

Quarterly Market Update



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Housing, Inflation, and Interest Rates

While fixed-rate mortgage holders have been relatively unaffected by all the rate increases over the past two years, variable-rate mortgage holders have been grappling with the burden of elevated monthly payments or negative amortization. The economy has also proven to be more resilient than expected and the unemployment rate remains below its historical average, giving the Bank of Canada (BoC) greater leeway to further delay the start of rate cuts. However, is prolonging the current interest rate level the answer to continued inflation improvement, or is inflation already sufficiently contained, or on the right trajectory, and could further delays possibly trigger a (longer) recession in the Canadian economy?

Bottom Line: Given the observed increase in financial stress among Canadian households and the potential worsening of structural issues in Canadian housing due to a prolonged period of elevated rates, we believe that a rate cut may be more beneficial for the overall economy in the current environment. However, given that the U.S. Federal Reserve (“Fed”) and BoC are holding firm on rates, we are encouraged by our more conservative portfolio positioning that should be resilient through a harder economic landing than currently expected. At the same time, we continue to collect an attractive income from our increased exposure to bonds, which are now offering us decade high rates of return.

***Please note that the commentary within this newsletter is related to the Langill & McHenry Investment Advisors Private Investment Management Group (PIMG) discretionary portfolios.*

Key Takeaways from Q1 2024:

Stocks

- North American stock markets ended Q1 of 2024 up (Q1 2024: Canada 6.6 per cent and the U.S. 10.6 per cent). The U.S. greenback was strong versus the Canadian loonie during the quarter (2.6 per cent in Q1 2024), and so U.S. stock returns held by Canadian investors on a currency-adjusted basis were increased by 13.5 per cent.
- U.S. equities have outperformed Canadian equities by 15.9 per cent over the last 12 months. U.S. stocks are benefitting from a larger exposure to popular technology stocks (e.g., Magnificent Seven: AAPL, MSFT, GOOG, AMZN, NVDA, TSLA & META). Looking out over a three-year timeframe, returns between the two markets are closer in comparison (Canada = 9.1 per cent, U.S. = 11.5 per cent), in local currency annualized.
- Due to inflation concerns, monetary authorities have tightened policy to rein in demand and avoid inflation becoming entrenched. Despite the increase in policy interest rates and reduced stimulus by monetary authorities, corporate and household balance sheets are in excellent condition and should support the economy through a possible slowdown or expected mild recession in 2024.

Bonds and Preferred Shares

- Bonds fell in Q1 2024, as stubbornly high inflation rates create a challenging environment. The Canadian bond market fell 1.2 per cent in Q1 2024 and rose 2.1 per cent over the last 12 months. A resilient consumer, supply chain bottlenecks and stimulus measures put in place due to the Covid-19 economic shutdowns, have created historically high inflation that has resulted in rising interest rates. Rising interest rates are a negative for conventional bond prices.
- After a recovery in late 2023, Canadian preferred shares have continued their positive momentum in 2024, despite central banks remaining hawkish on inflation concerns. Unlike the Canadian bond market, preferred shares rallied in Q1 2024 by 9.2 per cent, which has led to a rise of 12.8 per cent over the last 12 months (*source: iShares S&P/TSX Canadian Preferred Share Index ETF "CPD"*).

Our Models

- Our **all-equity stock** portfolios, **Dividend Growth (DG)**, **Yield & Growth (Y&G)**, rose **3.3 per cent** and **7.2 per cent** in Q1 2024 and have risen **15.0 per cent** and **8.6 per cent** over the last 12 months, relative to our benchmark at 10.6 per cent and 23.5 per cent, respectively.
- Our **Capital Preservation bond** portfolios, **DG** and **Y&G** versions, rose **0.7 per cent** and **0.3 per cent** for Q1 2024 and over the last 12 months rose **2.3 per cent** and **0.4 per cent**, relative to our benchmark that fell 1.3 per cent and rose 2.0 per cent, respectively.
- For our **Completion and Small Completion ("Balanced Growth")** portfolios, in Q1 2024 they rose **7.9 per cent** and **3.5 per cent**, while over the last 12 months they rose by **21.4 per cent** and **9.3 per cent**, relative to our benchmark at 6.4 per cent and 16.0 per cent, respectively.
- The top performers in our stock portfolios for Q1 2024 were **Tractor Supply Company (TSCO)**, up **22.3 per cent** in our DG portfolio, while **Merck & Co (MRK)** rose **21.8 per cent** to lead performance in our Y&G portfolio. In our Yield portfolio, **Canadian Natural Resources (CNQ)** led all stocks rising **20.3 per cent**. Laggards in our portfolios for Q1 2024 were **Jamieson Wellness (JWEL)**, falling **15.5 per cent** in our DG portfolio, while **Archer-Daniels-Midland (ADM)** fell **12.2 per cent** in our Y&G portfolio. In our Yield portfolio, **BCE (BCE)**, declined **9.9 per cent**.

