VÊRED WEALTH MANAGEMENT (CANADA) COMPANY LIMITED

2022 Q2 VWMC Portfolio Performance Report

Published on July 25, 2022

PART I: Market Overview

Q2 2022 was a particularly challenging quarter. The combination of persistently high inflation, continued geopolitical issues (Russia/Ukraine war, COVID control in China), heightened monetary tightening as well as emerging concerns of an economic recession has sent markets significantly lower in Q2.

For the quarter, S&P was down 16.5%, Dow Jones down 11.3% and NASDAQ down 22.4%. All 11 S&P 500 sectors had negative returns, with Consumer Discretionary, Technology, Communication Services and Financials registering biggest drop while defensive sectors, such as Utilities, Healthcare, Consumer Staples having relatively moderate declines. Even Energy, advancing 40% in Q1, dropped ~8% in Q2.

On the Canadian side, TSX couldn't continue its positive performance in Q1, sliding 13.8% in Q2 with falling commodity prices (oil, copper, gold, etc.). For markets outside North America, EAFE (developed countries ex. US) was down 14.5% while Emerging Market was down 11.5% as China recovered from the lift of COVID lockdowns and some signs of economic relaxation.

On the commodities side, gold, after touching $2000 briefly in Q1, dropped meaningfully (-7.5%) in Q2 with rising bond yield. Oil continued its advance in April and May but turned negative in June due to concerns on demand destruction from economic slowdown. WTI was up 5.5% in Q2 (+40% in H1) but has dipped below $100 recently.

10-year US treasury yield continued to rise. It reached 3.3% in mid-June (highest level since 2011) but softened towards quarter-end (3%) as investors' concern shifted from inflation to economic slow-down. Bonds had another terrible quarter (down close to 5%; over 10% for H1). This is the first time in decades that investors are losing money in bonds for such a long period of time (24 months and counting).

US dollar appreciated significantly in Q2 (+6.4%) and H1 (+9%). Euro declined 11% to reach parity with US dollar while JPY depreciated almost 20%. Canadian dollar faired a bit better, down 2.6%, helped by commodity prices. With FED leading the pack on monetary tightening and geopolitical concerns elsewhere, US dollar is a safe haven for investors. Appreciating US dollar will be helpful on US inflation but put pressure on exports.

H1, 2022 has been the worst start to a year for the market in the last 50 years. S&P 500 entered bear market technically (down 20% from the peak) and NASDAQ dropped further into bear market territory (down close to 30%). What made investment management even more challenging is bond markets (usually provides some protection when equity markets show weakness) also dropped meaningfully. Except for commodities, every asset class had negative returns in H1 (nowhere to hide!).

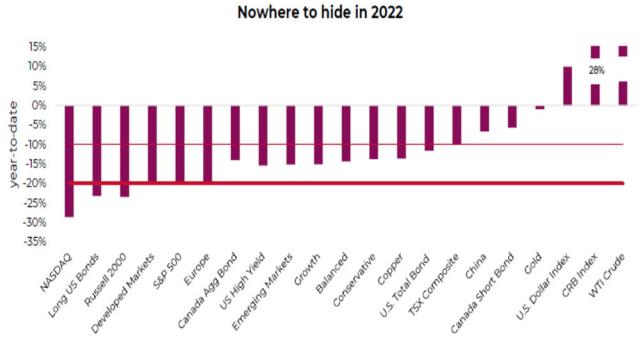
	Return						
	Q1 2022	Apr	May	June	Q2, 2022	H1 2022	YTD
S&P 500	-4.9%	-8.80%	0.01%	-8.39%	-16.45%	-20.58%	-18.8%
Dow Jones	-4.6%	-4.91%	0.04%	-6.71%	-11.25%	-15.31%	-13.7%
NASDAQ	-9.1%	-13.26%	-2.05%	-8.71%	-22.44%	-29.51%	-26.7%
Russel 2000	-7.8%	-9.95%	0.00%	-8.37%	-17.49%	-23.93%	-21.8%
TSX	3.1%	-5.15%	-0.16%	-9.01%	-13.84%	-11.13%	-11.2%
MSCI Developed Market Index (ex. US)	-5.9%	-6.47%	0.75%	-9.28%	-14.51%	-19.57%	-19.8%
MSCI Emerging Market Index	-7.0%	-5.56%	0.44%	-6.65%	-11.45%	-17.63%	-17.9%
Gold	6.7%	-2.05%	-3.49%	-2.09%	-7.44%	-1.28%	-4.7%
Oil	33.3%	4.40%	9.53%	-7.77%	5.46%	40.62%	38.3%
US Dollar Index	2.5%	4.53%	-1.04%	2.88%	6.43%	9.08%	7.6%
Aggregate Bond Index	-5.8%	-3.81%	0.76%	-1.56%	-4.59%	-10.16%	-10.0%
Change in US 10-year Treasury Yield (bps)	82	56	(4)	13	65	146	138

S&P 500 Sectors	Price Return Year to Date	Sector Weighting
Energy	31.9%	4.4%
Utilities	-3.1%	3.0%
Consumer Staples	-6.7%	6.9%
Health Care	-8.8%	15.1%
Materials	-17.7%	2.6%
Industrials	-17.7%	7.7%
Financials	-18.8%	10.8%
S&P 500	***-19.9%***	-
Real Estate	-21.3%	2.9%
Information Technology	-26.3%	27.0%
Communication Svcs.	-29.4%	8.9%
Consumer Discretionary	-32.0%	10.6%

