HIGHSTREET™ ASSET MANAGEMENT

CLIENT

JUNE 30, 2022

NEWSLETTER

Foreword:

We hope our clients have had a safe and fulfilling start to summer and first half to 2022 – if nothing else, it has certainly gone by fast. Before we dig into our comprehensive quarterly review letter, a few quick housekeeping announcements:

We have decided to phase-out the Fund specific quarterly reports that you receive in your client quarterly package. These “Quarterly Investment Reports” or “QIRs” will be replaced by more comprehensive and efficient one-page, two-sided “Fund Factsheets” that will have top holdings, performance, and other meaningful metrics that will allow you to more closely track the Highstreet Pooled Funds at your convenience. Our goal is to have these updated through our online portal monthly which will streamline more institutional quality information for our clients. As you will read today, we will continue with our detailed quarter-end letter and remain committed to delivering timely updates as we navigate the ever-changing market conditions. We may also look at other mediums to deliver this information to you. Stay tuned!

As a reminder, the Highstreet Global Equity Fund is now RRSP eligible – if you are interested in adding this fund to a registered account, please inquire with your Relationship Manager.

Q2 2022 Commentary:

The second quarter of 2022 followed much of the themes and unease from the first quarter. These collectively weak quarters have created a first half of 2022 where we have witnessed the S&P 500 Index incur its largest first-half decline since 1970, and for the Nasdaq Composite Index (mostly Technology stocks) since the Tech Bubble in 2002. Continuous and stubborn inflation (for a variety of reasons) pushing a more aggressive reaction of many Central Banks globally to raise interest rates is the watered-down attribution to the culprits. In this quarter’s commentary, we are going to break down the Highstreet Pooled Fund returns, spend some time reviewing observations in the market and what that means for the near future, and detail some of the recent changes made to the Highstreet Balanced Funds’ positioning intra-quarter.

As previously mentioned, the majority of investment markets have just experienced the worst first-half in a calendar year in decades. The negative downdraft was also seen across the majority of asset returns, which created an environment with not just very few places to hide, but also very few places without double-digit drawdowns. To help frame these points, the year-to date and intermediate-term performance figures across some of the Highstreet Pooled Funds complex and industry benchmarks are below.

Highstreet Pooled Funds	Year-to-Date 2022	1-year	2-year	3-year	5-year
Highstreet Balanced Fund	-13.3%	-7.3%	+3.7%	+4.2%	+4.9%
Highstreet Conservative Balanced Fund	-9.6%	-5.2%	+2.9%	+3.1%	+3.6%
Highstreet Canadian Bond Fund	-12.7%	-12.1%	-4.9%	-0.7%	+1.2%
Highstreet Dividend Income Fund	-7.8%	+1.8%	+15.7%	+9.2%	+8.8%
Highstreet Canadian Equity Fund	-7.4%	-0.5%	+14.9%	+7.0%	+6.4%
Highstreet US Equity Fund	-20.5%	-6.9%	+8.9%	+11.2%	+11.4%
Highstreet Global Equity Fund	-19.3%	-10.8%	+5.4%	+6.8%	+7.1%

Source: AGF Investments Inc. Gross of fees as of June 30, 2022. Returns in Canadian Dollar (CAD$). Returns are annualized over 1-year.

Benchmarks	Year-to-Date 2022	1-year	2-year	3-year	5-year
S&P/500 Composite Index	-18.6%	-7.2%	+9.2%	+10.0%	+11.2%
Nasdaq Composite Index	-28.0%	-20.5%	+2.6%	+11.6%	+13.3%
S&P/TSX Composite Index	-9.9%	-3.9%	+13.4%	+8.0%	+7.6%
MSCI All-Country World Index	-18.8%	-12.5%	+5.5%	+5.6%	+6.9%
Bloomberg Canadian Aggregate Bond Index	-11.8%	-11.0%	-6.9%	-2.3%	+0.2%

Source: AGF Investments Inc. and Bloomberg. Gross of fees as of June 30, 2022. Returns in Canadian Dollar (CAD$). Returns are annualized over 1-year.

