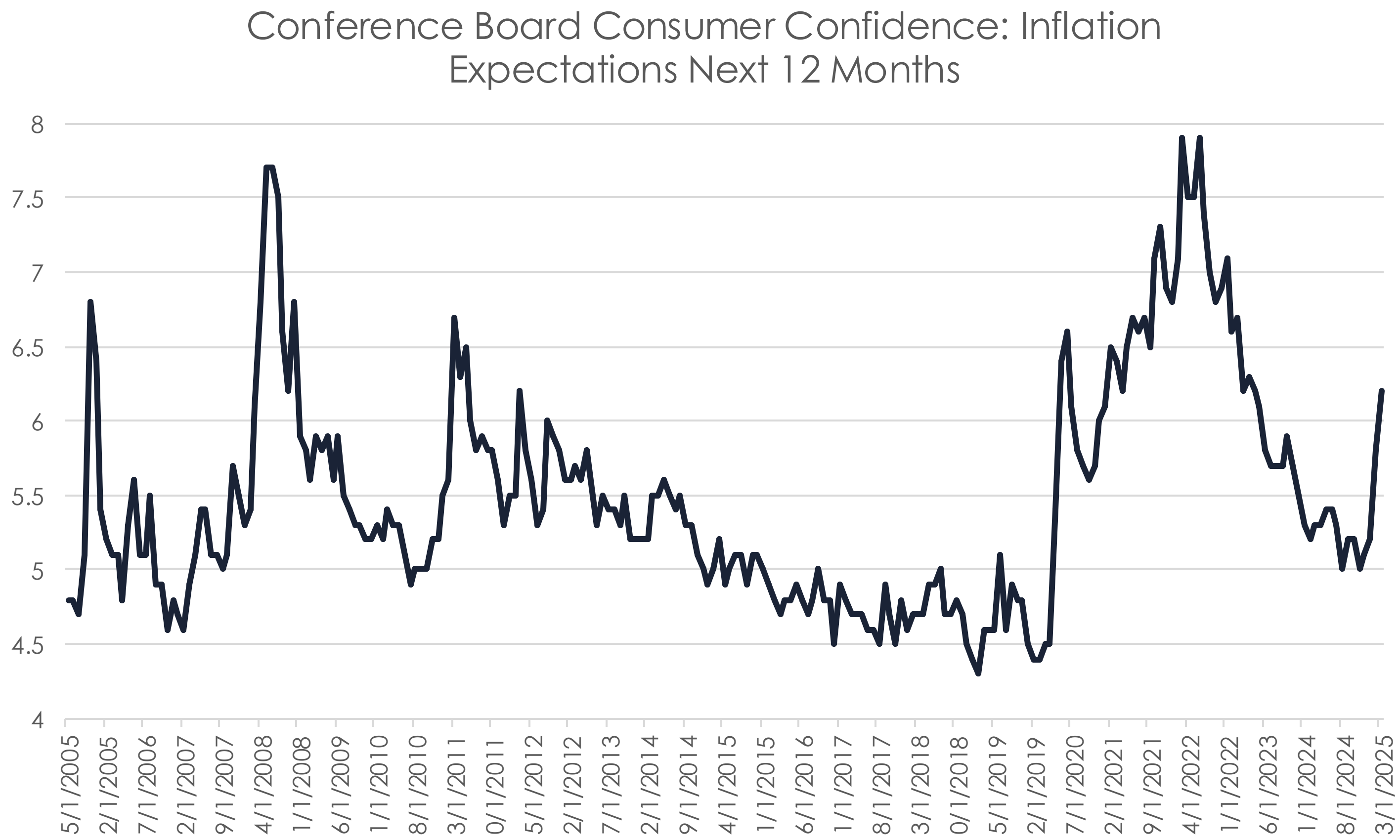
 Source: Bloomberg, Conference Board, OceanFront Investment Counsel Inc.

OCEANFRONT
INVESTMENT COUNSEL INC.

