

Quarterly Market Update



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March Madness

Central banks have historically tightened until something breaks, so we suppose we can declare mission accomplished after the Silicon Valley Bank (SVB) failure. The failure of SVB, which marks the second-largest bank failure in U.S. history, had investors questioning if another financial crisis was upon us. However, it was not to be, as this isolated incident turned out to be a mixed blessing for investors as monetary authorities had to adjust their expected monetary policy game plan. This may prove to be a positive for markets.

Key Points:

- **Diversify, diversify, diversify:** SVB was somewhat of a unique situation, it offered a lesson on why diversification is a key ingredient in mitigating risk. SVB focused on cash-hungry technology start-ups that needed their money on demand.
- **Recession? Yes, no, maybe:** Recession predictions are all over the map, from we're in a recession now to there will be no recession. While recession probabilities have risen in recent weeks, this uncertainty is likely the primary driver of the recent uptick in the bond and equity market volatility.
- **Silver lining:** The market is doing some of the Fed's work as financial conditions have tightened (banks less willing to lend). This will slow the economy and address Central Bank's most significant concern: inflation. As a result, a slower pace of hikes, or even a pause by central banks may provide a tailwind for risk assets.

Bottom Line: Uncertainties will remain, including the path forward of inflation and interest rates. However, we believe investors should focus on what is in their control – i.e., allocating capital towards investments that offer compelling risk/reward – versus focusing on the uncontrollable, examples of which are many.

***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 2023:

Stocks

- North American stock markets ended Q1 of 2023 up, despite some uncertainty related to a few U.S. regional bank failures during the quarter. (Q1 2023: Canada +4.6 per cent and the U.S. +7.5 per cent). The U.S. greenback was roughly flat during the quarter (-0.3 per cent in Q1 2023), and so U.S. stock returns held by Canadian investors on a currency-adjusted basis were little changed at +7.2 per cent.
- Canadian equities have outperformed U.S. equities by +2.5 per cent over the last 12 months. Canadian stocks are benefitting from a larger exposure to commodities (i.e., oil & gas), while the lack of technology stocks in Canada, which was a headwind in 2022, has been a source of strength for the Canadian market versus our southern neighbours. In fact, looking out over a three-year timeframe, returns between the two markets are very similar (Canada = +18.0 per cent, U.S. = +18.6 per cent), in local currency.
- Due to inflation concerns, stimulus measures are rapidly being withdrawn by monetary authorities, which were put in place due to the depth of the Covid-19 contraction. 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 recession in 2023/2024.

Bonds and Preferred Shares

- With historically high inflation rates, it continues to be a challenging environment for Canadian bonds in Q1 2023, which returned +3.2 per cent, and fell by -2.0 per cent over the last 12 months. Supply chain bottlenecks and stimulus measures put in place due to the Covid-19 economic shutdowns have created high inflation that has resulted in rising interest rates. Rising interest rates are a negative for conventional bond prices.
- After a challenging 2022, Canadian preferred shares have rebounded in 2023, as the expected trajectory and magnitude of further interest rate increases has softened. Preferred shares rose by 2.3 per cent in Q1 2023, but have fallen -14.0 per cent over the last 12 months.

Our Models

- Our all-equity stock portfolios, Dividend Growth (DG), Yield & Growth (Y&G), rose +9.5 per cent & +1.6 per cent for Q1 2023 and +6.3 per cent & -0.4 per cent over the last 12 months, relative to our benchmark at +6.2 per cent and -2.5 per cent, respectively.
- Our Capital Preservation bond portfolios, DG and Y&G versions, rose +2.6 per cent & +1.4 per cent for Q1 2023 and over the last 12 months fell -0.7 per cent & -5.3 per cent, relative to our benchmark at +1.9 per cent and -1.7 per cent, respectively.
- For our Completion and Small Completion ("Balanced Growth") portfolios, in Q1 2023 they rose +3.7 per cent and +5.1 per cent, while over the last 12 months they declined -3.4 per cent and -1.2 per cent, relative to our benchmark at +5.1 per cent and -2.2 per cent, respectively.
- Top performers in our stock portfolios for Q1 2023 were Watsco Inc Cl A (WSO-US) up +28.7 per cent in our DG portfolio, while Texas Instruments Inc. (TXN-US) rose +13.4 per cent to lead performance in our Y&G portfolio. In our new Yield portfolio, Dow Inc. (DOW-US) led all stocks rising +10.1 per cent. Laggards in our portfolios for Q1 2023 were UnitedHealth Group Inc (UNH-US) falling -10.5 per cent in our DG portfolio, while Allstate Corp (ALL-US) fell -17.7 per cent in our Y&G portfolio. In our new Yield portfolio, 3M (MMM-US) declined -11.2% in Q1 2023.

