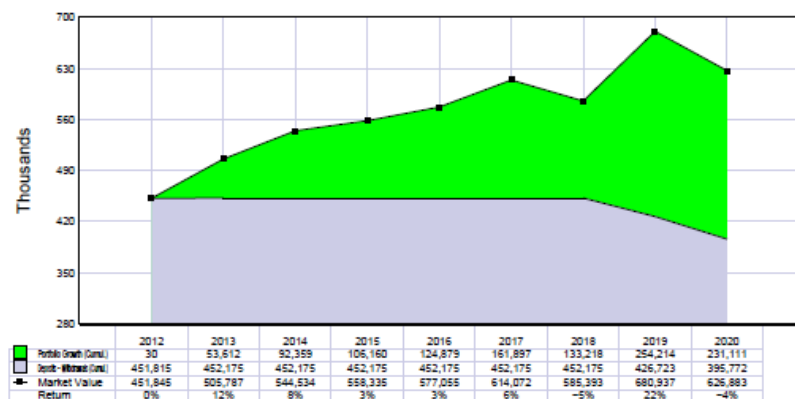


# Cash Flow Solutions Model Portfolio

## Q2 Quarterly Commentary - as of June 30, 2020

We're only through the first two quarters of the year and already we have experienced one of the worst and one of the best quarters in history! Momentum reversed quickly in Q2 showing the importance of staying invested in a mix of quality investments as the performance graph below highlights.

**Following the sell-off in equities in Q1 we are thrilled to see portfolios invested in the Cash Flow Solutions model bounce back strongly, up 13.55% for Q2, with a year-to-date return of approximately -3.5%.** Currently, the annualized return of the model is 5.69% net of costs since December 2012. Patience is rewarded over time.



**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. Protecting retirement income for our clients is at the outmost of importance followed by investment growth.

We recognize the first half of this year has been an extreme stress test for all investors, especially for retirees who are actively drawing upon their portfolios for living expenses. Our balanced and cautious approach to protecting your capital includes a built-in stabilizer for turbulent times – cash reserves that can be drawn upon so we don't have to sell stocks when they're down. **The goal of having a cash buffer or reserve is to provide peace of mind so you aren't overly rattled during periods of short-term turbulence.**

Our strategy has held up remarkably well, due to what we owned, and more importantly, what we didn't own – energy. The energy sector is down -46% year-to-date with some energy stocks still down -90%. We will be adjusting portfolios in stages and possibly take advantage of value stocks.

### So what is the outlook for the remainder of 2020?

We remain cautiously optimistic despite all the uncertainty as federal governments continue to provide stimulus, pushing markets higher. In addition, central banks are keeping interest rates lower for longer, which bodes well for North American consumers and the economy.

Investor concerns will linger over COVID-19, the US election and the reestablished trade tariff tensions. While there is no doubt that the outlook for global economic growth is facing many headwinds, I think high quality and adaptable investments can still grow modestly.

# Cash Flow Solutions Model Portfolio

## Q2 Quarterly Commentary - as of June 30, 2020

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

<u>April</u>	<u>May</u>	<u>Jun</u>	<u>Q2</u>
+10.42%	+2.77%	+0.07%	+13.55%

\* Returns are net of investment costs.

Please note that the actual performance of your account(s) 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.

### The Top Three Best Performing Investments for Q2 2020 based on price gains

1. BMO Global Gold Index ETF - up 60.89%
2. Labrador Iron Ore - up 44.38%
3. Boyd Group - up 37.93%

### Investment Highlights

**Labrador Iron Ore (LIF)** announced another special distribution of \$0.20/share in addition to the regular dividend of \$0.25/share. LIF has surprised us with their generous special dividends, which has helped increase the portfolio yield.

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

- We sold all the shares of the **Inter Pipeline (IPL)**, which was not meeting our performance expectations and is part of a lagging sector.
- We trimmed **Bell Canada (BCE)** to take profits on the tranche we bought in March.

- We added to **AGFIQ US Market Neutral Anti Beta (QBLT)**, which is an ETF that benefits or performs well during periods of downside volatility using a strategy known as a long/short strategy. It provides downside protection to portfolios.
- We made investments in **Royal Bank (RY)** and **TD Bank (TD)** to earn higher dividends and take advantage of their lower stock prices.
- We added to our existing investment in **CGI (GIB.a)**.

Your portfolios are holding up very well given the ever changing landscape. Accepting uncertainty is a part of 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 and your families. Remember we're here to help.

*Wishing you and yours a spectacular summer!*

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