Inflation Expectations

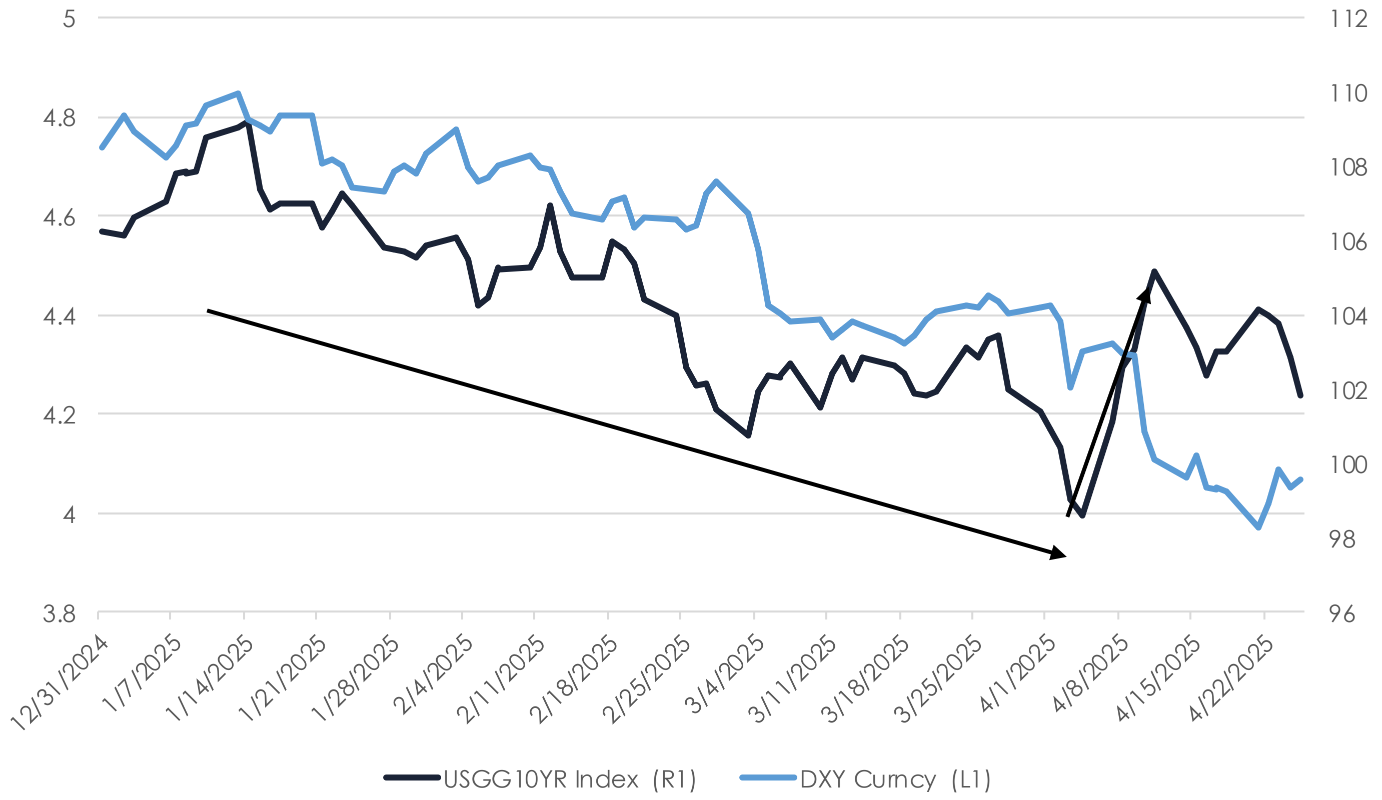
Also in the Conference Board consumer survey, inflation expectations over the next 12 months have exploded higher to more than 6%.

Consumer concerns about the economy can be self-fulfilling if they adjust their spending habits to prepare for a recession or potential layoffs, as the lower spending eventually translates to lower revenues for businesses and a general slowdown in economic activity.



OCEANFRONT
INVESTMENT COUNSEL INC.

USD & US Treasury Bonds



Currencies are most often positively correlated to domestic government bond yields, as higher yields attract capital which increases demand for the currency and puts upward pressure on its value.