Source: FactSet, RJ Equity Portfolio & Technical Strategy

Top 10 Worst Returns in 1H of the Year			
Year	1H	2H	Full Year Return
1932	-45.4%	56.2%	-14.8%
1962	-23.5%	15.3%	-11.8%
1970	-21.0%	26.5%	-0.1%
2022	-20.6%		
1940	-19.9%	6.0%	-15.1%
1939	-17.4%	14.7%	-5.2%
2002	-13.8%	-11.1%	-23.4%
2008	-12.8%	-29.4%	-38.5%
1974	-11.8%	-20.3%	-29.7%
1973	-11.7%	-6.4%	-17.4%
Average		5.7%	-17.3%
% Negative		44%	100%

Source: FactSet and RJ Equity Portfolio & Technical Strategy



Source: Bloomberg, Conservative/Balanced/Growth are ETF models from a large asset manager

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PART II: Market Outlook

Key things to watch out for in Q3 are: 1) Inflation; 2) economic growth; 3) FED meetings in July and September; and 4) corporate earnings growth (Q2) and outlook.

1) **Inflation**

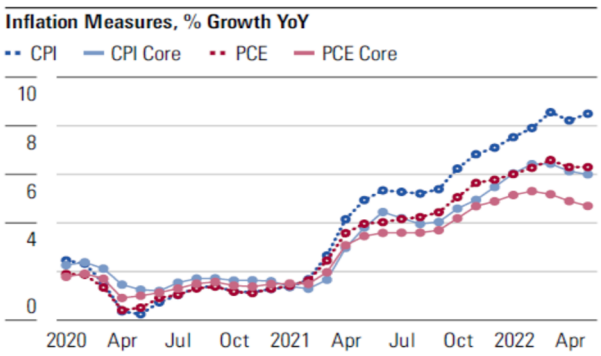
Inflation remains the biggest risk for 2022. It could have meaningful impact on corporate earnings and the FED policy, two key factors that will drive market return.

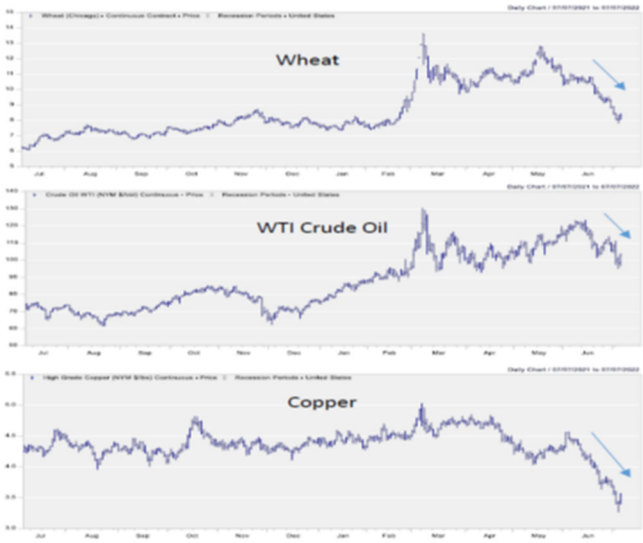
While headline inflation will remain high for the next few months with price momentum and busy summer travel months, there are signs that the tide is slowly turning:

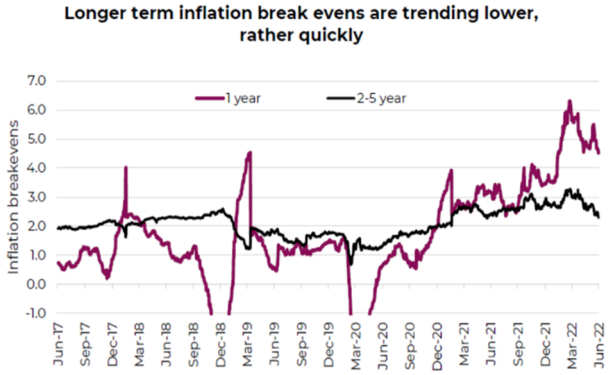
- Commodity prices (copper, oil, agriculture products) have come down materially in recent weeks, which will help inflation down the road.
- Retail inventory is at high level, resulting in discounts.
- Strong US dollar and potential reduction in tariffs could lower prices of imported goods.
- Labor market participation is increasing, alleviating some wage pressure.
- Service inflation may cool down beyond the busy summer months.
- Comparison will be easier due to base effect as we go forward.
- While headline inflation remains at elevated levels, core inflation (PCE and CPI) has been declining in the last few months.
- More importantly, the amount of inflation priced into the bond market in the 2-5 year range is back down to early 2021 levels, which means inflation expectation is well anchored (i.e. inflation will not be long lasting and hyper inflations similar to those in the 1970s not very likely).

Currently, market consensus expects 5.8% CPI inflation in 2022, 3% in 2023 and 2.5% in 2024. FED, in its most recent economic projection, expected PCE inflation at 5.2% in 2022, 2.6% in 2023 and 2.2% in 2024, from 4.3%, 2.7% and 2.3% in its March projection. It is noted that PCE inflation is slightly different from CPI.

Ultimately, the speed of inflation improvement is highly dependent on the resolution of supply constraints and speed of demand destruction by FED tightening, which still carry a lot of uncertainties.







