



Monthly Update – As at August 31, 2022

# Diversiflex Balanced

The exposure of this unconstrained tactical portfolio aims to provide capital appreciation opportunities via exposure to equities, currencies and commodities, or relative safety and stability via fixed income investments, depending on what the relative strength model of SIA Wealth Management, the manager, indicates.

Inception date:	January 1, 2014
Minimum investment:	\$50,000
Benchmark:	35% S&P/TSX Composite 35% MSCI World (CAD) 30% FTSE TMX Canada Bond Universe
Investment time frame:	Medium term or longer

## INVESTMENT STRATEGY

- Employs a relative strength approach to capture growth opportunities in up markets while offering protection in down markets. The portfolio maintains a fixed-income target of 30%.
- Exposure to a wide range of asset classes that include Canadian, U.S. and international equities, individual equity sectors, fixed income, cash, commodities and currencies.
- Sophisticated daily analysis is used to drive the decision to rotate into or out of asset classes and their individual holdings, when warranted, in an effort to achieve stronger returns and capital protection.

## TRAILING PERIOD PERFORMANCE

(As at August 31, 2022)

	Diversiflex Balanced Portfolio	Benchmark
1 month	0.6%	-2.2%
3 month	-3.2%	-3.3%
6 month	-2.3%	-7.3%
9 month	-4.8%	-8.5%
YTD	-5.0%	-10.8%
1 year	-3.6%	-8.3%
2 year	4.9%	3.8%
3 year	5.7%	5.1%
4 year	4.4%	5.1%
5 year	7.9%	6.0%
Since inception (Jan. 2014)	8.0%	6.6%

## STANDARD DEVIATION\*\* (As at August 31, 2022)

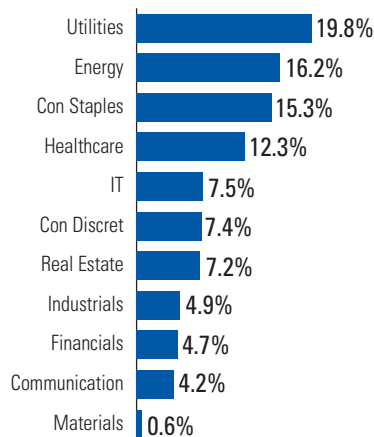
3 year	8.7%	12.2%
5 year	8.9%	10.4%
Since inception (Jan. 2014)	8.7%	8.6%

## CURRENT PORTFOLIO HOLDINGS HIGHLIGHT (As at August 31, 2022)

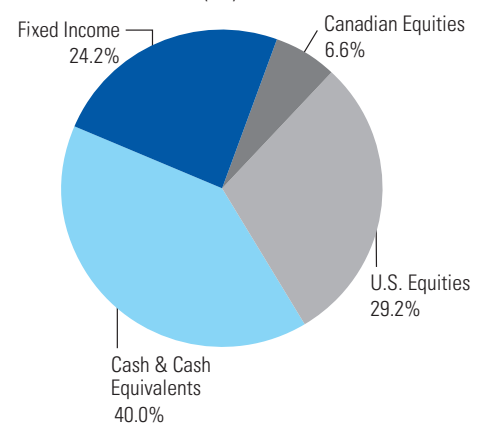
### Holdings highlight

IA Clarington Core + Bond Fund
IA Clarington Bond Fund
BMO Ultra Short Term Bond ETF
BMO Ultra Short Term US Bond ETF
iShares US Fundamental ETF
BMO Low Volatility US Equity ETF
BMO US Dividend ETF CAD
SPDR S&P Oil & Gas Exploration ETF
BMO Clean Energy Index ETF
BMO Equal Weight Utilities ETF
iShares US Consumer Staples ETF
iShares Mortgage Real Estate Cap ETF

### Equity sector allocation (%)



### Asset allocation (%)



## COMMENTARY

### Portfolio Changes During August

- Added: SPDR S&P Oil & Gas Exploration ETF (XOP), BMO Clean Energy Index ETF (ZCLN), BMO Ultra Short Term US Bond ETF (ZUS.U), BMO Equal Weight Utilities ETF (ZUT), iShares US Fundamental ETF (CLU.C), BMO Low Volatility US Equity ETF (ZLU), iShares US Consumer Staples ETF (IYK), BMO Ultra Short Term Bond ETF (ZST), BMO US Dividend ETF CAD (ZDY), iShares Mortgage Real Estate Cap ETF (REM)