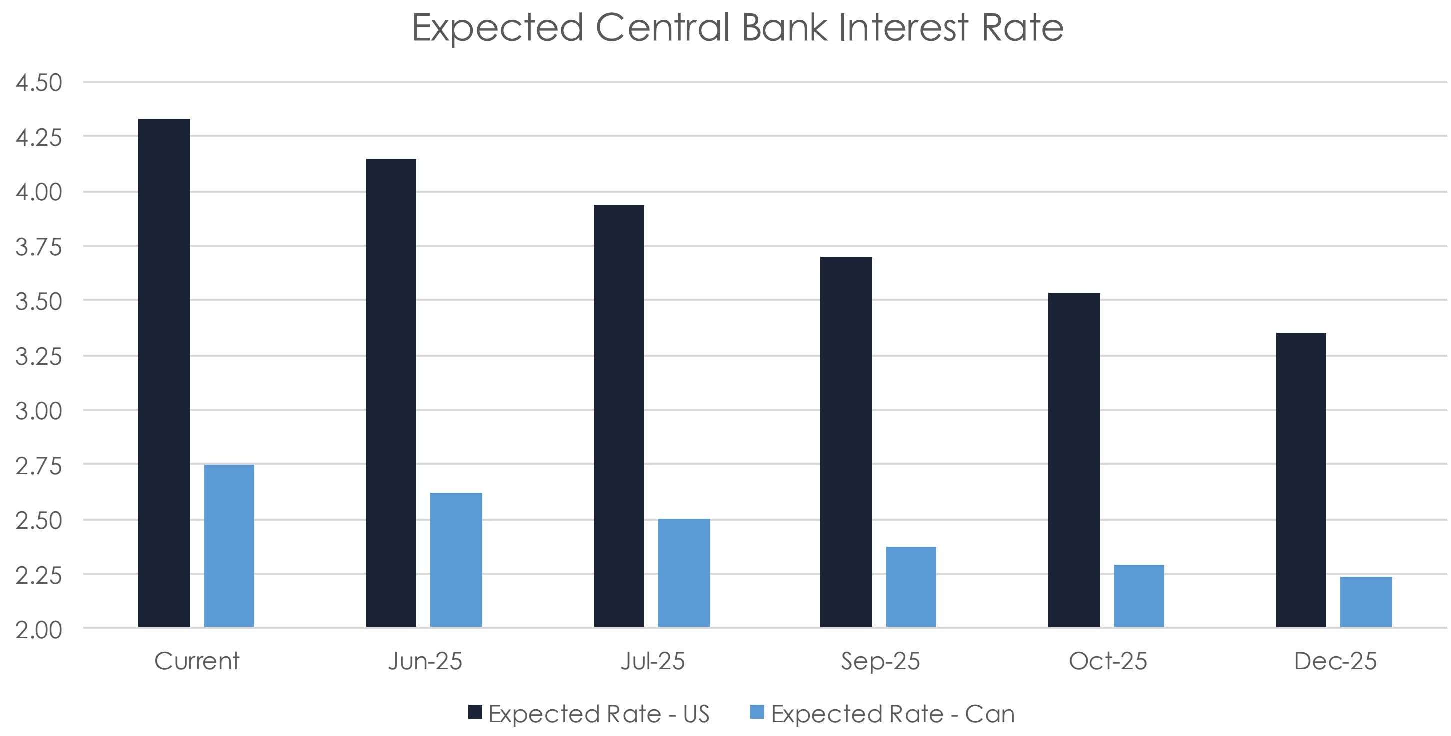
We saw this relationship in action earlier this year, as US government bond yields (black line) fell, so did the USD Index (blue). Once Trump announced his "Liberation Day" tariffs, the relationship broke down. The USD continued to fall, but investors sold bonds causing yields to rise. This suggests that investors were divesting from US assets en masse.

 Source: Bloomberg, OceanFront Investment Counsel Inc.

OCEANFRONT INVESTMENT COUNSEL INC.

Interest Rate Expectations

The Federal Reserve and Bank of Canada continue to cut rates, with the BoC policy rate expected to decline to 2.25% by year end with 50 basis points of cuts, while markets expect the Fed to cut its Fed Funds rate by about 1%.