Source: Bloomberg, Purpose Investments

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PART II: Market Outlook

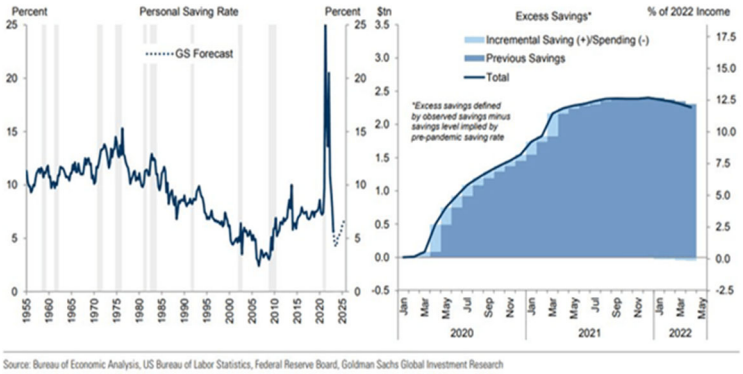
2) Economy Growth

While US Q1 GDP declined by 1.6%, and current projection of weak growth in Q2 as well, we believe it is largely driven by inventory adjustments and net exports. The underlying economy, supported by still tight job market (job openings outstrip job seekers), solid wage growth and high level of personal savings, is more robust than the headline numbers suggest at the moment. However, economic growth will likely slow down further into 2023. Market consensus expects a recession beginning in late 2023 (Q2/Q3), but it could be a shallow and short one as moderating inflation will help consumer spending and the FED would come to the rescue again.

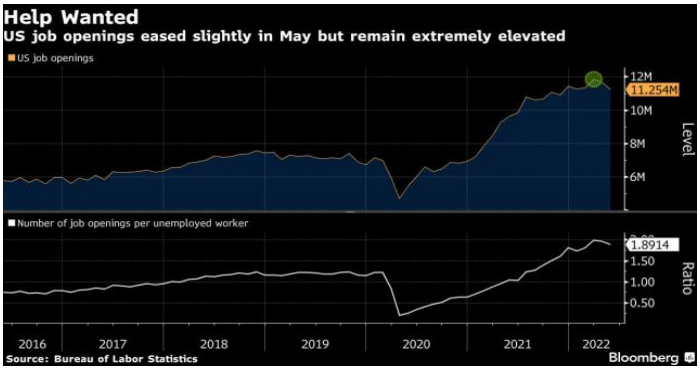
Current market consensus expects 2.6% and 1.9% GDP growth in 2022 and 2023, slightly above long-term trend (1.5-2% growth). This provides reasonable macro backdrop for the market. FED, in its most recent economic projection, downgraded its GDP growth expectation from 2.8% (2022) and 2.2% (2023) to 1.7% for both 2022 and 2023. However, growth will rebound to 1.9% in 2024.

Comparing to our inflation outlook, we are less confident about our economic outlook. Ultimately, consumption accounts for over two thirds of US GDP and therefore consumer sentiment and spending are important to the overall economy. Key things to watch for are: 1) job market conditions; 2) consumer confidence and retail spending.

U.S. Personal Savings Rate Down, But Excess Savings Remains Huge



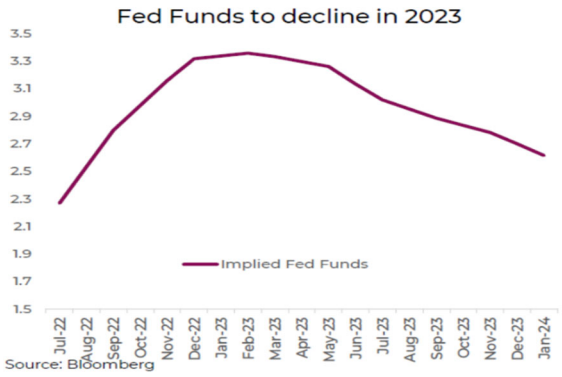
Job market still strong



3) Fed Policy

While the FED maintains a hawkish stance, expectation of rate hikes has moderated in recent weeks as market shifts its focus from inflation to economic slowdown. US 2-year treasury yield (which tends to lead FED funds rate) has dropped from 3.4% to ~3% recently.

To manage inflation expectation, FED decided to front load its rate hikes (75bps in July and another 3-4 hikes for the remainder of the year). However, expectation for 2023 is much more muted with 1-2 hikes in H1 2023. After that, cooling inflation and weak economic growth may open the door for FED to cut rates. Current market futures imply the FED moving their rate from 3.25% by the end of 2022 to 3.5% in Q1 2023, but then cutting rates back down to 2.75% by the end of 2023. Whatever the path, as soon as inflation pressures ease, financial conditions should begin to ease as well. This could provide support to both equity and bond markets.



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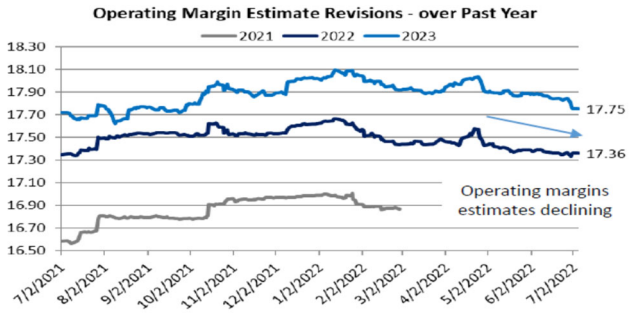
PART II: Market Outlook