- We made some changes in our models in Q1 2023, regarding specific securities held in portfolios:
 - No changes were made to our model asset allocation, as we remain strategically neutral.
 - In our DG model, we switched Scotts Miracle-Gro (SMG-US) for Waste Mgmt Inc Del (WM-US). We also sold Manulife Finl Corp (MFC-CAN), Magna Intl Inc (MG-CAN) and Lennar Corp (LEN-US) and replaced them with purchases in Nordson Corp (NDSN-US), Lowes Cos Inc (LOW-US) and Automatic Data Processing Inc (ADP-US).
 - In our Y&G model, we switched Bank of Nova Scotia (BNS-CAN) for Allstate Corp (ALL-US). We also sold Rio Tinto PLC/ADR (RIO-US), Newmont Corp (NGT-CAN) and Enbridge Inc (ENB-CAN) and replaced them with purchases in Pembina Pipeline Corp (PPL-CAN), Manulife Finl Corp (MFC-CAN) and Hormel Foods Corp (HRL-US).
 - In our new Yield (Y) model, we switched Hanesbrands Inc (HBI-US) for Walgreen Boots Alliance Inc (WBA-US). We also sold Intel Corp (INTC-US), VF Corp (VFC-US), Pembina Pipeline Corp (PPL-CAN) and AT&T Inc (T-US) and replaced them with Bank of Nova Scotia (BNS-CAN), Leggett & Platt Inc (LEG-US), Enbridge (ENB-CAN) and Canadian Natural Resources Ltd. (CNQ-CAN).
 - Finally, in our Completion model, we switched KKR & Co Inc (KKR-US) for Markel Hldg Co Corp (MKL-US).
 - *You may notice that during the quarter, there were a few positions shifted between models. This shift was made in order to better align the model strategy to the desired characteristics of its holdings (e.g. Yield model targets yields of +5 per cent, etc).*
 - No changes were made to our bond or Small Completion portfolios during Q1 2023.

Langill & McHenry Investment Advisors of Raymond James

PIMG Model Portfolio Performance

As of 31MARCH2023

Mandate	1-week	1-month	3-mos	6-mos	Year to Date	1-year	2022	2021
Capital Preservation DG Model	-0.1%	1.2%	2.6%	1.9%	2.6%	-0.7%	-7.1%	-0.7%
Capital Preservation Y&G & Yield Model	-0.6%	-0.4%	1.4%	0.5%	1.4%	-5.3%	-10.3%	0.2%
Completion Capital Preservation Model	0.1%	-0.4%	1.2%	1.8%	1.2%	-5.1%	-9.6%	1.1%
Small Completion Capital Preservation Model	0.2%	1.5%	1.9%	3.8%	1.9%	-1.9%	-9.0%	-1.7%
Capital Preservation Benchmark	0.1%	2.2%	3.1%	3.6%	3.1%	-1.7%	-11.7%	-2.8%
Balanced Growth DG Model	1.7%	1.7%	7.6%	15.1%	7.6%	5.6%	-5.0%	15.2%
Balanced Growth Y&G Model	1.1%	0.6%	1.6%	8.4%	1.6%	-0.5%	-0.5%	15.6%
Balanced Growth Yield Model	2.0%	-2.7%	na	na	-2.8%	na	na	na
Completion Balanced Growth Model	1.3%	-2.7%	3.7%	9.6%	3.7%	-3.4%	-11.0%	18.2%
Small Completion Balanced Growth Model	1.3%	1.4%	5.1%	10.4%	5.1%	-1.2%	-12.0%	10.2%
Balanced Growth Benchmark	1.5%	1.9%	5.1%	9.5%	5.1%	-2.2%	-10.4%	16.3%
All Equity DG Model	2.4%	1.9%	9.5%	20.6%	9.5%	6.3%	-5.0%	21.6%
All Equity Y&G Model	1.9%	0.7%	1.6%	11.6%	1.6%	-0.4%	2.7%	22.9%
Completion All Equity Model	1.9%	-4.4%	3.7%	11.3%	3.7%	-5.8%	-13.0%	25.5%
Small Completion All Equity Model	1.8%	-0.1%	5.6%	12.2%	5.6%	-3.7%	-14.6%	13.9%
All Equity Benchmark	2.2%	1.8%	6.2%	12.6%	6.2%	-2.5%	-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.