Similar to our Q1 2022 commentary, it is important to highlight the divergence in performance across geographical regions and asset classes in the table above. In addition to the year-to-date returns of 2022, even the most recent 2-year annualized returns show this trend. It has truly been 'have-and-have-not' investment markets and asset classes with Canadian equities being one of the global leaders to the end of June. This can be seen with the outperformance of our Canadian-focused mandates, the Highstreet Dividend Income Fund and Highstreet Canadian Equity Fund, returning around +15% per-year over the last two years. It is important to note that these mid-teen returns of the Highstreet Funds do include the most recent drawdown period, which also helps highlight just how torrid the upswing was off the COVID March 2020 lows. When incorporating the recent extreme weakness globally, long term returns are still quite healthy in these areas. Canadian equities' sectoral representation (energy and defensives) has helped our local investment market lead the returns we have seen worldwide, not just surpassing the US, but also remarkably better than the Global aggregated equity market (would include large weights to Europe, Japan, China and other emerging markets).

However, in terms of where we believe the weakness was most notable (due to its historically rare behavior), was the continued negative and below-trend returns from bonds into the 2nd quarter of 2022. With bonds being an established allocation within the Balanced Funds these historically weak returns were again a large drag on the absolute performance of the Balanced Funds. Although the Highstreet Pooled Funds Investment Committee allotted an all-time low exposure to bonds in Highstreet's near 24-year history (graph in Q1 2022 commentary), as well as heightened Canadian equity allocations through the Highstreet Canadian Equity Fund and Highstreet Dividend Income Fund, it was not able to offset the bond weakness[1].

We are hopeful and do not anticipate a 2nd half that will look like the 1st half of 2022. One reason for this is from the historically rare behavior we have seen from both equities and bonds in these last two consecutive quarters. We highlighted the rarity of negative returns for both equities and bonds in the same quarter in our 1st quarter's commentary. We also mentioned the even rarer occurrence of two back-to-back quarters of these same negative events happening. Updating this analysis below and short-listing all historical comparisons of back-to-back negative quarterly returns of both equities and bonds, the forward profile does look positive. In the only four other occurrences of these events happening, bonds were positive 100% and equities were positive 75% of the time over the next 12-months, with quite strong returns for both. Importantly, there has never been an occurrence of three quarters in a row of both negative equities and bonds, and we believe this streak will continue. Analyzing all forward scenarios, including worst case scenarios, we believe at a minimum bonds could find a footing and behave much better in the next few quarters. This has huge implications for the Balanced Fund returns, as well as equity market rotations.

