Balanced ETF Private Portfolio

March 31st, 2022

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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)

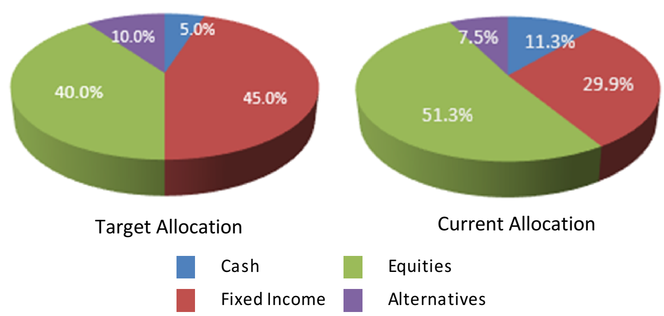
Portfolio Performance					
	6 Mths	1YR	3YR	5YR	Since Inception*
Portfolio TW	1.65 %	5.42 %	5.33 %	4.03 %	4.85 %
Benchmark	(0.12) %	5.09 %	6.84 %	6.10 %	6.87 %

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

Value of Basket Date: March 31st, 2022	$ 35,037.70

Fees: *Returns presented are net of fees at the lowest rate of 0.32%.* ***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	MV	MV (%)
ISHRS CORE S&P/TSX CAPPED	$ 5,298.72	15.137
VANGUARD S&P 500 IDX ETF	$ 3,618.00	10.336
BMO AGGREGATE BD INDX ETF	$ 3,049.20	8.711
VANGUARD GLB AGG BD C$HDG	$ 3,022.50	8.635
CI WISD CDA QLT ETF-N/HDG	$ 2,585.52	7.386
HORIZONS CASH MAXI ETF	$ 2,438.16	6.965
PIMCO MONTHLY INCM FD T/U	$ 2,107.84	6.022
HORIZONS ACTV C/B-E ETF	$ 2,034.00	5.811
CASH BALANCE (CAD)	$ 1,718.52	4.909
AGFIQ US EQUITY ETF	$ 1,704.80	4.870

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

Transactions (Jan. 1st – Mar. 31st, 2022)

Type	Qty	Description	Price
Buy	10	VANGUARD GLB AGG BD C$HDG	$ 24.54
Sell	-106	PURPOSE HIGH INT SVGS ETF	$ 50.00
Buy	12	PIMCO MONTHLY INCM FD T/U	$ 19.75
Buy	38	ISHRS CORE S&P/TSX CAPPED	$ 33.90
Buy	18	ISHS MSCI MULFAC EAFE ETF	$ 25.15
Sell	-28	ISHRS CORE MSCI EM MK IMI	$ 29.30
Buy	12	PURPOSE GLD N/CUR HDG ETF	$ 27.60
Buy	16	HORIZONS ACTV C/B-E ETF	$ 10.95
Buy	10	HORIZONS CASH MAXI ETF	$ 101.43
Buy	14	DESJ ALT LONG/SHRT EQ ETF	$ 21.52
Buy	18	CI WISD CDA QLT ETF-N/HDG	$ 35.18
Buy	10	BMO GLB INFRAS INDX ETF	$ 43.22
Buy	16	BMO AGGREGATE BD INDX ETF	$ 15.57

Commentary Regarding Transactions

Added Gold, Global Infrastructure, Hedge Manager, and added slightly to fixed income and increased cash balance.

Portfolio Manager's Comments

The economy

The war in Ukraine is persisting and attempts to de-escalate the conflict have so far proved futile. The consequences of the war between Russia and Ukraine will be severe and lasting, especially for those on the front lines. The rest of the world is also being affected through soaring prices for energy and food and renewed supply-chain challenges. Financial markets have encountered significant volatility as investors digest the possibility of slower growth and higher inflation stemming from the war, the resulting impact on monetary and fiscal policy, and the rising odds of recession.

Against this backdrop, central banks have begun to raise interest rates, marking a transition away from the era of extraordinary monetary accommodation to one that should include a wind-up of quantitative easing and possibly even the introduction of quantitative tightening. This will likely act as a headwind to the economy and asset prices in general. Our own forecasts look for economic growth to continue slowing and for inflation to be higher for longer. However, we expect that price pressures will eventually start to ease toward the end of this year and into next. Our forecasts remain below consensus on growth, but above consensus on inflation.

Fixed Income

It is becoming increasingly clear that central banks are abandoning their view of transitory inflation and that a meaningful policy response is needed. The U.S. Federal Reserve raised its benchmark interest rate by 0.25% on March 16, initiating a rate-hiking cycle that could feature a steady stream of rate hikes in the months ahead. At a recent speech to the National Association for Business Economics, Fed Chair Jerome Powell said one or more rate hikes of 50 basis points might be necessary in this environment of stubbornly high inflation. Pricing in the futures market suggests that rate hikes could total nearly 200 basis points by the end of this year and another 75 basis points next year which would lift the fed funds rate above its 2.50% peak in the 2015-2018 hiking cycle.

High inflation and hawkish central-bank commentary have pushed up bond yields and led to significant losses for fixed-income investors. The significant and rapid climb in yields since December has led to a 7% loss in the ICE BofA U.S. Broad Market Index, a popular index of government and investment-grade bonds, the largest decline in the index since the early 1980s. The intensity in the recent climb in yields has greatly reduced sovereign-bond valuation risk in the near term.

Asset mix

Our base case is for the economy to continue growing, albeit at a slowing pace, and we recognize that the range of potential outcomes is much wider than usual as a result of the ongoing conflict in Ukraine, surging commodity prices and a meaningful tightening in financial conditions. We expect that central banks will likely have to raise interest rates at a steady pace over the next year to combat inflation, but also recognize that the recent surge in bond yields may have already priced in a significant amount of the expected tightening. At these higher levels of yields, the risk that further capital losses will offset coupon income has been reduced. We expect low but positive returns from government bonds over the next year and believe that their higher yields will provide more of a cushion in a balanced portfolio in the event of a downturn.

We continue to expect stocks to outperform bonds over our 1-year forecast horizon and are maintaining an overweight allocation to equites, but we recognize that the premium that investors expect to receive for holdings stocks versus bonds has narrowed, lessening the attractiveness of equities relative to bonds at the margin. As a result, we decided to take advantage of the rally in stocks and rise in bond yields to trim our equity overweight by 0.50%, moving the proceeds to fixed income.

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.