

Quarterly Market Update



Brett Langill, CFP, CIM, FCSI
Portfolio Manager
Brett.Langill@raymondjames.ca



Adam McHenry, CFA, MBA
Portfolio Manager
Adam.McHenry@raymondjames.ca

Langill & McHenry
Investment Advisors of
Raymond James Ltd.

507 Lakeshore Road East,
Suite 206, Mississauga,
ON L5G 1H9
(416) 901-6500

www.raymondjames.ca/langillmchenry

Navigating the Market Post-Election

With the 2024 U.S. presidential election behind us, we wanted to focus on some key points that follow the event. It has been our long-held view that politics only impacts the market at the margin and cannot disrupt the underlying market cycle. The market cycle is driven more by fundamental economic forces such as supply and demand, corporate earnings, and consumer behavior, which remain resilient despite the short-term political events.

Key Takeaways:

- **Keep your Priorities Straight:** Our research shows that politics is only the 8th most significant factor on our investment approach, behind: the economy, fundamentals, monetary policy, interest rates and inflation, market sentiment and business activities.
- **Volatility is Normal Around Elections:** The run up to the 2024 U.S. presidential election has led to expected volatility. Once the outcome is clear, volatility usually decreases.
- **Strong Post-Election Performance:** Historically, both the S&P 500 and the S&P/TSX Composite indices perform above their long-term averages in the 12 months following a U.S. election, regardless of the winning party.
- **Focus on Policy Changes:** There is no clear evidence that the party winning the presidential election has an immediate impact on the stock market. What matters more are specific economic or trade policies, like tariffs and fiscal measures, which take time to affect market performance.

Bottom Line: Investors should stick to well-established investment plans and avoid making decisions based solely on short-term events like election outcomes.

***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 Q3 2024:

Stocks

- North American stock markets ended Q3 of 2024 higher (Q3 2024: Canada 10.5 per cent and the U.S. 5.9 per cent). The U.S. greenback was weak versus the Canadian loonie during the quarter (1.3 per cent in Q3 2024), and so U.S. stock returns held by Canadian investors on a currency-adjusted basis were increased by 4.5 per cent.
- U.S. equities have outperformed Canadian equities by 9.5 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).

Bonds and Preferred Shares

- Bonds rose in Q3 2024, as stubbornly high inflation rates finally started to recede. The Canadian bond market rose 4.7 per cent in Q3 2024 and rose 12.9 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.
- After a recovery in late 2023, Canadian preferred shares have continued their positive momentum in 2024, despite central banks remaining hawkish on inflation concerns. Preferred shares rallied in Q3 2024 by 5.8 per cent, which has led to a rise of 28.3 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 **6.7 per cent** and **10.6 per cent** in Q3 2024 and rose **24.8 per cent** and **23.8 per cent** over the last 12 months, relative to our benchmark at 6.8 per cent and 32.3 per cent, respectively.
- Our **Capital Preservation bond** portfolios, **DG** and **Y&G** versions, rose **4.6 per cent** and **1.8 per cent** in Q3 2024 and over the last 12 months rose **13.4 per cent** and **13.9 per cent**, relative to our benchmark that rose 4.4 per cent and rose 12.6 per cent, respectively.
- For our **Completion and Small Completion ("Balanced Growth")** portfolios, in Q3 2024 they were strong, rising **7.0 per cent** and rising **5.5 per cent**, while over the last 12 months they rose by **23.6 per cent** and **16.5 per cent**, relative to our benchmark at 6.0 per cent and 25.4 per cent, respectively.
- The top performers in our stock portfolios for Q3 2024 were **Lowe's Cos Inc (LOW)**, up **27.5 per cent** in our DG portfolio, while **Kenvue Inc (KVUE)** rose **30.1 per cent** to lead performance in our Y&G portfolio. In our Yield portfolio, **Public Storage (PSA)** led all stocks rising **29.6 per cent**. Laggards in our portfolios for Q3 2024 were **Microsoft (MSFT)**, falling **5.6 per cent** in our DG portfolio, while **Merck & Co Inc (MRK)** fell **10.6 per cent** in our Y&G portfolio. In our Yield portfolio, **Canadian Natural Resources (CNQ)**, declined **6.7 per cent**.