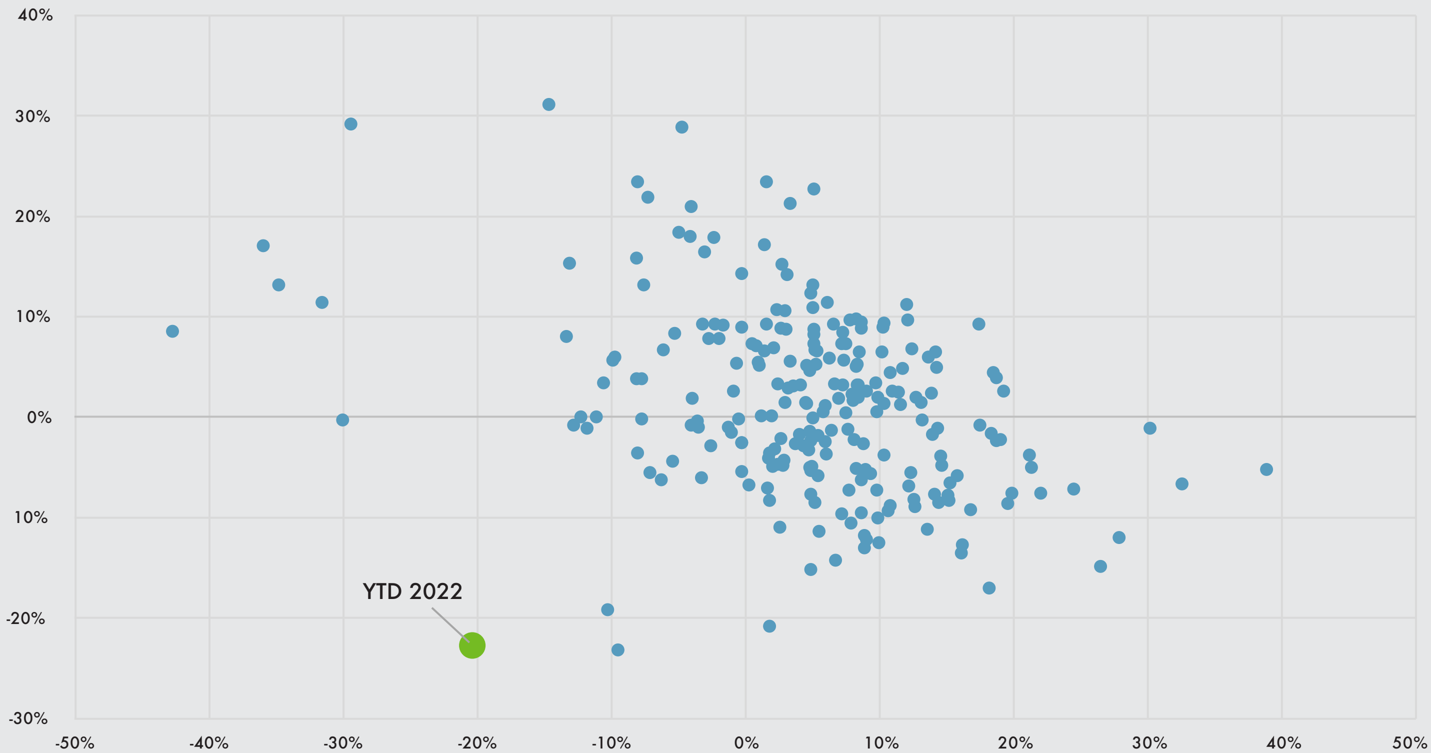
Back-toBack Negative Quarters for Stocks and Bonds (06/30/1976 - 06/30/2022)

Quarter	Stock Return[1]	Bond Return[2]	Forward 12M Performance (Stocks[1]/Bond[2])
Q1 2022 / Q2 2022	-4.9% / -16.5%	-5.9% / -4.7%	? / ?
Q2 2008 / Q3 2008	-3.2% / -8.9%	-1% / -0.5%	-9.4% / 10.6%
Q1 1994 / Q2 1994	-4.4% / 0.3%	-2.9% / -1.0%	22.6% / 12.5%
Q1 1981 / Q3 1981	-3.5% / -11.5%	-0.3% / -4.1%	3.6% / 35.2%
Q4 1979 / Q1 1980	-1.3% / -5.4%	-3.1% / -8.7%	33.2% / 13.0%
Average			**12.5% / 17.8%**
% Positive			**75% / 100%**

Source: Bloomberg in USD. [1]Stock return proxied by the S&P 500 Index. [2]Bond return proxied by the Bloomberg US Aggregate Bond Total Return Value Index.

Using a proxy for balanced funds by calculating a theoretical 60/40 portfolio of S&P 500 Index and the Treasury Bond Index, another infographic we used from recent commentary to highlighting just how rare this current period has been relative to history. Updating this analysis to the end of the 2nd quarter and looking at all 6-month periods back over 50 years, one can see just how unique and historically extreme this most recent period has been. Frankly, most standard balanced funds have never behaved as poorly as they have now. Absent the natural diversifier of bonds relative to equities, the recent performance of balanced funds is as bad as one could expect, and we as stated above, we do not believe the intertwining of these asset classes will behave the same going forward. Even the worst-case scenarios, markets tend to gravitate towards bonds behaving much better, and thus balanced funds not continuing on this historically weak and outlier tangent.

