Q1 2025

Managed Portfolios

Addenda Total Equity

Quick facts

Inception date:
February 29, 2016

Asset class:
Equity

Minimum investment:
$100,000

Avg. number of holdings:
20–35

Investment manager:
Addenda Capital

Investment manager assets under management:
$40B

Portfolio risk:

Medium

aviso wealth

What does the Portfolio invest in?

The portfolio invests in a diversified portfolio of Canadian and non-Canadian equity securities, exchange traded funds (ETFs), and money market instruments and/or cash equivalents.

Asset allocations

Asset class	Min	Target	Current	Max
Canadian equities	30%	48.5%	51%	70%
Non-Canadian equities	30%	48.5%	44%	70%
Cash & cash equivalents	1%	3%	5%	10%

- Equities: the minimum market capitalization will be $1 billion dollars (CAD and/or USD equivalent) at the time of purchase and invested in at least six out of 11 GICS (Global Industry Classification Standard Sectors)
  - Canadian equities: Target 10–15 securities
  - Non-Canadian equities: Target 10–15 securities

Suitable for investors whose objective is to achieve long-term capital growth, and is not intended for investors with a short-term investment horizon.

Top ten holdings[1] (excluding cash and cash equivalents) %

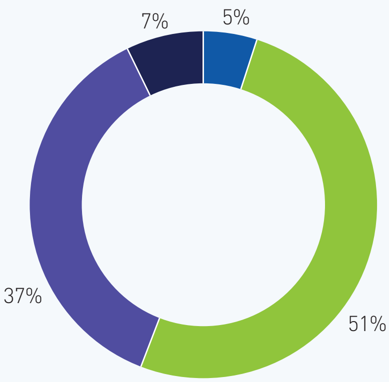
1.	Constellation Software Inc	9.0
2.	Dollarama Inc	6.0
3.	Bank Of Montreal	4.9
4.	Visa	4.7
5.	SAP	4.5
6.	Toronto-Dominion Bank	4.3
7.	WSP Global Inc	4.0
8.	United Health Group Inc.	3.8
9.	Canadian Pacific Kansas City	3.7
10.	Brookfield Corp.	3.7

Performance

	QTD	YTD	1 yr	3 yr	5 yr	Since inception (Annualized)
Portfolio	1.1%	1.1%	8.5%	8.7%	13.9%	10.8%
Benchmark	0.0%	0.0%	14.9%	10.4%	16.6%	12.0%

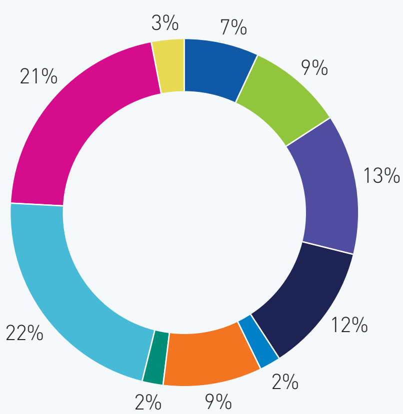
Q1 2025

Asset allocation[1,2]



- Cash
- Canadian equities
- US equities
- International equities

Equities sector allocation[1,3]



- Energy
- Materials
- Industrials
- Consumer Discretionary
- Consumer Staples
- Health Care
- Index
- Financials
- Information Technology
- Communication Services

Average market cap. $403.1B (equities only)

Repositioning for Q2 2025

Sold or reduced positions (-2.5%)

- Trimmed Bank of Montreal
- Trimmed Canadian Natural Resources
- Trimmed CGI
- Trimmed Dollarama
- Trimmed SAP

Bought or increased positions (+2.5%)

- Increased Broadcom
- Increased Franco Nevada
- Increased cash

Rationale:

Asset mix: We continue to raise cash and derisk the portfolio as we are concerned with a potential global trade war as the United States seems set on unravelling decades of globalization and re-shoring manufacturing jobs. We feel strongly that this is a policy mistake and that eventually cooler heads will prevail. Nonetheless, we feel it is prudent to lower portfolio risk due to the uncertainty.

Within the Canadian equity component, four holdings as outlined above were trimmed and added to our lone gold stock, Franco Nevada. Bank of Montreal was reduced as we lower our overall Bank weight across the portfolio, in light of the higher risk of a global slowdown or recession. Dollarama has been a star performer, so profits were taken as the portfolio weight has grown and the discount to intrinsic value has narrowed. We continue to like the company and its prospects. Canadian Natural Resources was reduced to lower our cyclical exposure as the risk of a global slowdown could hurt oil prices, especially if China ends up being the focus of the U.S. trade war. Finally, CGI was reduced further to raise cash and due to the concern that U.S. government contracts will be more difficult to come by as the Trump administration cuts spending and focuses on local suppliers.

