

Award recipient
for the 5th
consecutive year

2020 Awards of Excellence
Portfolio Management Excellence
Montreal

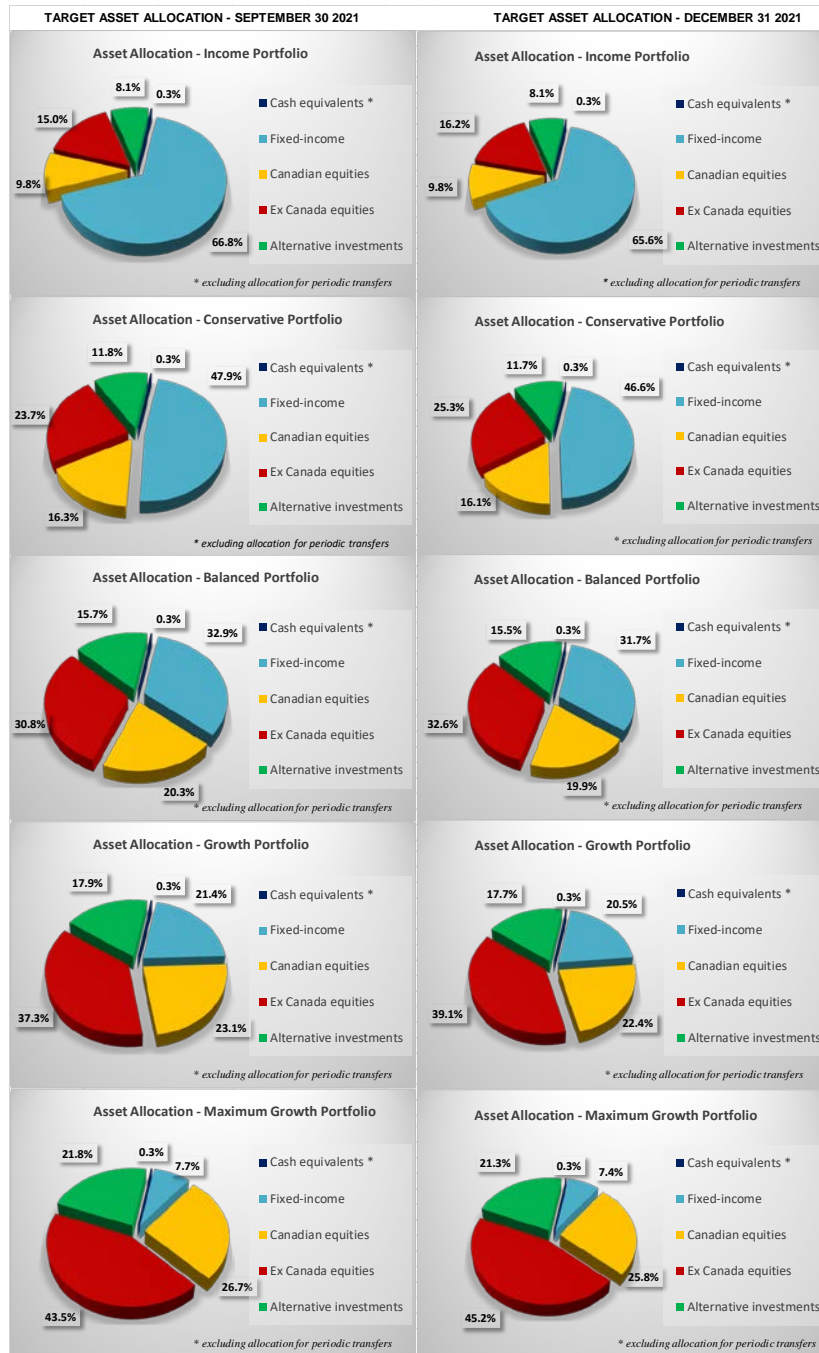


Our expertise, your success

4th QUARTER 2021 SUMMARY

Asset Allocation Strategy:

No changes were made in the strategic asset allocation of our portfolios during the 4th quarter. The variations observed are the result of the market movements.



Portfolio Model Revisions:

During the quarter we added a new Canadian equity in our portfolio. Innergex Renewable Energy Inc. (INE), a Quebec-based company active since 1990 in the development of electricity production from renewable sources, including hydro, wind and solar power. INE pays an attractive dividend of 4% and offers long-term growth perspectives through its recent development activities, including several acquisitions and a strategic partnership with Hydro Quebec. We see INE as a major contributor to sustainable development and the fight against climate change.

To achieve this investment, we reduced our exposure to the Canadian banking sector by taking profits on TD stock, which represented a good selling opportunity in the current environment of the Canadian banking sub-sector.

We also introduced a new Alternative mutual fund for the Growth and Maximum Growth profiles. CI Munro Global Growth Alternative Fund (CIG4192) managed by Munro Partners, a Melbourne-based, growth-oriented firm with over \$5 billion in assets under management and known for its ability to identify rare long-term value contributors while focusing on capital preservation. In addition to being a leading player in global equity alternative strategies, Munro Partners places a strong emphasis on climate change as a key theme in its stock selection. This fund takes the place of the global infrastructure fund managed by Russell Investments.

Finally, we were informed during the quarter that the NBI Real Assets Pooled Fund has reached its maximum capacity and will be closed to new purchases. We are maintaining our current position, but the addition of new assets will now be done in a Canadian stock, Brookfield Asset Management Inc (BAM.A), a diversified Canadian asset management company that focuses on real estate, renewable energy, infrastructure, and private equity.

4th Quarter Highlights:

Between rising commodity prices, structural inflation, shortages and bottlenecks in global trade, the last quarter of 2021 shows an economic situation that could weigh on the outlook for 2022.

The fourth quarter was also marked by an unseen situation since the beginning of the pandemic; Central Banks announced the reduction of their quantitative easing programs as well as rate hikes for the coming year, while simultaneously the Omicron variant was spreading all over the planet.

Despite this context of uncertainty and sustained volatility over the year, our portfolio returns ended 2021 in positive territory. All profiles, except for the Income profile, which was disadvantaged by the weakness of bonds, had returns in line with or above the average return of the previous three years.

As we told you this just a year ago in our Q4 2020 summary, and repeating to you again today, our active management makes the difference because it makes us flexible and agile, it allows us to have control over our security selection and risk management.

The performance resulting from this process earned us for the 7th time and for the 6th consecutive year the *NBF Regional Award for Portfolio Management Excellence!*



2021
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Outlook 2022

If there was one thing to remember from the past two years, it is that pandemic events come with their own set of surprises and place us in a state of almost daily uncertainty. Emerging variants, fluctuations in case numbers and questions about inflationary pressures could all create more volatility in the new year. That said, it is important for investors to focus on their long-term goals and not be driven by short-term emotions.

While new public health restrictions are being introduced in the developed world, their economic impact is likely to remain relatively small as many companies have managed to adjust their business models.

According to our economists' base case scenario, 2022 will still be a favorable year for equities versus bonds because of the gradual interest rate hikes to come. North American stocks should outperform foreign stocks.

Questions remain about the impact that the new Coronavirus variants will have on public health systems around the world and how governments will deal with them. What impact might this have on supply chains and global growth?

How will inflation evolve and how will it be controlled by Central Banks?

Finally, what impact will the Sino-American geopolitical issues and the conflicts around Russia have on global markets?

We will closely monitor these issues over the next year to adjust our positioning. Let's keep in mind that diversification and our active management process are the catalysts of our long-term success.

The Chartier-Grandmaison team wishes you a wonderful 2022!

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