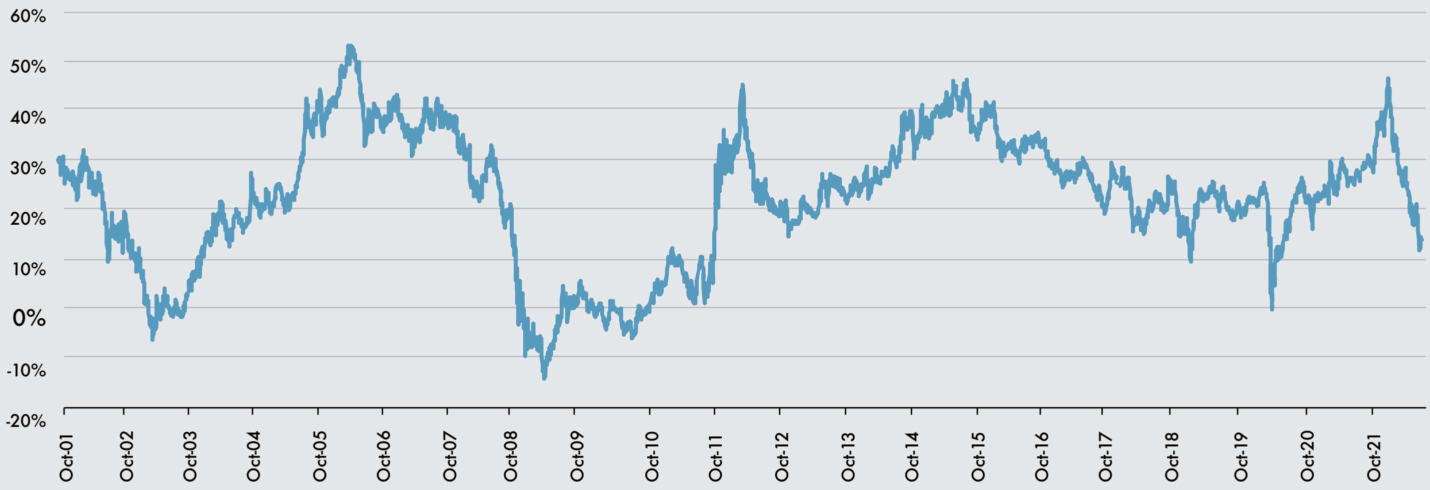
Rolling 6 Month Periods: S&P 500 Index & Treasury Bonds (TLT US Equity)



Source: Bloomberg in USD as of June 30, 2022.

But as always after near-term extreme performance in the markets and the Highstreet Funds, we like to view things over a longer period to help put current events into perspective. We updated the 3-year rolling performance of the Highstreet Balanced Fund to the end of June to see what magnitude of returns this currently weak period has dug into. When looking at this 3-year window that includes a few calamitous events with the COVID collapse in Q1 2020, as well as the recent period, you can see the Highstreet Balanced Fund is still up over +10%. Here you can also see the rolling 3-year performance back in Q4 2021 was over +40%. While that was likely a little too elevated, we believe this most recent period is too depressed and will find a footing to trudge back higher towards its long-term average of 22% on a rolling 3-year basis.

