

Cash Flow Solutions Portfolio Quarterly Commentary

1st Quarter (Q1) – as of March 29, 2019

Following the sell-off in equities we experienced during the fourth quarter of 2018, equity markets have come roaring back to life with a year-to-date return of approximately 12% for the TSX and S&P500 with all sectors contributing. While the **Cash Flow Solutions model** has largely kept pace with the strong market this past quarter, we did so while still maintaining a cautious approach to protect your capital had the sell-off last quarter continued.

Most negative quarters or years in the market are followed by positive quarters and years. *Patience is the key to success!* We thank you for your patience.

In these times of market volatility, it can be stressful on all of us. The key to managing stress from fluctuations in the market is to focus on facts and ignore the media noise. Remember in February 2016 and again in February 2018 markets also dropped dramatically and it was a very stressful time and yet we all survived and thrived afterward.

We created your portfolio to make sure you are well diversified and can weather the storm. You may recall in one of the IN FOCUS e-newsletters I described the **three legged stool of investing** we utilize for you. Every account holds a percentage of cash, which is completely stable; and fixed income, which is quite stable. These two components allow for short-term flexibility while the equity component in your portfolio is invested for the longer term.

So what is the outlook for the remainder of 2019?

Investor concerns will mostly likely linger over trade war, Brexit and recession possibilities. One area of optimism is that the Bank of Canada and U.S. Federal Reserve are slowing the pace of interest rate hikes, which bodes well for North American consumers. While there is no doubt that the outlook for global economic growth is uncertain, I think high-quality investments can still grow at a modest pace.

Monthly and Q1 returns for the Cash Flow Solutions Model were as follows*:

<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Q1</u>
+5.70%	+2.56%	+2.13%	+10.72%

* **Returns are net of investment costs.** Please note that the actual performance of your account(s) this past quarter and for the year will vary due to inception date and the timing of deposits and withdrawal. Your complete performance for the full range of periods can be found on the portfolio summary page.

As you can see above and from your statements the first quarter was one of the best quarters we've experienced ever! Currently, the model portfolio is invested in:

- 71% equities
- 29% fixed income and cash

We have a healthy cash cushion as a cautious approach should the market decline restart. **Our investment focus is on generating cash flow from your investments** in the

Cash Flow Solutions Portfolio Quarterly Commentary

1st Quarter (Q1) – as of March 29, 2019

form of dividends and interest payments along with capital gains from price appreciation. **Our client focus is on educating you** in the form of seminars, lunch and learns along with the weekly IN FOCUS newsletter.

Our Top Three Best Performing Investments for Q1 2019 based on price gains

1. WSP Global – up 25.31%
2. Boyd Group Inc.– up 22.26%
3. Labrador Iron Ore Royalty Corp – up 20.25%

Investment Highlights

At the end of January the units of the **BMO Equal Weight Global Gold ETF (ZGD)** underwent a 1-for-5 consolidation. If you held 500 shares you now hold 100 shares and the price has been adjusted as well. It was one of the only shining stars in our portfolio last quarter as gold investments tend to do well when everything else isn't. We keep the shares for exactly that reason! It's an excellent diversifier.

BCE Inc. (BCE), formerly known as Bell Canada Enterprises, is one of Canada's largest communications company. It's the only investment that remains from the original Cash Flow Solutions Portfolio of December 2012. The company has raised its dividend every year since 2008 and did so again this past quarter

CGI Inc (GIB.a) underwent a name change from CGI Group to CGI Inc. It is one of two investments we own that does not pay a dividend, however its consistent growth record is why we own it.

Since its original addition to the portfolio in 2015 the share price has grown 47%.

During the 1st quarter the following changes were made to the portfolio model:

We sold all the units of the **First Asset U.S. and Canadian Lifeco ETF (FLI)**, which was not meeting our performance expectations. Proceeds were left uninvested.

Thank you again for your patience as we acknowledge the swift drop and subsequent recovery were unsettling. We are committed to your success and your financial education. We look forward to continuing to work together and seeing you at our next meeting or one of our various presentations and lunch n learns throughout the year!

Wishing you and yours a happy spring!

Trixie Rowein, B.Comm., CIM®, CFP®
Portfolio Manager & Financial Advisor

Kelley Johns
Licensed Assistant

This Quarterly Market Comment has been prepared by Trixie Rowein and expresses the opinions of the author and not necessarily those of Raymond James Ltd. (RJL). Statistics and factual data and other information are from sources RJL believes to be reliable but their accuracy cannot be guaranteed. The performance outlined in the report is net of fees. The TSX Composite return is a price return. The client account performance may vary from the model portfolio due to several factors, including the timing of contributions and dates invested in model. The performance reported is that of the account that represents the model, not a composite. Performance calculation for the models may be different than the index used as a reference point. It is for information purposes only and is not to be construed as an offer or solicitation for the sale or purchase of securities. This Quarterly Market Comment is intended for distribution only in those jurisdictions where RJL and the author are registered. Securities-related products and services are offered through Raymond James Ltd., Member-Canadian Investor Protection Fund.