With respect to adding the position in Franco Nevada, we think gold and gold stocks will be beneficiaries of the current backdrop, although they often sell off during times of extreme market stress. Over longer periods of time (3 months plus), they tend to outperform significantly. The drivers of higher gold prices are the following:

1. Central banks are looking to reduce their holdings of U.S. dollars. This is a secular trend that should accelerate under a trade war scenario.
2. Higher inflation and lower growth would lead to lower real (inflation-adjusted) U.S. interest rates which historically leads to higher gold prices
3. China would likely add aggressively to gold reserves under a trade war scenario, and they have tremendous buying power
4. A step back in globalization would reduce the demand for U.S. dollars, benefitting gold in the process

5. ETF buyers of gold have been strong year-to-date and should continue to buy as a way to diversify away from equities and for the reasons cited above

With respect to the global equity component, some profits in SAP were crystallized and the proceeds were to add to our position in Broadcom.

Quarterly commentary

Markets began the quarter strongly with the idea that the new Trump administration will be positive for Wall Street. However, uncertainties grew in February and March around tariffs, US policy, and economic data. This put pressure on the US markets while Europe maintained its upward trajectory, mainly supported by the financial sector, and the comments from governments concerning the need to rebuild their own defense. In the US, markets corrected following months of strong gains, with Q1 2025 the worst performing quarter for the S&P 500 since Q3 2022. Economic data reignited concerns about growth with US consumer confidence also starting to decline. Chinese markets performed strongly since January, supported by government's policies and the news that DeepSeek had created an AI model at a meaningfully lower cost compared to competitors. The first quarter of 2025 was highly volatile, and this volatility should remain in the market for Q2 as discussion around tariffs are just beginning.

The Canadian equity market began the year on a stable footing, with the S&P/TSX Composite Index returning +1.5% in Q1. This stands in contrast to the more pronounced drawdowns in U.S. markets, where the S&P 500 and NASDAQ declined -4.3% and -10.3%, respectively. Since peaking in mid-February, the S&P 500 and NASDAQ have fallen -16% and -22%, respectively, as sentiment turned sharply due to renewed trade and macro concerns. Although the TSX also pulled back -9% from its high, it held up relatively well amid a challenging global backdrop. Amid this uncertainty, gold was a strong performer, ending the quarter at a new record high and driving very strong returns for gold stocks

Despite evidence of more positive growth momentum in the fourth quarter and a reacceleration in near term inflation measures, the Bank of Canada ("BoC") eased an additional 0.25%. the FTSE Canada Universe Bond Index returned 2.0% during the first quarter of 2025.

The Portfolio had a good start to the year and exceeded its benchmark by more than 1%. Outperformance during the quarter was largely driven by relative strength from the global equity component which preserved capital by generating a positive absolute return despite the benchmark decline. This was partially offset by the Canadian equity component, which while having a positive absolute return, was not able to keep pace with its benchmark.

The Canadian equity component modestly trailed its benchmark. This was largely driven by the Portfolio weakness during the month of March. It was an extremely narrow market during the period, with gold stocks being really the only strong performing sector. Notable contributors for the quarter included Franco Nevada, Dollarama, and CGI, while detractors included were Brookfield, CIBC, and being absent from Barrick Gold.

The global equity component outperformed its benchmark in the first quarter, driven by security selection. As per last quarter, SAP (Application Software) remained the top contributor for Q1 2025. EssilorLuxottica (Health Care Supplies) was another positive contributor for this quarter. The company reported strong earnings, beating consensus on sales, and maintaining its long-term outlook despite uncertainties around tariffs and the macroeconomic environment. In terms of detractors from performance, Alphabet (Internet & Media Services) was the weakest performing name, due to several reasons, including disappointing earnings and rising uncertainties around the US economy. Despite this underperformance, it remains a quality company with strong fundamentals. Its recent acquisition of Wiz should support its position in the cloud business and its valuation is attractive. We continue to monitor this stock closely, and make sure our thesis still holds.

Investment manager overview

Addenda Capital is an investment management firm providing solutions for institutional and high net worth clients. They offer clients expert services in a broad range of asset classes. Addenda's mission is to add value through innovation, discipline and integrity, and to nurture genuine partnerships with their clients.

Management style

Canadian equities (Value)	Global equities (GARP[4])

Investment philosophy

Addenda provides a Total Equity strategy that employs two separate portfolio management teams that abide to investment styles that are suitable given their landscape to create high conviction, concentrated portfolios. The Canadian equity component is managed with a value tilt and consists of companies with diversified business models and attractive price-intrinsic value relationships. The companies invested in have the potential to generate strong relative and absolute returns over time. Global equities are managed with a Growth At a Reasonable Price (GARP) investment style and include companies with solid and repeatable competitive advantages, a history of innovative capabilities, seasoned management, non-commoditized business models, consistent earnings and free cash flow.

