

ZAVA Canadian Equity Income Private Portfolio

March 31st, 2022 (1st Quarter)



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Portfolio Performance

| | 3 months | 6 months | 9 months | 1 year | Since Inception |
|------------------------------|--------------|---------------|---------------|---------------|-----------------|
| PORTFOLIO Performance | 7.60% | 13.89% | 20.77% | 31.73% | 18.38% |
| BENCHMARK Comparison | 3.64% | 10.01% | 10.20% | 19.61% | 14.52% |

| | |
|-----------------------------------|----------|
| Value of Private Portfolio | |
| Feb 1, 2020 (Inception Date) | \$28,000 |
| March 31, 2022 | \$40,374 |

Fees: Returns presented are gross of fees.

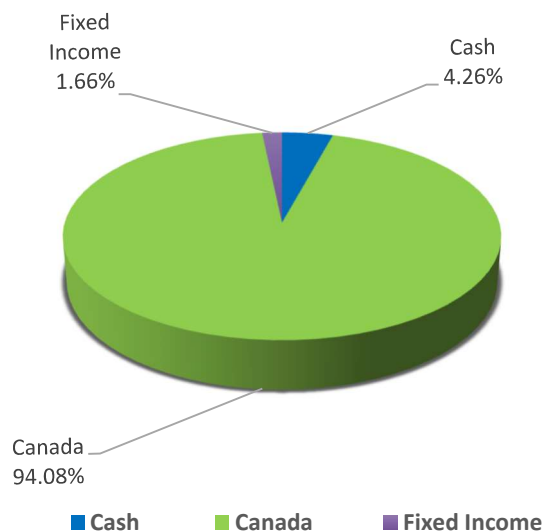
Benchmark: 5% 91 day T-Bill, 95% S&P/TSX Total Return (Benchmark modified Oct. 2021)

Source: National Bank Financial Portfolio Management Database

Investment Philosophy

The ZAVA Canadian Equity Income Private Portfolio employs a combination of both a passive investment style using Exchange Traded Funds (ETFs), together with active stock selection. ETFs are an excellent vehicle used to obtain broad diversified exposure to various geographies, sectors and styles. Additionally, individual stock selections will be made to enhance opportunities for income, growth &/or value. The Portfolio will maintain 100% exposure to Canada with a strong focus on dividend income. 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 markets, with a focus on earning dividend income
- 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 Q1

| Issuer | Region | Weight |
|------------------------------------|----------|--------|
| Brookfield Asset Management | Canadian | 4.57% |
| Brookfield Infrastructure LPU | Canadian | 4.11% |
| Bank of Nova Scotia | Canadian | 5.34% |
| BCE Inc. | Canadian | 3.44% |
| Birchcliff Energy Ltd. | Canadian | 5.07% |
| Capital Power Corp. | Canadian | 4.45% |
| Fortis Inc. | Canadian | 3.07% |
| Great West Lifeco Inc. | Canadian | 4.94% |
| Innergex Renewable Energy | Canadian | 3.16% |
| Nutrien Ltd. | Canadian | 7.07% |
| Royal Bank of Canada | Canadian | 6.84% |
| Telus Corp. | Canadian | 3.90% |
| TC Energy Corp. | Canadian | 3.86% |
| Thomson Reuters Corp. | Canadian | 4.72% |
| Whitecap Resources Inc. | Canadian | 5.60% |
| Summit Industrial Income REIT | Canadian | 6.46% |
| BMO Canadian Dividend ETF | Canadian | 17.46% |
| BMO Short Provincial Bond IndexETF | Canadian | 1.66% |
| Cash | Cash | 4.26% |

Transactions Executed In The Quarter

| Issuer | Action |
|-----------------------------|--------|
| Birchcliff Energy Ltd. | ADDED |
| Brookfield Asset Management | ADDED |
| Capital Power Corp. | ADDED |

Portfolio Manager's Comments

We began 2022 with a bit of a wobble. Coming off of a Q4-2021 where markets hit all-time highs, it's not unexpected that markets were due for a pullback. That said, the Russian invasion of Ukraine on February 24th together with quickly rising interest rates and the return of significant inflation led to a decline in just about all stocks except for commodity stocks, (especially oil, natural gas and fertilizer stocks) acting as excellent hedges to inflation.

Q1 saw Canadian stocks significantly outperform US & Global markets, specifically as a result of the concentration of commodity stocks in the **S&P/TSX**. In particular, the **S&P/TSX** moved higher and gained **+3.8%** in Q1. US markets (**S&P 500**) gave up **-4.6%** while Europe (**MSCI Europe**) gave up **-5.9%** and Emerging Markets (**MSCI EM**) declined **-6.1%** in Q1. All in all, a very tough quarter for non-Canadian markets. The Federal Reserve, Bank of Canada and other world Central Banks are on a mission to ensure that inflation does not get out of hand and have been increasing rates quickly and messaging that more significant increases are yet to come. Add to this the increased costs associated with oil, food and various manufacturing inputs, and the possibility of a recessionary economic slowdown now becomes more likely possibility. In fact, more than a few US brokerages and economists are calling for a US recession in 2022-23. If this recessionary threat becomes more real, and it looks like it could, markets are due for a meaningful correction. Europe, in particular, is at risk of a recession given that in addition to the above factors, the Russia-Ukraine conflict could seriously impede economic growth, especially in the face of reduced energy supply from Russia, the largest supplier of natural gas to Europe.

The downside that we witnessed towards the end of February prompted us to add to existing positions in **Birchcliff Energy (BIR)**, **Whitecap Resources (WCP)**, **TC Energy (TRP)**, **Brookfield Asset Mgmt (BAM)**, **Capital Power (CPX)** and **Thomson Reuters (TRI)**. We continued with our focus on energy names like BIR and WCP and have additionally benefitted significantly from our position in fertilizer supplier, **Nutrien Ltd (NTR)**, formerly Potash Corp, another hot commodity in the face of the Ukraine conflict.

Your **Canadian Equity Income Private Portfolio** continues to outperform it's Benchmark for the 1 year period with a return of **+31.73%**. An investment "Since Inception" (February 1, 2020) would now have provided you with an **annualized return of +18.38% per year**, again outperforming the Benchmark for the same time period.

| Issuer | Action |
|-------------------------|--------|
| TC Energy Corp. | ADDED |
| Whitecap Resources Inc. | ADDED |
| Thomson Reuters Corp. | ADDED |

Contact information

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