

MERITAGE TACTICAL ETF PORTFOLIOS

Quarterly update - Q4 2018



meritage
PORTFOLIOS®

Quarterly update

Meritage Tactical ETF Portfolios were not tactically adjusted over the fourth quarter of 2018:

- ▶ Given the rise in volatility in the last quarter of 2018 - and particularly in December - it was considered preferable to let this turbulent period pass by maintaining an unchanged asset allocation that is favourable to stock markets.
- ▶ This period seems to have fostered risky assets to overreact to the anticipated global growth slowdown for 2019. Although several international growth indicators may suggest a certain slowdown, they are still not indicative of a recession scenario as assessed by the markets.

Meritage Tactical ETF Fixed Income Portfolio (see table on next page):

- ▶ A small transaction on the BMO Mid Provincial Bond Index ETF took place in December 2018. The underlying ETF had reached its maximum exposure allowable according to the Investment Policy. As a result, it was decreased by 1% and the BMO Aggregate Bond Index ETF was increased by 1%. This trade was not a tactical adjustment.

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Asset allocation evolution - Q4 2018

EXCHANGE-TRADED FUNDS	MERITAGE TACTICAL ETF PORTFOLIOS														
	Meritage Tactical ETF Fixed Income Portfolio			Meritage Tactical ETF Moderate Portfolio			Meritage Tactical ETF Balanced Portfolio			Meritage Tactical ETF Growth Portfolio			Meritage Tactical ETF Equity Portfolio		
	Early Q4*	End Q4	Δ	Early Q4*	End Q4	Δ	Early Q4*	End Q4	Δ	Early Q4	End Q4	Δ	Early Q4*	End Q4	Δ
Fixed income	100%	100%	0%	57.0%	57.0%	0%	41.0%	41.0%	0%	25%	25%	0%	-	-	-
Vanguard Canadian Short-Term Corporate Bond Index ETF	7%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	-	-	-
BMO Aggregate Bond Index ETF	39%	40%	1%	37.25%	37.25%	0%	26%	26%	0%	15%	15%	0%	-	-	-
BMO Mid Provincial Bond Index ETF	30%	29%	-1%	6.75%	6.75%	0%	4.5%	4.5%	0%	2%	2%	0%	-	-	-
BMO Long Provincial Bond Index ETF	8.5%	8.5%	0%	-	-	-	-	-	-	-	-	-	-	-	-
Horizon Active Preferred Share ETF	7.5%	7.5%	0%	6%	6%	0%	4.5%	4.5%	0%	4%	4%	0%	-	-	-
Invesco Fundamental High Yield Corporate Bond ETF	0%	0%	0%	3.5%	3.5%	0%	3%	3%	0%	2%	2%	0%	-	-	-
Invesco Senior Loan ETF	5%	5%	0%	-	-	-	-	-	-	-	-	-	-	-	-
Invesco Emerging Markets Sovereign Debt ETF	3%	3%	0%	3.5%	3.5%	0%	3%	3%	0%	2%	2%	0%	-	-	-
Canadian equity	-	-	-	15.0%	15%	0%	20.5%	20.5%	0%	26.25%	26.25%	0%	35%	35%	0%
BMO S&P/TSX Capped Composite Index ETF	-	-	-	15%	15%	0%	20.5%	20.5%	0%	26.25%	26.25%	0%	35%	35%	0%
Global equity	-	-	-	28.0%	28%	0%	38.5%	38.5%	0%	48.75%	48.75%	0%	65%	65%	0%
Schwab U.S. Broad Market ETF	-	-	-	10.5%	10.5%	0%	14.25%	14.25%	0%	18.25%	18.25%	0%	24.5%	24.5%	0%
Schwab U.S. Mid-Cap ETF	-	-	-	5.25%	5.25%	0%	7.25%	7.25%	0%	9.25%	9.25%	0%	12.25%	12.25%	0%
iShares Core MSCI EAFE ETF	-	-	-	7%	7%	0%	9.5%	9.5%	0%	12%	12%	0%	15.75%	15.75%	0%
iShares Core MSCI Emerging Markets ETF	-	-	-	4.25%	4.25%	0%	6%	6%	0%	7.5%	7.5%	0%	10%	10%	0%
iShares Global Infrastructure ETF	-	-	-	1%	1%	0%	1.5%	1.5%	0%	1.75%	1.75%	0%	2.5%	2.5%	0%

increased/new position | decreased/deleted position



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