Partners | QUARTERLY PROFILE

2nd Quarter 2021

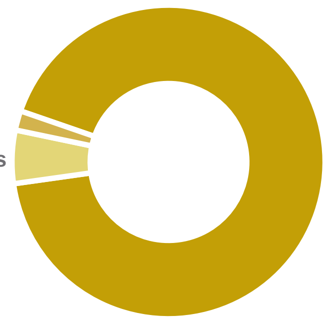
barometer

HIGH INCOME

PORTFOLIO OBJECTIVE

The investment objective of the portfolio is to achieve a high level of income by investing primarily in Canadian income trusts, Canadian fixed income securities, and other Canadian income producing securities.

ASSET ALLOCATION



MAJOR HOLDINGS

COMPANY	% OF PORTFOLIO
NTL BK OF CDA	3.61%
BK OF MONTREAL	3.33%
CANADIAN PACIFIC RAILWAY LTD	3.25%
CIBC	3.22%
NUTRIEN LTD	3.11%
GRT WST LIFECO INC	3.10%
INTACT FINL CORP	3.07%
ALTAGAS LTD	3.03%
SUNCOR ENERGY INC NEW	3.02%
CAPITAL POWER CORP	2.87%

2nd Quarter 2021	QTD	1YR	3YR	5YR	10YR
Barometer - High Income*	**5.7%**	**22.9%**	**7.0%**	**7.6%**	**7.6%**
Customized Benchmark	6.0%	18.4%	7.5%	6.1%	6.0%

*Return Data Source: Inception to present are RJ Partners Program composite, gross returns in C$. All performance data represents past performance and is not necessarily indicative of future performance. Benchmark: 50% FTSE Can Universe Bond, 20% TSX Capped REIT, 30% TSX High Dividend.

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PORTFOLIO REVIEW

As the global economy has reopened macroeconomic data throughout the world has accelerated, propelling economically sensitive sectors like energy, industrials, and financials to new highs. Allocations into these sectors have replaced much of the technology weight seen across Barometer portfolios in Q1.

This past quarter was marked by significant shifts in market leadership that have led to notable changes to Barometer's portfolio sector allocations. Technology companies had been clear market leadership for much of the duration of the pandemic due to remote work and shifting consumption habits driven by social distancing efforts.

The energy sector was very strong during the quarter on the back of higher oil prices caused by rampant demand. The financials sector worked well during the quarter due to elevated interest rates and a steepening yield curve, as well as expectations for positive results to come out of the Federal Reserve Comprehensive Capital Analysis and Review (CCAR) stress tests which occurred at the end of June.

This strong economic growth and consequent strong performance in equity markets have been underpinned by extremely supportive global central banks. The level of monetary and fiscal stimulus provided over the last 18 months is unsustainable, and as economic data firms and signs of inflation start to appear, investor concern turns to a potential reduction of stimulus efforts. This will remain a worry until we begin to see concrete plans for a tapering of central bank balance sheet expansion, especially by the Federal Reserve in the U.S., but markets have broadly responded in a healthy manner when discussions of tapering have occurred during Fed meetings, so we expect the tapering process to proceed in an orderly manner, likely beginning sometime next year. The Federal Reserve has communicated quite clearly that the inflation they are seeing at the moment is transitory and is driven by some supply chain dislocations and supply and demand imbalances. With all this in mind, the Fed remains committed to providing substantial liquidity for as long as necessary.

The Barometer High Income Mandate entered the quarter with an overweight bias towards energy, industrials, materials, real estate, utilities, and financials as these sectors continued to show strength on the back of a global economic recovery. The mandate entered the quarter underweight information technology, healthcare, consumer discretionary, consumer staples and communication services. Exposure to the energy sector was increased over the quarter as energy stocks performed strongly on the back of resilient crude oil prices. At current spot crude oil prices, energy companies boast a strong free cash flow profile with an emphasis on paying down debt and strengthening their balance sheets. The strong fundamentals, coupled with improving demand conditions for oil and gas have increased investor attention to the sector. With second quarter earnings reporting season around the corner, energy companies should report strong quarterly earnings and an inflection in free cash flow. Sell side analyst models use a crude oil prices much lower than current spot which should bode well for valuation re-rates and price target bumps along with the quarterly reports.

OUTLOOK

Strong economic growth and supportive global central banks continue to provide a strong environment for propelling a broader group of companies and industry sectors. In addition, the Federal Reserve remains committed to providing substantial liquidity for as long as necessary. With changes in market leadership and various sectors of the economy benefiting as we go through this recovery; Barometer will continue to adjust portfolios.