Investment process and risk controls

- For Canadian equities, Addenda's analysis and research is focused on various elements to decipher whether a company remains able to generate strong free cash flow over time. Subsequently, Addenda looks for the company to be priced in the market at a discount to its estimated intrinsic value. When managing a dividend approach, the focus is equally placed on the company's ability and willingness to continue to distribute and/or increase its future dividend payments.
- For global equities, Addenda believes that added value stems from sustainable and repeatable earnings growth. Addenda's approach is driven by fundamental research, focused on obtaining a deep understanding of secular growth themes. Once an understanding of the key growth drivers behind a theme is determined, Addenda's research focus shifts to finding companies well positioned to leverage those themes. Addenda seeks global or regional leaders with the ability to outpace its peers and end markets through its capacity to sell value-added products and/or services.

Key strengths

- Adding value through innovation and discipline
- Strong team work, rich insights
- Leveraging extensive fundamental research capabilities
- Guided by strong governance and sound judgement
- A culture based on integrity
- Environmental, social and governance (ESG) criteria inherent in the investment philosophy[4]
- Addenda is a United Nations Principles for Responsible Investment (PRI) signatory

About Aviso Wealth

Aviso Wealth is part of Aviso, one of Canada's largest independent wealth management firms. Owned by the credit unions, we serve hundreds of thousands of investors at credit unions across Canada.

With approximately $130 billion of assets under administration and management, Aviso has the resources to bring the best products and services to credit unions and their members. Invest with confidence, with your credit union and Aviso.

- Nearly 30 years as the wealth management provider to credit unions across Canada.
- One of Canada's largest independent wealth management firms.
- Parent company of Aviso Wealth, NEI Investments, and Qtrade.
- Owned by Canada's credit unions and Desjardins.

[1] As of April 8, 2025 after quarterly rebalancing unless otherwise stated.

[2] Includes Ishares SPDR S&P 500 ETF

[3] Excludes Ishares SPDR S&P 500 ETF

[4] GARP (Growth at a reasonable price)

[5] Tobacco and weapons companies are screened-out of portfolios. Tobacco: Exclude tobacco companies and companies that derive a material portion of their revenue from tobacco-related products such as filters, rolling papers or packaging, or from the sale of tobacco or tobacco-related products. Applies to equity holdings only. Weapons: Exclude companies that derive revenue from military contracts that violate International Humanitarian Law (IHL), and nuclear weapons contracts; companies that derive a material portion of their revenue from the manufacture of legal weapons systems and/or tailor-made components for these weapons systems; and companies whose activities are connected with the manufacturing of automatic or semi-automatic weapons intended for civilian use, or derive a material portion of their revenue from the sale or distribution of such weapons. Applies to equity holdings only.

Indicated rates of return are calculated using the time-weighted rate of return methodology for the period ended, March 31, 2025, and do not take into account management expenses, custodial fees, account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.

Benchmark Index: 50% S&P/TSX 60/50% MSCI World Net (CAD).

Source: MSCI. The MSCI information may only be used for internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information.

Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Please be advised that the information contained herein does not constitute investment advice and it should not be relied on as such. Past performance is no guarantee of future results. The information contained in this report was obtained from sources believed to be reliable; however, we cannot guarantee that it is accurate or complete.

Managed Portfolios are distributed by Aviso Wealth. Mutual funds and other securities are offered through Aviso Wealth, a division of Aviso Financial Inc. Online brokerage services are offered through Qtrade Direct Investing. Referral fees, commissions, management fees, and expenses all may be associated with managed accounts or the investments therein. Managed accounts, and the investments therein, are not insured nor guaranteed, their values change frequently and past performance may not be repeated.

Aviso Wealth Inc. ('Aviso') is a wholly owned subsidiary of Aviso Wealth LP, which in turn is owned 50% by Desjardins Financial Holding Inc. and 50% by a limited partnership owned by the five Provincial Credit Union Centrals and The CUMIS Group Limited. NEI Investments is a registered trademark of Northwest & Ethical Investments L.P. ("NEI LP"). Northwest & Ethical Investments Inc. is the general partner of NEI LP and a wholly-owned subsidiary of Aviso Wealth Inc. ("Aviso"). Aviso is the sole limited partner of the NEI LP. The following entities are subsidiaries of Aviso: Aviso Financial Inc. (including divisions Aviso Wealth, Qtrade Direct Investing, Qtrade Guided Portfolios, Aviso Correspondent Partners), and Northwest & Ethical Investments L.P.

NDG0075E_4 04/25