Q4 2022

OnPoint **Managed Portfolios**

Income Growth

Quick facts

Inception date:
February 29, 2016

Asset class:
Balanced

Minimum investment:
$100,000

Avg. number of holdings:
20–35

Investment manager:
Addenda Capital

Investment manager assets under management:
$34B

Portfolio risk:

Low to Medium

OnPoint Managed Portfolios are distributed by *Credential Qtrade Securities Inc.*

What does the Portfolio invest in?

The portfolio invests in a diversified portfolio of fixed income securities, Canadian dividend-paying equity securities, Canadian Real Estate Investment Trusts (REITs), preferred shares, US equity securities, exchange traded funds (ETFs), and money market instruments and/or cash equivalents.

Asset allocations

Asset class	Min	Target	Current	Max
Equities	10%	35%	38%	50%
– Canadian dividend & REIT equities	10%	35%	34%	50%
– Non-Canadian equities	0%	0%	4%	10%
Fixed income & Preferred shares	50%	62%	57%	90%
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. Canadian dividend & equities: Target 10-20 securities. US equities: Target 0–20 securities
- Fixed income: Includes 5% to 35% in units of the Addenda Universe Core Bond pooled fund, 15% to 50% in Addenda Bonds Corporate Core pooled fund, 0% to 30% in Addenda Commercial Mortgage pooled fund, 0% to 20% in Addenda Preferred Share pooled fund, and / or Canadian fixed income ETFs.

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

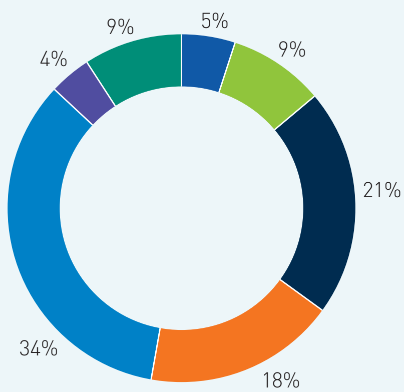
Top ten holdings (excluding cash and cash equivalents) %

1.	Addenda Bonds Corporate Core Pooled Fund	21.0
2.	Addenda Commercial Mortgage DC Pooled Fund	17.7
3.	Addenda Preferred Share Pooled Fund	9.1
4.	Addenda Bonds Universe Core Pooled Fund	8.8
5.	Bank Of Montreal	5.6
6.	Toronto-Dominion Bank	4.8
7.	Restaurant Brands Intl.	2.6
8.	BCE Inc	2.5
9.	Bank Of Nova Scotia	2.4
10.	Rogers Communications Inc	2.2

Performance

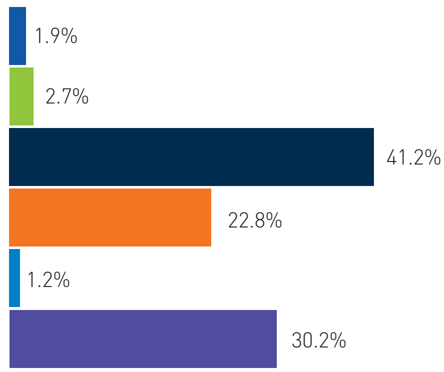
	QTD	YTD	1 yr	3 yr	5yr	Since inception (Annualized)
Portfolio	2.2%	-6.8%	-6.8%	3.3%	3.6%	4.8%
Benchmark	1.8%	-10.5%	-10.5%	1.4%	2.3%	4.1%

Asset allocation[1]



- Cash
- Addenda Bonds Universe Core Pooled Fund
- Addenda Bonds Corporate Core Pooled Fund
- Addenda Commercial Mortgage DC Pooled Fund
- Canadian Dividend and REITS
- US Equities
- Canadian Preferred Shares