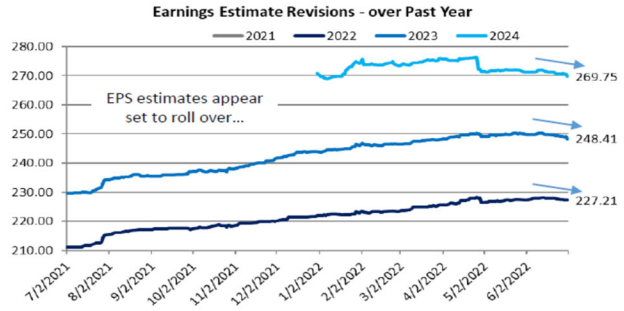
4) Corporate Earnings Growth :

Corporate earnings remain in good shape. In fact, 2022 consensus earnings estimate has increased slightly from the beginning of the year despite all the challenges. For 2022, S&P500 EPS is expected to be $227 (a 10% growth over 2021, vs. 7.9% average growth in the last 10 years), driven by strong topline growth and relatively stable margins (as companies have been able to pass cost increases to customers with solid demand). For 2023, EPS growth is expected to be 9.5%.

Of course, with high input costs, tighter financial conditions and a slowing economy, we believe there are rooms for Wall Street analysts to cut their earnings projections (already happening). However, earnings growth will likely remain positive for both 2022 and 2023.

Market will closely monitor earnings guidance coming out of the upcoming Q2 reporting season to gauge the economic impact on demand and inflation on margins. Near-term volatility is expected at individual stock as well as overall market level around earnings announcements by key companies.

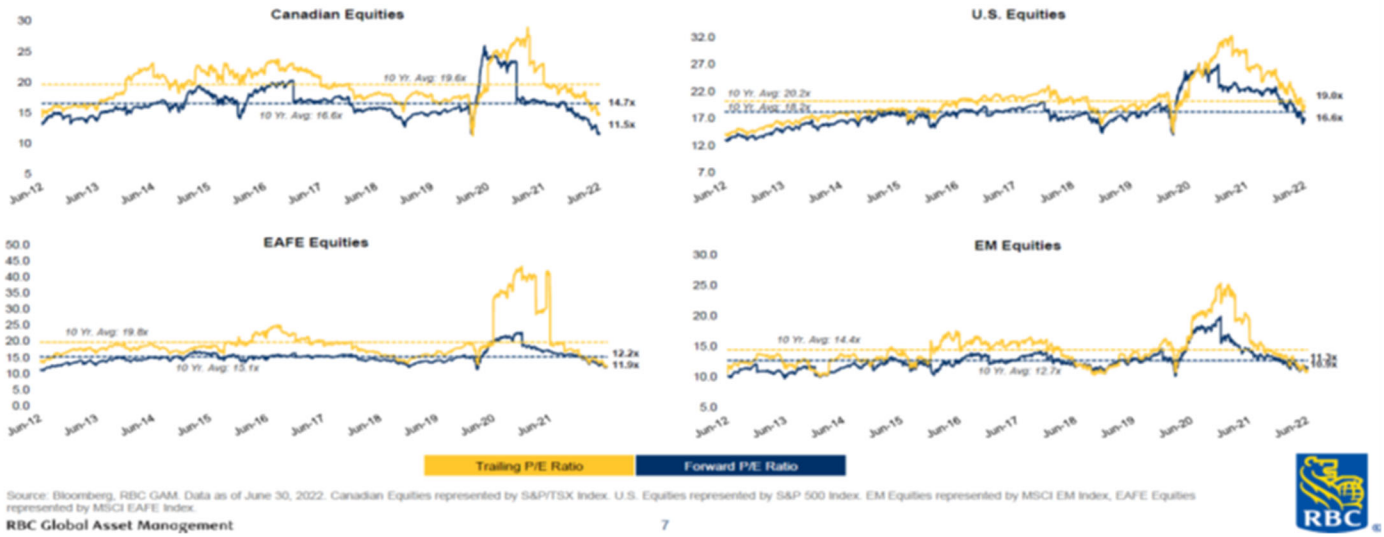




Valuation

With recent market pullback, valuation has come down significantly. S&P500 12-month forward P/E is now close to 17x, vs. 10-year average of 18x. Therefore, it looks like a lot of bad news have been priced in. In the last 10 years, severe market drawdowns seem bottoming around 14-16x P/E so we are close to the bottom as per valuation.

Equity Risk Premium (ERP; earnings yield minus real bond yield) has declined slightly as bond yield rose quickly to catch up with earnings yield. However, ERP remains at elevated levels (2.7%), which suggests equity is still attractive vs. bonds.



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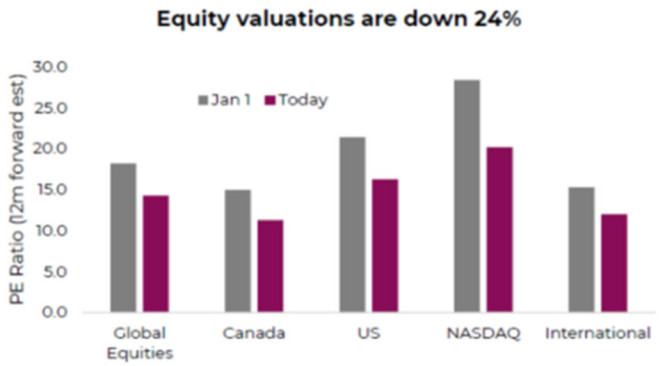
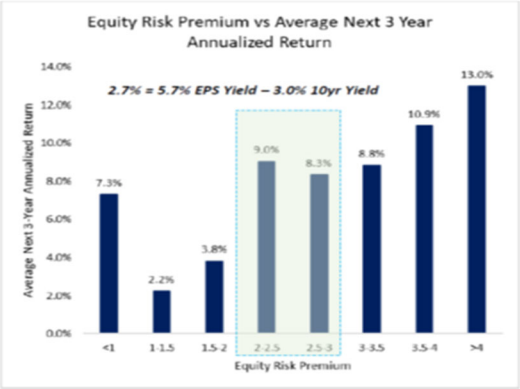


Source: Bloomberg, Purpose Investments



Source: FactSet and RJ Equity Portfolio & Technical Strategy

View on the Market

In the near term, there are still great uncertainties on several fronts as we discussed above, including high inflation, slowing economy, tightening monetary conditions and downward revisions of corporate earnings, and therefore, market will remain challenging for the next few months.

