

# ZAVA Canadian Equity Income Private Portfolio

## June 30<sup>th</sup>, 2022 (2<sup>nd</sup> Quarter)



**Franco G. Zava, LL.B., CIM**  
 Portfolio Manager  
 & Wealth Advisor  
 Tel.: 250-953-8432  
 franco.zava@nbc.ca

### Portfolio Performance

	3 months	6 months	1 year	2 years	Since Inception
<b>PORTFOLIO Performance</b>	-8.94%	-2.03%	9.97%	26.02%	11.90%
<b>BENCHMARK Comparison</b>	-12.53%	-9.36%	-3.66%	12.77%	6.41%

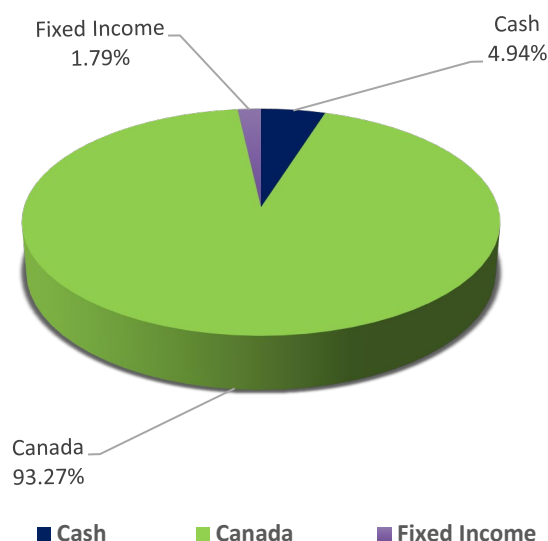
<b>Value of Private Portfolio</b>	
Feb 1, 2020 (Inception Date)	\$28,000
June 30, 2022	\$36,763

*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 Q2

Issuer	Region	Weight
Brookfield Asset Management	Canadian	4.69%
Brookfield Infrastructure LPU	Canadian	4.83%
Bank of Nova Scotia	Canadian	4.99%
BCE Inc.	Canadian	3.46%
Birchcliff Energy Ltd.	Canadian	5.26%
Capital Power Corp.	Canadian	5.41%
Fortis Inc.	Canadian	3.32%
Great West Lifeco Inc.	Canadian	4.63%
Innergex Renewable Energy	Canadian	3.02%
Nutrien Ltd.	Canadian	6.16%
Royal Bank of Canada	Canadian	6.81%
Telus Corp.	Canadian	3.76%
TC Energy Corp.	Canadian	4.01%
Thomson Reuters Corp.	Canadian	5.13%
Whitecap Resources Inc.	Canadian	4.88%
Summit Industrial Income REIT	Canadian	5.98%
BMO Canadian Dividend ETF	Canadian	16.94%
BMO Short Provincial Bond IndexETF	Canadian	1.79%
Cash	Cash	4.94%

## Portfolio Manager's Comments

We started Q2 at what would turn out to be the highwater mark for the Quarter. Q2 was all about Central banks raising interest rates as a countermeasure to quickly rising inflation. Central banks in the U.K., U.S., Europe, Canada & Australia all hiked rates in a meaningful way. After raising rates by 25 basis points (bps) in March 2022, the US Federal Reserve followed up with additional hikes of 50 bps and 75 bps in May and June 2022.

While Canadian markets fared better than U.S. markets, all markets experienced significant downside in Q2. In particular, the **S&P/TSX** gave up **-13.2%** in Q2 making the June 30 Year-To-Date "YTD" return **-9.9%**. US markets (**S&P 500**) declined **-16.1%** in Q2 for a YTD return of **-20.0%**. Europe (**MSCI Europe**) gave up **-9.9%** in the Quarter (and was **-15.2%** YTD) while Emerging Markets (**MSCI EM**) declined **-9.0%** in Q2 (and was **-14.9%** YTD). All in all, a very tough quarter for markets globally, but especially so for U.S. growth stocks as evidenced by the **NASDAQ** finishing Q2 down approximately 30% YTD.

The volatility in energy stocks allowed us to trim existing positions in **Birchcliff Energy (BIR)** and **Whitecap Resources (WCP)**, 2 stocks that we had added to at much lower prices in just the previous quarter and now trimmed at their highs. Additionally, we added to longstanding positions in **Brookfield Asset Mgmt (BAM)**, **Brookfield Infrastructure Units (BIP.UN)**, and **Summit Industrial REIT (SMU.UN)**, by redeploying the proceeds from our trimming positions in energy stocks.

Your **Canadian Equity Income Private Portfolio** continues to outperform its Benchmark for the 6 month, 1 year and 2 year periods with returns of **-2.03%**, **+9.97%** and **+26.02%**, respectively. An investment "**Since Inception**" (February 1, 2020) would now have provided you with an **annualized return of +11.90%** per year, again outperforming the Benchmark for the same time period.

## Transactions Executed In The Quarter

Issuer	Action
Birchcliff Energy Ltd.	TRIMMED
Brookfield Asset Management	ADDED
Whitecap Resources Inc.	TRIMMED

Issuer	Action
Brookfield Infrastructure LPU	ADDED
Summit Industrial REIT	ADDED

## Contact information

**Franco G. Zava, LL.B., CIM**  
Portfolio Manager & Wealth Advisor  
Tel. 250-953-8432  
[franco.zava@nbc.ca](mailto:franco.zava@nbc.ca)

**Sima Sepahi**  
Associate  
Tel. 250-953-8413  
[sima.sepahi@nbc.ca](mailto:sima.sepahi@nbc.ca)

**National Bank Financial**  
Suite 700-737 Yates Street  
Victoria BC V8W 1L6



**zava**  
Portfolio Management Group