*Source: FactSet and Croesus Composites

Langill & McHenry Investment Advisors of Raymond James
PIMG Model Portfolio Performance
As of 31MARCH2023

Mandate	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Capital Preservation DG Model	2.6%	-0.6%	0.0%	-2.6%	-4.0%	-0.3%	0.2%	0.8%
Capital Preservation Y&G Model	1.4%	-0.8%	-2.5%	-3.5%	-3.9%	-0.3%	0.2%	0.9%
Completion Capital Preservation Model	1.2%	0.5%	-2.6%	-4.3%	-3.6%	-0.3%	0.5%	1.6%
Small Completion Capital Preservation Model	1.9%	1.9%	-1.1%	-4.5%	-5.5%	0.0%	0.1%	1.0%
Capital Preservation Benchmark	3.1%	0.5%	0.4%	-5.5%	-7.1%	1.3%	-0.7%	1.4%
Balanced Growth DG Model	7.6%	7.0%	-0.6%	-7.7%	-3.3%	6.3%	0.2%	3.1%
Balanced Growth Y&G Model	1.6%	6.7%	-2.9%	-5.5%	1.6%	4.9%	1.0%	3.8%
Balanced Growth Yield Model	-2.8%	na	na	na	na	na	na	na
Completion Balanced Growth Model	3.7%	5.7%	-2.2%	-9.9%	-4.4%	8.4%	1.7%	4.6%
Small Completion Balanced Growth Model	5.1%	5.0%	-0.6%	-10.0%	-6.4%	4.1%	0.8%	3.8%
Balanced Growth Benchmark	5.1%	4.1%	-0.2%	-10.8%	-3.6%	5.7%	0.7%	4.5%
All Equity DG Model	9.5%	10.1%	-0.9%	-10.2%	-3.1%	8.9%	-0.4%	3.4%
All Equity Y&G Model	1.6%	9.8%	-3.2%	-7.8%	4.8%	6.7%	2.2%	3.9%
Completion All Equity Model	3.7%	7.3%	-1.8%	-17.4%	-4.2%	11.8%	0.5%	5.0%
Small Completion All Equity Model	5.6%	6.2%	-0.7%	-13.5%	-6.4%	5.1%	-0.7%	3.1%
All Equity Benchmark	6.2%	6.0%	-0.6%	-13.6%	-1.8%	8.0%	1.4%	6.1%

****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.

*Source: FactSet and Croesus Composites

"Dividend Growth (DG)" Stocks We Own:

Dividend Growth (DG) All Equity Portfolio (2023-03-31)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
Automatic Data Processing Inc	4.9%	-6.3%	2.3%	26.8	28.1	13.3
Nordson Corp	4.9%	-6.3%	1.2%	24.2	5.4	8.3
Tractor Supply Company	4.9%	4.9%	1.7%	23.4	13.3	22.5
Empire Co. Ltd. Class A	4.9%	2.1%	1.8%	13.1	1.9	47.8
Intact Financial Corporation	4.9%	-0.2%	2.2%	15.5	2.5	29.5
Lowe's Cos Inc	4.9%	0.9%	2.0%	15.3	nmf	37.6
Morgan Stanley	4.9%	4.1%	3.4%	13.4	1.7	6.8
Jamieson Wellness, Inc.	4.9%	-4.0%	2.1%	19.5	3.2	16.4
UnitedHealth Group Incorporated	4.9%	-10.5%	1.4%	19.4	5.8	14.8
Watsco Inc Cl A	4.9%	28.7%	3.1%	23.1	6.5	24.1
Xylem Inc.	4.9%	-5.0%	1.3%	32.5	5.4	- 10.3
Waste Management Inc Del	4.9%	4.5%	1.7%	27.6	9.8	4.9
Stella-Jones Inc.	4.9%	7.2%	1.7%	12.7	2.0	18.6
Wheaton Precious Metals Corp	4.9%	23.4%	1.2%	42.2	3.3	11.5
Activision Blizzard, Inc.	4.9%	11.8%	0.5%	22.4	3.5	- 5.4
Broadcom Inc.	4.9%	15.6%	2.9%	15.3	11.7	- 2.5
Enghouse Systems Limited	4.9%	6.8%	2.3%	27.4	4.1	12.5
Comcast Corporation Class A	4.9%	9.2%	3.0%	10.6	2.0	- 16.8
Quebecor Inc. Class B	4.9%	11.7%	3.4%	12.5	5.9	10.9
Richelieu Hardware Ltd.	4.9%	3.5%	1.5%	17.3	2.7	26.5
Cash & Equivalents						
Cash (CAD\$)	2.0%	1.2%	3.3%	NA	NA	NA
Langill & McHenry All Equity DG Portfolio	100.0%	9.5%	2.0%	20.3	5.8	13.3%