However, looking beyond current challenges, we can see some positives: valuation has come down to reasonable levels, rate hikes are largely priced in, and corporate earnings growth will remain positive. Therefore, we expect the market to stabilize towards the end of the year and potentially recover as inflation moderates and FED slows its pace of monetary tightening (limited hikes in 2023 and potential rate cuts in later half of 2023). While economic conditions and corporate earnings will remain uncertain, the normalization of inflation and monetary policy will provide support to the market. As market is forward looking, it will react well before economy and earnings bottom.

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PART III: Recommendations

We expect a mid-single digit return (including dividends) for the US market from current level. However, market volatility will continue to be elevated as we navigate through the tightening cycle and other risks mentioned above.

As such, we have the following recommendations:

1) Asset Mix:

We continue to favor equity over fixed income as we believe: 1) equity offers superior growth and return especially given recent draw-down; 2) fixed income will be more directly impacted by rising interest rates. However, as we progress deeper into the rate cycle and bond yields become more attractive (3-4% currently), we may increase weightings in fixed income and possibly increase bond duration as well (currently we are concentrated in short term and inflation protected bonds) but it is still too early for that now.

We decided to add 5% Alternative Investments (Centurion Apartment REITs) to the asset mix. We believe the addition could provide diversification to our portfolios. We chose Centurion Apartment REITs given its focus on the apartment rental market (stable cash flow; some degree of inflation protection), mostly fixed rate mortgages (less impact from rising rates) and strong operation management (cost efficiency). There are both public REITs and private REITs available on the market. However, public REITs are much more volatile. We've looked at other private REITs, including Avenue Living Real Estate Core Trust (ICC400F), but prefer Centurion because it has larger AUM and longer history, and is more diversified in terms of underlying assets.

2) Sector

We continue to overweight Financials (benefiting from rising rates and valuation), Energy/Materials (inflation hedge) and Healthcare (defensive, secular growth). We also increase weighting in Utilities slightly while reduce weighting in Industrials slightly. We bring Tech to equal weighting as we believe recent drops make some of them more attractive. Overall, we are pivoting moderately towards defensive (Healthcare, Utilities) and value (Financials), but again it is probably a bit too early to go full defensive. Adjustments are also being made in light of sector performance as well (index weightings have changed due to varying degrees of sector performance).

3) Stock selection:

We continue to focus on companies with strong pricing power and visible earnings growth. As mentioned above, market will be driven entirely by earnings growth to offset valuation contraction. High valuation stocks with limited earnings will be under more pressure.

4) Markets:

We continue to favor North America markets as Europe continues to face geopolitical uncertainties and energy supply issues with the ongoing Russia/Ukraine war. Some selective participation in other developed markets and emerging markets is still warranted given its lower valuation vs. US.

We continue to recommend a well-diversified portfolio to deal with high market volatility. At the same time, we need to be nimble to capture potential market opportunities again due to high market volatility.

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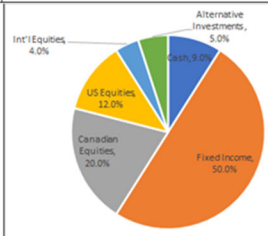
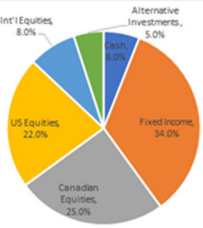
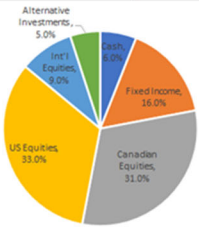
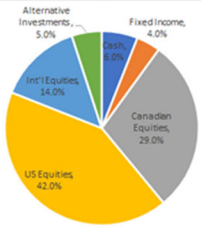
Managed Account Mandates - Asset Allocation

Based on our view of the economy, interest rates, and equity market outlook, we remain overweight in equity, underweight in fixed income and slightly overweight in cash to prepare for potential short-term volatility. Given expected interest rate increases and high inflation, we think equity is still a better asset class than bonds at this stage and therefore, we maintain our overweight in Equities vs. Bonds. We will follow the interest rate and economic situation very closely and there is possibility that we may go more defensive and increase weightings in fixed income products down the road, but we think it is too early for that now. From this quarter, in order to provide further diversification and add cash flow to the portfolio, we decided to add 5% alternative investments (Centurion Apartment REITs) to each of the mandates. Also, we increase our cash weightings to prepare for potential investments in additional alternative investments or other suitable investments. Weightings in Equities and Fixed Income are reduced accordingly to accommodate the addition of alternative investments.

