

Introducing Richardson Wealth Managed Portfolios

RICHARDSON

Wealth

MANAGED PORTFOLIOS

In today's world, you have virtually an unlimited number of choices as to how your wealth is to be managed. Whether you own individual stocks and bonds, separately managed accounts, funds, ETFs, private pools, alternatives and hedge funds - the sheer volume of choices and combinations are endless. Richardson Wealth Managed Portfolios are customized solutions that can help you navigate an investment landscape that simply has too many products. The portfolios are founded on best practices learned over decades of practical experience, incorporating a modern approach to investment management, anchored by the tenets of diversification, transparency and cost efficiency.

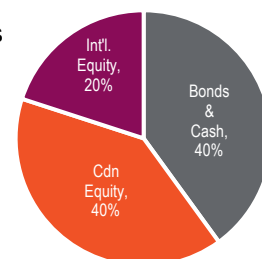
Asset Allocation

Asset allocation is the cornerstone of managing a portfolio that is appropriate to your long term goals and objectives. Managed Portfolio baseline allocations are founded on an institutional approach to asset allocation incorporating over sixty years of historical market data. However we believe asset allocations should not be static and should incorporate, to a degree, the current market environment. Using our proprietary Market Cycle framework, we dynamically tilt portfolio allocations as a function of market valuations, fundamentals, interest rates and economic data.

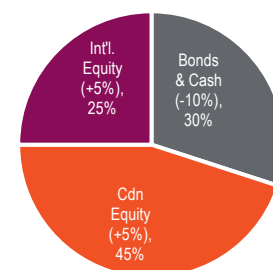
As an example, the top chart is a baseline allocation for a portfolio that includes 40% Canadian equity, 20% International equity and 40% bonds. Based on the market cycle, early in a bull market we tend to overweight equities as depicted in the 2nd chart. Yet late in a bull market, when the risk of a bear is higher, we reduce equity weights and hold more bonds as shown in the 3rd chart.

We believe asset allocation should not be static, but rather adjust to a degree as a function of the market cycle. This dynamic asset allocation approach is used across all Richardson Wealth Managed Portfolios

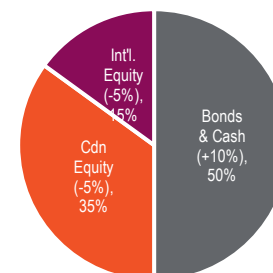
Baseline Allocation



Early in a Bull Market Cycle



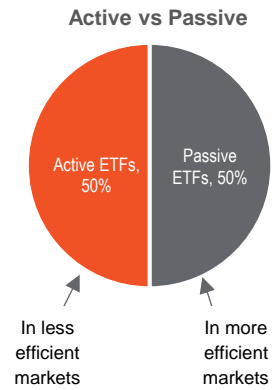
Late in a Bull Market Cycle



Active Plus Passive

Exchange Traded Funds (ETFs) have really changed the investment landscape and increased the availability of investment strategies. In their purest form, ETFs offer a very low cost solution for market exposure to a given index. Our research indicates that passive ETF investing is best in more efficient markets while active strategies have an edge in less efficient markets. As a result, the Richardson Wealth Managed Portfolios use a combination of actively managed funds and passively managed ETFs. As an example, the U.S. equity market is one of the most efficient in the world and active funds have a hard time beating the benchmark. In this market we tend to be much more passive, using mainly ETFs. Yet in less efficient markets, such as the TSX or preferred shares, we lean more towards using skilled active managers.

We believe this offers the best of both worlds. Active in higher risk or less efficient markets to gain an advantage and more passive in efficient markets to lower costs.



Manager & ETF Selection

Our investment product selection process for fund managers is based on the belief that performance can only be as good as the decision-making process. Our manager search and selection process is predicated on the understanding that rigorous due diligence performed by an experienced team, can identify investment managers with reliable skill. While past performance is useful, this is only one of many inputs we use in our analysis. Our dedicated team of analysts looks at both qualitative and quantitative factors for any product under consideration.

Exchange Traded Funds selection is based on the provider, liquidity, costs and most importantly how the ETF is invested. Understanding the underlying holdings of an ETF is critical not just in isolation but also how it fits into the overall portfolio. We conduct direct bottom up analysis of all ETFs, understanding the composition and exposures, before an ETF is included in the portfolios.

Manager and ETF due diligence reports are available on all investments held in the managed portfolios.