*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) (2023-03-31)

Issue Name	Price - Close	Portfolio Weight %	Rating	Yield %	Effective Duration (years)
Bonds					
Province of Alberta 2.2% 01JUN2026	95.3	8.0%	A+	3.8%	3.0
Walt Disney Company 3.057% 30MAR2027	93.7	8.0%	BBB+	4.7%	3.7
Choice Properties Real Estate Investment Trust 2.848% 21MAY2027	91.6	8.0%	BBB	5.1%	3.7
Manulife Financial Corporation 3.317% 09MAY2028/2023	99.9	8.0%	A-	5.4%	0.1
Tourmaline Oil Corp. 2.529% 12FEB2029	88.3	8.0%	NA	4.9%	5.2
Canada Housing Trust No.1 2.1% 15SEP2029	92.3	8.0%	AAA	3.4%	5.9
Fairfax Financial Holdings Limited 3.95% 03MAR2031	88.4	8.0%	BBB	5.8%	6.5
PROVINCE OF ONT 2.05% 02JUN30	90.1	7.1%	A+	3.6%	6.5
Canada Housing Trust No.1 3.55% 15SEP2032	100.6	8.5%	AAA	3.5%	7.9
Preferred Shares					
Enbridge Inc Cum Red Pref Registered Shs Series 1 USD\$ 01JUN2023	22.7	7.6%	BBB-	4.4%	0.2
Capital Power Corp Cum Conv Red Pref Registered Shs Series -11- 30JUN2024	23.6	7.6%	BB	6.1%	1.2
Convertible Debentures					
NFI Group 5% 15JAN2027 Conv Debs	82.0	6.6%	NA	6.1%	3.6
Cash & Equivalents					
Cash or Cash Equivalent	1.0	6.0%		3.3%	-
Langill & McHenry Capital Preservation DG Portfolio		100%	BBB	4.3%	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 (2023-03-31)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
J.M. Smucker Company	4.9%	0.0%	2.7%	17.5	2.0	- 16.1
North West Company Inc.	4.9%	6.2%	3.9%	14.4	2.9	9.4
Restaurant Brands Intl	4.9%	4.5%	3.2%	22.7	8.4	7.6
Pembina Pipeline Corp	4.9%	-3.3%	5.9%	15.6	1.8	22.5
Allstate Corp	4.9%	-17.7%	3.0%	18.9	2.0	nmf
CT Real Estate Investment Trust	4.9%	4.2%	5.4%	14.0	1.0	- 0.3
Royal Bank of Canada	4.9%	2.5%	3.9%	11.4	1.8	7.2
Sun Life Financial Inc.	4.9%	1.6%	4.4%	10.2	1.5	5.8
AbbVie, Inc.	4.9%	-0.4%	3.7%	14.6	16.5	16.0
Bristol-Myers Squibb Company	4.9%	-2.9%	3.3%	8.7	4.7	- 0.5
Gilead Sciences, Inc.	4.9%	-2.4%	3.6%	12.3	4.9	- 3.4
Medtronic PLC	4.9%	4.6%	3.2%	16.2	2.2	13.2
Hormel Foods Corp	4.9%	-11.9%	2.8%	23.1	2.9	- 0.6
Manulife Finl Corp	4.9%	4.1%	5.6%	7.9	1.0	12.1
Cisco Systems Inc.	4.9%	10.6%	3.2%	12.8	5.0	nmf
IBM Corporation	4.9%	-5.8%	5.2%	13.4	5.2	- 34.1
Texas Instruments Inc.	4.9%	13.4%	2.8%	23.5	11.0	13.9
BCE Inc.	4.9%	3.4%	6.1%	20.0	3.2	- 1.0
Telus Corporation	4.9%	4.0%	4.9%	27.0	2.5	- 3.6
Fortis Inc.	4.9%	7.1%	3.8%	20.2	1.5	1.8
Cash & Equivalents						
Cash (CAD\$)	2.0%	1.2%	3.3%	NA	NA	NA
Langill & McHenry Y&G All Equity Portfolio	100.0%	1.6%	3.9%	15.9	3.1	2.45%