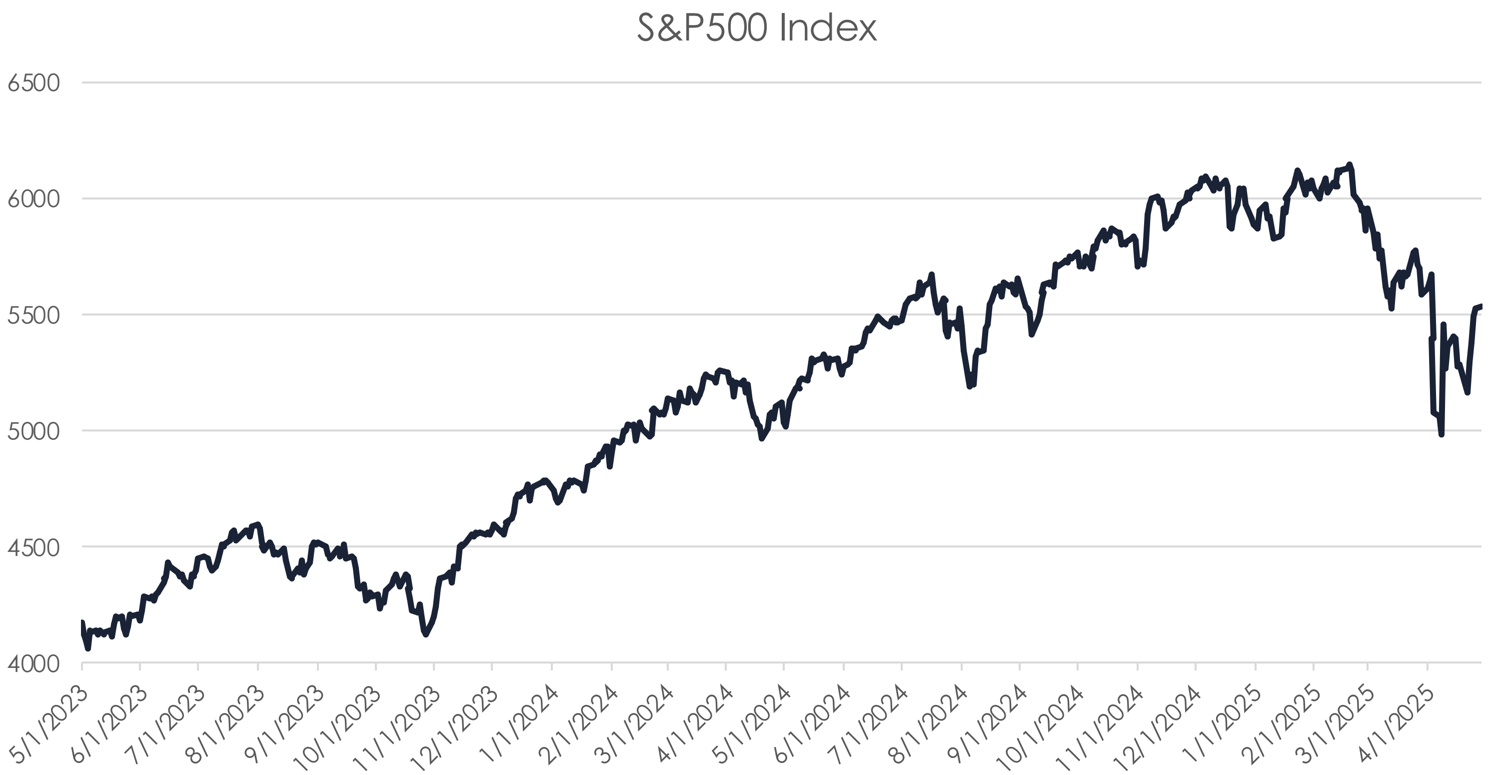


Data: Overnight Index Swap markets as of April 29, 2025

OCEANFRONT INVESTMENT COUNSEL INC.

