

Newsletter



January 2023

**New Year, New
Opportunities**



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Welcome to the first issue of the CM Equity Newsletter in 2023! We're excited to bring you the latest news and insights on topics in this new year. Moreover, we are thrilled to share with you the progress we have made in the financial sector this past year. Our team has worked hard to create innovative solutions for our clients and create new opportunities for growth in the industry. As we look to the future, we are committed to staying at the forefront of financial technology and providing our clients with the best service possible. We are excited to share with you all the great accomplishments we have made and the plans we have in store for the coming year. Thank you for your continued support, and we look forward to a prosperous future together.

The stock market year 2022 is over ...it can only get better

One of the defining figures of the past stock market year, in the negative sense, was without doubt Russia's President Vladimir Putin and the head of the US Federal Reserve (FED), Jerome Powell. While the former managed to make us aware of the vulnerability of global commodities and energy supplies, the latter made it clear that the years of cheap money and excessive debt are now over.

Both individuals also had a significant impact on inflation last year through their political actions, as Putin's war in Ukraine forced the West to respond with economic sanctions. This "loose-loose" situation caused the prices for industrial metals and grain exports to rise rapidly in a very short time and later the prices for fossil fuels such as gas to almost explode.

On the other side of the Atlantic, the Fed began its fight against rising inflation at the beginning of the year and raised the key US interest rate by more than 4% by the end of the year. This brash action by the Fed not only caused inflation in the U.S. to fall significantly in the second half of the year, but also served as a blueprint for other central banks, such as the ECB, to turn their interest rate policies around. The U.S. dollar was also impressed by the Fed's strong interest rate policy and started a strong appreciation rally into the summer, which ultimately culminated in the EUR/USD reaching parity in August. Partly responsible for this US dollar rally was also the worsening energy problem in Europe in Q2, when gas deliveries suddenly stopped, and energy-intensive industries had to fear rationing overnight.

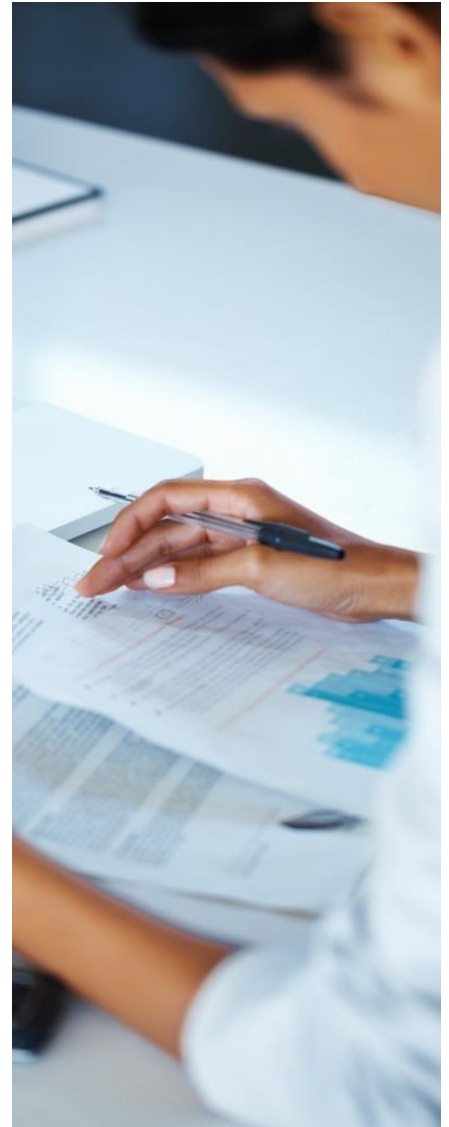
Private households were also unable to escape the energy problem and were confronted with rising electricity prices, which triggered a fundamental debate in Germany about pricing in the electricity market. Climatic conditions also contributed to the energy problem and, with a lack of precipitation, forced French energy companies to take their nuclear power plants off the grid at times, which resulted in a tenfold increase in electricity prices. Among the few beneficiaries of this development were those companies and countries that helped to fill Europe's liquefied gas storage facilities in a spirit of "neighborly assistance" and on "friendly terms".