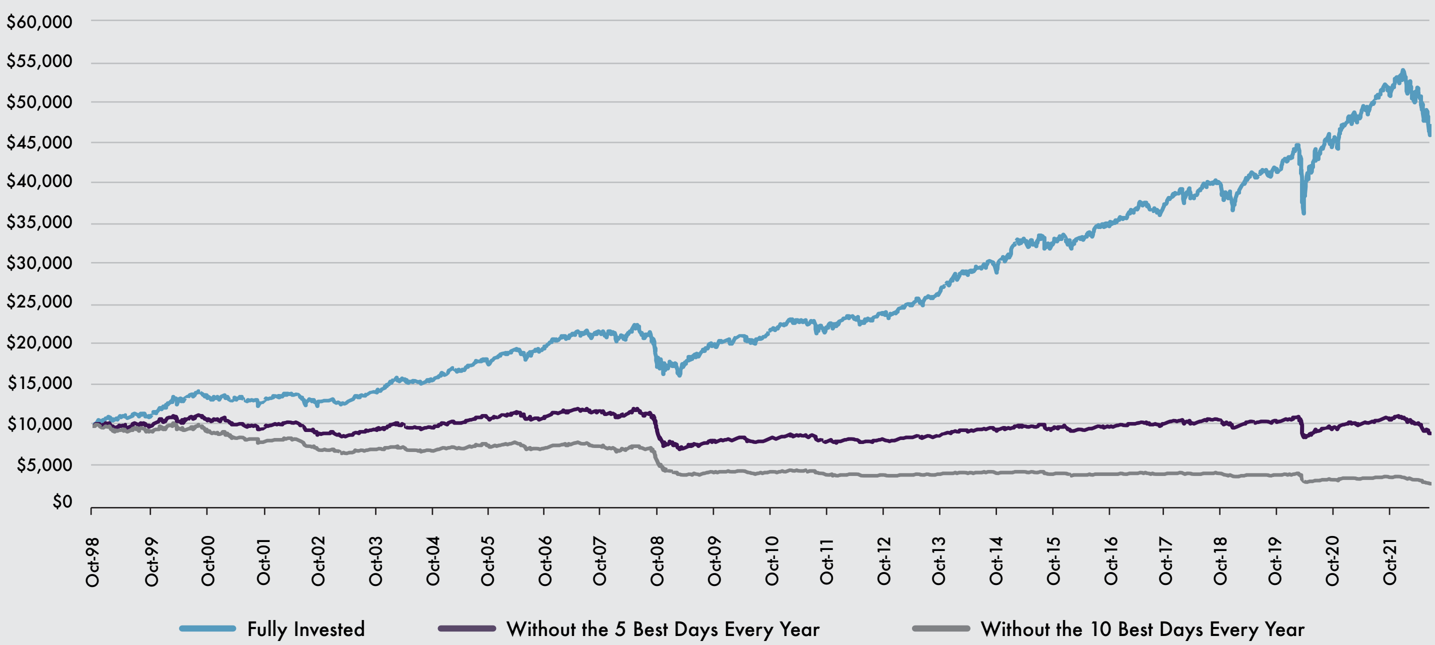
3 Year Rolling Return: Highstreet Balanced Fund



Source: Bloomberg, as of June 30, 2022.

Again, building off past analysis used in prior commentaries of the positives (and mathematics) behind staying fully invested and not to try to time the market, we decided we should update this with only our Highstreet Balanced Fund returns since inception in 1998. The results were equally as staggering as you can see in the chart below. Removing the five best, or ten best days, in each calendar year of the Highstreet Balanced Fund greatly decreases the prospects for capital appreciation over time. The spread surprised us and similar to the prior analysis using just the S&P 500 Index, the conclusion is exactly the same. Attempting to time the market and potentially missing the best days of the year is inferior to focusing and staying invested for the long-term.

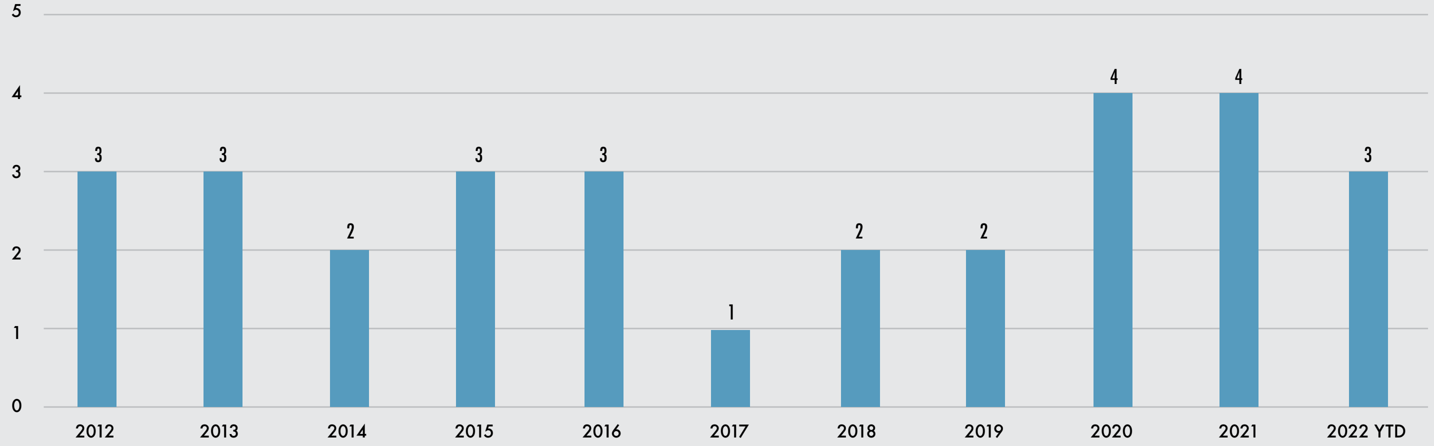
Time Invested in the Highstreet Balanced Fund Matters (Growth of $10,000)



Source: AGF Investments Inc. As of June 30, 2022.