Changes

We made some changes in our models in Q1 2024 regarding our strategic asset allocation and specific securities held in portfolios:

- **Asset Allocation Changes:** We continued to take advantage of strength in the equity market as well as decade high rates in the bond market, by rebalancing 5 per cent from our portfolios equity allocation to bonds and cash. For full details of the asset allocation changes between portfolios, please see page 14 “Our Investor Profiles and Asset Allocations”.
- **Security Changes:** We made several changes during Q1 2024:
 - On the equity side of the portfolios, in our DG model, we swapped the position in Comcast (CMCSA) to our Y&G portfolio, while adding American States Water (AWR) as a replacement in DG. To make way for CMCSA in our Y&G portfolio, we sold our position in Allstate (ALL). We also swapped two positions in BCE (BCE) and Gilead Sciences (GILD) to our Yield portfolio and replaced those positions with Archer-Daniels-Midland (ADM) and Air Products & Chemicals (APD). Within our Yield portfolio, the swapped positions in BCE and GILD from the Y&G portfolio replaced Leggett & Platt (LEG) and Whirlpool (WHR).
 - On the fixed income side of the portfolios, no changes were made to individual bond or preferred share positions.
 - In regard to our Completion and Small Completion portfolios, no changes were made to positions within the quarter.

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PIMG Model Portfolio Performance

As of 31MARCH2024

Mandate	1-week	1-month	3-mos	6-mos	Year to Date	1-year	2023	2022	2021
Capital Preservation DG Model	0.0%	0.6%	0.7%	7.3%	0.7%	2.3%	5.0%	-7.1%	-0.7%
Capital Preservation Y&G & Yield Model ¹	-0.1%	0.0%	0.3%	2.6%	0.3%	0.4%	0.8%	-10.3%	0.2%
Completion Capital Preservation Model	0.2%	1.3%	3.1%	8.2%	3.1%	6.3%	4.8%	-9.6%	1.1%
Small Completion Capital Preservation Model	0.4%	1.0%	0.3%	5.8%	0.3%	3.0%	4.7%	-9.0%	-1.7%
Capital Preservation Benchmark	0.4%	0.1%	-1.3%	6.9%	-1.3%	2.0%	6.6%	-11.7%	-2.8%
Balanced Growth DG Model	-0.1%	0.4%	2.2%	11.6%	2.2%	10.7%	16.7%	-5.0%	15.2%
Balanced Growth Y&G Model	0.6%	2.0%	4.9%	11.4%	4.9%	6.0%	2.6%	-0.5%	15.6%
Balanced Growth Yield Model	0.7%	2.5%	3.4%	10.2%	3.4%	5.5%	-0.9%	na	na
Completion Balanced Growth Model	0.2%	1.6%	7.9%	15.5%	7.9%	21.4%	16.8%	-11.0%	18.2%
Small Completion Balanced Growth Model	0.4%	2.0%	3.5%	10.0%	3.5%	9.3%	10.6%	-12.0%	10.2%
Balanced Growth Benchmark	0.6%	1.7%	6.4%	15.5%	6.4%	16.0%	14.3%	-10.4%	16.3%
All Equity DG Model	-0.2%	0.5%	3.3%	13.0%	3.3%	15.0%	22.0%	-5.0%	21.6%
All Equity Y&G Model	1.2%	3.0%	7.2%	13.5%	7.2%	8.6%	2.6%	2.7%	22.9%
Completion All Equity Model	0.2%	2.0%	11.9%	21.0%	11.9%	30.3%	21.5%	-13.0%	25.5%
Small Completion All Equity Model	0.1%	2.8%	6.7%	15.1%	6.7%	15.0%	14.6%	-14.6%	13.9%
All Equity Benchmark	0.6%	2.6%	10.6%	20.2%	10.6%	23.5%	18.5%	-9.7%	26.6%

****Note: All Equity Benchmark is 60% iShares Core S&P500 ETF (IVV) & 40% iShares Core S&P/TSX Capped Composite Index ETF (XIC), Capital Preservation Benchmark is 100% iShares Core Canadian Universe Bond Index ETF (XBB), Balanced Growth Benchmark is 35% YBB, 26% XIC and 39% IVV.

