Balanced Equity Private Portfolio

September 30th, 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 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	-7.56 %	-8.7 %	3.39 %	4.76 %	5.91 %
Benchmark	-9.31 %	-9.64 %	1.97 %	3.81 %	5.34 %

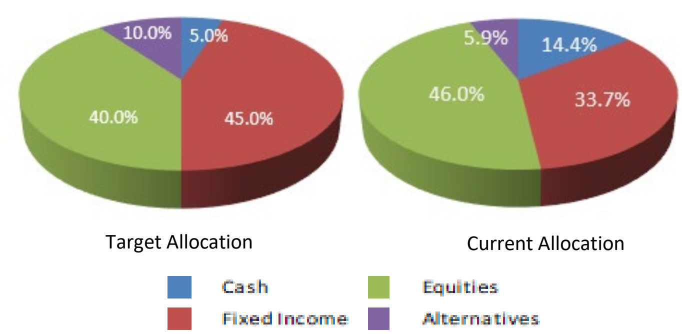
Represents a return since inception (June 3rd, 2013)

Value of Basket Date: September 30th, 2022	$269,644.60

Fees: *Returns presented are net of fees at the lowest rate of 0.48%.*
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 (%)
ISHS CORE CDN GOVT BD ETF	$	69,459.50	25.777
PURPOSE HIGH INT SVGS ETF	$	26,215.72	9.729
PIMCO MONTHLY INCM FD T/U	$	18,270.00	6.780
HORIZONS CASH MAXI ETF	$	15,251.40	5.660
CI MORN US VALUE ETF HDG	$	10,500.00	3.897
PURPOSE GLD N/CUR HDG ETF	$	7,975.00	2.960
BMO GLB INFRAS INDX ETF	$	7,852.76	2.914
DESJ ALT LONG/SHRT EQ ETF	$	7,796.88	2.893
CONSTELLATION SOFTWARE	$	7,688.36	2.853
PROGRESSIVE CORP OHIO	$	7,644.31	2.837

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT

Transactions (July 1st – Sept 30th, 2022)

Type	Description	Qty	Price
Buy	TELUS CORP	200	$ 28.75
Buy	ISHS CORE CDN GOVT BD ETF	3,650	$ 19.01
Buy	INTACT FINANCIAL CORP	30	$ 199.94
Buy	DOLLARAMA INC	74	$ 79.79
Buy	CONSTELLATION SOFTWARE	2	$ 1,975.39
Buy	CANADIAN NATIONAL RAILWAY	38	$ 156.25
Buy	CI MORN US VALUE ETF HDG	1,000	$ 11.92
Buy	ARC RESOURCES LTD	316	$ 17.82
Buy	PURPOSE HIGH INT SVGS ETF	34	$ 50.04
Sell	VANGUARD US DV AP C/H ETF	-106	$ 49.68
Sell	VANGUARD GLB AGG BD C$HDG	-1,246	$ 21.88
Sell	TAIWAN SEMICON MAN SP/ADR	-52	$ 82.42
Sell	REGENERON PHARM INC	-6	$ 591.47
Sell	HORIZONS ACTV C/B-E ETF	-1,914	$ 9.66
Sell	HP INC	-124	$ 31.45
Sell	GOEASY LTD	-34	$ 121.23
Sell	META PLATFORMS INC CL-A	-16	$ 158.11
Sell	EVERCORE INC	-38	$ 94.16
Sell	EQB INC	-86	$ 52.74
Sell	CISCO SYSTEMS INC	-100	$ 45.31
Sell	BMO AGGREGATE BD INDX ETF	-2,004	$ 13.66

Commentary Regarding Transactions

Tax loss sales and repurchases.

Portfolio Manager's Comments

The economy

• Interest rates likely have further to rise, and they may need to stay elevated for longer than previously expected to curb unacceptably high inflation. This is the message being voiced by central banks around the world and is being followed up by super-sized rate hikes in quick succession. Four decades of central-bank credibility is at stake and policymakers want to tame inflation at all costs even if that means they are negatively impacting the economy and financial markets.

• The global economy is already slowing, and higher borrowing costs will act as an additional headwind. Other challenges include the war in Ukraine, the energy crisis in Europe and China's irregular pandemic-related shutdowns. That said, there are a variety of reasons to believe that inflation may have already peaked given that all four of the major tailwinds to inflation – monetary stimulus, fiscal stimulus, commodity prices and supply chain challenges – have turned. While peak inflation is a positive development, central bankers' patience will ultimately be tested by the speed at which upward pressure on consumer prices fades. In this environment, we expect the economy to continue to decelerate and that the odds of recession remain elevated. If the economy does shrink, though, we expect that the contraction would be of middling size and duration. Our growth forecasts remain below the consensus and our inflation forecasts are more in line with the market view in that we expect a meaningful decline in 2023 versus 2022.

Fixed Income

• The notion that higher overnight lending rates could stick around for a while yet caused bond yields in most regions to rise to new cycle highs. The U.S. 10-year yield jumped beyond 3.75%, well above its prior peak of 3.50% in June. In the U.K., the announcement of tax cuts and government-support sparked fears that inflation could be fanned even more. The British pound plunged, and 10-year Gilt yields surged toward 4%, far above their prior peak of 2.75% in June and surpassing U.S. 10-year Treasury yields for the first time since 2014.

• Bucking the trend has been Canadian bonds, which outperformed in the latest fixed-income sell-off as falling oil prices, fears of recession and outright declines in Canadian consumer prices last month kept a lid on Canadian government bond yields. At this point, our bond models suggest that valuation risk has been greatly reduced because of the recent surge in yields and that any further rise in yields from here would likely only be sustained if unacceptably high inflation persists.

Asset mix

• The economy is slowing and there are a variety of risks to the outlook. We believe that the risk of recession is elevated and the range of potential outcomes for markets is especially large in the near term. Over the long term, however, valuation risk has diminished across both fixed income and equity markets, and the long-term return potential has improved because of the significant re-pricing in both asset classes. Given the current higher level of yields, we think bonds could provide more of a cushion to stocks in a balanced portfolio in the event of a recession. For this reason, we will be narrowing our underweight in bonds this quarter as yields have moved higher.

• We are maintaining a slight overweight allocation to stocks given our view that stocks will likely outperform bonds over the longer term, and we recognize that there are a variety of positive scenarios for stocks should inflation calm rapidly, and economies avoid recession. That said, our equity overweight is much lower than it has been in recent years, reflecting our cautious view in the near term. Balancing the risks and opportunities, as well as the near-term versus longer-term view, we remain close to neutral in our positioning.

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.