Changes

We made some changes in our models in **Q3 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 our portfolio's 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 a few changes during Q3 2024:
 - On the equity side of the portfolios, in our Y&G portfolio, we sold our position in **Restaurant Brands Intl Inc (QSR)** and reinvested in **Paychex Inc (PAYX)**. In our Yield portfolio, we sold positions in **International Paper Co (IP)**, **Crown Castle Inc (CCI)** and rebalanced the proceeds into **Nutrien (NTR)**, **Bristol Myers Squibb Co (BMY)**. Additionally, within the Yield portfolio, the existing position in **TC Energy (TRP)** spun out a new position in **South Bow (SOBO)**. We decided to shift the existing position in TRP to our Y&G portfolio to replace **Sunlife (SLF)**. While we used the proceeds to increase the size of the spinoff position in SOBO in the Yield portfolio.
 - On the fixed income side of the portfolios, in our DG bond portfolio, we had a **Capital Power preferred share (CPX.PR.K)** position called in by the issuer, which allowed us to reinvest the proceeds into a **TD Bank preferred share (TD.PF.I)** in July.
 - Regarding our Completion and Small Completion portfolios, no changes were made to positions within the quarter.

Langill & McHenry Investment Advisors of Raymond James
PIMG Model Portfolio Performance
As of 30SEP2024

Mandate	1-week	1-month	3-mos	6-mos	Year to Date	1-year	2023	2022	2021
Capital Preservation DG Model	0.1%	1.5%	4.6%	5.8%	6.5%	13.4%	5.0%	-7.1%	-0.7%
Capital Preservation Y&G & Yield Model ¹	-0.1%	0.7%	1.8%	5.6%	6.4%	13.9%	2.4%	-6.4%	2.0%
Completion Capital Preservation Model	0.1%	1.0%	3.7%	4.7%	8.0%	13.3%	4.8%	-9.6%	1.1%
Small Completion Capital Preservation Model	-0.3%	0.9%	3.6%	3.3%	3.6%	9.2%	4.7%	-9.0%	-1.7%
Capital Preservation Benchmark	0.0%	1.8%	4.4%	5.4%	4.0%	12.6%	6.6%	-11.7%	-2.8%
Balanced Growth DG Model	0.4%	2.7%	6.6%	8.7%	11.1%	21.3%	16.7%	-5.0%	15.2%
Balanced Growth Y&G Model	0.7%	3.1%	7.5%	7.8%	13.3%	20.4%	2.6%	-0.5%	15.6%
Balanced Growth Yield Model	0.5%	3.3%	10.5%	11.8%	15.6%	23.1%	-0.9%	na	na
Completion Balanced Growth Model	0.5%	2.0%	7.0%	6.9%	15.6%	23.6%	16.8%	-11.0%	18.2%
Small Completion Balanced Growth Model	0.6%	2.0%	5.5%	5.8%	8.9%	16.5%	10.6%	-12.0%	10.2%
Balanced Growth Benchmark	0.5%	2.4%	6.0%	8.4%	15.6%	25.4%	14.3%	-10.4%	16.3%
All Equity DG Model	0.4%	3.0%	6.7%	9.7%	13.4%	24.8%	22.0%	-5.0%	21.6%
All Equity Y&G Model	1.1%	4.4%	10.6%	9.0%	17.0%	23.8%	2.6%	2.7%	22.9%
Completion All Equity Model	0.9%	2.4%	8.5%	7.4%	20.2%	30.0%	21.5%	-13.0%	25.5%
Small Completion All Equity Model	1.3%	1.7%	4.5%	4.9%	11.8%	20.5%	14.6%	-14.6%	13.9%
All Equity Benchmark	0.7%	2.7%	6.8%	10.1%	21.8%	32.3%	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% XBB, 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

"Dividend Growth (DG)" Stocks We Own:

Dividend Growth (DG) All Equity Portfolio (2024-09-30)

