APRIL 29, 2022

The Market Letter

A scorpion wants to cross a river but cannot swim, so it asks a frog to carry it across. The frog hesitates, afraid that the scorpion might sting it, but the scorpion promises not to, pointing out that it would drown if it killed the frog in the middle of the river. The frog considers this argument sensible and agrees to transport the scorpion. Midway across the river, the scorpion stings the frog anyway, dooming them both. The dying frog asks the scorpion why it stung despite knowing the consequence, to which the scorpion replies: "I am sorry, but I couldn't resist the urge. It's in my nature."

— Early 20th Century Russian fable

Market Commentary

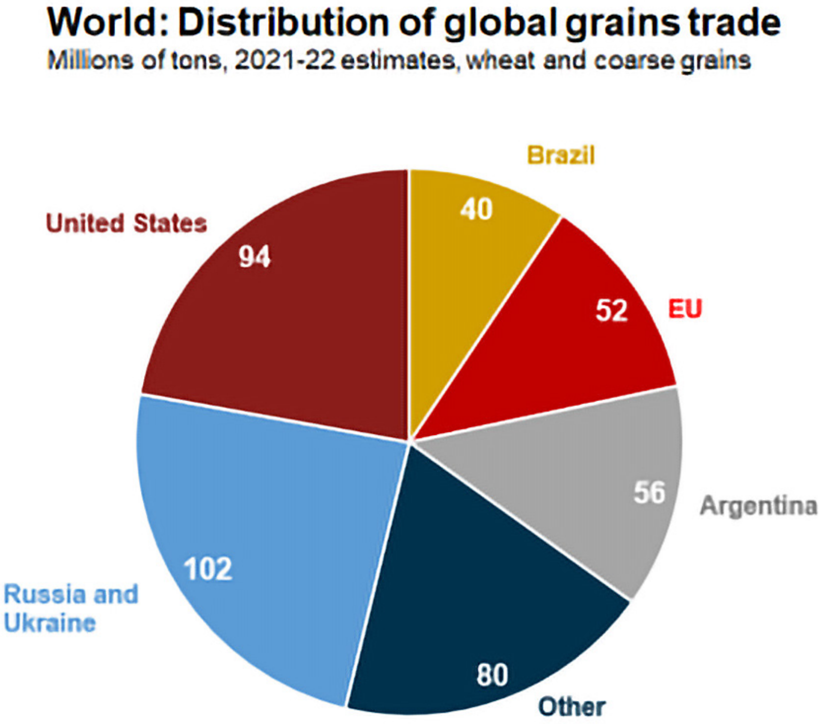
2022 has so far left many of us lost for words. As we continue to emerge from a global pandemic, we are witnessing a tragedy unfolding in Europe the likes we have not seen since the Second World War. One can only hope the war in Ukraine comes to an end, yet the story of the frog and scorpion is a reminder that Putin will not be stopped unless the West continues to stand up to Russian aggression. We are all trying to wrap our heads around this new reality, and I have not yet even mentioned the stock market!

Of course, the humanitarian crisis in Ukraine and needless deaths of thousands of civilians is the utmost concern. But the reality is that things will not likely go back to the way they were any time soon and we should adjust to an altered economic and geopolitical environment. This has significant consequences for investors.

Currently the stock market is focused on 3 issues:

1. The war in Ukraine
2. Inflation
3. China's failed Covid strategy

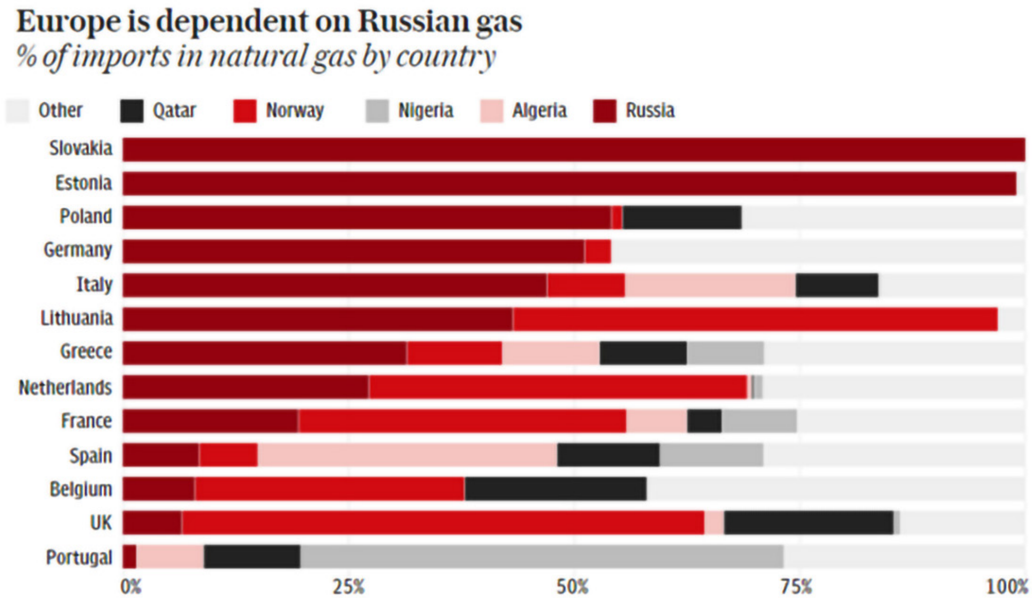
These issues are all interconnected and have created a challenging landscape for investors. Reckless government spending in both Canada and the US coupled with overly accommodative monetary policy from central banks has driven inflation to levels not seen since the 1970's. The war in Ukraine has only added fuel to the fire as the conflict has disrupted the supply of key commodities, driving up prices even further. This is particularly true in the agriculture sector and for food prices:



NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

Stockdill WEALTH MANAGEMENT

Not only are Russia and Ukraine a major breadbasket for the World, but Russia is also one of the World's largest producers of oil & gas. This is especially bad news for Europe:



Source: "An energy crisis is coming, but I'd rather be in Brexit Britain than the EU," The Telegraph, November 18, 2021

On top of this, China's failed "zero-Covid policy" means the country is embroiled in endless lockdowns. As China is a major supplier of manufactured goods, this has snarled supply chains and contributed to higher prices.

So where do we go from here? 2022 may continue to be a challenging year for stocks. As central banks scramble to raise interest rates to tame inflation, higher rates make stocks and real estate less attractive as savers can get better rates on GICs, bonds, and cash in the bank.

Are stocks still the place to be? Absolutely. With the U.S. 10yr bond approaching 3% and GIC rates close to 4%, the market has anticipated rate increases from central banks and I believe this is already largely priced in. If the economy were to cool, this would also take the heat of central bankers to raise rates too aggressively.

So as investors, how should we position our portfolios? In these uncertain times, I believe it more important than ever to follow some guidelines:

1. Avoid leverage – Do not borrow to invest
2. Have a reasonable investment time horizon (3 – 5yrs)
3. Buy good quality companies
4. Buy companies that are growing their dividends
5. Be diversified

From an asset allocation perspective, we still believe in being diversified globally, yet we are biased towards Canadian stocks. Being overweight Canada addresses some of the geopolitical and economic issues we face. Canada is also a breadbasket for the World and one of the largest producers of oil & gas and base metals. High commodity prices are bad for consumers, but good for resources companies, helping to dampen the effects of this challenging environment. As I write this, the U.S. S&P500 Index is down -11.8% since the start of 2022 while the TSX is only down -1.2%.

Dividends also remain important. Good quality companies that pay and grow their dividends usually continue to do so even when the stock market goes temporarily insane. An investment guru of the last several decades once said:

"Think of your portfolio as an apartment block, your suites are full and your renters are all paying their rent. Just because the value of that apartment block fluctuates, doesn't mean you should sell it."

Your suites being a portfolio of good quality companies, the rent being those reliable and growing dividends.

For most investors who have a tolerance for some risk, the above guidelines should keep us calm, clear-headed, and on track for long-term success.

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

Stockdill WEALTH MANAGEMENT

Basket Update

For exposure to good-quality Canadian companies, our Growth & Income Private Portfolio (Basket) continues to perform well. **Our 1-year return to March 31st was +17.61% and our return since inception has been +13.82% per year.** We have modestly lagged the return of the TSX Total Return Index as we have avoided some of the more volatile companies that have driven recent stock market performance. Portfolio turnover is low, and we plan on owning our companies for many years. We have made some minor adjustments, adding to good quality positions on weakness, particularly our position in the Hamilton Australian Banks ETF (HBA). Although outside Canada, the Australian banking sector is like Canada's as it is highly regulated and a monopoly. Like Canada, Australia is also set to benefit from higher commodity prices yet has less debt and a higher GDP per capita than we do. **For investors looking for active management at a reasonable cost, or who are looking to shed their high fee Canadian mutual funds, please consider our Basket.**

Client Communications

I periodically email economic & geopolitical updates. For those that would like to receive these updates and are not already, please let us know.

Tax Slips

Tax season is finally ending. Tax slips can be posted electronically to online access or mailed via Canada Post. Please let us know if you would like to change your delivery preferences for next year.

Fixed Income Rates

Daily Money	
NBI Cash Performer (CAD)	0.90%
NBI Cash Performer (USD)	0.50%

GICs		Mortgage Rates	
1-Year	2.91%	1-Year fixed	3.04%
2-Year	3.56%	2-Year fixed	3.39%
3-Year	3.80%	3-Year fixed	3.69%
4-Year	3.83%	4-Year fixed	3.94%
5-Year	3.87%	5-Year fixed	4.04%
		Variable rate	Prime – 0.70% = 2.50%

Rates are as of April 29, 2022 and are subject to change at any time.

Referrals

My clients often ask me if it's okay to refer family and friends. I want to emphasize that this is highly encouraged! My practice is built on word of mouth and I am always happy to sit down with a prospective client to discuss my process. If you feel it is appropriate, please feel free to share my contact information.

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. **This commentary reflects my opinions alone and may not reflect the views of National Bank Financial Group.** In expressing these opinions, I bring my best judgment 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.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your investment advisor to verify whether this security or sector is suitable for you and to obtain complete information, including the main risk factors.

– Ian Stockdill

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

Stockdill WEALTH MANAGEMENT

APRIL 29, 2022

Canadian Growth & Income Private Portfolio

Wealth Advisor & Portfolio Manager

Ian Stockdill
700-737 Yates Street
Victoria BC V8W 1L6
Tel.: 250-953-8461
Toll Free: 1-800-799-1175
E-mail: ian.stockdill@nbc.ca

Investment Strategy

- Risk management and portfolio diversification are key
- Seeking high quality company with strong management teams
- Seeking companies that pay stable & growing dividends
- Willing to pay for some growth potential but at a reasonable price
- May occasionally take advantage of tactical opportunities to overweight or underweight certain sectors

Who is this Investment For?

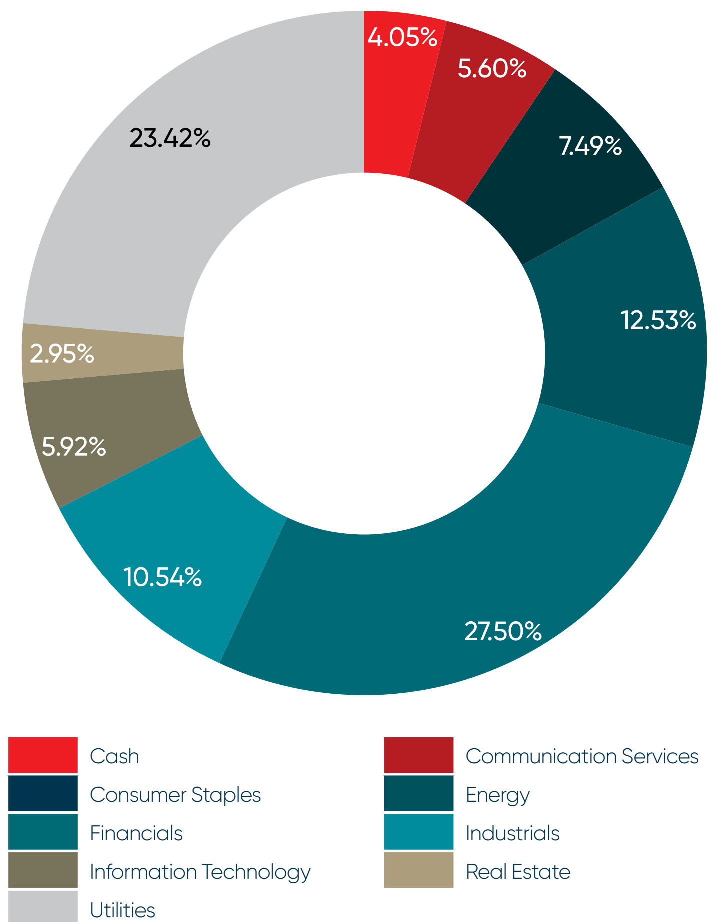
- Seeking diversified Canadian equity exposure
- Willing to tolerate a moderate level of risk with a minimum time horizon of 5 years
- Seeking tax efficient income

Portfolio Performance*

	3 months	6 months	1 year	2 years	Inception as of Feb 1, 2019
PORTFOLIO Performance	3.92%	8.34%	17.61%	27.22%	13.82%
BENCHMARK TSX Composite	3.82%	10.54%	20.19%	31.67%	14.84%

*As of March 31, 2022
TSX Composite Total Return Index

Portfolio Sector Breakdown*



*As of April 29, 2022

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

Stockdill WEALTH MANAGEMENT

Portfolio Holdings**

Issuer	Ticket	Sector	Weight
Purpose High Interest Savings ETF	PSA	Cash	4.05%
Alimentation Couche-Tard	ATD.B	Consumer Staples	7.49%
AltaGas	ALA	Utilities	3.25%
Brookfield Asset Management	BAM.A	Financials	6.75%
Brookfield Infrastructure	BIP.UN	Utilities	9.44%
Enbridge	ENB	Energy	5.21%
Hamilton Australian Bank ETF	HBA	Financials	4.44%
H&R Reit	HR.UN	Real Estate	2.95%
Innergex Renewable	INE	Utilities	4.55%
National Bank	NA	Financials	6.01%
Northland Power	NPI	Utilities	6.18%
Open Text	OTEX	Information Technology	5.92%
Parkland Fuel	PKI	Energy	4.96%
Royal Bank	RY	Financials	5.81%
TD Bank	TD	Financials	4.49%
Telus	T	Communication Services	5.60%
Toromont Industries	TIH	Industrials	5.91%
Waste Connections	WCN	Industrials	4.63%
Whitecap Resources	WCP	Energy	2.36%

*As of April 29, 2022
**Excludes uninvested cash

Ian Stockdill,
Wealth Advisor & Portfolio Manager
250-953-8461
ian.stockdill@nbc.ca

Jamie Reinisch,
Associate
250-953-8401
jamie.reinisch@nbc.ca

Compliments of Stockdill Wealth Management
National Bank Financial
Suite 700, 737 Yates St, Victoria BC, V8W 1L6
www.ianstockdill.com

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

Stockdill WEALTH MANAGEMENT

IIROC Investment Industry Regulatory Organization of Canada

CIPF Canadian Investor Protection Fund MEMBER