Core Bond Pool sector allocation

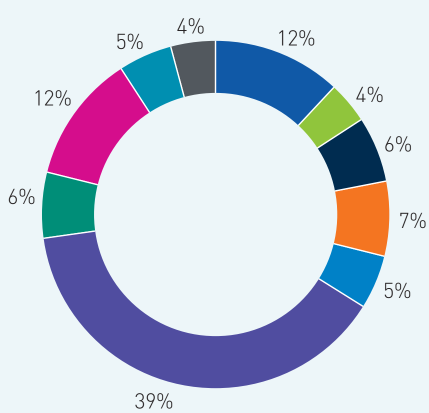


- Cash & Money Market
- Commercial Mortgages
- Corporate Bonds
- Federal Bonds
- Municipal Bonds
- Provincial Bonds

Credit quality	Portfolio (%)
AAA	23.7
AA	32.0
A	23.7
BBB	16.0
Non Rated Securities (Commercial Mortgages)	2.7
Cash and Money Market	1.9
	100.0

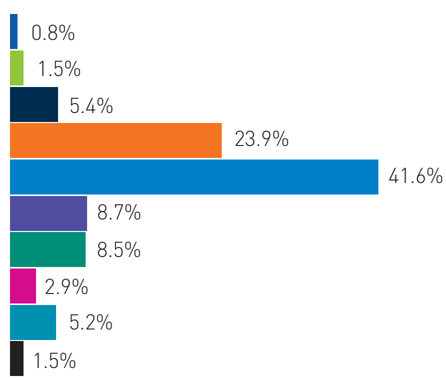
Current Yield 3.58%

Equities sector allocation[1]



- Energy
- Materials
- Industrials
- Consumer discretionary
- Health care
- Financials
- Information technology
- Communication services
- Utilities
- Real estate

Corporate Core Bond Pool sector allocation



- Cash and Money Market
- Government, Foreign Pay Bonds
- Communication
- Energy
- Financial
- Industrial
- Infrastructure
- Maples
- Real Estate
- Securitization

Credit quality	Portfolio (%)
AAA	3.0
AA	10.5
A	48.4
BBB	37.3
Cash and Money Market	0.8
	100.0

Current Yield 3.98%

Average market cap. (Canadian equities only) $66.2B
(US equities only) $1163.0B
Weighted Combined Yield to Maturity (Total Portfolio)[2] 4.84%

Repositioning for Q1 2023

Sold or reduced positions (-0.6%)

- Trimmed cash

Bought or increased positions (+0.6%)

- Increased Addenda Bonds Universe Core Pooled Fund

Rationale

- Reduced cash to add to the Addenda Bonds Universe Core Pooled Fund in order to benefit from higher overall interest rates.

Quarterly **commentary**

The fourth quarter of 2022 bore positive results in many asset classes, though these gains did not offset the losses earlier in the year, with all major equity markets posting negative absolute returns over the year. The Bank of Canada slowed its pace of monetary policy tightening by raising the overnight target rate by 100 basis points (bps- 1/100th of a percent) during the third quarter to 4.25%. Similarly, the Federal Reserve tightened by a total of 125 bps, finishing the year at a target range of 4.25% - 4.50%. Both Central Banks suggested that they have not finished tightening for this cycle. Within bonds, rates rose across the curve even as the Bank of Canada signaled a slower pace of tightening and inflation data continued moving lower. Short term rates rose more than longer term. Corporate spreads narrowed during the quarter after hitting the widest levels of the year in October, supported by a positive overall tone for risk markets. Equity markets rebounded strongly after hitting the lowest levels of the year in October, on expectations that Central banks are nearing the end of monetary policy tightening. Canadian stocks rallied strongly through the Fall on China reopening expectations, softer inflation data, and signaling from the Fed described above. The Information Technology sector was the strongest in the quarter, though is still down significantly on the year. Global equities delivered strong positive performance rebounding off the low levels of the year in October. Sector performance was mostly positive, with Energy, Materials and Industrials leading the way. The Canadian dollar appreciated versus its US counterpart during the quarter by 1.5%. The relevant index returns for the Portfolio in the fourth quarter were: Dow Jones Canada Select Dividend Index (+4.79%), the S&P/TSX Preferred Shares Index (-3.24%) the FTSE Canada Universe Bond Index (+0.52%), the FTSE Canada Short-Term Bond Index (+0.67%), and the FTSE Canada Corporate Bond Index (+1.00%).