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%	18.0%	1.8%	30.7	27.4	12.4
Nordson Corp	4.8%	15.7%	1.2%	27.7	5.8	9.9
Tractor Supply Company	4.8%	9.1%	1.5%	28.0	14.4	21.3
Empire Co Ltd Cl A	4.8%	18.9%	1.9%	14.0	1.9	7.9
Intact Financial Corporation	4.8%	14.4%	1.9%	20.2	3.2	8.3
Lowe's Cos Inc	4.8%	27.5%	1.8%	22.1	10.0	24.5
Morgan Stanley	4.8%	6.1%	2.8%	18.1	2.4	0.0
Microsoft	4.8%	-5.6%	0.8%	32.0	11.6	19.6
UnitedHealth Group Incorporated	4.8%	18.6%	1.4%	21.6	6.2	13.6
Watsco Inc Cl A	4.8%	7.0%	2.1%	38.9	9.0	20.4
Xylem Inc.	4.8%	2.9%	1.2%	29.3	2.9	6.0
Waste Management Inc Del	4.8%	-0.5%	1.4%	29.7	12.7	9.7
Stella-Jones Inc.	4.8%	-0.2%	1.5%	12.8	2.6	24.1
Wheaton Precious Metals Corp	4.8%	15.4%	0.9%	44.3	4.3	58.1
Mondelez Intl, Inc Class A	4.8%	13.6%	2.8%	19.2	3.2	7.7
Broadcom Inc.	4.8%	5.5%	1.2%	37.0	30.9	50.5
Visa	4.8%	4.7%	0.8%	27.3	15.8	19.9
American States Water Co	4.8%	14.8%	2.2%	28.4	4.1	10.3
Quebecor Inc. Class B	4.8%	23.5%	3.7%	11.2	4.7	6.7
Richelieu Hardware Ltd.	4.8%	-2.3%	1.6%	25.4	2.4	14.3
Cash & Equivalents						
Cash (CAD\$)	5.0%	1.1%	4.7%	NA	NA	NA
Langill & McHenry All Equity DG Portfolio	100.0%	6.7%	1.6%	24.6	7.4	16.4%

*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) (2024-09-30)

Issue Name	Price - Close	Portfolio Weight %	Rating	Yield %	Effective Duration (years)
Bonds					
Walt Disney Company 3.057% 30MAR2027	97.9	8.2%	A-	3.7%	2.3
Choice Properties Real Estate Investment Trust 2.848% 21MAY2027	97.5	8.2%	BBB+	3.9%	2.4
Honda Cda Fin 1.646% 25FEB2028	93.5	8.2%	A+	3.7%	3.2
Tourmaline Oil Corp. 2.529% 12FEB2029	94.1	8.2%	BBB	4.0%	4.0
Canada Housing Trust No.1 2.1% 15SEP2029	94.9	8.2%	AAA	3.2%	4.6
PROVINCE OF ONT 2.05% 02JUN30	93.1	7.3%	A+	3.4%	5.2
Fairfax Financial Holdings Limited 3.95% 03MAR2031	97.5	8.2%	BBB+	4.4%	5.4
Canada Housing Trust No.1 3.55% 15SEP2032	100.1	8.7%	AAA	3.5%	6.8
Enbridge Inc 3.1% 21SEP2033	90.2	8.5%	BBB+	4.4%	7.5
Preferred Shares					
Enbridge Inc Cum Red Pref Registered Shs Series 1 USD\$ 01JUN2028	24.0	7.8%	BBB-	6.8%	3.6
TD Bank N-CUM 5YR RST PFD SR16 31OCT2027	25.8	7.8%	BBB	6.1%	3.0
Convertible Debentures					
NFI Group 5% 15JAN2027 Conv Debs	96.0	7.8%	NR	5.2%	2.2
Cash & Equivalents					
Cash or Cash Equivalent	1.0	3.0%		4.7%	-
Langill & McHenry Capital Preservation DG Portfolio		100%	BBB	4.4%	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 (2024-09-30)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
Northland Power Inc	4.8%	0.5%	6.0%	11.5	1.3	
NextEra Energy	4.8%	21.7%	2.8%	21.7	3.2	16.7
Restaurant Brands Intl	4.8%	2.1%	3.1%	20.4	7.8	12.4
Pembina Pipeline Corp	4.8%	11.2%	4.9%	18.2	2.3	2.8
Comcast Corp New Cl A	4.8%	10.3%	2.8%	10.7	2.2	7.0
CT Real Estate Investment Trust	4.8%	22.4%	6.2%	11.9	0.9	- 8.3
Royal Bank of Canada	4.8%	17.0%	3.3%	14.2	2.2	4.6
Sun Life Financial Inc.	4.8%	18.3%	4.1%	12.2	2.2	4.5
AbbVie, Inc.	4.8%	17.0%	3.2%	18.5	34.4	- 15.3
Merck & Co Inc New	4.8%	-10.6%	3.0%	13.1	6.8	- 56.0
Air Products & Chemicals Inc.	4.8%	20.4%	2.3%	24.9	4.8	6.7
Medtronic PLC	4.8%	17.7%	3.1%	16.5	2.3	- 6.0
Kenvue Inc	4.8%	30.1%	3.6%	19.8	3.8	3.4
Manulife Finl Corp	4.8%	11.0%	3.7%	11.7	1.9	- 1.4
Cisco Systems Inc.	4.8%	13.0%	2.8%	16.2	5.1	- 0.9
IBM Corporation	4.8%	27.4%	3.1%	20.9	8.7	- 6.3
Texas Instruments Inc.	4.8%	6.8%	2.5%	42.2	11.6	7.8
Archer Daniels Midland Co	4.8%	-0.7%	3.7%	10.5	1.1	27.4
Telus Corporation	4.8%	11.4%	7.2%	21.6	1.9	- 20.5
Fortis Inc.	4.8%	16.7%	4.1%	18.7	1.5	- 4.9
Cash & Equivalents						
Cash (CAD\$)	5.0%	1.1%	4.7%	NA	NA	NA
Langill & McHenry Y&G All Equity Portfolio	100.0%	10.6%	3.6%	16.9	3.4	-1.7%