***Note: Net Returns in CAD\$. Periods over one year are annualized. Time-weighted rates of return reported.

**Note: PIMG fees are withdrawn from accounts monthly on the second last week of the month.

¹Extrapolated returns after stripping out bond performance from Balanced Growth portfolio net returns from All Equity Y&G portfolio.

*Source: FactSet and Croesus Composites

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PIMG Model Portfolio Performance

As of 31MARCH2024

Mandate	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Capital Preservation DG Model	0.7%	6.4%	-2.1%	-1.5%	2.6%	-0.6%	0.0%	-2.6%	-4.0%
Capital Preservation Y&G Model ¹	0.3%	2.4%	-2.0%	-2.0%	1.4%	-0.8%	-2.5%	-3.5%	-3.9%
Completion Capital Preservation Model	3.1%	4.9%	-0.8%	-0.5%	1.2%	0.5%	-2.6%	-4.3%	-3.6%
Small Completion Capital Preservation Model	0.3%	5.3%	-2.7%	0.1%	1.9%	1.9%	-1.1%	-4.5%	-5.5%
Capital Preservation Benchmark	-1.3%	8.3%	-3.8%	-0.7%	3.1%	0.5%	0.4%	-5.5%	-7.1%
Balanced Growth DG Model	2.2%	9.1%	-1.5%	2.1%	7.6%	7.0%	-0.6%	-7.7%	-3.3%
Balanced Growth Y&G Model	4.9%	6.2%	-1.8%	-2.3%	1.6%	6.7%	-2.9%	-5.5%	1.6%
Balanced Growth Yield Model	3.4%	6.5%	-1.3%	-2.3%	-2.8%	-0.9%	na	na	na
Completion Balanced Growth Model	7.9%	7.0%	3.3%	2.9%	3.7%	5.7%	-2.2%	-9.9%	-4.4%
Small Completion Balanced Growth Model	3.5%	7.0%	-1.9%	0.7%	5.1%	5.0%	-0.6%	-10.0%	-6.4%
Balanced Growth Benchmark	6.4%	8.5%	-2.3%	2.5%	5.1%	4.1%	-0.2%	-10.8%	-3.6%
All Equity DG Model	3.3%	10.0%	-1.0%	3.7%	9.5%	10.1%	-0.9%	-10.2%	-3.1%
All Equity Y&G Model	7.2%	5.8%	-0.9%	-2.8%	1.6%	9.8%	-3.2%	-7.8%	4.8%
Completion All Equity Model	11.9%	8.2%	6.0%	3.4%	3.7%	7.3%	-1.8%	-17.4%	-4.2%
Small Completion All Equity Model	6.7%	7.8%	0.0%	1.4%	5.6%	6.2%	-0.7%	-13.5%	-6.4%
All Equity Benchmark	10.6%	8.6%	-1.5%	4.2%	6.2%	6.0%	-0.6%	-13.6%	-1.8%

****Note: All Equity Benchmark is 60% iShares Core S&P500 ETF (IVV) & 40% iShares Core S&P/TSX Capped Composite Index ETF (XIC), Capital Preservation Benchmark is

100% iShares Core Canadian Universe Bond Index ETF (XBB), Balanced Growth Benchmark is 35% XBB, 26% XIC and 39% IVV.

***Note: Net Returns in CAD\$. Periods over one year are annualized. Time-weighted rates of return reported.

¹Extrapolated returns after stripping out bond performance from Balanced Growth portfolio net returns from All Equity Y&G portfolio.

*Source: FactSet and Croesus Composites

"Dividend Growth (DG)" Stocks We Own:

Dividend Growth (DG) All Equity Portfolio (2024-03-31)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
Automatic Data Processing Inc	4.8%	7.8%	2.3%	26.8	28.7	11.9
Nordson Corp	4.8%	4.2%	1.0%	26.3	5.9	9.9
Tractor Supply Company	4.8%	22.3%	1.8%	24.5	12.6	21.3
Empire Co Ltd Cl A	4.8%	-5.1%	2.3%	11.6	1.6	16.8
Intact Financial Corporation	4.8%	8.5%	2.2%	15.3	2.7	8.3
Lowe's Cos Inc	4.8%	15.0%	1.9%	19.3	nmf	24.5
Morgan Stanley	4.8%	2.0%	3.9%	13.6	1.6	0.0
Jamieson Wellness, Inc.	4.8%	-15.5%	2.9%	16.7	2.5	8.6
UnitedHealth Group Incorporated	4.8%	-5.7%	1.7%	16.1	nmf	13.6
Watsco Inc Cl A	4.8%	1.4%	2.6%	29.3	7.3	20.4
Xylem Inc.	4.8%	13.3%	1.1%	31.2	3.1	6.0
Waste Management Inc Del	4.8%	19.4%	1.5%	29.8	12.0	9.7
Stella-Jones Inc.	4.8%	2.8%	1.4%	14.2	2.8	24.1
Wheaton Precious Metals Corp	4.8%	-2.4%	1.1%	44.9	3.5	58.1
Mondelez Intl, Inc Class A	4.8%	-2.8%	2.5%	19.0	3.2	7.7
Broadcom Inc.	4.8%	19.2%	1.5%	29.4	23.9	50.5
Enghouse Systems Limited	4.8%	-12.5%	3.4%	21.4	3.0	0.2
American States Water Co	4.8%	-9.7%	2.5%	22.6	3.3	10.3
Quebecor Inc. Class B	4.8%	-4.8%	4.3%	9.3	4.0	6.7
Richelieu Hardware Ltd.	4.8%	-10.9%	1.5%	22.5	2.5	14.3
Cash & Equivalents						
Cash (CAD\$)	5.0%	1.2%	4.9%	NA	NA	NA
Langill & McHenry All Equity DG Portfolio	100.0%	3.3%	2.1%	21.1	5.9	15.3%