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

Capital Preservation Portfolio Yield & Growth (Y&G) & Yield (Y) (2023-03-31)

Issue Name	Price - Close	Portfolio Weight %	Rating	Yield %	Effective Duration (years)
Bonds					
Canadian Western Bank 1.57% 14SEP2023	98.5	11.0%	A-	5.3%	0.4
Equitable Bank 3.362% 02MAR2026	93.5	11.0%	BBB-	5.9%	2.7
Telus Corporation 2.75% 08JUL2026	94.3	11.0%	BBB	4.7%	3.0
Government of Canada 1.0% 01JUN2027	91.5	11.0%	AAA	3.2%	4.0
Crombie Real Estate Investment Trust 3.133% 12AUG2031	82.5	11.0%	BBB-	5.8%	7.0
PROVINCE OF ONT 2.7% 02JUN2029	95.0	11.0%	A+	3.6%	6.0
Preferred Shares					
Fairfax Financial Holdings Limited Cum Pfd Shs Series M 31MAR2025	21.0	7.1%	BB+	6.0%	2.0
Brookfield Corp Pfd S46 31MAR2027	20.0	7.1%	BBB	6.7%	4.0
Pembina Pipeline Corp Cum Conv Red Perp Pfd Registered Shs A Series -21- 01MAR2028	22.7	7.1%	BB+	6.9%	4.9
Convertible Debentures					
Morguard REIT 6.805% 31DEC2026	93.0	7.1%	BB+	5.6%	3.6
Cash & Equivalents					
Cash or Cash Equivalents	1.0	5.5%	na	3.3%	-
Langill & McHenry Capital Preservation Y&G Portfolio		100.0%	BBB	5.1%	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 (2023-03-31)

Issue Name	Portfolio Weight	Last Quarter Total Return %	Dividend Yield	Price/Earnings	Price/Book	5 Yr EPS Growth
Equity						
Verizon Communications	4.9%	0.3%	6.7%	8.3	1.8	7.7
Cdn Natural Resources	4.9%	0.8%	4.4%	11.0	2.4	45.9
Philip Morris Intl	4.9%	-2.6%	5.0%	16.0	- 17.5	3.4
Suncor Energy	4.9%	-1.2%	4.9%	7.2	1.4	34.0
TC Energy	4.9%	-0.9%	6.7%	13.1	1.8	- 36.3
Enbridge Inc	4.9%	-1.0%	6.6%	17.9	2.0	- 3.2
Capital Power	4.9%	-8.9%	5.5%	10.0	2.7	- 20.9
Emera	4.9%	8.7%	4.8%	18.0	1.6	4.0
3M	4.9%	-11.2%	5.6%	12.3	4.0	3.4
CIBC	4.9%	6.2%	5.8%	8.1	1.2	3.5
Power Corp of Canada	4.9%	10.1%	5.9%	9.0	1.0	0.8
Walgreen Boots Alliance Inc	4.9%	-6.2%	5.4%	7.9	1.2	- 0.2
Leggett & Platt Inc	4.9%	0.3%	5.5%	20.2	2.6	0.1
Newell Brands	4.9%	-3.4%	7.3%	12.1	1.5	-
Simon Property Group	4.9%	-3.2%	6.5%	17.3	11.7	- 0.9
Choice Properties REIT	4.9%	-0.4%	5.1%	15.4	2.8	1.4
Chartwell Retirement REIT	4.9%	3.0%	7.0%	nmf	2.7	24.4
Bank of Nova Scotia	4.9%	4.2%	6.0%	8.9	1.3	4.0
International Paper Co.	4.9%	5.4%	5.1%	13.4	1.5	- 0.6
Dow Inc.	4.9%	10.1%	4.9%	17.6	1.9	nmf
Cash & Equivalents						
Cash (CAD\$)	2.0%	1.2%	3.3%	NA	NA	NA
Langill & McHenry Yield All Equity Portfolio	100.0%	na	5.6%	11.9	1.4	3.4%

Note: For illustration purposes only.