Less open-minded and supportive, on the other hand, was the Chinese government, which continued to push its communist-influenced agenda over the course of the year and tended to focus its economic attention on developments at home. It was also China that brought the topic of Corona, which had rather moved into the background in Western countries, back into the media spotlight by continuing its strict lockdown policy from previous years and temporarily sealing off entire cities for the "protection [and displeasure] of the population".

Such protection, on the other hand, is what the customers of the second-largest crypto exchange "FTX" would have wished for, whose insolvency in 2022 brought crypto investors, some of whom were already suffering, a total loss of their investment. Although not a total loss, investors in U.S. technology stocks had to cope with significant price losses last year. But also, the bond market had to accept unusually high price losses. On the commodities side, investors could not go far wrong in the first half of the year, neither with direct investments nor with commodity stocks.

Overall, it can be said that stock market investors had a very difficult year last year, which was strongly influenced by political events. As an investor, one could already speak of a successful year if capital was preserved, but of an outstanding year only if purchasing power was also preserved. Despite the overall quite negative capital market year 2022, there was also a small ray of hope with the IPO of Porsche AG, which from an investor's point of view can also give hope for a better stock market year 2023.



What can we expect from 2023?

The many thematic flashpoints and major fires from 2022 have also been reflected accordingly in the development of the stock and bond markets in recent quarters. For the new year 2023, the presumption is therefore high that the majority of investors should by now have digested the formative themes of the previous year, such as inflation, the interest rate turnaround, and war, and that a renewed flare-up of these flashpoints should not surprise the majority of investors again to the same extent. In short, there should already be a lot of negativity embedded in the current low equity prices.

The year-to-date rally we are currently seeing in the European equity market and the recent rally in corporate bonds with poor credit ratings could support this thesis. In addition, many capital market experts believe that the worst in terms of inflation and stock market corrections is already behind us. Economic experts, on the other hand, fear that the increased cost level from the last quarter will not be felt in the balance sheets of many companies until 2023 and that this aspect has so far been largely ignored by many capital market analysts in their profit expectations. While there is agreement that global economic growth will slow this year, it is unclear to what extent the U.S. economy will contribute to this slowdown, as signs of a recession have been increasing recently. The real estate market, which plays a key economic role in both the U.S. and China, also plays a role in this consideration.

On the other hand, China's still expansive central bank policy and the much more economically open stance recently adopted by the communist ruling party give cause for hope that China could become a (small) support factor for the global economy. The recent weakening of the U.S. dollar, lower freight rates for the transport of goods, and declining energy costs can also be cited as supportive factors. The interest rate policy of the central banks, in particular the U.S. Federal Reserve, will continue to be closely linked to inflation expectations in the new year. Here, too, the Fed has recently reiterated its willingness to accept the risk of a recessionary economy in the fight against high inflation. So, what should investors do?

As was the case last year, it is probably advisable for 2023 to make investments "on sight" for the time being, i.e., not to put all your eggs in one basket, but to be ready to pull the ripcord at any time. Good hedging and liquidity management therefore remain important from an investor's perspective. For the long-term-oriented investor or "buy-and-hold" strategist, there are now opportunities to get a foot in the door after the poor stock market performance last year, especially in the technology sector.

Markus Polz, Asset Manager CM-Equity



Liquidity Services Partner News



CSE: ADMT | OTC: UCCPF | FSE: U06

ADAMANT Global Holdings announces to have surpassed 300,000 downloads for its app UpOne, a multifaceted application based on two main components: Messenger and UpCo Pay. Adrea Pagani, CEO of Adamant Holding Inc., stated: "My focus since founding the company almost a decade ago was to fill a gap within the fintech and telecom space. Taking Adamant to this next phase will be a crucial part of our business and will benefit shareholders tremendously as we plan on becoming the next globe player in the fintech space."