Recommended Asset Allocation								
	Income Focus		Balanced		Growth		High Growth	
	Target Asset Allocation	*Tactical Asset Allocation*	*Target Asset Allocation*	*Tactical Asset Allocation*	*Target Asset Allocation*	*Tactical Asset Allocation*	*Target Asset Allocation*	*Tactical Asset Allocation*
Asset Allocation Mix (Bonds/Equities)	65%/35%	59%/41%	45%/55%	40%/60%	25%/75%	22%/78%	10%/90%	10%/90%
Risk Profile	Low to Medium		Medium		Medium to High		High	
Tactical Asset Allocation Pie Chart								
Description	For investors with intermediate-term time horizons who are sensitive to short-term losses yet want to participate in the long-term growth of financial markets. The portfolio, which fixed-income securities tend to make up the largest proportion of holdings, seeks to keep investors well ahead of the effects of inflation while maintaining some principal stability. The portfolio has characteristics that may deliver returns lower than that of the broader market with lower levels of risk and volatility.		For investors seeking a balance between capital preservation and capital growth. This portfolio, which is a split between fixed-income securities and equities, seeks to keep investors well ahead of the effects of inflation while maintaining some principal stability. With slighlty over half of the portfolio invested in a diversified mix of Canadian and international equities, investors should be comfortable with moderate fluctuations in the portfolios.		For investors with long-term time horizons who are not sensitive to short-term losses and want to participate in the long-term growth of the financial markets. This portfolio, which has a higher weighting in equities, seeks to keep investors well ahead of the effects of inflation with principal stability as a secondary consideration.		For investors with long-term time horizons who are not sensitive to short-term losses and want to participate in the long-term growth of the financial markets. This portfolio, which is primarily invested in equities, seeks to keep investors well ahead of the effects of inflation with little regard for maintaining principal stability. The portfolio may deliver returns comparable to those of the broader equity market with similar levels of risk and volatility.	

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VÊRED WEALTH MANAGEMENT (CANADA) COMPANY LIMITED

Income Focus Portfolio Performance Report

2022 Q2

Description

This mandate is for investors with intermediate-term time horizons who are sensitive to short-term losses yet want to participate in the long-term growth of financial markets. The portfolio, which fixed-income securities tend to make up the largest proportion of holdings, seeks to keep investors well ahead of the effects of inflation while maintaining some principal stability. The portfolio has characteristics that may deliver returns lower than that of the broader market with lower levels of risk and volatility.

Performance Analysis

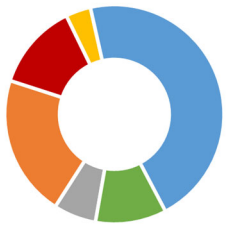
The Income Focus mandate was down 5.39% in Q2, outperforming benchmark by 2.48%, driven by meaningful outperformance of Canadian Equity holdings (sector allocation and stock selection), and better performance of fixed income holdings (duration, credit quality, inflation protected bonds).

Risk Level

Low	Low to Medium	Medium	Medium to High	High

*Vered Wealth Management (Canada) Company Limited has rated the volatility of this portfolio as **Low to Medium**. The rating can change over time. A low risk rating can still lose money. The portfolio may contain alternative products which is at sole discretion of the Portfolio Manager up to a permitted percentage.*

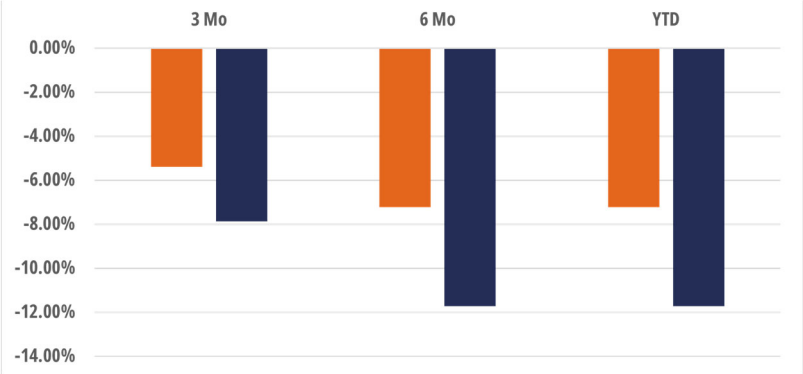
Asset Allocation



	Weight %
Cash	6.30
Canadian Equity	20.90
US Equity	12.80
International Equity	3.70
Fixed Income	45.80
Other/Not Classified	10.50

Portfolio Performance

	3 Mo	6 Mo	YTD
Portfolio Return*	-5.39%	-7.22%	-7.22%
Benchmark Return	-7.86%	-11.73%	-11.73%
Outperformance (Underperformance)	2.48%	4.51%	4.51%



The portfolio performance return is **NOT net of fees.*

Benchmarks

	Weight %
BoA Canadian Bond Market TR Index	60
S&P/TSX Capped Composite TR Index	20
S&P500 TR Index	10
MSCI EAFE GR (C$)	5
Cash	5

Top Holdings

	Weight %
Vanguard Short-Term Corporate Bond ETF (USD)	12.86
iShares Core Canadian Short Term Bd ETF	12.54
BMO Aggregate Bond ETF (CAD)	10.01
BMO Laddered Preferred Share ETF (CAD)	7.95
iShares Core US Aggregate Bond ETF (USD)	7.30
iShares 0-5 Year TIPS Bond ETF (USD)	6.50
iShares Core MSCI EAFE IMI ETF (CAD)	3.73
Royal Bank of Canada (CAD)	1.86
The Toronto-Dominion Bank (CAD)	1.52
Intact Financial Group	1.51
TMX Group Ltd	1.30
Brookfield Asset Management Inc Registered Shs-A-Limited Vtg	1.22
Enbridge Inc	1.21
TC Energy Corp	1.20
Canadian National Railway Co	1.15

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VÊRED WEALTH MANAGEMENT (CANADA) COMPANY LIMITED

Balanced Portfolio Performance Report

2022 Q2

Description

This mandate is for investors seeking a balance between capital preservation and capital growth. This portfolio, which is a split between fixed-income securities and equities, seeks to keep investors well ahead of the effects of inflation while maintaining some principal stability. With slightly over half of the portfolio invested in a diversified mix of Canadian and international equities, investors should be comfortable with moderate fluctuations in the portfolios.