*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 2023-03-31, CAD

Completion and Small Completion Model Holdings:

Issue Name	Ticker	Currency \$	Q1 2023 %	Last 12 Months %
iShares Canadian Corporate Bond Index ETF	XCB-CAN	CAD \$	2.8%	-0.6%
iShares MSCI World Index ETF	XWD-CAN	CAD \$	7.4%	0.5%
iShares MSCI Emerging Markets Index ETF	XEM-CAN	CAD \$	4.2%	-5.2%
First Trust Nasdaq 100 Equal Weight ETF	QQEW-US	USD \$	13.6%	-5.8%
iShares Russell 2000 ETF	IWM-US	USD \$	2.7%	-12.7%
Fidelity Canadian Short-Term Bond ETF (FCSB)	VSC-CAN	CAD \$	1.9%	1.2%
PIMCO Monthly Income (CAN) ETF Series	PMIF-CAN	CAD \$	1.6%	-0.7%
Horizons Active Preferred Share ETF	HPR-CAN	CAD \$	2.4%	-14.9%
Berkshire Hathaway Ord Shs Class B	BRK.B-US	USD \$	0.0%	-12.3%
Graham Holdings Company Ord Shs Class B	GHC-US	USD \$	-1.1%	-2.8%
Fairfax Financial Holdings Sub Voting Ord Shs	FFH-CAN	CAD \$	13.9%	31.2%
Onex Ord Shs	ONEX-CAN	CAD \$	-3.1%	-22.8%
Markel Hldg Co Corp	MKL-US	USD \$	-3.0%	-14.5%
Brookfield Corp	BN-CAN	CAD \$	3.6%	-23.0%
Cymbria Corporation Class A	CYB-CAN	CAD \$	2.2%	-3.7%

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..

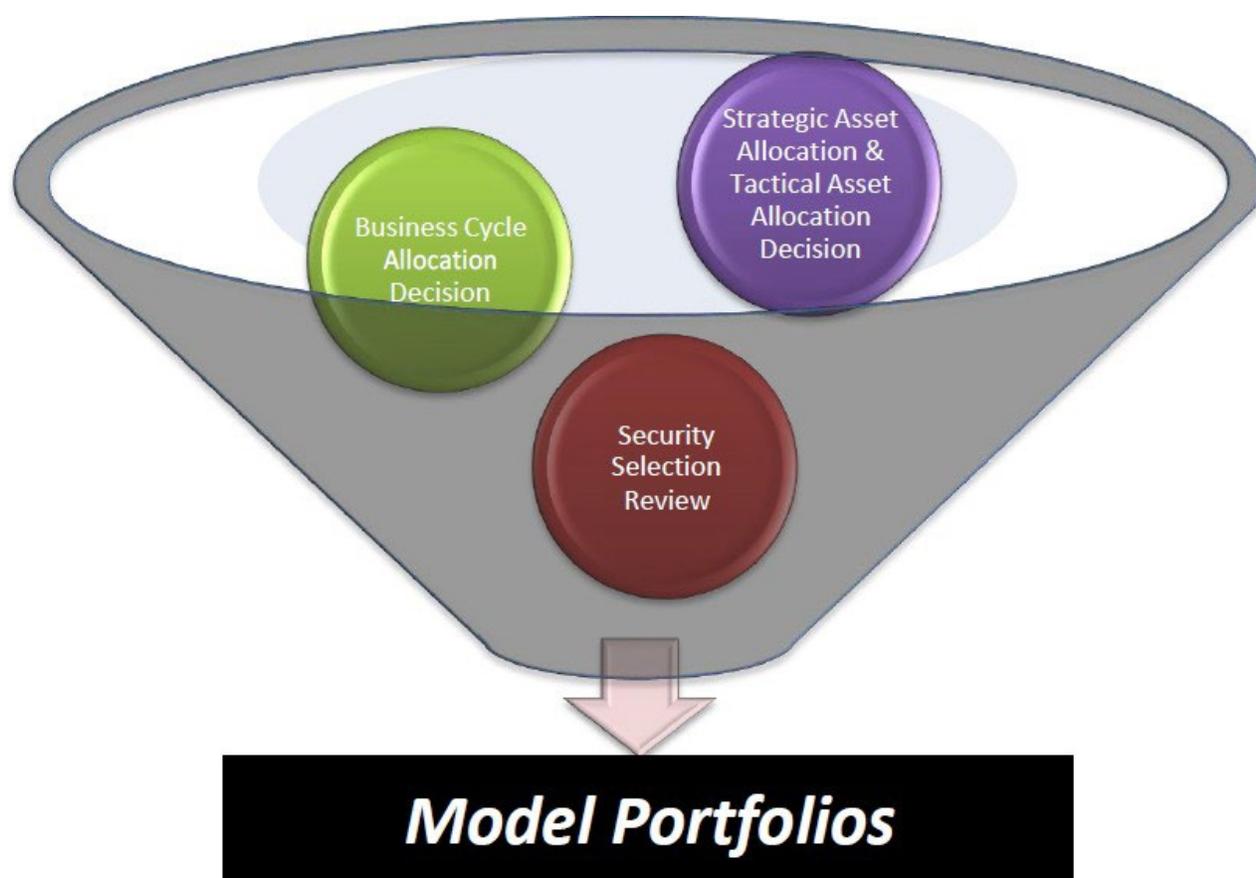
Source: FactSet.