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) (2024-09-30)

Issue Name	Price - Close	Portfolio Weight %	Rating	Yield %	Effective Duration (years)
Bonds					
Equitable Bank 3.362% 02MAR2026	99.0	11.3%	BBB+	4.2%	1.3
Telus Corporation 2.75% 08JUL2026	98.3	11.3%	BBB	3.8%	1.6
Government of Canada 1.0% 01JUN2027	95.1	11.3%	AAA	3.0%	2.5
PROVINCE OF ONT 2.7% 02JUN2029	97.4	11.3%	A+	3.3%	4.2
Crombie Real Estate Investment Trust 3.133% 12AUG2031	91.3	11.3%	BBB-	4.6%	5.9
Brookfield Infrastructure 2.855% 01SEP2032	88.6	11.3%	BBB+	4.6%	6.8
Preferred Shares					
Fairfax Financial Holdings Limited Cum Pfd Shs Series M 31MAR2025	24.5	7.3%	BB+	5.1%	0.5
Brookfield Corp Pfd S46 31MAR2027	22.3	7.3%	BBB	6.1%	2.5
Pembina Pipeline Corp Cum Conv Red Perp Pfd Registered Shs A Series -21- 01MAR2028	23.0	7.3%	BB+	6.8%	3.5
Convertible Debentures					
Morguard REIT 6.805% 31DEC2026	99.5	7.3%	BB+	6.8%	2.1
Cash & Equivalents					
Cash or Cash Equivalents	1.0	3.0%	na	4.7%	-
Langill & McHenry Capital Preservation Y&G Portfolio		100.0%	BBB	4.6%	3.1

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 (2024-09-30)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
Verizon Communications	4.8%	9.3%	6.6%	9.0	1.9	- 12.3
Cdn Natural Resources	4.8%	-6.7%	4.4%	14.0	2.6	13.5
Philip Morris Intl	4.8%	21.2%	4.3%	19.5	NA	2.2
Suncor Energy	4.8%	-3.3%	4.0%	11.6	1.6	35.9
TC Energy	4.8%	25.9%	5.7%	16.4	2.6	- 10.5
Enbridge Inc	4.8%	14.8%	6.4%	20.5	2.2	1.8
Capital Power	4.8%	27.8%	4.5%	14.6	2.6	69.9
Crown Castle Inc	4.8%	25.2%	6.1%	42.3	7.0	18.0
Pfizer Inc	4.8%	4.0%	6.1%	9.5	1.7	- 39.8
CIBC	4.8%	28.9%	4.1%	12.2	1.7	- 2.0
Power Corp of Canada	4.8%	13.7%	4.9%	10.0	1.4	7.0
Public Storage	4.8%	29.6%	3.7%	31.4	10.0	11.0
Gilead Sciences Inc	4.8%	23.3%	3.4%	24.0	5.0	1.7
BCE INC NEW	4.8%	8.4%	10.0%	13.3	2.2	- 9.4
Simon Property Group	4.8%	16.8%	4.9%	25.0	19.0	0.6
Choice Properties REIT	4.8%	19.4%	5.4%	8.6	2.3	NA
Chartwell Retirement REIT	4.8%	22.5%	4.0%	191.8	4.6	221.0
Bank of Nova Scotia	4.8%	19.8%	5.7%	11.4	1.3	- 3.4
International Paper Co.	4.8%	13.8%	3.2%	48.8	2.4	- 27.2
Dow Inc.	4.8%	5.2%	5.8%	22.8	1.8	NA
Cash & Equivalents						
Cash (CAD\$)	5.0%	1.1%	4.7%	NA	NA	NA
Langill & McHenry Yield All Equity Portfolio	100.0%	na	4.9%	17.3	3.5	13.19%