Transparency & Reporting

It is your money and you should know what you own and why. As transparency is one of our core beliefs, we provide detailed quarterly reporting that incorporates how you are allocated, performance what has been working, what hasn't, and why you own each investment and how it fits into your portfolio. We will also share trade rationales when changes are made in the portfolio. All this is provided so you understand how your money is being invested for you.

The Richardson Wealth Managed Portfolios follow a disciplined and strategic process rooted in diversification, transparency, and cost efficiency. Our asset allocation framework, research, product selection, and reporting all serve to reinforce these principles, making this an investment solution that you can feel confident owning.

Equity ETF Investments

Nobody controls the risk in an index (ETF), it is our job to *reduce* the risk.

Managed Portfolios use a blended active and passive investment strategy. (Variety) by using passive ETFs in more efficient markets where we question whether active managers can add value. The ETFs also help lower the underlying investment costs of the portfolio, which is a significant consideration. As of March 31, 2022 the following are Managed Portfolio equity ETF positions:

ETF Name	Concentration	Weighted	Weight
Shares Core MSCI EAFE ETP	2.5%	3.3%	4.0%
SPDR S&P 500	4.4%	3.2%	6.6%
Shares Core S&P 500 Capital Composite ETP		4.3%	9.9%
Shares S&P 500 Divd Growth ETP		3.0%	5.9%
Investment S&P 500 ETP (S&P)			5.0%

Shares S&P 500 Divd Growth ETP (DVGW)

XGD holds only US equity companies listed open market in the US. The holdings include: Elastic (15%), Newmont (14%), Franco-Nevada (12%), Odebrecht (9%), and Archer-Daniels-Midland (8%). Geographically, the holdings are 70% in Canada and 30% in the US, with remaining spread around globally. With approximately \$500M in AUM it is a large Canadian stock ETF and the expense ratio is 0.6% (higher than most ETFs but still below sector focused ETFs).

We hold XGD in each portfolio for macro reasons. Gold and oil companies provide a natural hedge against the US dollar revenue erosion. While we are still positive on the US dollar, its valuation has become elevated and XGD holds some of our currency diversification. Geographically, XGD also provides some protection. We have no insight as to which issue may flare up, but with only the \$ 1200s we found it to be a reasonable entry point for US equity exposure.

SPDR S&P 500 ETP (S&P)

We have a market marginal overweight in US equities across our portfolio, which has been reduced given the advance of the market and valuations. The S&P is the core US exposure for each portfolio and this is one of the most efficient markets in the world. With diversified assets at 11 factors, very liquid and low cost at 0.05%. This complement source of US equity exposure in the portfolio which tends to be more diversified focused.

Shares Core EAFE ETP (EFA)

We are overweight international equities in the portfolio, with EFA providing a core portfolio diversification given its low equity allocation. This ETF is well diversified in the sector level. Geographically, 24% Japan, 16% UK, 1% in each Germany, France and Switzerland in aggregate. EFA has a high/low P/E ratio exposure which has great relations. These are highly efficient markets, perfect for ETF investment strategy. \$24 billion in assets and a 0.50% expense ratio are solid characteristics.

Managed Portfolio Commentary

Investment Manager: Managed Portfolio Balanced | Benchmark: 40% US, 20% Cash, 30% Global, 10% Bond, 10% MSCI World, 10% CAC 40

Managed Portfolios Attributions

Portfolio Holdings | **Geographic & Bond Mix** | **Investment style** | **Broad exposures** | **Sector exposures**

Market Context
Q3 2022 market and economic news. The market has been volatile, with a focus on inflation and interest rate hikes. The Fed has raised rates, which has led to a correction in stock prices. However, the long-term outlook remains positive, with strong corporate earnings and a resilient economy.

Investment style
The portfolio is invested in a diversified manner, with a focus on long-term growth and income. The investment style is conservative, with a focus on high-quality companies and a diversified asset allocation.

Broad exposures
The portfolio is diversified across various asset classes, including US equities, international equities, fixed income, and cash. The broad exposures are designed to provide a balanced and diversified investment solution.

Sector exposures
The portfolio is diversified across various sectors, including technology, healthcare, financials, and consumer goods. The sector exposures are designed to provide a balanced and diversified investment solution.

The Managed Portfolio Team

Craig Basinger, CFA
Chief Investment Officer & Portfolio Manager

An Nguyen, CFA
Vice President

Chris Kerlow, CFA
Portfolio Manager

Derek Benedet, CMT
Portfolio Manager

Dolores Jandoc
Investment Services Manager

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