S&P500 Index

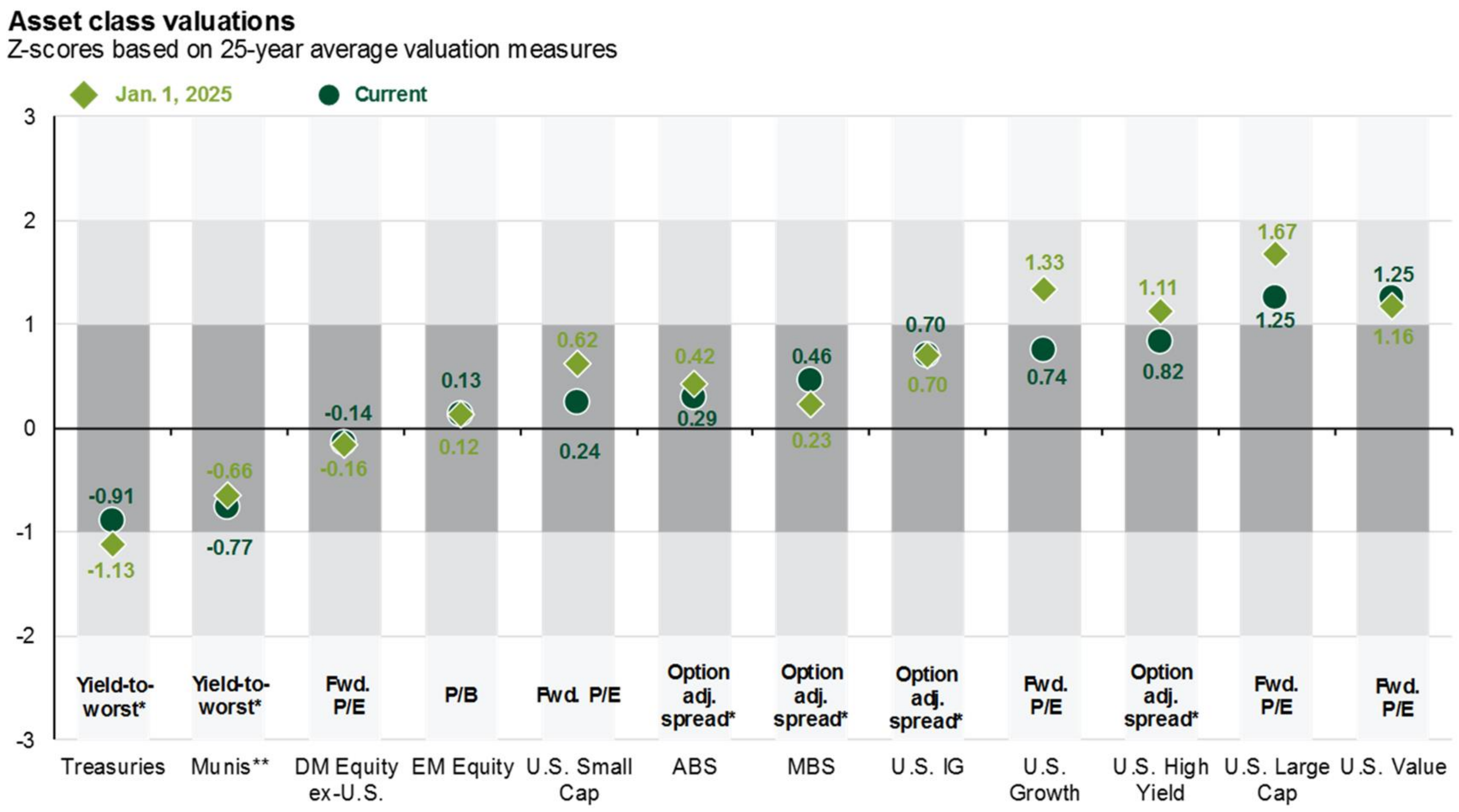
Despite the recent market volatility related to the latest market crisis, the S&P500 has returned to around the level it was at just a few months ago, in September/October of 2024.



OCEANFRONT
INVESTMENT COUNSEL INC.

Valuations

As of March 31, 2025, US Large Cap equity valuations remain very high relative to other assets. On the chart the "zero" value marks the 25 year average. You can see that most of the US asset valuations are substantially above their long term average, while other global assets, such as other stock markets of developed countries, are much more reasonably valued.

