



Victor R. Dawydiak, B.Comm

Investment Advisor

Portfolio Manager

604-541-4930

victor.dawydiak@nbc.ca

April 20, 2021

32nd Year of

The Prophetable Investor

Successful investing is about managing risk, not avoiding it - Benjamin Graham

Performance to March 31, 2021

TSX	Up 7.3%
Dow Jones	Up 5.8%
NASDAQ	Up 2.8%
S&P 500	Up 6.5%
Gold	Down 10.2%
Oil (WTI)	UP 21.9%
Basket	Up 4.89%

T-Bill and GIC Rates as of 02/12/2021

1 Year Cda T-bill	.165%
1 Year GIC	.90%
2 Year GIC	1.20%
3 Year GIC	1.55%
4 Year GIC	1.80%
5 Year GIC	2.00%

Market Update

Overall good quarter with the TSX outpacing the US. Canadian Dollar strength added to outperformance. The Materials Index was the worst performer down 7.2% while Healthcare, with the addition of Cannabis stocks, showed the most strength being up 38% as a group.

The ending of the first quarter of 2021 signifies the strongest first year of a bull market in sixty years. The S&P 500 was up 75% year over year. If history is a guide, the second year of a bull market will provide double digit returns. On average, the second year of a bull market has returned 13%, though not without corrections along the way.

Rising interest rates got the better of Precious Metals, but helped the index heavyweight of Financials. I continue to recommend hedging for inflation and rising rates.

After declining in step with interest rates over the last twenty years, we've seen a reversal in the prices of preferred shares as longer dated interest rates have now trended upward.

Most preferreds pay a dividend at a spread to the yield of five year Government of Canada bonds. The yield of those bonds has gone from about ½% to 1%. While this seems small, it means a loss of about 4% on the year for a holder of these bonds.

Conversely, and for other reasons as well, the preferred share index has moved up about 7% this year.

One way to look at the market is a present value of all future payments. If interest rates go up, the present value falls. From a portfolio management viewpoint, having investments that are inversely correlated is desirable in mitigating risk.

NBI Investments Preferred Equity Income Fund

The fund was up 11.75% for the first quarter of 202. As of quarter end, the fund paid a dividend yielding 4.72%. For more information, I have attached a link to the monthly profile of the fund:

<https://nbinvestments.fundata.com/nbi-monthly-profile-NBC480-Advisor-Series/pdf480EN>

Basket Commentary

No transactions on the quarter. Worries of rising rates kept increases modest for Utilities (CPX 4%, NPI flat). Likewise for Wheaton Precious Metals (down 17% on the quarter). For some of the same reasons, National Bank was the biggest gainer on the portfolio at better than a 19% quarterly return. I maintain an overweight position in Materials as they could have torque in an inflationary scenario. I also like prospects for Financials. Fiera Capital, the portfolio's smallest weight, had an earnings miss, although cash flow exceeded expectations and more than covers the nearly 8% dividend.

