



Canso Select Opportunities Corporation

March 28, 2023

CSOC Shareholders...

It is my pleasure to provide you with the 2022 Annual Report of Canso Select Opportunities Corporation.

While the major health and social risks due to the COVID-19 pandemic are largely behind us, the lingering effects are still being felt in many industries and business which have yet to see a return to pre-pandemic revenue and cash flow levels.

In 2022 investors shifted their focus from COVID to dealing with the hangover brought on by the ultra-loose monetary and fiscal policies put in place by governments in 2020 to deal with the pandemic. Central bankers were forced to play catch up in 2022 following an overly sanguine view that the inflation surge in 2021 would prove transitory. Inflation remained stubbornly high throughout 2022 resulting in the most aggressive tightening in monetary policy by central banks in decades. As a result, 2022 was a bruising year for both equity and bond markets as the increase in short term interest rates effectively repriced all risk assets. Bonds had their worst performance in history with Canadian and U.S. bond indices down anywhere between 10% and 15%. The main U.S. equity indices were also down between 18% and 33%, while the S&P/TSX index was down only about 7% on the year due to higher exposures in natural resources, which had a fairly strong year.

At CSOC, we continue to focus on the execution of our mission, creating long-term value for CSOC's shareholders. Consistent with this mission the Corporation's Investment Committee evaluates potential investments in debt, public and private equity and other securities. The deployment of funds to new investments depends on the valuation of new investment opportunities and the availability of capital generated from the realization of proceeds from existing portfolio investments.

While the portfolio does not have a specific benchmark against which its performance is measured, it outperformed all major North American bond and equity and bond indices in the past year. Management was pleased with the performance of the portfolio in a very difficult year. The decline in value per share was 5.6% on the year, as compared with a gain of 19.9% in 2021. We had a very active year on the investment front. Early in the year we built liquidity in the portfolio by selling risky assets and investing in short term government securities. In the fall we began to re-deploy that liquidity back into equities and corporate bonds, most of which performed very well heading into year end.

I would like to thank the Officers and Directors of CSOC for their efforts on behalf of CSOC and CSOC shareholders this past year. In particular, thanks are due to Tim Hicks, who stepped back from the CEO and President's positions during the year after serving in these roles for the past year. I would also like to thank shareholders for their continued patience and support of CSOC's management team.



I believe that in the months and years to come the marketplace will come to value CSOC's shares commensurate with the value and potential value of CSOC's investment holdings. Importantly, Officers and Directors of CSOC, through direct and indirect holdings, comprise the most significant shareholder group of CSOC, thus aligning their interests with all shareholders.

I thank all of you for your interest in, and support of, Canso Select Opportunities Corporation.

Sincerely,

*(signed) "Joe Morin"*

Joe Morin  
President and CEO

***Forward-Looking Statements***

*Certain information contained in this Annual Report constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of CSOC, which are based on assumptions about future economic conditions and courses of action and which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. For important information regarding forward-looking statements, please refer to CSOC's most recently filed MD&A under the heading "Forward-Looking Statements".*