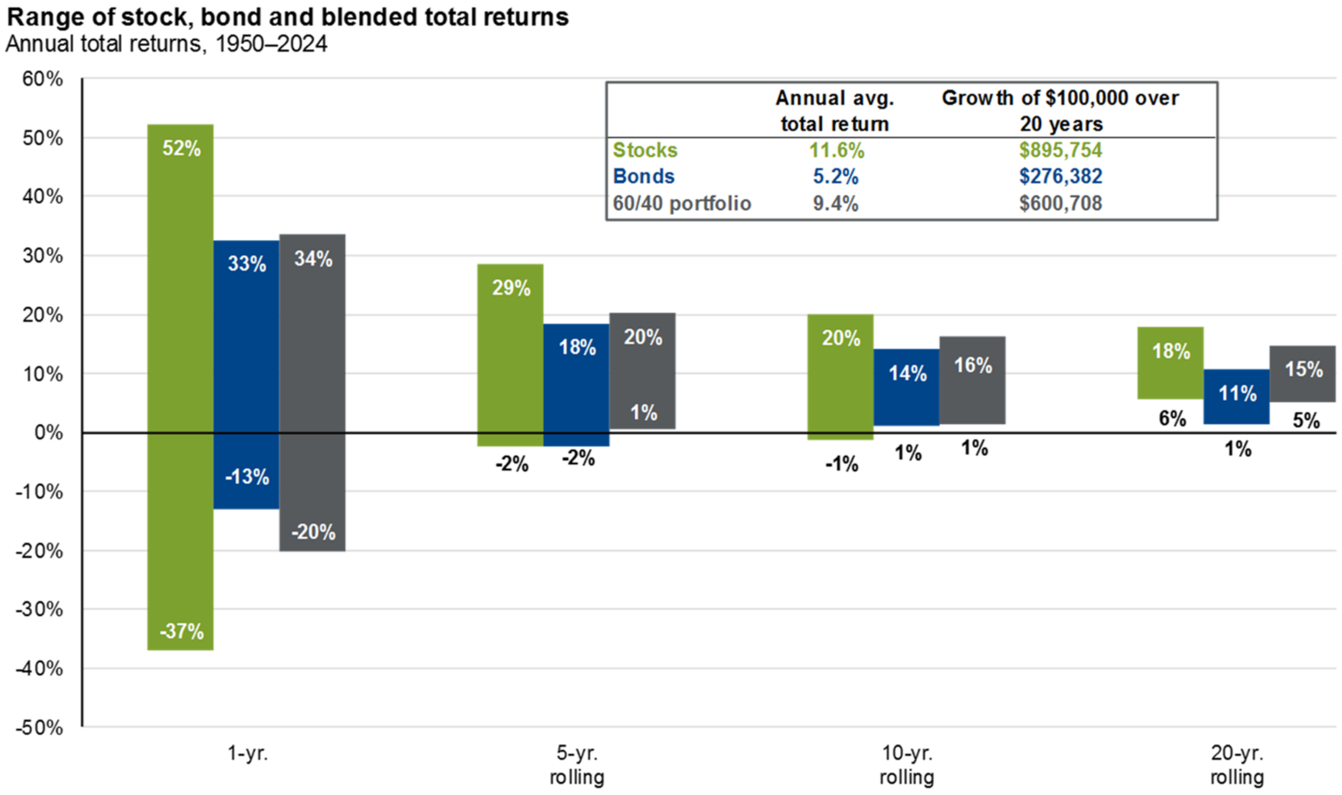


 Source: Bloomberg, BLS, CME, FactSet, MSCI, Russell, Standard & Poor's, J.P. Morgan Asset Management. U.S. Large Cap: S&P 500, U.S. Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, U.S. Value: Russell 1000 Value, U.S. Growth: Russell 1000 Growth, U.S. High Yield: Bloomberg U.S. Aggregate Corporate High Yield Index, U.S. IG: Bloomberg U.S. Corporate Investment Grade Index, Treasuries: Bloomberg U.S. Aggregate Government – Treasury, Munis: Bloomberg Municipal Bond, ABS: Bloomberg U.S. Aggregate Securitized – ABS, MBS: Bloomberg U.S. Aggregate Securitized – MBS. *Yield-to-worst and option-adjusted spreads are inversely related to fixed income prices. **Munis yield-to-worst is based on the tax-equivalent yield-to-worst assuming a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8%.

Guide to the Markets – U.S. Data are as of March 31, 2025..

OCEANFRONT
INVESTMENT COUNSEL INC.

Range of Returns Over Time



	Annual avg. total return	Growth of $100,000 over 20 years
Stocks	11.6%	$895,754
Bonds	5.2%	$276,382
60/40 portfolio	9.4%	$600,708

Short term investment returns are highly uncertain. The longer the time horizon, the less uncertain they become.

In the chart, you can see that the one year return for stocks ranges from +52% to -37%. But as the time horizon increases, the range narrows. On a 20-year time horizon in the data, the range of stock returns is 6%-18%, which also means that the worst return of any 20 year period in the data was 6%. Long term investors are typically rewarded for their patience.

Source: Bloomberg, FactSet, Federal Reserve, Standard & Poor's, Strategas/Ibbotson, J.P. Morgan Asset Management.

Returns shown are based on calendar year returns from 1950 to 2024. Bonds represent Strategas/Ibbotson for periods prior to 1976 and the Bloomberg Aggregate thereafter. Growth of $100,000 is based on annual average total returns from 1950 to 2024.

Guide to the Markets – U.S. Data are as of March 31, 2025.

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.