*Note: For illustration purposes only.

**Note: All models (excluding Capital Preservation) hold the same stocks, but at different weightings.

*Note: Returns are in Local Currency..

Source: FactSet and Croesus Composites.

"Dividend Growth (DG)" Bonds and Preferred Shares We Own:

Capital Preservation Portfolio Dividend Growth (DG) (2024-03-31)

Issue Name	Price - Close	Portfolio Weight %	Rating	Yield %	Effective Duration (years)
Bonds					
Walt Disney Company 3.057% 30MAR2027	95.0	8.2%	A-	4.7%	2.8
Choice Properties Real Estate Investment Trust 2.848% 21MAY2027	94.0	8.2%	BBB+	5.0%	2.9
Honda Cda Fin 1.646% 25FEB2028	89.3	8.2%	A+	4.7%	3.7
Tourmaline Oil Corp. 2.529% 12FEB2029	89.6	8.2%	BBB	5.0%	4.4
Canada Housing Trust No.1 2.1% 15SEP2029	90.8	8.2%	AAA	4.0%	5.0
PROVINCE OF ONT 2.05% 02JUN30	88.7	7.3%	A+	4.2%	5.6
Fairfax Financial Holdings Limited 3.95% 03MAR2031	92.0	8.2%	BBB+	5.4%	5.8
Canada Housing Trust No.1 3.55% 15SEP2032	96.3	8.7%	AAA	4.1%	7.2
Enbridge Inc 3.1% 21SEP2033	84.0	8.5%	BBB+	5.3%	7.9
Preferred Shares					
Enbridge Inc Cum Red Pref Registered Shs Series 1 USD\$ 01JUN2028	21.9	7.8%	BBB-	4.6%	3.3
Capital Power Corp Cum Conv Red Pref Registered Shs Series -11- 30JUN2024	25.0	7.8%	BB	5.8%	0.2
Convertible Debentures					
NFI Group 5% 15JAN2027 Conv Debs	86.0	7.8%	NR	5.8%	2.8
Cash & Equivalents					
Cash or Cash Equivalent	1.0	3.0%		4.9%	-
Langill & McHenry Capital Preservation DG Portfolio		100%	BBB	4.9%	4.2

Note: For illustration purposes only.

*Note: All models (excluding All Equity) hold the same bonds and preferred shares, but with different weightings.

Source: FactSet, Croesus & RJ PCS.

"Yield & Growth (Y&G)" Stocks We Own:

Yield & Growth (Y&G) All Equity Portfolio (2024-03-31)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
Northland Power Inc	4.9%	-6.9%	5.4%	16.3	nmf	-
North West Company Inc.	4.9%	-0.1%	4.0%	12.6	2.7	12.4
Restaurant Brands Intl	4.9%	4.7%	3.0%	21.4	8.2	12.4
Pembina Pipeline Corp	4.9%	6.3%	5.6%	15.8	1.9	2.8
Comcast Corp New Cl A	4.9%	-0.5%	3.1%	9.4	1.9	-
CT Real Estate Investment Trust	4.9%	-1.1%	6.7%	11.7	0.8	- 8.3
Royal Bank of Canada	4.9%	3.0%	4.0%	12.2	1.7	4.6
Sun Life Financial Inc.	4.9%	8.7%	4.4%	10.4	1.9	4.5
AbbVie, Inc.	4.9%	18.6%	3.7%	15.0	28.6	- 15.3
Merck & Co Inc New	4.9%	21.8%	2.4%	14.7	8.5	- 56.0
Air Products & Chemicals Inc.	4.9%	-10.9%	3.0%	19.2	3.7	6.7
Medtronic PLC	4.9%	6.7%	3.4%	15.8	2.1	- 4.6
Kenvue Inc	4.9%	0.7%	4.1%	16.9	3.3	3.4
Manulife Finl Corp	4.9%	17.0%	4.9%	8.8	1.5	- 1.4
Cisco Systems Inc.	4.9%	-0.4%	3.2%	13.4	4.5	4.2
IBM Corporation	4.9%	17.8%	3.6%	18.5	7.5	- 6.3
Texas Instruments Inc.	4.9%	3.0%	3.0%	34.2	9.2	7.8
Archer Daniels Midland Co	4.9%	-12.2%	3.2%	11.2	1.3	27.4
Telus Corporation	4.9%	-6.6%	6.8%	21.6	2.0	- 20.5
Fortis Inc.	4.9%	-0.7%	4.5%	16.2	1.3	- 4.9
Cash & Equivalents						
Cash (CAD\$)	3.0%	1.2%	4.9%	NA	NA	NA
Langill & McHenry Y&G All Equity Portfolio	100.0%	7.2%	4.0%	15.3	3.1	-1.9%

Note: For illustration purposes only.

*Note: All models (excluding Capital Preservation) hold the same stocks, but at different weightings.

Source: FactSet & Croesus Composites.

"Yield & Growth (Y&G)" & "Yield (Y)" Bonds and Preferred Shares We Own:

Capital Preservation Portfolio Yield & Growth (Y&G) & Yield (Y) (2024-03-31)

Issue Name	Price - Close	Portfolio Weight %	Rating	Yield %	Effective Duration (years)
Bonds					
Equitable Bank 3.362% 02MAR2026	96.4	11.3%	BBB+	5.4%	1.8
Telus Corporation 2.75% 08JUL2026	95.5	11.3%	BBB	4.9%	2.1
Government of Canada 1.0% 01JUN2027	91.9	11.3%	AAA	3.8%	3.0
PROVINCE OF ONT 2.7% 02JUN2029	93.4	11.3%	A+	4.1%	4.7
Crombie Real Estate Investment Trust 3.133% 12AUG2031	85.1	11.3%	BBB-	5.6%	6.3
Brookfield Infrastructure 2.855% 01SEP2032	83.3	11.3%	BBB+	5.4%	7.2
Preferred Shares					
Fairfax Financial Holdings Limited Cum Pfd Shs Series M 31MAR2025	23.9	7.3%	BB+	5.2%	1.0
Brookfield Corp Pfd S46 31MAR2027	21.5	7.3%	BBB	6.3%	3.0
Pembina Pipeline Corp Cum Conv Red Perp Pfd Registered Shs A Series -21- 01MAR2028	21.8	7.3%	BB+	7.2%	4.0
Convertible Debentures					
Morguard REIT 6.805% 31DEC2026	94.0	7.3%	BB+	7.2%	2.6
Cash & Equivalents					
Cash or Cash Equivalents	1.0	3.0%	na	4.9%	-
Langill & McHenry Capital Preservation Y&G Portfolio		100.0%	BBB	5.4%	3.6

Note: For illustration purposes only.

*Note: All models (excluding All Equity) hold the same bonds and preferred shares, but with different weightings.

Source: FactSet, Croesus & RJ PCS.

“Yield (Y)” Stocks We Own:

Yield All Equity Portfolio (2024-03-31)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
Verizon Communications	4.9%	13.2%	6.6%	8.8	1.8	- 12.3
Cdn Natural Resources	4.9%	20.3%	3.8%	14.3	3.0	13.5
Philip Morris Intl	4.9%	-1.3%	5.8%	14.0	nmf	2.2
Suncor Energy	4.9%	19.1%	4.2%	10.3	1.6	35.9
TC Energy	4.9%	7.1%	7.6%	12.3	1.9	- 10.5
Enbridge Inc	4.9%	4.7%	7.7%	16.8	1.8	1.8
Capital Power	4.9%	2.6%	6.7%	11.5	1.7	69.9
Crown Castle Inc	4.9%	-6.8%	6.4%	33.4	6.6	18.0
Pfizer Inc	4.9%	-2.1%	6.4%	11.9	1.7	- 39.8
CIBC	4.9%	9.1%	5.3%	9.9	1.3	- 2.0
Power Corp of Canada	4.9%	1.7%	6.2%	8.2	1.1	7.0
Public Storage	4.9%	-3.9%	4.4%	26.2	8.5	11.0
Gilead Sciences Inc	4.9%	-8.6%	4.5%	9.6	3.7	1.7
BCE INC NEW	4.9%	-9.9%	8.9%	14.8	2.5	-
Simon Property Group	4.9%	11.1%	5.3%	23.7	16.1	0.6
Choice Properties REIT	4.9%	0.1%	5.7%	13.3	2.2	nmf
Chartwell Retirement REIT	4.9%	6.8%	4.9%	nmf	3.8	221.0
Bank of Nova Scotia	4.9%	10.5%	6.3%	10.2	1.2	- 3.4
International Paper Co.	4.9%	9.4%	4.9%	17.5	1.6	- 27.2
Dow Inc.	4.9%	7.0%	4.8%	19.5	2.2	nmf
Cash & Equivalents						
Cash (CAD\$)	3.0%	1.2%	4.9%	NA	NA	NA
Langill & McHenry Yield All Equity Portfolio	100.0%	na	5.6%	13.9	3.1	13.92%

