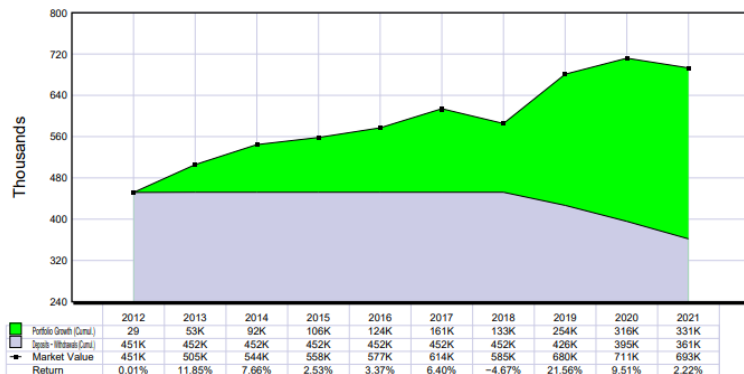


# Cash Flow Solutions Model Portfolio

## Q1 Quarterly Commentary - as of March 31, 2021

What a difference a year makes! Last March was the height of the virus-induced lockdowns and this March markets reached new highs. The S&P 500 and TSX index crossed the 4,000 19,000 level respectively, for the first time in history. It accentuates how powerful this rally has been and shows that the economy and individuals are more resilient than many people think. **Many are drawing references to the Roaring '20s, when pent-up demand after WW1, fueled a roaring recovery.** Consumers are ready, willing and able to spend!

We started the year with a maximum weighting to stocks and equity funds, which for the model is 85%, with the remaining 15% in bond funds and cash. **We are delighted to see the Cash Flow Solutions model move higher, up 2.22% for Q1.** Currently, the annualized return of the balanced model is **6.97%** net of costs since December 2012.



return from December 19, 2012 to April 1, 2021:

6.97%

### What do we focus on now?

There remain plenty of tailwinds for equity markets:

- lower for longer interest rates,
- supportive government stimulus policy and
- ongoing vaccination programs and more.

**Raymond James Chief Investment Officer Larry Adam offered his ABC's of why he remains optimistic:**

**Accelerating Economic Growth** – Continued easy monetary policy and an accelerating reopening of the economy means GDP estimates have been revised higher. The improving health of the economy remains supportive of stocks.

**Balance Sheet Expansion By The Fed** – The Fed will maintain its accommodative stance for the foreseeable future, which should support market momentum. As the adage goes, “Don’t fight the Fed!”

**COVID Containment** – With nearly 20% of the U.S. population fully vaccinated and more doses being administered daily, the potential for herd immunity would stave off one of the largest risks to the stock market – the ongoing health crisis.

**Remember that this is first and foremost a health crisis, which has lead to economic disruptions.** When COVID is contained we fully anticipate that consumers will be very eager to travel or just go out and do stuff. **Hence, the comment we made earlier about the Roaring '20s.**

# Cash Flow Solutions Model Portfolio

## Q1 Quarterly Commentary - as of March 31, 2021

**Value vs. Growth** – Growth has outperformed value over the last decade but in 2021 value has lead the charge. Growth consists of stocks with higher price-to-book ratios and often pay little or no dividends. Value consists of stocks that have lower price-to-book ratios and often pay dividends. **Our model is a blend of both value and growth but we're tilting the model towards value by adding more dividend paying stocks such as: TD Bank, Suncor, and Russel Metals.**

	Value	Blend	Growth
Large Cap	13.2%	9.3%	5.7%
Mid Cap	15.1%	10.8%	3.2%
Small Cap	22.1%	13.8%	6.1%

### The top three best Performing investments for Q1

1. Suncor Energy (SU-T) +23.04%
2. Toronto Dominion Bank (TD-T) +13.96%
3. Labrador Iron Ore (LIF-T) +13.55%

### During Q1 the following investment changes:

- We trimmed **Labrador Iron Ore (LIF-T)** to take some profits after the strong run up in 2020 and added to **Russel Metals (RUS-T)**, which has been steadily growing. Russel also pays a generous dividend over 5%.
- We added to **Suncor Energy (SU-T)** as we believe this stock is still undervalued and has room to grow.

- We also trimmed **CI First Asset Canadian REIT ETF (RIT-T)** & **Brookfield Assets Management (BAM.A-T)** to raise cash in the accounts for downside protection.

Making changes in an increasingly unstable environment is not easy but we have processes and plans in place to navigate the uncertainty. We maintain an optimistic outlook and think 2021 will be a positive year. As we've said many times in the weekly IN FOCUS newsletter, vaccine distribution and COVID headlines will continue to move markets on a daily basis. Remember to stay focused on the future. Feel free to call Taylor or myself to review your portfolio.

*Wishing you and yours a spectacular spring!*

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

**Taylor Cooper, B.Comm.**      **Kelley Johns**      **Alexa Cousiño**  
Licensed Portfolio Manager Assistant    Licensed Assistant    Admin 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.