

ZAVA Global Growth & Income Private Portfolio

June 30th, 2021 (2nd Quarter)



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Portfolio Performance

| | 6 months | 1 Year | 3 Years | 5 Years | Since Inception |
|------------------------------|----------|--------|---------|---------|-----------------|
| PORTFOLIO Performance | 16.23% | 31.36% | 8.53% | 8.98% | 8.58% |
| BENCHMARK Comparison | 11.94% | 27.41% | 10.52% | 11.03% | 9.14% |

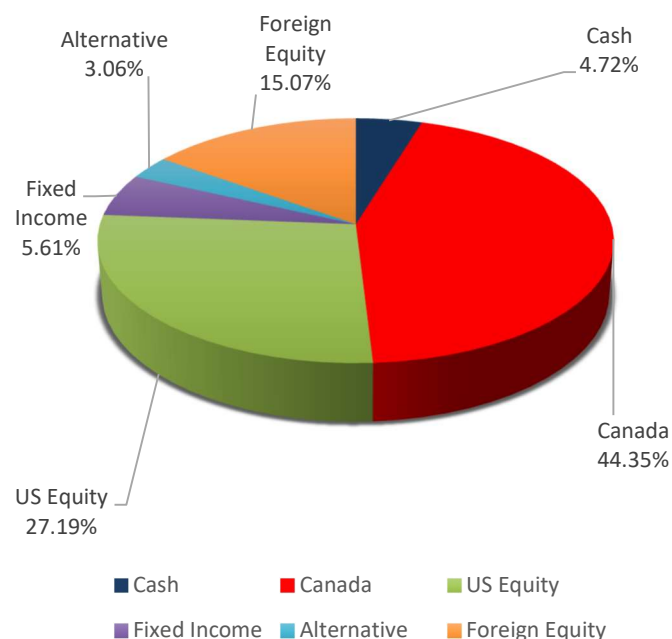
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|-----------------------------------|----------|
| Value of Private Portfolio | |
| March 4, 2014 (Inception Date) | \$30,133 |
| June 30, 2021 | \$55,124 |

Fees: Returns presented are gross of fees.
Benchmark: 5% 91 day T-Bill, 5% FTSE TMX Universal Bond, 50% S&P/TSX Total Return, 20% S&P 500 Total Return, 10% MSCI EAFE Total Return & 10% MSCI Emerging Market.
Source: National Bank Financial Portfolio Management Database

Investment Philosophy

The ZAVA Global Growth & Income Private Portfolio employs a mostly passive investment style using Exchange Traded Funds (ETFs). ETFs are an excellent vehicle used to obtain broad diversified exposure to various geographies, sectors and styles. Additionally, some individual stock selections will be made in order to enhance opportunities for income, growth &/or value. The Portfolio will always have a minimum amount of exposure to Canada and the US and will typically also have exposure to International and Emerging markets for much of the time. The Portfolio can also hold a smaller allocation in alternative investments such as Real Estate Investment Trusts (REITS). Finally, in order to add a defensive element to the Portfolio when appropriate, up to 25% of the Portfolio can be moved to cash or less volatile fixed income investments at any time.

Private Portfolio Asset Allocation



Who is This Investment For?

This Portfolio is suitable for investors who:

- are seeking diversified equity exposure to Canadian, US & International markets combined with a reasonable income stream
- are willing to tolerate a moderate level of risk with a minimum time horizon of 2 - 5 years
- prefer minimal involvement with the investment decision making process.