Note: For illustration purposes only. Return information is approximated.

*Note: All models (excluding Capital Preservation) hold the same stocks, but at different weightings.

Source: FactSet & Croesus Composites.

Completion Models:

If you have an account within your portfolio with < \$100,000, you may also be invested in a portfolio of investments that are outside the Dividend Growth and Yield & Growth models. We call these investments either “completion models” or “satellite holdings.” The completion and satellite portfolios help to customize all of your accounts for your unique risk tolerance, tax circumstances and liquidity needs. For a sense of the securities we own in the completion and satellite portfolios, we have listed our two completion models below.

PIMG Completion Models as of 2024-03-31, CAD

Completion & Small Completion Model Holdings:

Issue Name	Ticker	Currency \$	Q1 2024 %	Last 12 Months %
Fidelity Global Core Plus Bond ETF	FCGB-CAN	CAD \$	-0.4%	2.4%
Vanguard FTSE Dev All ETF	VIU-CAN	CAD \$	7.7%	15.2%
iShares MSCI Emerging Markets Index ETF	XEM-CAN	CAD \$	4.4%	6.7%
First Trust Nasdaq 100 Equal Weight ETF	QQEW-US	USD \$	5.7%	24.0%
iShares Russell 2000 ETF	IWM-US	USD \$	5.0%	19.5%
Fidelity Canadian Short-Term Bond ETF	VSC-CAN	CAD \$	0.6%	5.4%
PIMCO Monthly Income (CAN) ETF Series	PMIF-CAN	CAD \$	1.6%	7.6%
Dynamic Active Preferred Share ETF	DXP-CAN	CAD \$	10.9%	16.8%
Berkshire Hathaway Ord Shs Class B	BRK.B-US	USD \$	17.9%	36.2%
Graham Holdings Company Ord Shs Class B	GHC-US	USD \$	10.5%	30.2%
Fairfax Financial Holdings Sub Voting Ord Shs	FFH-CAN	CAD \$	21.4%	65.1%
Onex Ord Shs	ONEX-CAN	CAD \$	9.8%	61.5%
Markel Hldg Co Corp	MKL-US	USD \$	7.2%	19.1%
Brookfield Corp	BN-CAN	CAD \$	6.8%	29.8%
Cymbria Corporation Class A	CYB-CAN	CAD \$	13.3%	17.8%

Note: For illustration purposes only. Holding period returns captured, if "na" that signals that position was not held over that timeframe.

*Note: Returns are in Local Currency..