Performance Analysis

The Balanced mandate was down 7.29% in Q2, outperforming the relevant benchmark by 2.32%, driven by meaningful outperformance of Canadian Equity holdings (sector allocation and stock selection), and better performance of fixed income holdings (duration, credit quality, inflation protected bonds).

Risk Level

Low	Low to Medium	Medium	Medium to High	High

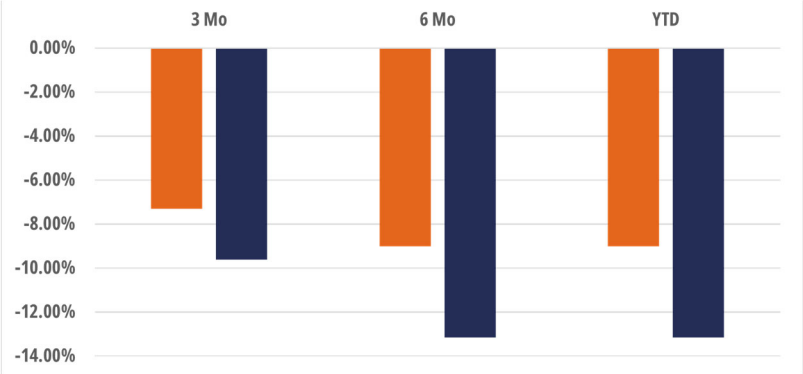
*Vered Wealth Management (Canada) Company Limited has rated the volatility of this portfolio as **Medium**. The rating can change over time. A low risk rating can still lose money. The portfolio may contain alternative products which is at sole discretion of the Portfolio Manager up to a permitted percentage.*

Asset Allocation

	Weight %
Cash	3
Canadian Equity	24.9
US Equity	25.8
International Equity	6.6
Fixed Income	32.8
Other/Not Classified	6.9

Portfolio Performance

	3 Mo	6 Mo	YTD
Portfolio Return*	-7.29%	-9.01%	-9.01%
Benchmark Return	-9.61%	-13.14%	-13.14%
Outperformance (Underperformance)	2.32%	4.13%	4.13%



The portfolio performance return is **NOT net of fees.*

Benchmarks

	Weight %
BoA Canadian Bond Market TR Index	45
S&P/TSX Capped Composite TR Index	25
S&P500 TR Index	20
MSCI EAFE GR (C$)	10

Top Holdings

	Weight %
iShares Core Canadian Short Term Bd ETF	9.61
Vanguard Short-Term Corporate Bond ETF (USD)	8.76
iShares Core MSCI EAFE IMI ETF (CAD)	6.68
BMO Aggregate Bond ETF (CAD)	6.14
iShares 0-5 Year TIPS Bond ETF (USD)	5.54
iShares Core US Aggregate Bond ETF (USD)	5.33
BMO Laddered Preferred Share ETF (CAD)	5.08
Royal Bank of Canada (CAD)	2.22
The Toronto-Dominion Bank (CAD)	1.81
Intact Financial Group	1.80
TMX Group Ltd	1.55
Merck & Co Inc	1.53
Brookfield Asset Management Inc Registered Shs-A-Limited Vtg	1.46
Enbridge Inc	1.44
TC Energy Corp	1.43

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VÊRED WEALTH MANAGEMENT (CANADA) COMPANY LIMITED

Growth Portfolio Performance Report

2022 Q2

Description

This mandate is for investors with long-term time horizons who are not sensitive to short-term losses and want to participate in the long-term growth of the financial markets. This portfolio, which has a higher weighting in equities, seeks to keep investors well ahead of the effects of inflation with principal stability as a secondary consideration.

Performance Analysis

The Growth mandate was down 9.05% in Q2, outperforming the relevant benchmark by 2.11%, driven by meaningful outperformance of Canadian Equity holdings (sector allocation and stock selection), and better performance of fixed income holdings (duration, credit quality, inflation protected bonds), as well as modest outperformance of Emerging Market equities.

Risk Level

Low	Low to Medium	Medium	Medium to High	High

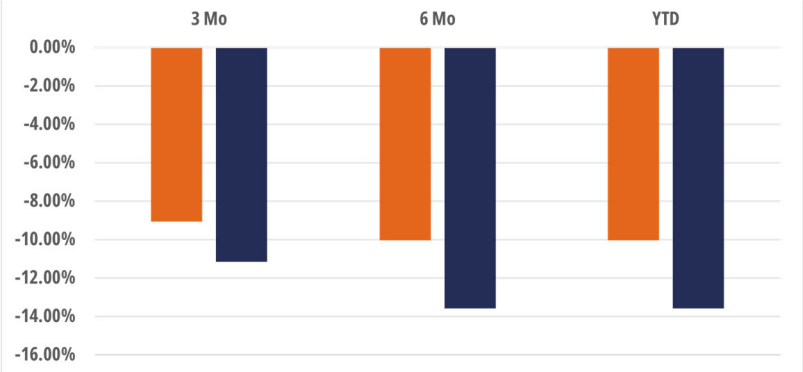
*Vered Wealth Management (Canada) Company Limited has rated the volatility of this portfolio as **Medium to High**. The rating can change over time. A low risk rating can still lose money. The portfolio may contain alternative products which is at sole discretion of the Portfolio Manager up to a permitted percentage.*