### Changes to Asset Allocation and Sector Weights

- Cash & Cash Equivalents remained as the highest weighted asset class at 40.0%
- Utilities is the highest weighted equity sector at 19.8%

### Contributors for Performance for the Month

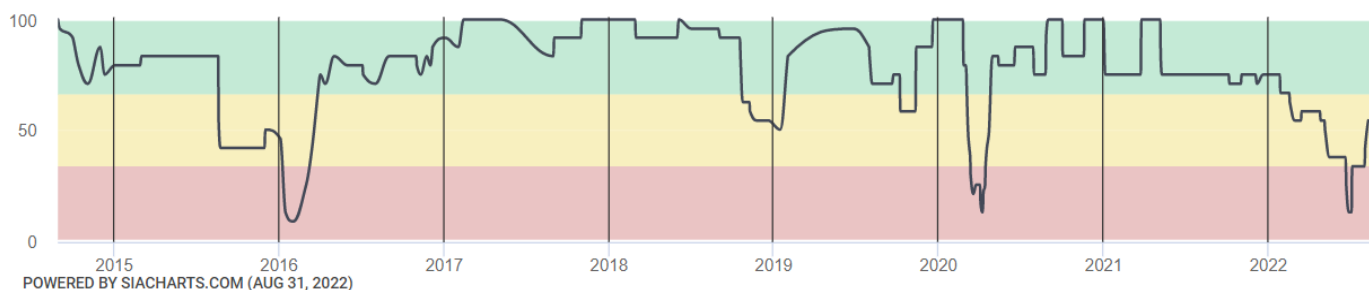
- The SPDR S&P Oil & Gas Exploration ETF (XOP) was the best performer of August, gaining 16.7%
- The BMO Clean Energy Index ETF (ZCLN) also had a positive month, gaining 2.6%

### Detractors from Performance for the Month

- The IA Clarington Bond Fund (CCM903) was the weakest performer in August with a -2.6% return.
- The iShares Mortgage Real Estate Cap ETF (REM) was the second weakest performer, with a -2.1% return.

Following a broad rally in July, equity markets kicked off August strongly, but the rally was derailed, and volatility spiked moving into the final two weeks of the month. Fed Chair Powell reiterated his commitment to choking off inflation at the annual Jackson Hole symposium, warning that the central bank expects to continue raising rates in a fashion that will cause “some pain” to the U.S. economy. Powell’s remarks sent markets tumbling. The Labor Department’s Job Openings and Labor Turnover Survey, or JOLTS report, showed U.S. job openings rose to 11.2 million last month, pointing to continued tightness in the labor market as employers struggle to fill vacancies. In other news, after increasing interest rates by 50 basis points for the first time in 11 years, the European Central Bank signaled another aggressive rate hike at their next meeting in September.

### SIA Equity Action Call



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\*The BMO SIA Focused North American Equity Fund utilizes SIA Wealth Management's relative-strength methodology and will target fifteen individual North American securities while equities are in favor; however, the fund could hold as little as zero equity positions when equities are unfavored. SIA Wealth Management, who acts as sub advisor for the Diversiflex portfolios also acts as sub advisor for the BMO SIA Focused North American Equity Fund.

\*\*Calculated using change in month end values for the trailing 3 and 5 year periods (annualized for 12 months per year).

Performance is calculated using month-end market values of the model portfolio. Since we use a model portfolio to calculate performance, there are no client-initiated cash flows (deposits/withdrawals) to account for. Performance is calculated by dividing the change in the model portfolio's market value by the model portfolio's market value at the beginning of the performance period. Also, any and all income generated by the portfolio's holdings are held within the model portfolio in cash and is accounted for in the portfolio's month-end market value – this results in a total return measure of the model's performance. Returns for periods less than 1 year are shown as periodic returns while returns for periods greater than 1 year are annualized. The Diversiflex Portfolios are managed and operated through iA Private Wealth Inc., a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. iA Private Wealth is a trademark and business name under which iA Private Wealth Inc. operates.