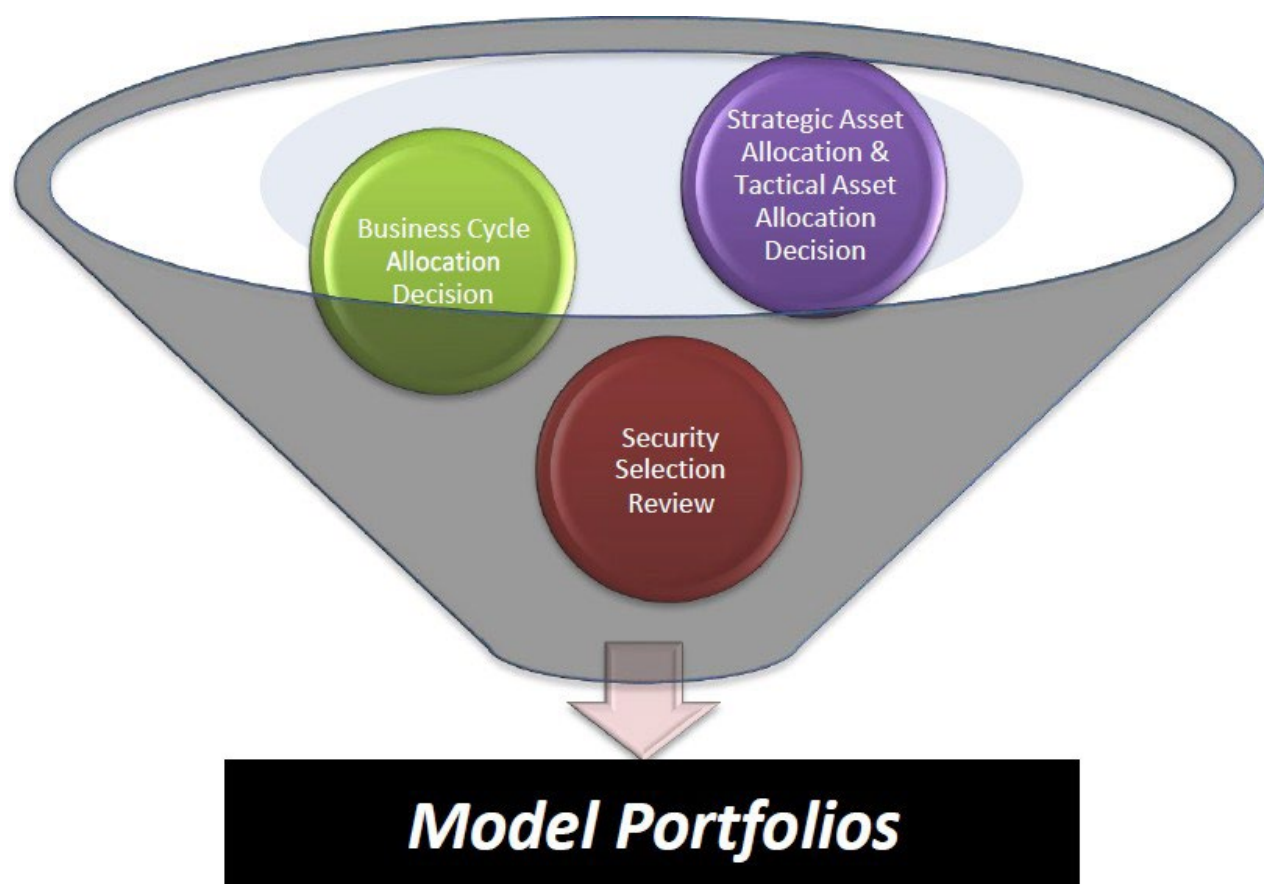
Source: FactSet.

Model Portfolio Process

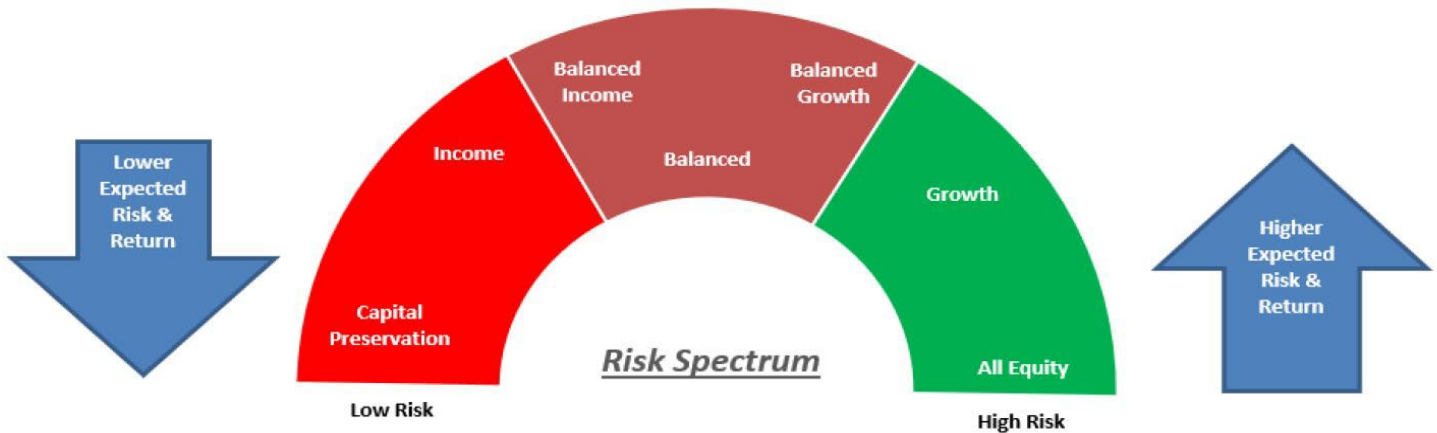
When we select investment securities for our model portfolios, we follow a disciplined three-step process:

1. Examine our asset mix vs. our expectations for long-term returns. This review helps guide our model portfolios allocation to cash and equivalents, fixed income (bonds and preferred shares), and equity (stocks).
2. Review our business cycle allocation vs. our expectations for broad market. We then allocate to sectors of the market and security factors that are expected to perform well.
3. Assess securities for inclusion in the portfolio based on: (i) Dividend growth, (ii) Leverage, (iii) Valuation and (iv) Market structure. Securities reflecting these features are typically of higher quality than average.