Asset Allocation

	Weight %
Cash	2.8
Canadian Equity	33.6
US Equity	33.8
International Equity	10.6
Fixed Income	15.3
Other/Not Classified	4

Portfolio Performance

	3 Mo	6 Mo	YTD
Portfolio Return*	-9.05%	-10.03%	-10.03%
Benchmark Return	-11.16%	-13.59%	-13.59%
Outperformance (Underperformance)	2.11%	3.56%	3.56%



The portfolio performance return is **NOT net of fees.*

Benchmarks

	Weight %
BoA Canadian Bond Market TR Index	25
S&P/TSX Capped Composite TR Index	35
S&P500 TR Index	30
MSCI EAFE GR (C$)	10

Top Holdings

	Weight %
iShares Core MSCI EAFE IMI ETF (CAD)	7.79
Vanguard Short-Term Corporate Bond ETF (USD)	4.47
iShares Core Canadian Short Term Bd ETF	4.36
iShares 0-5 Year TIPS Bond ETF (USD)	3.39
BMO Laddered Preferred Share ETF (CAD)	3.11
Vanguard FTSE Emerging Mkts All Cap ETF	3.02
Royal Bank of Canada (CAD)	2.99
The Toronto-Dominion Bank (CAD)	2.45
Intact Financial Group	2.42
iShares Core US Aggregate Bond ETF (USD)	2.18
BMO Aggregate Bond ETF (CAD)	2.09
TMX Group Ltd	2.09
Merck & Co Inc	2.01
Brookfield Asset Management Inc Registered Shs-A-Limited Vtg	1.97
Enbridge Inc	1.94

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VÊRED WEALTH MANAGEMENT (CANADA) COMPANY LIMITED

High Growth Portfolio Performance Report

2022 Q2

Description

This mandate is for investors with long-term time horizons who are not sensitive to short-term losses and want to participate in the long-term growth of the financial markets. This portfolio, which is primarily invested in equities, seeks to keep investors well ahead of the effects of inflation with little regard for maintaining principal stability. The portfolio may deliver returns comparable to those of the broader equity market with similar levels of risk and volatility.

Performance Analysis

The High Growth mandate was down 9.8% in Q1, outperforming the relevant benchmark by 2.35%, driven by meaningful outperformance of Canadian Equity holdings (sector allocation and stock selection), and better performance of fixed income holdings (duration, credit quality, inflation protected bonds), as well as modest outperformance of Emerging Market equities.

Risk Level

Low	Low to Medium	Medium	Medium to High	High

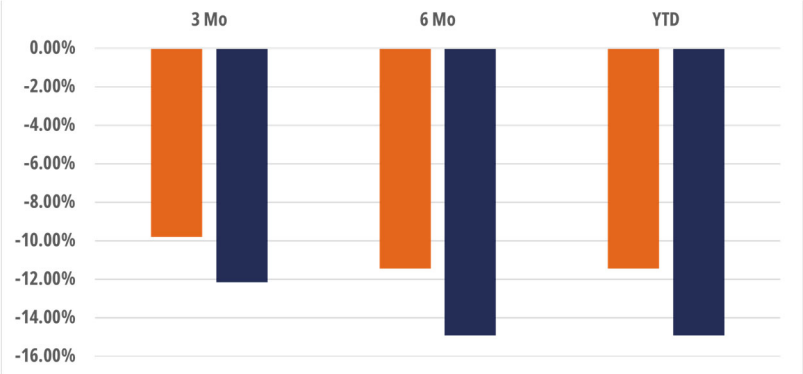
*Vered Wealth Management (Canada) Company Limited has rated the volatility of this portfolio as **High**. The rating can change over time. A low risk rating can still lose money. The portfolio may contain alternative products which is at sole discretion of the Portfolio Manager up to a permitted percentage.*

Asset Allocation

	Weight %
Cash	2.60
Canadian Equity	30.20
US Equity	43.70
International Equity	14.60
Fixed Income	8.00
Other/Not Classified	0.90

Portfolio Performance

	3 Mo	6 Mo	YTD
Portfolio Return*	-9.80%	-11.44%	-11.44%
Benchmark Return	-12.15%	-14.93%	-14.93%
Outperformance (Underperformance)	2.35%	3.49%	3.49%



The portfolio performance return is **NOT net of fees.*

Benchmarks

	Weight %
BoA Canadian Bond Market TR Index	10
S&P/TSX Capped Composite TR Index	30
S&P500 TR Index	40
MSCI EAFE GR (C$)	20

Top Holdings

	Weight %
iShares Core MSCI EAFE IMI ETF (CAD)	9.83
Vanguard FTSE Emerging Mkts All Cap ETF	5.07
Vanguard Short-Term Corporate Bond ETF (USD)	4.52
iShares Core Canadian Short Term Bd ETF	4.40
Royal Bank of Canada (CAD)	2.69
Merck & Co Inc	2.66
Microsoft Corp	2.41
Apple Inc	2.27
The Toronto-Dominion Bank (CAD)	2.20
Intact Financial Group	2.18
Dollar General Corp	2.10
Adobe Inc	1.93
TMX Group Ltd	1.88
Alphabet Inc Class A	1.88
Raytheon Technologies Corp	1.86

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