

Balanced Equity Private Portfolio

December 31st, 2021

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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 like 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	1 Yr.	3 Yr.	5Yr.	Since Inception*
Portfolio TW	3.83 %	9.79 %	11.39 %	8.07 %	8.00 %
Portfolio MW	4.72 %	10.67 %	11.73 %	8.17 %	8.11 %
Benchmark	4.67 %	10.25 %	11.03 %	7.56 %	7.60 %

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

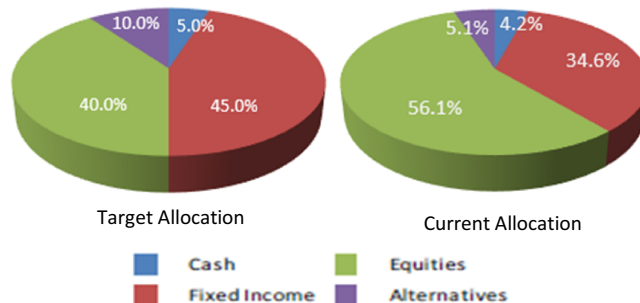
Value of Basket Date: Dec31st, 2021	\$ 310,984.25
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Fees: Returns presented are net of fees at the lowest rate of 0.75%.*

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.

Basket Sector Breakdown

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



Top 10 Holdings

Description	MV	MV (%)
BMO AGGREGATE BD INDX ETF	\$ 31,603.08	10.205
VANGUARD GLB AGG BD C\$HDG	\$ 30,713.90	9.918
HORIZONS ACTV C/B-E ETF	\$ 21,130.56	6.823
PIMCO MONTHLY INCM FD T/U	\$ 20,779.50	6.71
HORIZONS CASH MAXI ETF	\$ 15,010.90	4.847
ISHS MSCI MULFAC EAFE ETF	\$ 14,856.00	4.797
CDN TIRE CORP LTD-A NV	\$ 9,072.00	2.93
BMO GLB INFRAS INDX ETF	\$ 8,115.96	2.621
PURPOSE GLD N/CUR HDG ETF	\$ 8,047.50	2.599
CISCO SYSTEMS INC	\$ 8,021.50	2.59

Transactions (October 1st – December 31st, 2021)

See Attachment 1

Commentary Regarding Transactions

Numerous adjustments were made to the portfolio this quarter to reduce risk and to add gold and Infrastructure.

Portfolio Manager's Comments

The economy

• A new coronavirus variant, problematically high inflation, supply-chain challenges, and China's property-market slowdown are among the main headwinds facing the global economy. Moreover, policymakers are acknowledging that the recovery is well advanced, allowing for a gradual dialing back of monetary accommodation and less generous fiscal support. As the recovery progresses and economies reach their potential, it is natural for growth to become less buoyant. The recovery is still in good shape, and we expect growth to persist into 2022, albeit at a slower pace relative to 2021.

• Among all of the headwinds, there are two key factors that could continue to support the expansion. The first is that consumers are flush with savings, and they have low financial obligations, putting them in a solid position to boost their spending. The second is that businesses have also expressed their desire to rebuild inventories and boost capital expenditures. Weighing the positives and the negatives, we look for 3.5% growth for most developed nations in 2022. This projected growth rate is nearly twice the pre-pandemic norm and consistent with an extension of the economic recovery. However, our below-consensus GDP projection means that the expansion will slow, perhaps to a degree that ends up disappointing investors.

Fixed Income

• Sovereign-bond yields began the year on a rapid upward trajectory amid the economic reopening, COVID vaccinations and firming inflation, but declined toward the end of the period as slowing growth and mounting concerns about the Omicron variant boosted the appetite for safe havens. Our models continue to suggest that yields are too low and that the key to higher yields lies in the eventual normalization of real interest rates to levels at or above the zero bound. Real rates are currently deeply negative and sovereign-bond investors are accepting an after-inflation loss in purchasing power over time. We don't think this situation is sustainable and, as a result, we expect a gradual increase in yields paced by a gradual upward adjustment in real interest rates

Asset mix

- Our base case scenario is for the economy to continue growing at a rapid yet slowing rate as the recovery matures and much of the economic damage from the pandemic has been repaired. As the economy moves into its middling stage, central banks are starting to dial back monetary accommodation and, although conditions fully justify the need for tightening, we recognize that financial markets will be receiving less support.
- Prospective returns for fixed income are especially unappealing in this environment and any meaningful increase in yields would lead to low or negative returns in sovereign bonds. Stocks continue to offer better return potential relative to fixed income. However, we recognize that the cycle is advancing, valuations are elevated and the market is vulnerable to correction should risks mount. We reduced our equity allocation by 50 basis points during the summer in recognition of the maturing of the recovery. Since then, narrowing market breadth, slowing growth, a lack of leadership outside of U.S. large-cap equities and the threat of the new Omicron variant have motivated us to reduce our equity weight by another 50 basis points this quarter, placing the proceeds into cash.
- Our current recommended asset mix for a global balanced investor is 63.5% equities (strategic: "neutral": 60%), 33.5% bonds (strategic "neutral": 38%) and 3.0% in cash.

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.

