

ZAVA Canadian Equity Income Private Portfolio

June 30th, 2021 (2nd Quarter)



INVESTING



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Portfolio Performance

| | 3 months | 6 months | 9 months | 1 year | Since Inception |
|------------------------------|----------|----------|----------|--------|-----------------|
| PORTFOLIO Performance | 9.08% | 16.38% | 32.66% | 44.42% | 13.29% |
| BENCHMARK Comparison | 8.54% | 17.28% | 27.81% | 33.85% | 14.89% |

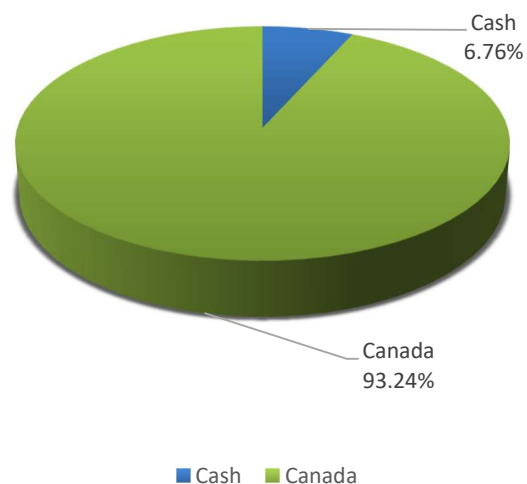
| | |
|-----------------------------------|----------|
| Value of Private Portfolio | |
| Feb 1, 2020 (Inception Date) | \$28,000 |
| June 30, 2021 | \$33,431 |

Fees: Returns presented are gross of fees.
Benchmark: 100% S&P/TSX Total Return
Source: National Bank Financial Portfolio Management Database

Investment Philosophy

The ZAVA Canadian Equity Income Private Portfolio employs a combination of both a passive investment style using Exchange Traded Funds (ETFs), together with active stock selection. ETFs are an excellent vehicle used to obtain broad diversified exposure to various geographies, sectors and styles. Additionally, individual stock selections will be made to enhance opportunities for income, growth &/or value. The Portfolio will maintain 100% exposure to Canada with a strong focus on dividend income. The Portfolio can also hold a smaller allocation in alternative investments such as Real Estate Investment Trusts (REITS). Finally, in order to add a defensive element to the Portfolio when appropriate, up to 25% of the Portfolio can be moved to cash or less volatile fixed income investments at any time.

Private Portfolio Asset Allocation



Who is This Investment For?

This Portfolio is suitable for investors who:

- are seeking diversified equity exposure to Canadian, US & International markets combined with a reasonable income stream
- are willing to tolerate a moderate level of risk with a minimum time horizon of 2 - 5 years
- prefer minimal involvement with the investment decision making process.

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Portfolio Management Group



**NATIONAL BANK
 FINANCIAL**

WEALTH MANAGEMENT

Your Private Portfolio at End of Q2

| Issuer | Region | Weight |
|-------------------------------|----------|--------|
| Brookfield Asset Management | Canadian | 4.56% |
| Brookfield Infrastructure LPU | Canadian | 4.13% |
| Bank of Nova Scotia | Canadian | 5.81% |
| BCE Inc. | Canadian | 3.67% |
| Capital Power Corp. | Canadian | 4.92% |
| Fortis Inc. | Canadian | 3.30% |
| Great West Lifeco Inc. | Canadian | 5.97% |
| Innergex Renewable Energy | Canadian | 4.14% |
| Nutrien Ltd. | Canadian | 4.96% |
| Royal Bank of Canada | Canadian | 7.54% |
| Telus Corp. | Canadian | 4.01% |
| TC Energy Corp. | Canadian | 3.68% |
| Thomson Reuters Corp. | Canadian | 4.44% |
| Whitecap Resources Inc. | Canadian | 5.92% |
| Summit Industrial Income REIT | Canadian | 7.90% |
| BMO Canadian Dividend ETF | Canadian | 18.30% |
| Cash | Cash | 6.76% |

Transactions Executed In The Quarter

No transactions were executed in Q2.

Portfolio Manager's Comments

The market recovery continued in Q2 with major indexes hitting record highs. Oil prices jumped from \$59 USD to almost \$74 USD / bbl on surging global industrial activity, and the CDN dollar once again reclaimed the .80 cent mark vis-a vis the USD. Further, the US market is anticipating benefits from a hoped-for passage of a multi-trillion dollar US infrastructure package.

Specifically, the Canadian market (S&P/TSX) added +7.8% in Q2 in large part due to the outperformance of energy and financial sectors. Our positions in **Royal Bank of Canada**, **Bank of Nova Scotia** and **Whitecap Resources Inc.** were strong contributors to overall performance in Q2.

US markets (S&P 500) tacked on +8.2% in Q2 as the vaccination protocol begins to point to signs that the economy will continue to improve. For the year to date period (YTD) to June 30, Canada (S&P/TSX) has now added +15.7% and the US market (S&P 500) has gained +14.4%.

Performance across the board has been strong since the advent of COVID in March 2020 as evidenced by a 44% return in your **Canadian Equity Income Private Portfolio** for the last 12 months. That said, there is reason to be cautious. Firstly, inflation may soon pose a risk for markets. Both the Federal Reserve and Bank of Canada have signalled that higher interest rates are on the horizon, perhaps as soon as the beginning of 2022. Secondly, the emergence of the very contagious Delta variant of COVID is increasing the risk of a 4th wave and with it, the possibility of further shutdowns. Finally, when markets have been as strong as they've been for the past year, it wouldn't be unusual for some "reversion to the mean", leading to a healthy pullback.

There were no transactions in **ZAVA Canadian Equity Income Private Portfolio** in Q2.

Your **Canadian Equity Income Private Portfolio** has outperformed the S&P/TSX for the 1 year period with a return of +44.42%. An investment since inception (February 1, 2020) would now have provided you with an **annualized return of 13.29% per year.**

Contact information

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I have prepared this commentary to give you my thoughts on various financial aspects and considerations. This commentary reflects my opinion alone and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgement and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial. National Bank Financial is an indirect wholly-owned subsidiary of National Bank of Canada. The National Bank of Canada is a public company listed on the Toronto Stock Exchange (NA: TSX). National Bank Financial is a member of the Canadian Investor Protection Fund (CIPF). • National Bank Financial may act as financial advisor, fiscal agent or underwriter for certain companies mentioned herein and may receive remuneration for its services. National Bank Financial and/ or its officers, directors, representatives or associates may have a position in the securities mentioned herein and may make purchases and/or sales of these securities from time to time on the open market or otherwise. The particulars contained herein were obtained from sources we believe to be reliable but are not guaranteed by us and may be incomplete. Unit values and returns will fluctuate, and past performance is not necessarily indicative of future performance.