The Portfolio returned +2.23% during the fourth quarter and exceeded its benchmark by 0.47% (before fees). Over the one-year period, the Portfolio declined 6.80% but significantly outperformed the benchmark by 3.50%. Within the underlying components, the fixed income, Canadian dividend equities, preferred shares, and commercial mortgages all outpaced their respective benchmarks; although the tactical asset allocation positioning detracted from relative performance.

Looking forward, the manager expects global economic growth to slow in 2023 but remain positive as domestic demand is supported by strong labour market dynamics and excess household savings. As a result of tight labour markets, the unemployment rate is not expected to increase much. However, the risk of recession increases as the year progresses due to the maintenance of restrictive monetary policy. Inflation pressure should continue to moderate throughout 2023 but will remain above central bank targets in terms of both level and scope. Structural changes to inflation such as onshoring (less globalization), labour force changes (increased retirements, quiet quitting, WFH, Gig economy) and decarbonization costs (Net Zero) may have longer-term impacts. Against the backdrop of slowing economic growth but higher than target inflation, central banks will focus on price stability and will not pivot to stimulate growth in the near term. In light of this view, the manager slightly decreased cash and has reinvested into fixed income.

About Aviso Wealth

Owned by credit unions, Aviso Wealth Inc. is one of Canada's largest independent wealth management firms, serving virtually all of Canada's credit unions and a range of independent financial organizations.

With approximately $100 billion of assets under administration and management, Aviso Wealth has the resources to bring compelling products and services to credit unions and their members, along with the scale, stability and financial strength of an established national wealth manager.

You can invest with confidence, with Aviso Wealth.

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Investment manager overview

ADDENDA CAPITAL

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[3]) | Fixed Income (Core)

Investment philosophy

Addenda provides a balanced investment strategy that seeks long-term capital appreciation and enhanced diversification through exposure to high quality fixed income and equity securities. A disciplined, dynamic asset allocation approach, blending top-down and bottom-up assessments seeks to exploit market opportunities through tactical shifts. Addenda's committee-based decision-making process leverages the firm's diversity of expertise. Their Asset Allocation Committee, led by the co-CIO, consists of those responsible for each asset class as well as their dedicated economic research team.

Investment process and risk controls

- Extensive top-down analysis of global macro-economic variables and capital markets serve to identify general investment themes and changes in market drivers on a quarterly basis. Forward-looking views, based against a 12 to 24-month horizon, reflect return and risk expectations, as well as relative valuations.
- Changes in asset mix, when triggered, seek to exploit shifting dynamics in the market environment and/or valuations.
- Addenda's actively managed bond and equity investment strategies leverage extensive fundamental research capabilities. Their bond strategy utilizes a multi-strategy approach to exploit diverse alpha sources, while equity strategies are driven by in-depth bottom-up security analysis as well as industry fundamentals. The process favors stocks with consistent earnings and free cash flow growth.

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

[1] As of January 10, 2023. after quarterly rebalancing unless otherwise stated.

[2] Canadian Dividend and REITS yield 4.40%; Canadian Preferred Share yield 7.07%; US Equity yield 1.60%; Addenda Core Bond Pool yield to maturity 4.67%; Addenda Corporate Core Bond Pool yield to maturity 5.49%; Addenda Commercial Mortgage DC Pooled Fund Yield to Maturity 6.04%.

[3] GARP (Growth at a reasonable price)

[4] 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, December 31, 2022, 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: 15% FTSE Canada Universe Bond/25% FTSE Canada All Corporate Bond/35% Dow Jones Canada Select Dividend/10% S&P/TSX Preferred Share Index/15% FTSE Canada Short-Term Overall Bond Index. From 2018-04-01 to 2022-02-28: 28% FTSE Canada Universe Bond/37% FTSE Canada All Corporate Bond/25% Dow Jones Canada Select Dividend/10% S&P/TSX Preferred Share Index. From 2016-02-29 to 2018-03-31 : 28% FTSE Canada Universe Bond/37% FTSE Canada All Corporate Bond/25% Dow Jones Canada Select Dividend/10% BMO 50 Preferred Shares.

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.

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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.

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