Attachment 1:

Type	Qty	Description	Price
Sell	-36	HORIZONS CASH MAXI ETF	\$ 101.390
Buy	1,246	VANGUARD GLB AGG BD C\$HDG	\$ 25.200
Sell	-660	VANGUARD GL EX-US AGG ETF	\$ 27.481
Sell	-6	TOPICUS.COM INC SVS	\$ 97.750
Buy	46	TFI INTERNATIONAL INC	\$ 134.071
Buy	16	PROGRESSIVE CORP OHIO	\$ 103.510
Buy	1,050	PIMCO MONTHLY INCM FD T/U	\$ 19.853
Buy	230	MESABI TRUST CERTIFICATE	\$ 23.569
Buy	600	ISHS MSCI MULFAC EAFE ETF	\$ 25.019
Buy	210	ISHRS CORE MSCI EAFE IMI	\$ 35.470
Sell	-424	FRANKLIN LIB GLB AGG ETF	\$ 20.900
Sell	-136	FT CBOE VES US EQ ETF-NOV	\$ 35.886
Buy	86	EQUITABLE GROUP INC	\$ 68.395
Buy	364	DESJ ALT LONG/SHRT EQ ETF	\$ 21.560
Buy	24	CISCO SYSTEMS INC	\$ 60.520
Buy	50	CDN TIRE CORP LTD-A NV	\$ 176.998
Buy	188	BMO GLB INFRAS INDX ETF	\$ 42.680
Buy	446	BMO AGGREGATE BD INDX ETF	\$ 15.800
Sell	-54	VERIZON COMMUNICATIONS	\$ 50.860
Sell	-38	VANGUARD US DV AP C/H ETF	\$ 56.550
Sell	-234	TELUS CORP	\$ 29.290
Sell	-22	TAIWAN SEMICON MAN SP/ADR	\$ 116.790
Buy	6	REGENERON PHARM INC	\$ 646.990
Sell	-100	OPEN TEXT CORPORATION	\$ 60.060
Sell	-38	NATIONAL BANK OF CDA	\$ 96.345
Sell	-104	MAGNA INTL INC	\$ 98.405
Sell	-428	ISHARES CDN RL RET BD ETF	\$ 27.200
Buy	124	KIRKLAND LAKE GOLD LTD	\$ 49.070
Sell	-212	ISHRS CORE MSCI EM MK IMI	\$ 29.620
Buy	290	PURPOSE GLD N/CUR HDG ETF	\$ 27.350
Sell	-122	ISHARES CORE MSCI C\$ HDG	\$ 27.590
Sell	-838	INVESCO SNR LN IDX ETF C\$	\$ 17.600
Buy	2	HUMANA INC	\$ 461.860
Sell	-516	HORIZONS ACTV C/B-E ETF	\$ 10.936
Buy	104	HORIZONS CASH MAXI ETF	\$ 101.390
Buy	124	HP INC	\$ 35.590
Sell	-20	GOEASY LTD	\$ 170.700
Buy	2	META PLATFORMS INC CL-A	\$ 332.930
Buy	8	EVERCORE INC	\$ 136.390
Sell	-2	CONSTELLATION SOFTWARE	\$ 2,185.040
Sell	-52	CANADIAN NATIONAL RAILWAY	\$ 162.315
Sell	-304	CI MUNRO ALT GL GW ETF C\$	\$ 28.926
Sell	-36	CCL INDS INC-CL-B NV	\$ 63.350
Sell	-20	BROADCOM INC	\$ 621.677
Buy	62	BRP INC	\$ 102.996
Sell	-30	ALIMENTATION COUCHE-A MVS	\$ 47.857
Sell	-458	AGFIQ GLB ESG FACTORS ETF	\$ 37.480
Buy	0.5	MAN.BAS.JO BAL EQUI	\$ -
Buy	27	VERIZON COMMUNICATIONS	\$ 50.840
Buy	72	VANGUARD US DV AP C/H ETF	\$ 56.390
Buy	330	VANGUARD GL EX-US AGG ETF	\$ 27.495
Buy	3	TOPICUS.COM INC SVS	\$ 116.990
Buy	117	TELUS CORP	\$ 29.906
Buy	37	TAIWAN SEMICON MAN SP/ADR	\$ 122.245
Buy	16	PROGRESSIVE CORP OHIO	\$ 97.158
Buy	50	OPEN TEXT CORPORATION	\$ 61.060

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 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.



Buy	50	NATIONAL BANK OF CDA	\$	98.100
Buy	45	METRO INC	\$	63.360
Buy	52	MAGNA INTL INC	\$	103.150
Buy	214	ISHARES CDN RL RET BD ETF	\$	27.271
Buy	227	ISHRS CORE MSCI EM MK IMI	\$	30.001
Buy	61	ISHARES CORE MSCI C\$ HDG	\$	27.970
Buy	419	INVESCO SNR LN IDX ETF C\$	\$	17.270
Buy	4	HUMANA INC	\$	435.000
Buy	1,215	HORIZONS ACTV C/B-E ETF	\$	10.950
Buy	40	HORIZONS CASH MAXI ETF	\$	101.380
Buy	27	GOEASY LTD	\$	182.790
Buy	212	FRANKLIN LIB GLB AGG ETF	\$	20.930
Buy	68	FT CBOE VES US EQ ETF-NOV	\$	35.880
Buy	7	META PLATFORMS INC CL-A	\$	323.347
Buy	15	EVERCORE INC	\$	139.519
Buy	2	CONSTELLATION SOFTWARE	\$	2,230.180
Buy	38	CISCO SYSTEMS INC	\$	58.050
Buy	26	CANADIAN NATIONAL RAILWAY	\$	166.810
Buy	152	CI MUNRO ALT GL GW ETF C\$	\$	29.393
Buy	64	CCL INDS INC-CL-B NV	\$	66.600
Buy	10	BROADCOM INC	\$	592.430
Buy	779	BMO AGGREGATE BD INDX ETF	\$	15.546
Buy	74	ALIMENT COUCHE-TARD-B SV*	\$	49.420
Buy	229	AGFIQ GLB ESG FACTORS ETF	\$	37.491
Sell	-11	PAYPAL HOLDINGS INC	\$	187.950

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