

Team Chartier, Grandmaison

Wealth Management Advisors
and Portfolio Managers



3rd Quarter Summary

Asset Allocation Strategy

With reference to the 2nd quarter, there were no portfolio weighting changes

Portfolio Model Revisions

Canadian Equities

- Sale of **BMO** – Bank of Montreal and purchase of **CM** – Canadian Imperial Bank of Commerce (CIBC)

Our analysis suggested that CIBC had more growth potential in comparison to BMO. It also has one of the highest dividend rates (4.7% when the analysis was performed) among the Canadian big banks and has the ability to maintain it.

- Sale of **REI.UN** – Riocan Real Estate Investment Trust and **CUF.UN** – Cominar Real Estate Investment Trust and purchase of **CCL.B** – CCL Industries INC and **ECI** - Enercare Inc.

We sold the real estate income trusts REI.UN and CUF.UN because of the risks on these businesses arising from increasing interest rates and due to the boom in e-commerce which is decreasing the need for commercial real estate spaces.

We invested the funds from these sales in CCL Industries and Enercare Inc. CCL is a world leading manufacturer of labels, containers, consumer printable media products and provider of inventory management and loss prevention solutions. Enercare is an industry leader for personal and commercial energy solutions. They provide products and services for water heaters, water treatment, furnaces and air conditioners in Canada and the United-States. Our analysis indicated that their intrinsic value was superior to their current market value and that these companies offered significant potential in the expansion phase of the economic cycle.

American Equities

- Sale **TAP** – Molson Coors and purchase of **DGRO-US**- Ishares Core Dividend Growth

TAP was sold as a result of their inferior intrinsic value in comparison to their current market price as they are no longer a leader in their industry. We have invested the proceeds in DGRO, a grouping of American companies that have grown their annual dividend consistently for 5 years, which suggests a constant improvement in their operations.

"A goal without a plan is just a wish." – Antoine de Saint-Exupéry

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3rd Quarter Highlights

Currency Hedging withdrawal

We withdrew in mid-August the American dollar currency hedge we had put in place on May 12, 2017 on positions representing approximately half of our American Equity exposure, since the value of the Canadian dollar had substantially increased and had reached the target set by our economists.

Sale of hedged positions		Purchase of unhedged positions	
ATL3280	Renaissance US Equity Income (hedged)	ATL2492	Renaissance US Equity Income
XUH	iShares Core S&P U.S. Total Market Index ETF (CAD- Hedged)	XUU	iShares Core S&P U.S. Total Market Index ETF
XMH	iShares S&P U.S. Mid-Cap Index ETF (CAD-Hedged)	XMC	iShares S&P U.S. Mid-Cap Index ETF

Result: favorable performance spread on this portion of the portfolio of 6.81%

	Relative value as of May 12	Relative value mid-August	Return for the period	Spread
ATL3280 (hedged)	100	101.72	1.72%	
ATL2492 (unhedged)	100	94.81	-5.19%	6.91%
XUH (hedged)	100	101.50	1.50%	
XUU (unhedged)	100	94.51	-5.49%	6.99%
XMH (hedged)	100	99.00	-1.00%	
XMC (unhedged)	100	92.48	-7.52%	6.52%

Average yield: 6.81%

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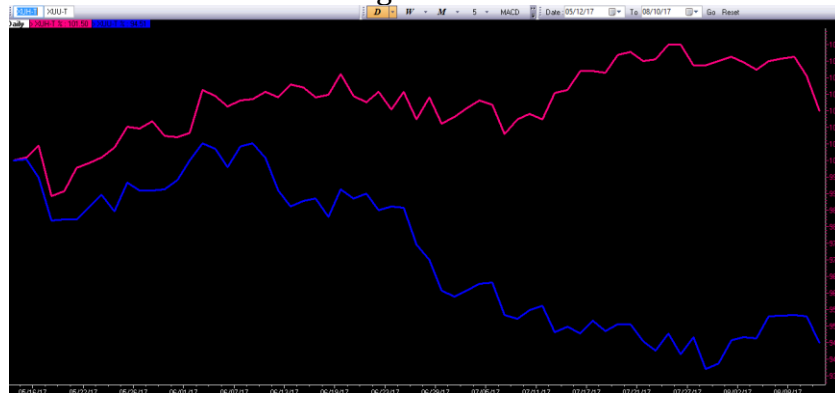
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Progression of **ATL3280 (hedged)** vs **ATL2492 (unhedged)** between the 12th of May and the 10th of August 2017



Progression of **XUH (hedged)** vs **XUU (unhedged)** between the 12th of May and the 10th of August 2017



Progression de **XMC (hedged)** vs **XMH (unhedged)** between the 12th of May and the 10th of August 2017



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