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 2024-09-30, CAD

Completion & Small Completion Model Holdings:

Issue Name	Ticker	Currency \$	Q3 2024 %	Last 12 Months %
Fidelity Global Core Plus Bond ETF	FCGB-CAN	CAD \$	3.8%	7.1%
Vanguard FTSE Dev All ETF	VIU-CAN	CAD \$	5.2%	20.4%
iShares MSCI Emerging Markets Index ETF	XEM-CAN	CAD \$	6.3%	20.6%
First Trust Nasdaq 100 Equal Weight ETF	QQEW-US	USD \$	2.0%	18.4%
iShares Russell 2000 ETF	IWM-US	USD \$	10.2%	20.0%
Fidelity Canadian Short-Term Bond ETF	VSC-CAN	CAD \$	3.6%	10.9%
PIMCO Monthly Income (CAN) ETF Series	PMIF-CAN	CAD \$	3.8%	10.7%
Dynamic Active Preferred Share ETF	DXP-CAN	CAD \$	5.8%	28.6%
Berkshire Hathaway Ord Shs Class B	BRK.B-US	USD \$	13.6%	35.0%
Graham Holdings Company Ord Shs Class B	GHC-US	USD \$	18.7%	45.6%
Fairfax Financial Holdings Sub Voting Ord Shs	FFH-CAN	CAD \$	9.7%	74.9%
Onex Ord Shs	ONEX-CAN	CAD \$	1.9%	30.2%
Markel Hldg Co Corp	MKL-US	USD \$	-0.4%	13.4%
Brookfield Corp	BN-CAN	CAD \$	26.4%	62.6%
Cymbria Corporation Class A	CYB-CAN	CAD \$	3.5%	22.0%

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..

