

## An actively managed, diversified portfolio of equity and fixed income

### What's the strategy?

The Growth and Income Balanced portfolio strategy is a multi-asset class, multi-style, balanced portfolio designed to provide investment diversity through an actively managed portfolio of underlying funds.

### What's the approach?

The GLC Asset Mix Committee leverages the broad skill set of a multi-disciplinary team to make tactical and strategic moves within asset classes and regional exposures of the portfolio. The portfolio managers identify current risks and opportunities within each asset class, as well as macro trends in economic and market cycles to guide the longer term asset mix positioning. The long-term target asset mix and asset mix ranges of the portfolio are: 60% equities and 40% fixed income securities.

Each underlying component of this portfolio is actively managed by the experienced and proven investment professionals within GLC's respective investment divisions, and the specific expertise of external managers is leveraged for the portfolio's international exposure.

### Why invest in this portfolio strategy?

The Growth and Income Balanced portfolio strategy provides investors with broad exposure to equities around the world, with opportunistic shifting of styles and geographic exposure, along with a dynamic mix of bond holdings to dampen risk.

### Typical portfolio characteristics

Here is what you can expect to see from the Growth and Income Balanced portfolio strategy when compared to its peers, or its blended benchmark:

- Global diversification in a multi-style, multi-asset class investment portfolio designed to mitigate volatility.
- An actively managed asset mix allowing you to participate in the growth opportunities of equity markets while helping protect you against market downturns
- Investment-grade fixed income holdings, dividend-paying and all-cap equity holdings in high quality companies with attractive valuation and earnings profiles
- Equity growth opportunity plus yield-oriented income focus

### Strategy snapshot

#### Asset class

Balanced

#### Inception date

2012

#### Assets in mandate

\$290.6 million

#### Benchmark

40% FTSE Canada Universe Bond Index  
30% S&P/TSX Composite Index  
15% S&P 500 Index  
15% MSCI EAFE Index

#### Investment team

GLC Asset Mix Committee

### About GLC

GLC Asset Management Group Ltd. (GLC) is a leading investment management firm that manages more than \$50 billion in assets.

GLC has 5 investment management divisions:

- GWL Investment Management
- London Capital Management
- Laketon Investment Management
- Portico Investment Management
- Portfolio Solutions Group

Each division has a distinct investment approach that offers deep expertise within specialized areas of portfolio management, bringing unique perspectives to navigating capital markets through varying cycles.

As at June 28, 2019

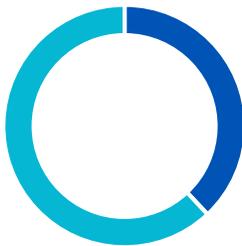
Portfolio Attributes

	Yield
Portfolio <sup>1</sup>	2.3%
Benchmark <sup>2</sup>	0.9%

Asset Mix Range and Current Positioning



Asset Mix

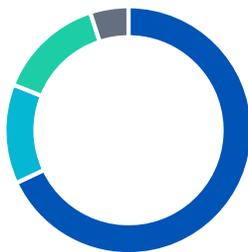


Fixed Income	38%
Equity	62%

Underlying Asset Allocation

	%
Fixed Income	36.4
Canadian Equity	31.5
US Equity	14.0
Foreign Equity	12.9
Cash	5.2
	<b>100.0</b>

Geographic Mix



Canada	68%
United States	14%
International	13%
Cash	5%

Source: GLC, S&P, FTSE Global Debt Capital Markets Inc. | 1. Fund: Quadrus Growth and Income Fund | 2. Benchmark: 40% FTSE Canada Universe Bond Index, 30% S&P/TSX Composite Index, 15% S&P 500 Index, 15% MSCI EAFE Index

Portfolio manager's quarterly commentary

As at June 28, 2019

Market review

World equity markets produced modest positive returns in the second quarter of 2019. Stocks were supported by dovish central banks and falling interest rates. With inflation remaining contained, markets are pricing in U.S. Federal Reserve rate cuts due to continued trade tensions and decelerating economic growth. Equity markets ebbed and flowed with trade developments – evident in May when markets sold off after U.S.-China trade talks broke down. The S&P/TSX Composite

Index returned 2.6% (total return) and the S&P 500 gained 4.3% total return in U.S. dollars (2.3% in Canadian dollar terms). Financials and Information Technology were notable strong contributors in both Canada and the U.S., while the Energy sector was a drag on returns. European equities produced returns roughly in line with their North American peers. On a regional basis, German equities produced strong returns while Spain and Italy underperformed. Japanese equities and emerging market equities underperformed their global peers, largely due to trade and Chinese growth concerns. The FTSE Canada Universe Bond Index returned 2.5% (total return) for the second quarter of 2019. North American bond yields moved lower, continuing a trend that began in October 2018. Canadian 10-year bond yields were down 15 basis points (bps), while U.S. 10-year bond yields fell 40 bps. The fall in bond yields coincided with a policy shift from various central banks, most notably the U.S. Federal Reserve, which abruptly shifted to a rate-cutting bias after hiking rates a quarter point last December. The Bank of Canada left rates unchanged during the period. The move in bond yields saw Canadian long-term bonds significantly outperform relative to short-term bonds. Canadian corporate bonds slightly outperformed government bonds. Provincial and municipal bonds outperformed within the government sector.

## Portfolio performance

The fund underperformed against its blended benchmark on a gross return basis. The fund's fixed income allocation kept pace with its benchmark to help mitigate risks during a risk-on period. Canadian growth and mid-cap equity allocations outperformed the benchmark while the Canadian dividend portion detracted from returns. U.S. and international equity holdings, in particular, found it challenging to keep up with their indices, as value-oriented stocks lagged growth stocks in the quarter.

## Positioning & outlook

Equity and bond markets continue to be buffeted by the dominant issues of Fed policy, China and trade/tariff concerns. On the Fed policy front, investor sentiment was buoyed by Fed Chair Powell's commentary regarding escalating trade tensions: "We are closely monitoring the implications of these developments for the U.S. economic outlook and, as always, we will act as appropriate to sustain the expansion". A global easing cycle is once again afoot. This accommodative policy is clearly a recognition of the deleterious effects of the trade war(s) being waged by the U.S. administration. This is bound to have an impact on domestic growth. Markets feel range-bound. We see reasonable economic growth, low inflation, accommodative central bankers and better earnings momentum on the "asset" side of the equity market balance sheet. The "liabilities" are clearly the prospects of a deteriorating trade situation with China and a U.S. market that is, in segments, richly valued. Given these variables and the prospect of possible flare-ups in volatility, our current neutral position within equities continues to be appropriate.

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