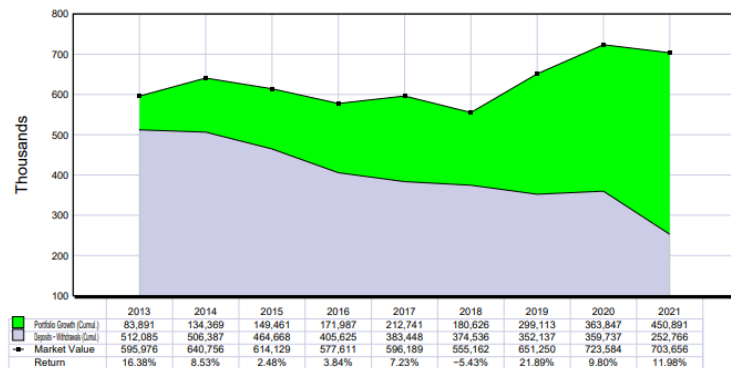


# Cash Flow Solutions Model Portfolio

## Q2 Quarterly Commentary - as of June 30, 2021

The positive momentum in Q1 carried through in Q2 and significant progress was made. **We are thrilled to see portfolios invested in the Cash Flow Solutions model show a spectacular year-to-date return of approximately 11.98%!** Our exposure to commodities and financials was a big driver of performance, along with the continued economic recovery spurring growth.

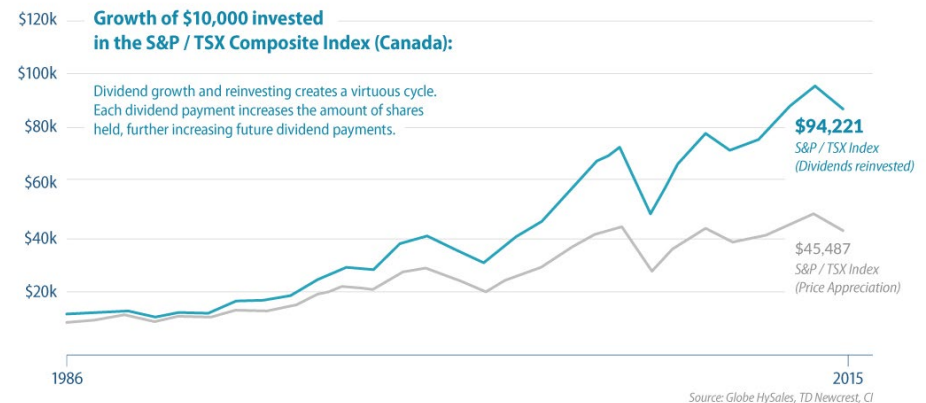
We started the year and Q2 with a maximum weighting to stocks and equity funds, which for the model is 85%, with the remaining 15% in bond funds and cash. However, we started raising our cash position before the Federal Reserve meeting on June 16 to protect our gains from a potential market pull back. Trimming on the way up has always been part of our investment philosophy for reducing risk in the portfolio. Currently, the annualized return of the balanced model is **8.73%** net of costs since December 2012.



return from January 11, 2013 to July 5, 2021:

8.73%

**The True Power of Dividends** – Investments with dividends have many benefits: (1) Dividends help combat market volatility because dividend yields increase as the market price of a stock falls, making the stock more attractive. (2) Dividends generate cash flow in up and down markets. Many of your investments have a balanced approach to returns between capital growth and yield. The graph below shows the power of receiving dividends and reinvesting the cash.



**Cost Yield Vs Current Yield** - Cost yield shows the dividend yield associated with the initial price paid for an investment. For that reason, stocks that have grown their dividends and/or their share price over time can deliver very high yield on cost.

**For example, Labrador Iron Ore (LIF-T) has a current dividend yield of 14.40% but a cost yield of 34.70% since clients paid much less than the current price of \$48.48.**

The total compound rate of return for LIF including dividends and share growth since 2016 is 45.50% per year!

# Cash Flow Solutions Model Portfolio

## Q2 Quarterly Commentary - as of June 30, 2021

### The top three best performing investments for Q2

1. Russel Metals (RUS-T) +35.53%
2. Labrador Iron Ore (LIF-T) +26.84%
3. WSP Global (WSP-T) +21.03%

### During Q2 the following investment changes:

- We trimmed **Labrador Iron Ore (LIF-T)** to take some profits after the strong run up in 2021.
- We sold all of **Boyd Group Services (BYD-T)** and added the proceeds to **Nutrien (NTR-T)**, which has been steadily growing and is a play on agriculture trends. We then added more to **Nutrien (NTR-T)** later in the quarter on a pull back.
- We trimmed **TD Science & Technology Fund (TDB422)** to take some profits and lock in gains.
- We sold all of **iShares Gold Bullion ETF (CGL.C-T)** to raise cash in the model as we are becoming more defensive and want more downside protection.

**As mentioned last quarter, there are plenty of tailwinds for equity markets and they continue to fuel investor optimism:**

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

The economic recovery will continue to move quickly because of soaring consumer demand. COVID restrictions around the globe are beginning to lift and consumer spending

may shift away from goods and more toward services as countries continue to reopen, but consumers will nevertheless spend, spend, spend for the foreseeable future--and that will drive strong economic growth.

While we maintain a positive outlook for the remainder of 2021 we are keenly aware that the economic recovery is still dependent on the course of COVID. As we've said many times in the weekly IN FOCUS newsletter, COVID headlines can continue to move markets and we anticipate volatility, or market movements, to pick up this quarter. Remember to stay focused on the future. Feel free to call Taylor or myself to review your portfolio.

*Wishing you and yours a happy summer! 😊*

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