

Introducing Richardson GMP Managed Portfolios

RICHARDSONGMP
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 GMP 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.

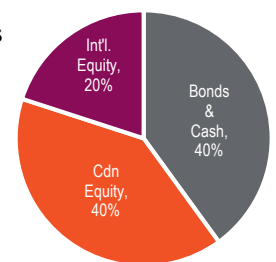
Asset Allocation

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.

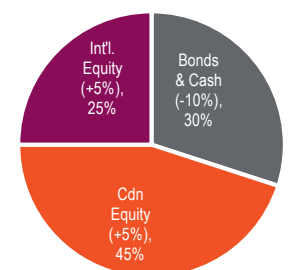
As an example, the top chart is a baseline allocation for a portfolio that includes 40% Canadian equity, 20% International equity and 40% bonds. Based on the market cycle, early in a bull market we tend to overweight equities as depicted in the 2nd chart. Yet late in a bull market, when the risk of a 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 GMP Managed Portfolios

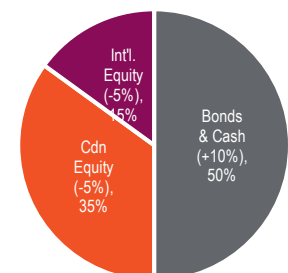
Baseline Allocation



Early in a Bull Market Cycle



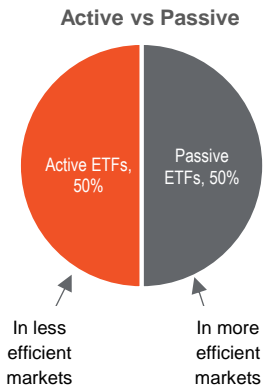
Late in a Bull Market Cycle



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 GMP 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.

Equity ETF Investments

Managers combine the risk in an index (ETF), if it is our job to know the risks

Managed Portfolios utilize a blended active and passive investment strategy, typically 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 April 30th, 2017 the following are Managed Portfolio equity ETF positions:

ETF Name	Component	Weighted	Weight
iShares S&P500 Global Gold	2.5%	3.5%	4.6%
iShares S&P500	4.6%	3.5%	3.4%
iShares Core EAFE	4.6%	9.5%	9.5%
Pimco Int'l Corporate	3.6%	5.6%	5.6%
iShares TSLX 60	5.6%	5.6%	5.6%

iShares S&P500 Global Gold ETF (XIGD)

XIGD holds gold mining companies listed very much to the big caps. The top holdings include Barrick (15%), Newmont (14%), Franco-Abanda (10%), Goldcorp (9%) and Agnico Eagle (8%). Geographically, the holdings are 70% in Canada and 30% in the US, with remaining spread around globally. With approximately \$100m in AUM it is a large Canadian sector ETF and the expense ratio is 0.61% (higher than most ETFs but more with sector focused ETFs).

We hold XIGD in each portfolio for macro reasons. Gold and gold companies provide a natural hedge should the US-dollar retrace course, which we are still positive on the US dollar. Its valuation has become elevated and XIGD hedges some of our currency exposure. Geographically, XIGD also provides some protection. We have no insight as to which issuer may firm up, but with gold in the \$1200s we found it to be a reasonable entry point to add some insurance.

SPDR S&P 500 (SPY)

We have a market to marginal overweight in US equities across our portfolio, which has been reduced by the addition of the market and sectors. The SPY is the most US exposure for each portfolio and this is one of the most efficient markets in the world. We diversified across all 11 sectors, very liquid and the cost at 0.09%. This component source of US equity exposure in the portfolio which tend to be more diversified.

iShares Core EAFE (IEFA)

We use overweight international equities in the portfolio, with IEFA providing a core position based Conservative given to low equity allocation. This ETF is well diversified at the sector level. Geographically, 24% Japan, 19% US, 1% in each Germany, France and Switzerland. In aggregate, IEFA has a significant European exposure which are the most efficient. These are largely efficient markets, perfect for ETF investment strategy. \$24 billion in assets and a 0.50% expense ratio are solid characteristics.

ETF Selection Process

Market View - We show our most attractive geographic allocation and sectors within the portfolio

Market Efficiency - each market or asset class we determine which are more or less efficient and structure. In more efficient markets we tend to use more ETFs.

Confidence of FX - With a given ETF it is crucial given the portfolio, the market exposure based on our market view.

Bottom Up Security Analysis - Besides to the sector and geographic level embedded in the ETF, from the issuer with the rest of the portfolio is a key element.

Cost - we use ETFs to lower our overall cost structure, we tend to try

Control - understanding who the issuer of the ETF, liquidity and overall size.

About Connected Wealth Products

Richardson GMP's long term asset allocation framework and broader asset classes

Continuous tactical active portfolio management

Research and selection of best in class active managed equity funds

Transparency and underlying holdings is a priority

Consistent multiple active managers and passive ETFs for a blended risk approach

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.

INDEX RETURNS

Richardson GMP Managed Portfolio Index

MANAGED PORTFOLIO COMMENTARY

QUARTER IN REVIEW

The following are the key highlights from the most recent quarter. We are pleased to report that the portfolio has performed well over the last quarter, with a strong return of 1.2% over the period. This is a result of our active management and the strong performance of our equity investments. We continue to maintain a diversified portfolio across all sectors and geographies, with a focus on high-quality companies and strong growth opportunities. We will continue to monitor the market closely and adjust our portfolio as needed to meet our investment objectives.

MANAGED PORTFOLIO

PORTFOLIO HOLDINGS

INVESTMENT STYLE

GEOGRAPHIC & SECTOR

CASH FLOWS

The Richardson GMP 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.

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

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Business Development Manager

Dolores Jandoc
Investment Services Manager

Gerald Cheng
Research Analyst

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