Your Private Portfolio at End of Q2

| Issuer | Region | Weight |
|------------------------------------|---------------|--------|
| Air Canada | Canadian | 3.34% |
| BMO Ultra Short Term Bond ETF | Canadian | 5.61% |
| Ballard Power Systems Inc. | Canadian | 3.02% |
| Waste Connections Inc. | Canadian | 4.85% |
| Brookfield Infrastructure Units | Canadian | 6.25% |
| BCE Inc. | Canadian | 3.78% |
| Bank of Nova Scotia | Canadian | 5.57% |
| Nutrien Ltd. | Canadian | 6.28% |
| Magna International Inc. | Canadian | 2.92% |
| BMO Global GLD Index ETF | Canadian | 2.56% |
| iShares S&P TSX Energy ETF | Canadian | 5.79% |
| Becton Dickinson & Co. | U.S. | 3.29% |
| Apple Inc. | U.S. | 4.94% |
| Johnson & Johnson | U.S. | 3.72% |
| JP Morgan Chase & Co. | U.S. | 4.91% |
| Microsoft Corp. | U.S. | 6.11% |
| Visa Inc. | U.S. | 4.22% |
| BMO India Equity Index ETF | International | 4.04% |
| Vanguard FTSE Developed Europe ETF | International | 5.89% |
| Vanguard FTSE E/M All Cap | International | 5.15% |
| iShares Global Water Index ETF | Alternative | 3.06% |
| Cash | Cash | 4.72% |

Transactions Executed In The Quarter

| Issuer | Action |
|----------------------------|--------|
| Ballard Power Systems Inc. | BUY |
| Magna International Inc. | BUY |

| Issuer | Action |
|-------------------------------|---------|
| Blackberry Ltd. | SOLD |
| BMO Ultra short Term Bond ETF | TRIMMED |

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Portfolio Manager's Comments

The market recovery continued in Q2 with major indexes hitting record highs. Oil prices jumped from \$59 USD to almost \$74 USD / bbl and the CDN dollar regained the .80 cent mark. Further, the US market is anticipating benefits from a multi-trillion dollar US infrastructure package.

Specifically, Canada (S&P/TSX) added +7.8% in Q2 in large part due to the outperformance of energy and financial sectors. US markets (S&P 500) tacked on +8.2% in Q2 on hopes that the vaccination protocol will further economic improvement. For the year to date period (YTD) to June 30, Canada (S&P/TSX) has now added +15.7% & the US (S&P 500) is up +14.4%. Globally, we saw world markets (MSCI ACWI) end Q2 up +12.5% YTD, while Europe (MSCI Europe) has so far gained +12.8% YTD, significantly better than Emerging Markets (MSCI EM) at +7.0% for the same period.

Performance across the board has been strong since the advent of COVID in March 2020 as evidenced by a 31% return in the **Global Growth & Income Private Portfolio** for the last 12 months. That said, there is reason to be cautious. Firstly, inflation may soon be a factor for markets. Both the Federal Reserve and Bank of Canada have signalled higher interest rates are on the horizon, perhaps as soon as early 2022. Secondly, the emergence of the very contagious Delta variant of COVID is increasing the risk of a 4th wave and with it, the possibility of further shutdowns. Finally, when markets have been as strong as they've been for the past year, it wouldn't be unusual for some "reversion to the mean" such that a healthy pullback should be expected.

There were only a few transactions in your Private Portfolio in Q2 including the additions of **Ballard Power Systems** and **Magna International** – both play on the hydrogen fuel cell and electric vehicle segments. We sold the last of our **Blackberry Ltd.** which provided outsized profits as a result of Blackberry having been part of the Reddit meme stock phenomenon of early 2021.

Your **Global Growth & Income Private Portfolio** continues to outperform for the 1 year period with a return of +31.36%. An investment since inception (March 4, 2014) would now have provided you with an **annualized return of 8.58% per year.**

I have prepared this commentary to give you my thoughts on various financial aspects and considerations. This commentary reflects my opinion alone and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgement and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial. National Bank Financial is an indirect wholly-owned subsidiary of National Bank of Canada. The National Bank of Canada is a public company listed on the Toronto Stock Exchange (NA: TSX). National Bank Financial is a member of the Canadian Investor Protection Fund (CIPF). • National Bank Financial may act as financial advisor, fiscal agent or underwriter for certain companies mentioned herein and may receive remuneration for its services. National Bank Financial 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. Unit values and returns will fluctuate, and past performance is not necessarily indicative of future performance.