After the third step is complete, we include a portfolio of investment securities in our model portfolios reflecting our expectations for the market going forward.



Our Investor Profiles and Asset Allocations:



LANGILL & MCHENRY MODEL ASSET ALLOCATION

Asset Allocation	Cash %	Fixed Income %	Equity %
Capital Preservation DG	3.00%	97.00%	0.00%
Capital Preservation Y&G/Yield	3.00%	97.00%	0.00%
<i>MODEL RANGES</i>	<i>0-25%</i>	<i>75-100%</i>	<i>0-25%</i>
Benchmark Capital Preservation	0.00%	100.00%	0.00%
Income DG	5.00%	85.00%	10.00%
Income Y&G/Yield	5.00%	85.00%	10.00%
<i>MODEL RANGES</i>	<i>0-25%</i>	<i>55-100%</i>	<i>20-45%</i>
Benchmark Income	0.00%	80.00%	20.00%
Balanced Income DG	5.00%	65.00%	30.00%
Balanced Income Y&G/Yield	5.00%	65.00%	30.00%
<i>MODEL RANGES</i>	<i>0-25%</i>	<i>35-85%</i>	<i>15-65%</i>
Benchmark Balanced Income	0.00%	60.00%	40.00%
Balanced DG	5.00%	55.00%	40.00%
Balanced Y&G/Yield	5.00%	55.00%	40.00%
<i>MODEL RANGES</i>	<i>0-25%</i>	<i>25-75%</i>	<i>25-75%</i>
Benchmark Balanced	0.00%	50.00%	50.00%
Balanced Growth DG	5.00%	40.00%	55.00%
Balanced Growth Y&G/Yield	5.00%	40.00%	55.00%
<i>MODEL RANGES</i>	<i>0-25%</i>	<i>10-60%</i>	<i>40-90%</i>
Benchmark Balanced Growth	0.00%	35.00%	65.00%
Growth DG	5.00%	25.00%	70.00%
Growth Y&G/Yield	5.00%	25.00%	70.00%
<i>MODEL RANGES</i>	<i>0-25%</i>	<i>0-45%</i>	<i>55-100%</i>
Benchmark Growth	0.00%	20.00%	80.00%
All Equity DG	5.00%	0.00%	95.00%
All Equity Y&G/Yield	5.00%	0.00%	95.00%
<i>MODEL RANGES</i>	<i>0-25%</i>	<i>0-25%</i>	<i>75-100%</i>
Benchmark All Equity	0.00%	0.00%	100.00%

*Note: Benchmark comprised of proportions Exchange Traded Funds (ETFs) XBB, XIC and IVV.

Model Portfolio Management Philosophy

Portfolio Objectives for Dividend Growth (DG), Yield & Growth (Y&G) and Yield (Y):

- We designed both model portfolios with a conservative investment approach. The portfolios may not participate as much in gains when markets are rising. However, they are expected to be more resilient in falling markets to protect capital. As a result, the portfolios will tend to be less volatile, and capital will be given more opportunity to compound over a long period of time.

Dividend Growth (DG):

- Equity allocation = ~20 stocks (~10 Canada, ~10 US), dividend growth target +6 per cent/yr, dividend yield target +0 per cent

Yield & Growth (Y&G):

- Equity allocation = ~20 stocks (~10 Canada, ~10 US), dividend growth target +0 per cent/yr, dividend yield target +2.5 per cent

Yield (Y): (*NEW*)

- Equity allocation = ~20 stocks (~10 Canada, ~10 US), dividend growth target at least 0 per cent/yr, dividend yield target +5.0 per cent (Portfolio dividend yield greater than or equal to 5 per cent on average).

Other Portfolio Parameters (DG, Y&G and Y):

- ~18 models with different asset allocation based on risk and return objectives including: Capital Preservation, Income, Balanced Income, Balanced Growth, Growth and All Equity
- Negligible embedded cost
- Fixed Income allocation = ~4-9 bonds, ~2-4 preferred shares, investment grade credit, short and laddered duration (<7 years)
- Diversify by geography, sector and style
- Large capitalization (“blue chip”)



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