This is even more important when taking into account the fact that the best days of the year tend to cluster after the worst days of the year. Below is this exact analysis for the last ten calendar years of the Highstreet Balanced Fund. The bar chart shows how many of the best five days of the year for the Fund tend to occur within ten trading days of the worst five days of the year. This further analysis solidifies that having any gut reactions to sell after incurring poor returns can be detrimental to a long-term investing thesis.

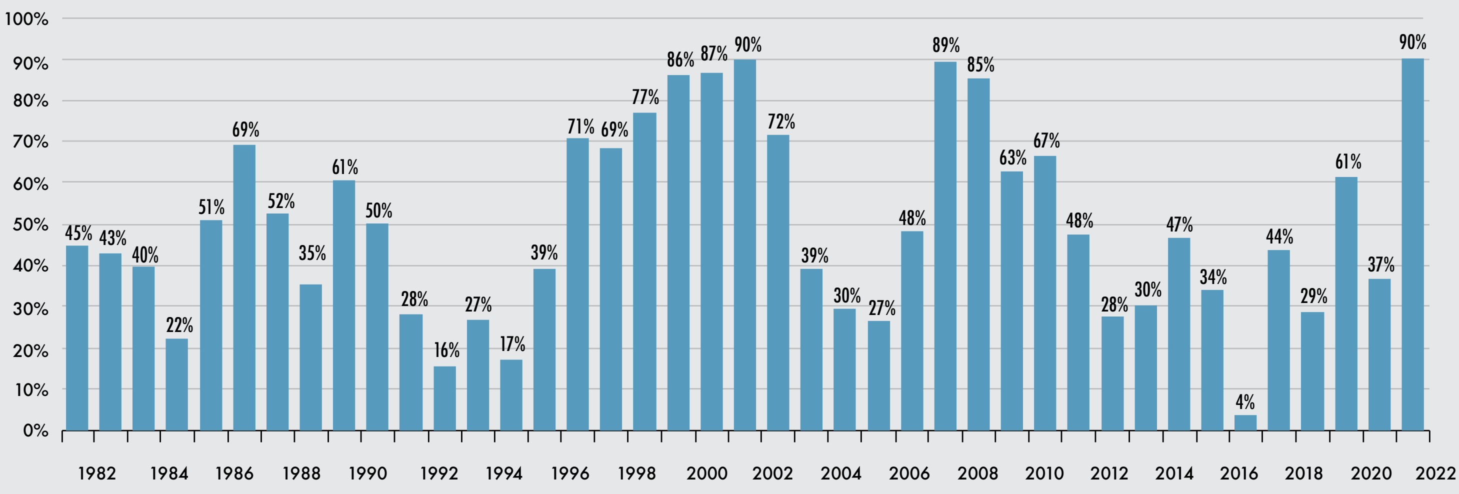
of Best 5 Days Occuring Within 10 Trading Days of Worst 5 Days (Highstreet Balanced Fund)



Source: AGF Investments Inc. As of June 30, 2022.

Switching back to equities, and updating yet another chart used in prior commentaries, we can see just how extremely volatile 2022 has been so far year-to-date. As you can see in the bar chart below, 2022 is currently breaking 40-year records when tracking the percentage of +/- 1% days as a total of all days. This calculation can be used as a way to track investment market internals and volatility to measure the magnitude of moves we are seeing in either direction. Needless to say, 2022 is currently surpassing historically rare and volatile internals seen in the Great Financial Crisis years of 2008/2009, and tying the Tech Bubble. We do not think this is sustainable and the prospect of reduced volatility that creates more normalized daily movements will be a positive development in the investment markets and for investors worldwide. We do not expect to an instant return to a lethargic market similar to 2017, but rather something more ordinary like 1996 or 2019, as we get closer to and enter 2023.

