

# ZAVA Global Growth & Income Private Portfolio

## March 31<sup>st</sup>, 2022 (1st Quarter)



INVESTING



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## Portfolio Performance

	6 months	1 Year	3 Years	5 Years	Since Inception
<b>PORTFOLIO Performance</b>	<b>9.36%</b>	<b>17.47%</b>	<b>11.15%</b>	<b>8.53%</b>	<b>9.14%</b>
<b>BENCHMARK Comparison</b>	<b>4.20%</b>	<b>11.72%</b>	<b>11.23%</b>	<b>9.23%</b>	<b>8.84%</b>

<b>Value of Private Portfolio</b>	
March 4, 2014 (Inception Date)	\$30,133
March 31, 2022	\$61,119

**Fees:** Returns presented are gross of fees.

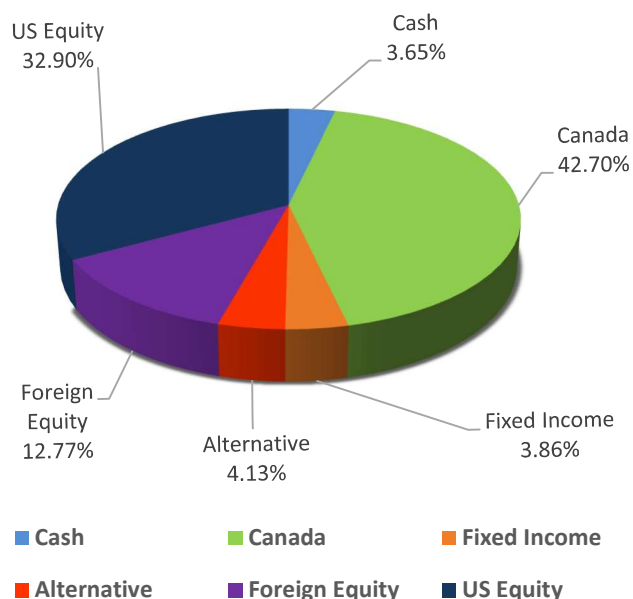
**Benchmark:** 5% 91 day T-Bill, 5% FTSE TMX Universal Bond, 50% S&P/TSX Total Return, 20% S&P 500 Total Return, 10% MSCI EAFE Total Return & 10% MSCI Emerging Market.

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.



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## Your Private Portfolio at End of Q1

Issuer	Region	Weight
BMO Ultra Short Term Bond ETF	Canadian	3.86%
Waste Connections Inc.	Canadian	5.73%
Brookfield Infrastructure Units	Canadian	6.78%
BCE Inc.	Canadian	3.86%
Bank of Nova Scotia	Canadian	5.58%
Nutrien Ltd.	Canadian	9.74%
BMO Global GLD Index ETF	Canadian	2.69%
iShares S&P TSX Energy ETF	Canadian	8.33%
Becton Dickinson & Co.	U.S.	3.26%
Apple Inc.	U.S.	6.43%
Ford Motor Co.	U.S.	3.60%
Goldman Sachs Group Inc.	U.S.	2.70%
Johnson & Johnson	U.S.	3.63%
JP Morgan Chase & Co.	U.S.	3.35%
Microsoft Corp.	U.S.	6.31%
Visa Inc.	U.S.	3.63%
BMO India Equity Index ETF	International	3.81%
Vanguard FTSE Developed Europe ETF	International	4.98%
Vanguard FTSE E/M All Cap	International	3.98%
iShares Global Water Index ETF	Alternative	4.13%
Cash	Cash	3.65%

## Transactions Executed In The Quarter

Issuer	Action
Goldman Sachs Group Inc.	BUY
Ford Motor Co.	BUY
Ballard Power Systems	SOLD
Apple Inc.	ADDED
Waste Connections Inc.	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 24<sup>th</sup> 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.

We made various transactions in the portfolio in Q1 given the market volatility in search of opportunity as well as exiting positions that we no longer believe to be incremental to our return in the short & medium term. Specifically, we sold our entire positions in **Air Canada (AC)**, **Magna International (MG)** and **Ballard Power Systems (BLDP)**. We redeployed those proceeds to initiate positions in **Ford Motor Co (F)** and added to existing positions in **Apple Inc (AAPL)**, **Waste Connections Inc (WCN)**, **BCE Inc (BCE)** and the **iShares Global Water Index ETF (CWW)**. Finally, we trimmed our **JP Morgan Chase (JPM)** position and took a small position in one additional high quality US financial, namely, **Goldman Sachs Group (GS)**. Your **Global Growth & Income Private Portfolio** continues to outperform it's Benchmark for the 6 month and 1 year periods with return of **+9.36%** and **+17.47%**, respectively. An investment "Since Inception" (March 4, 2014) would now have provided you with an **annualized return of +9.14% per year**, again outperforming the Benchmark for the same 8 year time period.

Issuer	Action
Air Canada	SOLD
JP Morgan Chase & Co.	TRIMMED
Magna International Inc.	SOLD
iShares Global Water Index ETF	ADDED
BCE Inc.	ADDED

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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.