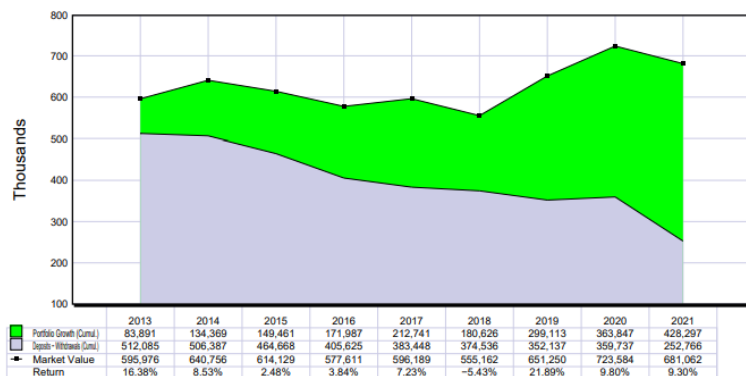


Cash Flow Solutions Model Portfolio

Q3 Quarterly Commentary - as of September 30, 2021

The month of September finished on a low note, which dragged down almost all accounts for the third quarter. **While we gave up some of the gains made this year we are happy to report the Cash Flow Solutions model portfolio shows a year-to-date return of approximately 9%! Our exposure to Labrador Iron Ore (LIF-T) and Russel Metals (RUS-T) was a big driver of performance for the first half of the year but these investments pulled back in Q3.**

The model now has an asset mix of 16% fixed income & cash and 84% equities. While the economic and investment landscape is littered with concerns we believe a diversified portfolio provides the best opportunities for growth and tax-efficient income. **Despite the ups and down of the markets over the years the annualized return of the model portfolio is 8.22% net of costs since January 2013.** See graph.



*return from January 11, 2013 to September 30, 2021:

8.22%

*Please note this client is regularly withdrawing funds.

Delta Variant, Inflation & Rate Hikes

Alberta recently declared a state of emergency and imposed social distancing restrictions amid a record number of patients in intensive care units. The Delta variant is keeping the world from getting back to normal and shooting consumer goods higher due to supply chain disruptions. **Furthermore, inflation is likely to remain elevated for the remainder of this year.** Policy rate hikes are likely still not on the immediate horizon, but pose the question a year from now and the answer is likely to be different.

China's Regulatory Crackdown & Energy Crisis

The Chinese government aims to regulate China's digital economy, which includes; internet finance, AI, cloud computing, real estate etc. In addition, China is facing energy shortages, which has led to factory closures impacting manufacturing and exacerbating supply chain disruptions even further. **While we don't own Chinese investments, the spillover effect will lead to more volatility, or price swings, in the markets over the coming months.**

2021 Canadian Election Implications

The votes are in and Canada elects another Liberal minority government. Expect the status quo, with some additional fiscal sprinkles. We could see spending rise over the next five years, offset by tax hikes. **There are no guarantees that marginal tax rates and/or the capital gains inclusion rate will increase, but be aware these are possible. Drawing down RRIFs quicker and crystalizing capital gains are useful strategies.**

Cash Flow Solutions Model Portfolio

Q3 Quarterly Commentary - as of September 30, 2021

The top three performing investments for Q3

1. Brookfield Asset Management (BAM.A-T) +7.32%
2. Nutrien Ltd. (NTR-T) +5.53%
3. WSP Global Inc. (WSP-T) +4.50%

During Q3 the following investment changes:

- We added to **Royal Bank (RY-T)** from our cash position. The financial sector is looking strong from a valuation standpoint with interest rates projected to increase. Royal Bank also pays a generous dividend of 3.44%.

- We added to **Labrador Iron Ore (LIF-T)** at \$42.50 using cash from our partial sale in June at \$48.51 to take advantage of the pull back in price. In addition we wanted to take advantage of receiving their generous Q3 dividend of over 5%. LIF has paid an impressive cumulative dividend of 21.93% for 2021. LIF is an all-star income producing investment!

Generating investment income in a low rate/rising rate environment is a key strategy moving forward. Investors put a premium on investments that pay a consistently growing dividend as they are the mark of healthy companies. In addition, fixed income investors are being pushed into the equity market looking for steady dividend payers as the *TINA (there is no alternative)* phenomenon continues.

As a result, we continue to overweight stocks or equities over bonds or fixed income. The stock allocation is tilting towards cyclical sectors such as; materials, financials and

energy as historically a strong rebound in economic activity and employment trends have been supportive of these areas of the markets.

Despite recent performance being affected by investor fears, we expect these fears will moderate in the months ahead. We encourage you to read the IN FOCUS newsletters to stay up-to-date and remember to stay focused on the future and your personal well-being. *What good is your wealth without your health!* We are here to help so feel free to email or call (780) 414-2552 if you have questions or comments.

In the spirit of Thanksgiving, we give thanks and gratitude for your trust and confidence in our team to provide you with continuous care over the past 20 years!

Wishing you continued health! Take care, stay safe!

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