Read the full news release here:




TSXV: AAG | OTC: AAGFF | FSE: FLM1

Aftermath Silver, a leading Canadian junior exploration company focused on silver and aims to deliver shareholder value through the discovery, acquisition and development of quality silver projects in stable jurisdictions, announced to have amended terms for the Cachinal Silver-Gold Project acquisition in Chile and grants stock options.

Read the full news release here:




TSXV: ACP | OTC: ACPRF | FSE: P21

ArcPacific Resources Corp. has announced that their non-brokered private placement of 15,000,000 units at a price of CAD 0.10 per unit has been over subscribed by an additional 2,000,000 Units. The gross proceeds of the private placements will be used to fund exploration expenditures on the TI Nickel project, claim maintenance on the other properties, to clean up the company's balance sheet and for general working capital. Closing is subject to several prescribed conditions, including, without limitations, approval of the TSX Venture Exchange.

Read the full news release here:



AVICANNA™

AVCN | OTC: AVCNF | FSE: ONN

Avicanna is a commercial-stage international biopharmaceutical company focused on the advancement and commercialization of evidence-based cannabinoid-based products for the global medical and pharmaceutical market segments. Avicanna has announced that its subsidiary Santa Marata Golden Hemp S.A.S completed its first commercial export of feminized cannabis seeds from Colombia to Spain.

Read the full news release here:



Liquidity Services Partner News



CSE: GT00 | OTC: GTGEF | FSE: UD9

G2 Energy is a profitable junior oil and gas producer listed on the Canadian Securities Exchange. Its primary focus is to acquire and develop additional overlooked, low-risk, high-return opportunities in the oil and gas sector. G2's strategy is to obtain a portfolio of risk-managed production and development opportunities onshore in the United States. In May 2022, G2 acquired the Masten unit in the Permian basin, Texas. The Masten unit is the company's first producing asset. G2 is targeting top-tier projects with operating netbacks and infrastructure facilities which will fast-track overall oil and gas production growth.

Learn more about the company here:



TSXV: IMIN | OTC: IBKKF | FSE: P1A

iMining is a publicly traded company that invests in energy infrastructure, blockchain technology and Web 3.0 ecosystem. The company announced to have entered into an LOI to purchase a portfolio of power plants in Ontario with a total capacity of 90 MW.

Read the full news here:



VORTEX
METALS

TSXV: VMS | OTC: VMSSF | FSE: DM8

Vortex Metals Inc. is the parent company of Mexican subsidiary Empresa Minera Acagold, S.A. de C.V., which is the owner of a 100% interest in two drill-ready high-potential copper volcanogenic massive sulfide (VMS) properties (Riqueza Marina and Zaachila) in the state of Oaxaca, and a third high-potential gold property (El Rescate) in the state of Puebla. The Oaxaca projects incorporate the most highly prospective areas of high-grade copper mineralized surface exposures ('gossans') and prominent gravity anomalies along an emerging copper VMS belt that includes Minaurum Gold's (TSXV:MGG) Santa Marta project. The company recently provided an update on stakeholder engagement activities as well as environmental, social and governance (ESG) policies moving forward.

Read the full news here:



Southern
Empire

TSXV: SMP | OTC: SMPEF | FSE: 5RE

Southern Empire Resources Corp. is focused on the acquisition, exploration, and development of metal and mineral deposits in North America, particularly the Pedro Gold Project in northeastern Durango State, Mexico and the Oro Cruz Property in Imperial County, California. At Pedro, gold mineralization has been identified 800 metres from 2014 drilling by a subsidiary of Newmont Mining Corporation. At Oro Cruz, extensive historical drilling and mining occurred between 1987 and 1996, leaving many gold exploration targets in addition to a historical inferred resource estimate of 341,800 ounces gold.

Read the full news here:



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