% Days with S&P 500 Index Range >1%



Source: Bloomberg in USD. As of June 30, 2022.

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For our final exhibit, since the S&P 500 Index grazed an intra-day drawdown of -25% on June 17th, we wanted to look at all -25% or worse drawdowns post World War 2. Below displays all information regarding peak to trough levels and % return, and most importantly the forward return after these events. As you can see on the right side of the table, thankfully after such dreadful returns the prospects for improved returns is quite strong. Although the absolute lows may not have completely based, we are confident when looking at the below exhibit that the forward return profile over the intermediate to longer-term is a positive development after what we have incurred so far. Even if you strip out the major events and look at shallower sell-offs between -25 and -35%, the forward return is still very positive.

S&P 500 Extended Bear Markets (All Peak-Trough Declines > 25%) Since World War II

	Peak		Trough		Peak-to-Trough Performance	'Next 3 Months	'Next 6 Months	'Next 9 Months	'Next 12 Months
	Date	Value	Date	Value					
	1946-04-09	19	**1947-05-19**	14	-27.1%	12.3%	11.4%	1.8%	18.9%
	1961-12-12	73	**1962-06-22**	53	-27.5%	9.5%	18.9%	25.6%	33.4%
	1968-11-29	108	**1970-05-06**	69	-36.1%	17.2%	22.8%	39.6%	43.7%
	1973-01-11	120	**1974-10-03**	62	-48.2%	13.5%	30.9%	51.5%	38.0%
	1980-11-28	141	**1982-08-12**	102	-27.1%	36.2%	44.1%	60.4%	58.3%
	1987-08-25	337	**1987-12-04**	224	-33.5%	19.4%	19.0%	18.1%	21.4%
	2000-03-24	1528	**2002-10-09**	777	-49.1%	19.4%	11.5%	29.0%	33.7%
	2007-10-09	1565	**2009-03-09**	677	-56.8%	39.3%	52.7%	62.0%	68.6%
	2020-02-19	3386	**2020-03-23**	2237	-33.9%	40.0%	44.7%	64.9%	74.8%
****Intra-day Move**	**2022-01-04**	**4819**	**2022-06-17**	**3637**	**-24.5%**	**?**	**?**	**?**	**?**
					Average	**23.0%**	**28.4%**	**39.2%**	**43.4%**
					Median	**19.4%**	**22.8%**	**39.6%**	**38.0%**

Source: AGF Investments Inc. As of June 30, 2022.

In summary, when looking at the mathematics and characteristics around this current market, the Highstreet Funds, as well as details around the behaviour after such extremes like we have witnessed….. we believe staying the course and focusing on the full market cycle is evermore prudent.

As for positioning, during a small equity market rebound in May, the Highstreet Pooled Funds Investment Team took liberty to raise cash in the Balanced Funds and took that allocation from the Canadian Equity exposed Funds. Although, the Highstreet Pooled Funds Investment Team believes in the fundamentals for many pockets of the Canadian equity market, the outperformance and risk/reward balance looked favorable to continue to adjust to a more balanced and defensive like allocation. In a continued inflationary environment absent, a hard recession, many sectors in Canada will stand to benefit, they are also perceived to be less expensive and thus have a good 'Value' pitch. But on the opposite side of the equity allocation within the Highstreet Balanced Funds, the Highstreet Pooled Funds Investment Team believes US equities, which have felt the majority of the pain year-to-date, still have some of the highest quality businesses in the world. The recent reset of expectations and flush in many valuations gives the Team a view that there are many great quality assets on sale within the US. The Team also believes un-hedged US equities (keeping US dollar un-hedged) will outperform the rest of the world. This is especially true relative to Canadian equities if we were to enter a short, immediate and deliberate recession, as is being priced quickly into the market rotations we have seen in recent months.

The Highstreet Pooled Funds Investment Team spent a lot of time ensuring proper risk-managed balance in all the Highstreet Funds and one of the balances the Team likes is the Quality and Value barbell. As a rule of thumb, the Highstreet Pooled Funds Investment Team believes we get an abundance of quality from the equity of US companies while continuing a hedge on inflation and commodities that the equity of Canadian companies afford.