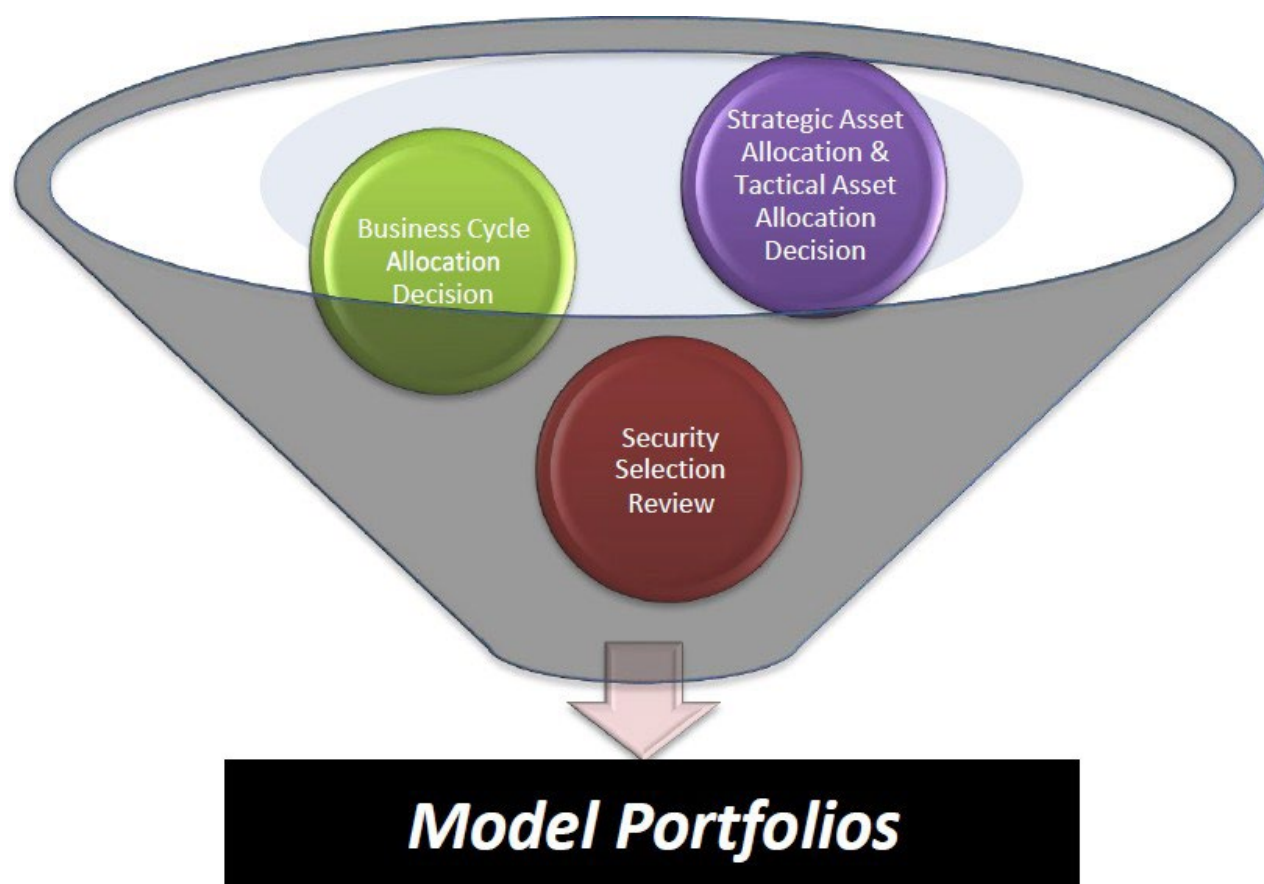
Source: FactSet.

Model Portfolio Process

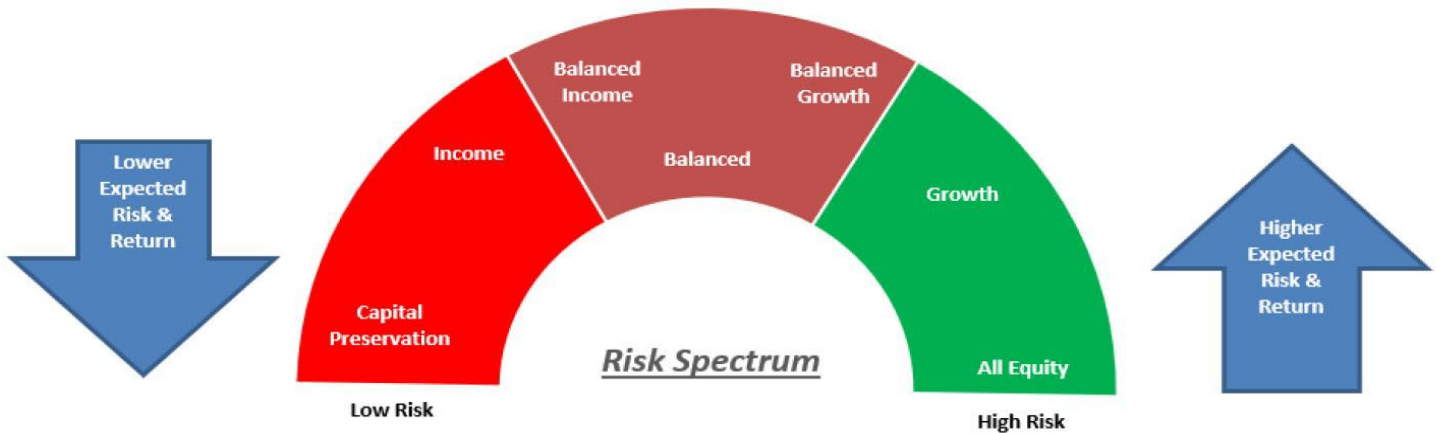
When we select investment securities for our model portfolios, we follow a disciplined three-step process:

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):

- 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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