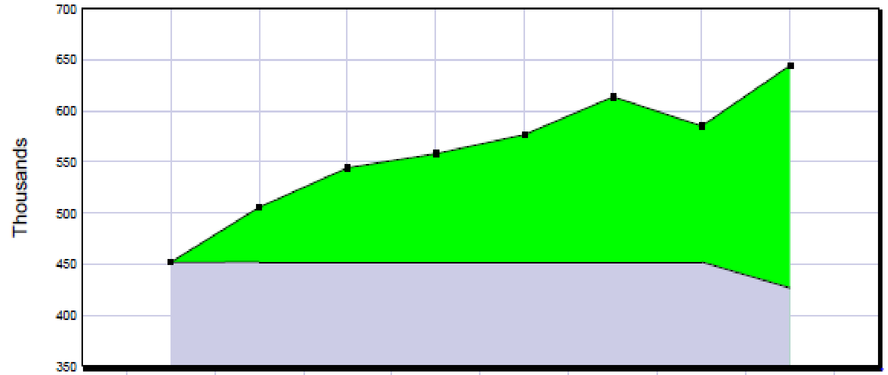
Cash Flow Solutions Model Portfolio
Q2 Quarterly Commentary - as of June 28, 2019

The positive momentum in the first quarter carried through in the second quarter. Following the sell-off in equities we experienced during the fourth quarter of 2018, we are thrilled to see portfolios invested in the **Cash Flow Solutions model** show a year-to-date return of approximately 15%! It hasn't been a straight move up as the month of May saw a brief retreat in account values. We are still maintaining a balanced and cautious approach to protect your capital as we know the market rarely moves up in a straight line. *Patience is the key to success and w*e thank you for your patience.

We encourage you not to get too excited about the strong performance of the portfolios as big moves up (or down) in the short-term distract us from the long-term objective of your portfolio. **Our investment focus is on generating cash flow from your investments** in the form of dividends and interest payments along with capital gains from price appreciation.

So what is the outlook for the remainder of 2019?

Investor concerns will mostly likely linger over trade tariff tensions, Brexit and recession possibilities. One area of optimism is that the Bank of Canada is predicted to keep rates stagnant and U.S. Federal Reserve is expected to reduce interest rates, which bodes well for North American consumers and the economy. While there is no doubt that the outlook for global economic growth is uncertain, I think high-quality investments can still grow modestly.



	2012	2013	2014	2015	2016	2017	2018	2019
Portfolio Growth (Cumul.)	30	53,612	92,359	106,160	124,879	161,897	133,218	218,220
Deposits - Withdrawals (Cumul.)	451,815	452,175	452,175	452,175	452,175	452,175	452,175	426,723
Market Value	451,845	505,787	544,534	558,335	577,055	614,072	585,393	644,944
Return	0%	12%	8%	3%	3%	6%	−5%	15%

Above is a graph of one of the first clients who entered the discretionary platform in December 2012. Despite all the ups and downs of the market, and a negative return for last year, this client account has had an annualized return of 7.01% net of costs. Patience is rewarded over time.

Monthly and Q2 returns for the Cash Flow Solutions Model were as follows*:

April	May	Jun	Q2
+2.25%	-1.04%	+2.27%	+3.49%

* **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.

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The Top Three Best Performing Investments for Q2 2019 based on price gains

1. Dollarama – up 27.00%
2. Labrador Iron Ore Royalty Corp – up 16.21%
3. BMO Global Gold Index ETF - up 14.81%

Investment Highlights

Labrador Iron Ore (LIF) announced another special distribution of $0.65/share in addition to the regular dividend of $0.25/share. LIF has surprised us with their generous special dividends, which has helped fuel the share price higher.

BCE Inc. (BCE) raised its dividend this past quarter. They have raised their dividend every year since 2008.

During the 2nd quarter the following changes were made to the portfolio model:

- We sold all the shares of the **Ritchie Brothers (RBA)**, which was not meeting our performance expectations.
- Proceeds were reinvested in **Algonquin Power Utilities (AQN).** Among utilities, AQN has a best in class growth profile that is driven largely from 'green power' projects in North America. The company pays a dividend of 4.6%, which has been growing at over 10% annually over the past five years.
- We sold all the units of **Manulife Strategic Income Fund (MMF659)** to make room for the **iShares Canadian Real Return Bond Index (XRB).** Inflationary pressures are rising and real return bonds adjust for inflation providing increased diversification to the fixed income portion of the portfolio.

We also added to the following investments:

- **Boyd Group (BYD.un)** for additional growth. Boyd has been steadily acquiring auto body shops in North America and is creating efficiencies that are resulting in higher profits. We expect the shares to continue moving higher.
- **CI First Asset Canadian REIT Income ETF (RIT)** for increased dividend income and to make the portfolio more defensive. As interest rates move lower dividend payers like REITs will benefit.
- **BMO Global Gold Index ETF (XGD)** as a defensive hedge as gold generally moves up as geopolitical uncertainty spikes.

Uncertainty is ever present with investing, as it is with life. We thank you again for your patience as we recognize the ups and downs in the markets can be unsettling. Our success is linked to your success and we value the relationships we have with you. **Please contact us with your suggestions on how we can better serve you. We look forward to hearing from you!** Take care.

Wishing you and yours a spectacular summer!

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