Relative to a 60/40 equity/bond allocation, the Highstreet Balanced Pools currently have a large overweight to cash, topped up a large underweight to bonds to now being slightly underweight, and a new very slight underweight to equities with a tilt towards US equities over Canadian equities as we enter the 2nd half of 2022. The Highstreet Pooled Funds Investment Team could look to infuse that cash into either of our bond funds depending on estimated rate trajectory through the summer. But as always market action and opportunities are changing quickly in this market.

Conclusion:

Finishing this quarter's letter by switching gears a touch – we are working on many exciting projects behind the scenes to enhance our client experience. Some of these include replacing our existing client management software with a full service, modern portfolio management software. We are also working with our existing providers to enhance email and client communication so that we can deliver information quickly to our clients. We will keep our client base updated as things progress through these initiatives.

We are also very happy to announce that Greg Valliere will be joining us in-person at this year's Private Client year-end conference at the Hunt Club on November 15th. Back in-person after a few years hiatus, we look forward to welcoming Greg a week after the U.S Midterm Elections no less. We will also be producing a virtual update that will be made available a few weeks after this in-person event.

As always, we appreciate your trust and commitment to Highstreet. We are proud to have you all as clients and be invested alongside you. Your Relationship Manager is always available if you would like a conversation about your asset mix, investments or to schedule a call with Stephen or another member of our Highstreet Pooled Fund Investment Committee. We hope you have a safe and relaxing finish to your summer.

Hope to see you soon,
Mike & Stephen

Michael Hammond
Co-Head, Highstreet Private Client

Stephen Duench
Co-Head, Highstreet Private Client & Vice-President and Portfolio Manager, AGF Investments Inc.

Sources: Bloomberg and AGF Investments Inc. as of June 30, 2022.

Highstreet Asset Management Inc. ("Highstreet") is registered across Canada as a Portfolio Manager and Exempt Market Dealer. Highstreet is wholly owned by AGF Investments Inc. ("AGFI"), a subsidiary of AGF Management Limited. AGFI is registered as an investment fund manager, portfolio manager, mutual fund dealer and exempt market dealer. Effective January 1, 2020, all members of the Highstreet Pooled Funds Investment Team became employees and registrants of AGFI, Highstreet's parent company. As a result, AGFI became the Portfolio Manager of the Highstreet Pooled Funds, but the individuals responsible for investment management of the Highstreet Pooled Funds did not change. Effective April 1, 2020, AGFI also became the Investment Fund Manager and Trustee of the Highstreet Pooled Funds. The Highstreet Pooled Funds are investment vehicles offered exclusively to clients of Highstreet.

Pursuant to exemptive relief, Stephen Duench is dually registered as an advising representative of Highstreet Asset Management Inc. and AGF Investments Inc. ("AGFI"), Highstreet's parent company

The Highstreet Pooled Funds are prospectus-exempt products and are offered on a private placement basis. Units are offered on a continuous basis to investors who meet the definition of an 'accredited investor'. Units of the funds are offered to residents in provinces and territories of Canada pursuant to exemptions set forth under National Instrument 45-106 from the prospectus requirements. Please read the offering memorandum before investing in Pooled Funds. All information is in Canadian dollars. The performance presented is gross of management and administrative fees and rates of return for greater than one year have been annualized. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all dividends and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any investor that may have reduced returns.

Past performance is not necessarily a guide to future performance. The value of investments and income from them can fall and rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse effect on the value of the investments, sale proceeds and on income. The commentaries contained herein are provided as a general source of information and should not be considered as personal investment advice or an offer or solicitation to buy and / or sell securities. Every effort has been made to ensure accuracy in these commentaries at the time of publication, however accuracy cannot be guaranteed. Market conditions may change and the manager accepts no responsibility for individual investment decisions arising from the use or reliance on the information contained herein.

The information contained herein intends to provide you with information related to the Highstreet Pooled Funds at a point in time. It is not intended to be investment advice applicable to any specific circumstances and should not be construed as investment advice. Market conditions may change impacting the composition of a portfolio. Highstreet assumes no responsibility for any investment decisions made based on the information provided herein.

Published: July 18, 2022.

As always, we would love to hear from you. If you have any questions, concerns or comments do not hesitate to reach out to your relationship manager or management.

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