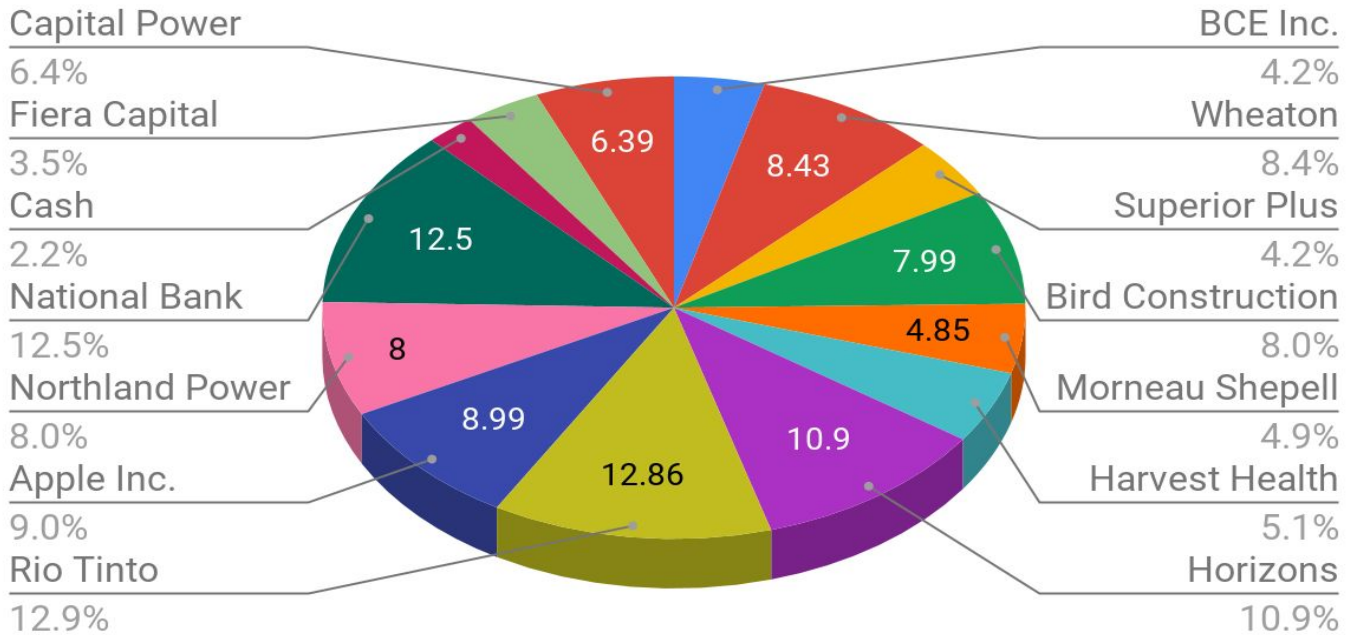
Basket Performance as of March 31, 2021

	3 months	1 year	5 years	10 years	Since Inception 05/23/2007
Basket Performance	4.89%	53.03%	17.12%	11.46%	8.55%
Benchmark	7.03%	38.24%	13%	6.88%	5.73%

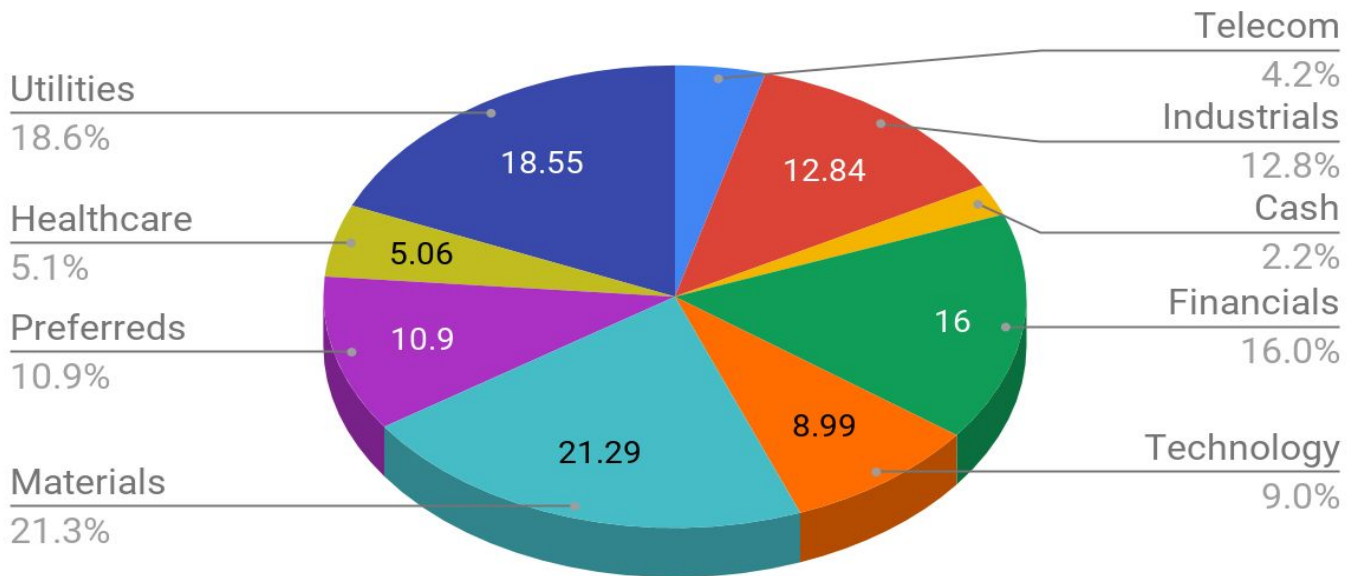
Calendar Year Performance

	2020	2019	2018	2017	2016
Return	18.91%	36.14	(2.97)%	16.6%	19.4%
Benchmark	7.16%	20.86%	(6.08)%	8.69%	17.23%

Portfolio as of March 31, 2020



Sector Allocation as of March 31, 2021



Fees: The standard fee is 1.5% annually for the basket.
No basket fee in fee based accounts.
Benchmark 75% TSX 15% Corporate Bond Index 10% S&P 500 index

Disclaimer:

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.

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.

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF Inc.), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF Inc. NBF Inc. is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA).