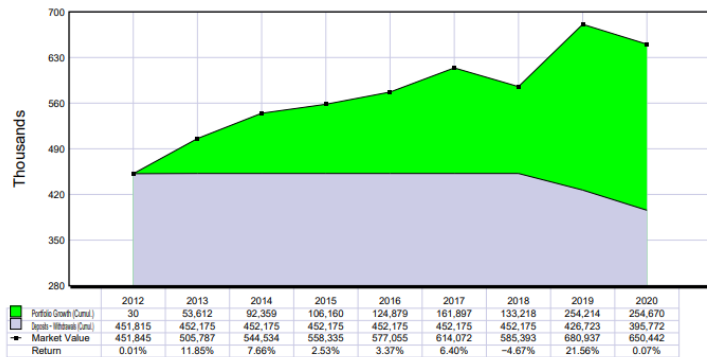


Cash Flow Solutions Model Portfolio

Q3 Quarterly Commentary - as of September 30, 2020

Heading into fall investors were concerned about a sharp decline in markets given the impressive rebound since the COVID pandemic was declared in March. However, momentum has continued showing the importance of staying invested in a mix of quality investments as the performance graph below highlights. **Following the initial rebound in Q2 we are thrilled to see portfolios invested in the Cash Flow Solutions model move higher, up 3.79% for Q3, with a year-to-date return of approximately 0.07%.** Currently, the annualized return is **5.98%** net of costs since December 2012. Patience is rewarded over time.



n:

rate of return from December 19, 2012 to October 1, 2020:

5.98%

Our investment focus remains on generating cash flow from your investments in the form of dividends and interest payments along with capital gains from price appreciation. Protecting your principal is vitally important as it's easier to make money if you haven't lost any.

So what is the outlook for the remainder of 2020?

We remain relatively optimistic despite all the uncertainty around the election and COVID-19 for several reasons:

- 1. Globally governments continue to offer stimulus**, providing support for the markets and economy.
- 2. The U.S. election will be over soon** and contrary to what many believe markets can move higher with Democrats in power. Remember the Clinton era saw stock markets surge.
- 3. Central banks have pledged to keep interest rates low through 2023**, which bodes well for North American consumers and the economy.

Low interest rates also bodes well for the markets as it will push many to invest. When you can get stock dividends of 3% or more compared to 1% GICs the fund flows resulting from the demand for stocks will move markets higher over time. We believe that the model portfolio can still grow modestly throughout the rest of 2020. Our intention is to use election volatility to add to investments at potentially lower prices increasing our odds of positive performance.

Monthly and Q3 returns for the Cash Flow Solutions Model were as follows*:

<u>July</u>	<u>Aug</u>	<u>Sept</u>	<u>Q3</u>
3.77%	1.12%	-1.17%	3.79%

* **Returns are net of investment costs.** Actual performance of your account(s) will vary due to inception date and the timing of deposits and withdrawals. Your complete performance for the full range of periods can be found on the portfolio summary page.

Cash Flow Solutions Model Portfolio

Q3 Quarterly Commentary - as of September 30, 2020

The Top Three Best Performing Investments for Q3 2020 based on price gains

1. Honeywell International 13.85%
2. TD Science & Technology Fund 13.69%
3. Algonquin Power & Utilities 10.80%

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.

TD Science & Technology Fund continues to be one of the best overall performers in the portfolio. The work from home trend has accelerated technology adoption and the trend is ongoing.

During the 3rd quarter the following changes were made to the portfolio model:

- We bought shares of the **Russell Metals (RUS)**, due to its generous and stable dividend at of just over 8%.
- We added to **Honeywell (HON-US)** after it was added to the Dow Jones index to potentially capitalize on market index ETF's pushing the stock higher.
- We sold half of **Boyd Group Services (BYD)** reducing our exposure to the transportation sector and our high risk allocation.
- We also sold half of **Parkland Corp (PKI)** due to the increasingly volatile price movement and change in risk rating to high risk.

Making changes in an increasingly unstable environment is not easy but we maintain an optimistic outlook that humanity will adapt and thrive. As we've said many times in the weekly IN FOCUS newsletter, election and COVID headlines will continue to move markets on a daily basis. Remember to stay focused on the future.

Our team remains committed to the future and added a bright, young administrative assistant to our team – Alexa Cousiño. The business of managing money and navigating the life transitions many of you have or will go through such as retirement, death or divorce requires a bigger team. Thank you for your patience and confidence in allowing us to care for your family's financial future. We are committed to your success and look forward to continuing to work together. Take care and stay safe!

Wishing you and yours an amazing autumn!

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