

2018 Awards of Excellence

Portfolio Management Excellence
National Winner

2018 Awards of Excellence

Wealth Management Excellence of the Year
Montreal

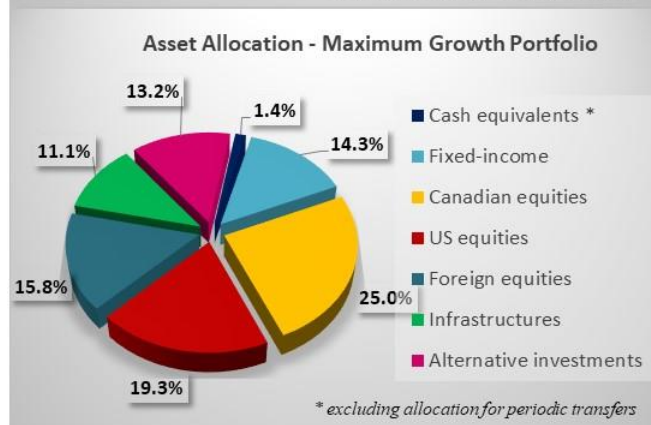
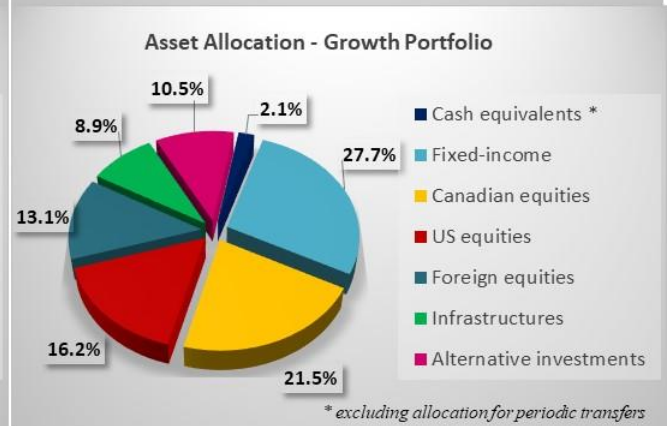
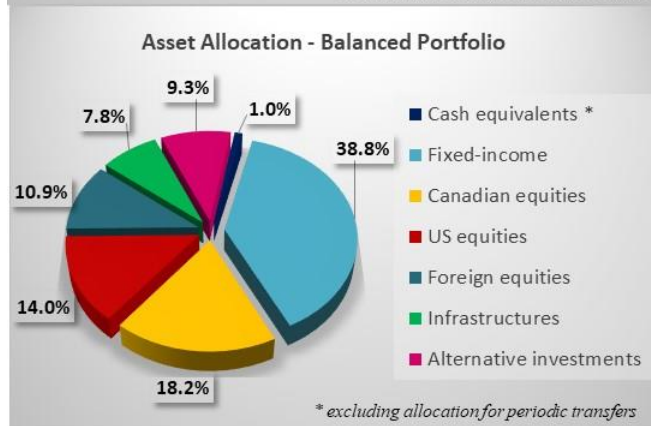
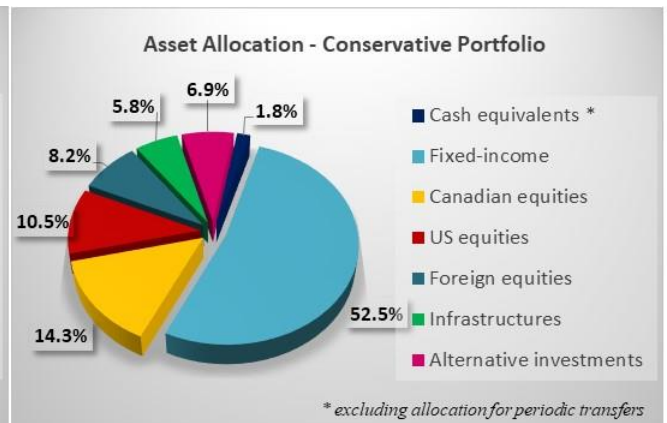
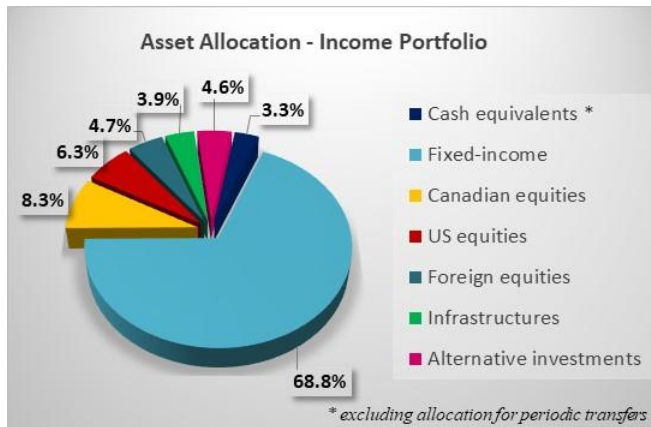


Our expertise, your success

4th QUARTER 2019 SUMMARY

Asset Allocation Strategy:

During the quarter, our target asset mix has remained the same:



Portfolio Model Revisions:

We have continued to expand our sub-group of stocks of global companies dedicated to the environment and sustainable growth, often referred to as **ESG Investing** (Environmental, Social and Governance), mentioned in our last quarterly summary. To incorporate this investment philosophy in our portfolio is increasingly establishing itself as a must.

We therefore decided to enhance our ESG presence in global equities by integrating a leader in that field, *Vancity Investment Management*, through the “IA Clarington Inhance PSR global equities” fund. Vancity is recognized as one of the pioneers of sustainable investing in Canada.

This fund complements the ESG global equity segment already present in our portfolio, by offering an impact investment, which not only aims at mitigating risks and preserving capital, but also at adopting progressive practices in order to detect sustainable investment opportunities while meeting societal challenges.

Beyond excluding, as most ESG strategies do, the fossil fuel, tobacco, nuclear power, military, adult entertainment and gambling industries, Vancity shows a strong climate commitment with a presence in the renewable energy and clean technologies sector.

It also stands out for its commitment as a shareholder in the companies in which it invests, ensuring that they harmonize as best as possible with the sustainable development goals set by the United Nations.

The IA Clarington Inhance PSR Global Equity Fund was introduced during the quarter and will be gradually added to portfolios as rebalancing occurs. We see this addition as an engine of growth both in terms of performance and in terms of environmental and social impact.

During the quarter, we also sold **Mediagrif (MDF)** and added to our position in **Exchange Income Corporation (EIF)**. The decision to buy Mediagrif was made in the expectation that the Company would reorient its strategic positioning which would ultimately have led it to be bought by a competitor or another strategic investor. The management of Mediagrif has instead decided to try to grow by acquiring other businesses, a strategy that could be interesting but that is in our opinion riskier and slower.

Since the original purchase in April 2019, the price of the share of **Exchange Income Corporation** has grown by about 30%. Considering also its current dividend of 5.3%, we are optimistic about the growth potential of this security.

4th Quarter Highlights:

Our U.S. Equity fund managed by Fiera Capital (« NBI U.S. High Conviction Equity Private Portfolio») was named **Active US Equity Strategy of the year** IAM AWARDS 2019. It beat its benchmark (the S&P500) by 2.5% in 2019 (27.4% vs. 24.9%, measured in CAN\$) and by 4% per year over 3 years (18% vs. 14%). We are proud to offer active management of such quality to our clients.

We are pleased to announce that during the quarter, a member of our team earned the designation of Responsible Investment Specialist awarded by the RIA (Responsible Investment Association).



Finally, where it was possible and appropriate, we realized capital losses to reduce taxable gains for the year, while simultaneously reinvesting in securities similar to those we sold.

Here are a few headlines read or heard in 2019, suggesting it might be a tough year:

- *The fed reduces rates, forecasting an economic slowdown*
- *Numerous economists predict an upcoming recession*
- *The trade war between China and the U.S. is worsening*
- *Interest rates are negative throughout Europe*
- *Donald Trump is facing impeachment*

The moral of the story? Headlines are not reliable indicators of future returns...It is advantageous to remain loyal to our investment strategy: Discipline and Diversification!

NBF may act as financial advisor, fiscal agent or underwriter for certain companies mentioned herein and may receive remuneration for its services. NBF and/or its officers, directors, representatives or associates may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time on the open market or otherwise. The particulars contained herein were obtained from sources we believe to be reliable but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF. I have prepared this report to the best of my judgment and professional experience to give you my thoughts on various financial aspects and considerations. The opinions expressed herein, which represent my informed opinions rather than research analyses, may not reflect the views of NBF. The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your investment advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the

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