Model Portfolio Process

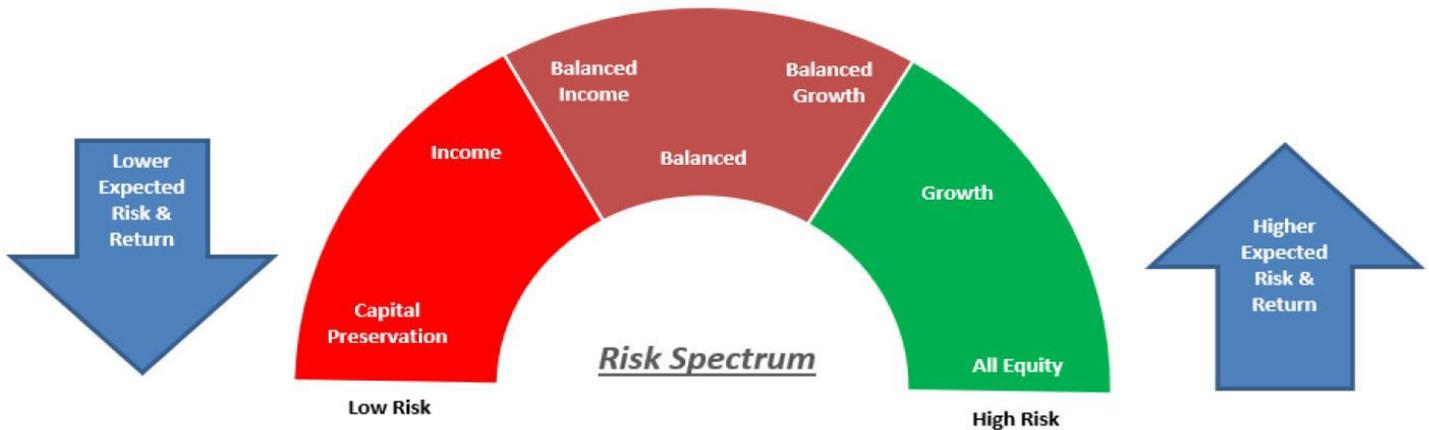
When we select investment securities for our model portfolios, we follow a disciplined three-step process:

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 (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	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	2.00%	78.00%	20.00%
<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	2.00%	58.00%	40.00%
<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	2.00%	48.00%	50.00%
<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	2.00%	33.00%	65.00%
<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	2.00%	18.00%	80.00%
<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	3.00%	0.00%	97.00%
<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 of the 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

Other Portfolio Parameters (both 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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