

Balanced ETF Private Portfolio

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Basket Investment Strategy

This Basket invests in a variety of asset classes and seeks to optimize the risk-return relationship. We will regularly modify the investment mix (within a specified range) in order to reap the potential advantages associated with altering market conditions.

For the most part, this Basket will consist of exchange-traded funds (ETFs), alternative investments and individual securities. Long-term target allocations for equities and fixed income are 60% equities and 40% respectively. This portfolio is suited for an investor seeking long-term capital appreciation, capital preservation and the generation of a steady stream of income.

In addition, this Basket aims to minimize the volatility ascribed to traditional asset classes. More specifically, it seeks to attain a return similar to that obtained by a traditional portfolio but with lower volatility. Both the diversity of asset classes and the inclusion of non-traditional asset classes allow for a reduction in risk and volatility.

Various studies have shown that when it comes to achieving both steady and substantial real returns, the relative weighting of asset classes within a portfolio is equally as important as security selection. By investing in this portfolio, our team is given the authorization to invest your money and manage your investments according to your pre-established asset mix parameters.

Performance

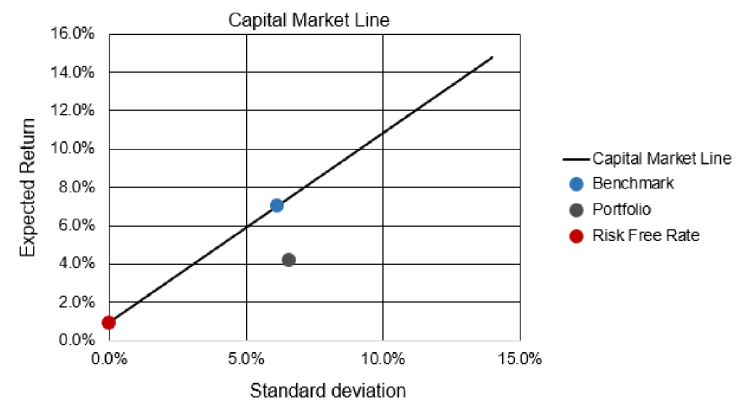
(TW – Time Weighted; MW – Money Weighted)

Portfolio Performance					
	6 Mths	1YR	3YR	5YR	Since Inception*
Portfolio TW	13.42 %	1.71 %	2.61 %	3.20 %	4.17 %
Portfolio MW	13.42 %	1.79 %	2.68 %	3.26 %	4.26 %
Benchmark	13.67 %	6.67 %	6.76 %	6.60 %	7.00 %

* Represents a return since inception (June 3rd, 2013)

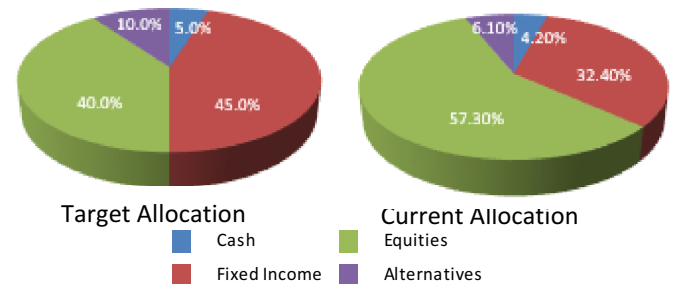
Value of Basket (As at September 30 th , 2020)		\$ 31,137.04
Metrics since inception		Benchmark
Best Month		6.18 %
Worst Month		- 9.87 %
Sharpe Ratio		0.50
Upside Capture		74.55 %
Downside Capture		108.60 %

Risk-Return Comparison (since inception)



Fees: Returns presented are net of fees at the lowest rate of 0.75%. **Composition of the benchmark:** 5% 91-day T-bills, 45% FTSE TMX Canada Universe Bond, 22.5% S&P/TSX Composite Index, 27.5% MSCI World Index. *Represents a return since inception (June 1st, 2013)

The following represents the long-term targets for each asset class and sector.



Top 10 Holdings

Description	Market Value	MV (%)
ISHARES S&P/TSX60 IDX ETF	\$ 3,900.80	12.541
ISHR CORE S&P US TOTCSHD	\$ 3,196.60	10.277
BMO MSCI USA HI QLTY ETF	\$ 3,132.36	10.07
HORIZONS ACTV C/B-E ETF	\$ 3,120.86	10.033
BMO AGGREGATE BD INDX ETF	\$ 3,072.80	9.879
VANGUARD GL EX-US AGG ETF	\$ 2,124.20	6.829
ISHRS CORE S&P/TSX CAPPED	\$ 2,046.40	6.579
ISHS MSCI EAFE(C\$HDG) ETF	\$ 1,587.60	5.104
PURPOSE GOLD BULLION ETF	\$ 1,467.50	4.718
FRANKLIN LIB GLB AGG ETF	\$ 1,355.32	4.357

Transactions (July 1st – September 30th, 2020)

Action	Symbol	Quantity	Price
Buy	ZUQ	66	\$ 47.34
Sell	XUH	-110	\$ 28.87
Sell	PSA	-18	\$ 50.02
Buy	HSAV	10	\$ 100.52

Commentary Regarding Transactions

We added to our currency position this quarter and increased the yield on cash holdings.

Portfolio Manager's Comments

The economy

- A variety of metrics suggests that the U.S. economy has made tremendous progress from the depths in the spring. Employment continues to improve, as evidenced by a declining number of new Americans filing for unemployment benefits and a reduction in those currently collecting them. While the trend is constructive, the current level of joblessness ranks near the worst recorded during the 2008-2009 global financial crisis.
- Offsetting the effects of mass unemployment on the economy has been the massive monetary and fiscal support, which has boosted retail sales and housing activity. With unemployment still high, however, economic momentum could ebb without further rounds of fiscal support. Another stimulus bill is currently in the works, but Democrats and Republicans have yet to agree on the final details.

Fixed Income

- Highly accommodative central banks and relatively weak economic growth have kept global bond yields trading

in a narrow range. The U.S. 10-year yield has fluctuated between 63 and 70 basis points in the past month and it remains well below our estimate of equilibrium.

- While valuation risk is quite elevated in sovereign fixed-income markets, we don't see any near-term catalysts that would push yields meaningfully higher. The fact that central banks continue to purchase bonds in large quantities and inflation pressures remain muted suggests that bond yields will likely remain low, and we forecast that yields will be mostly unchanged over the year ahead.

Asset mix

- In our view, the recent drop in stocks represents a consolidation within a broader upward trend. The pullback in September flushed out excessive optimism that had built up through August, and investor sentiment is now much more supportive. Moreover, credit markets appeared well behaved throughout the risk-off period and central banks are continuing to provide ample liquidity, suggesting a more meaningful decline in stocks is unlikely.
- Our view that equities are likely to outperform bonds over the medium to longer term remains unchanged given historically low bond yields and the fact that stocks are reasonably priced on a global basis. That said, we recognize that the upcoming U.S. election and evolving developments around the coronavirus are potential sources of volatility. Our bias would be to look for chances to boost risk exposures in our portfolios rather than dial them back.

Who is this investment for?

This investment is for individuals who are seeking a moderate level of capital gains and income. This is a "balanced" approach with a moderate level of risk and seeks to protect capital over the long-term through active asset allocation and security selection.

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