MAY 18, 2022 SUMMARY

After a detailed review of global economic and financial market conditions, MD Financial Management (MD) has made the following changes to the tactical asset allocation of the MD Precision Portfolios™ suite.

- We remain underweight equities overall. Risks to the global economy have increased. Financial conditions have tightened globally in anticipation of more restrictive government policy and the invasion of Ukraine. The risk of recession has increased, in particular, for 2023.

- We marginally increased our allocation to Canadian equities but remain slightly underweight.

- We increased our allocation to U.S. equities and remain overweight. While there are some signs of slowing, the U.S. continues to reap the benefits of easing pandemic restrictions and subsiding infection rates. Demand remains solid and continues to propel economic activity.

- We increased our allocation to international equities but remain underweight. The risk of recession is higher in the Eurozone than in other markets.

- We reduced our allocation to emerging market equities and are now underweight. Emerging market economies face multiple issues, including the strengthening of the U.S. dollar and a bearish near-term view on China due to escalating pandemic lockdowns.

- We remain neutrally positioned to fixed income overall. Within our allocation, we are slightly underweight short-term bonds and slightly overweight longer-term bonds in our most conservative portfolios.

- We remain overweight cash to fulfil our equity positioning.

PORTFOLIO CHANGES

Bars that are above the 0% baseline indicate an overweight position versus the portfolios’ strategic asset allocation, while bars below the 0% baseline indicate an underweight position.

“Underweight” and “overweight” are relative terms, linked to the strategic asset allocation outlined in the simplified prospectus. An underweight position indicates a lower weighting and is generally an indication of the relative unattractiveness of an asset class. An overweight position indicates a higher weighting and is generally an indication of the relative attractiveness of an asset class.

Note: The number of years (in parentheses) indicates the investment time horizon.
WHY MAKE TACTICAL ASSET ALLOCATION DECISIONS?

MD makes tactical asset allocation decisions to shift the positioning of your portfolio in response to trends in financial markets. These decisions are made as market conditions change. Through discussions with our research partners, we look for temporary, shorter-term opportunities that may increase returns and/or reduce the risk of your portfolio. This is distinct from your portfolio’s strategic asset allocation, which maintains a longer-term view.

TACTICAL VERSUS STRATEGIC ASSET ALLOCATION

MD Precision Portfolios allow investors to benefit from a combination of tactical and strategic asset allocation. With our tactical decisions, we look for temporary, shorter-term opportunities, based on an outlook of six to 18 months, which can potentially increase the return and/or reduce the risk of your portfolio.

Strategic asset allocation reflects the policy weights (asset mix) that have been set for your portfolio based on your investment needs and objectives.

We overlay the tactical asset allocation decisions on the strategic asset allocations that support each of the portfolios. This means that we may temporarily deviate from the strategic allocations to take advantage of shorter-term opportunities. Tactical decisions are made within a defined range and “risk budget” (the amount of risk allowed for each portfolio).

MD’S UNIQUE TACTICAL ASSET ALLOCATION APPROACH

Ongoing, comprehensive monitoring of global economic and financial market conditions drives our tactical asset allocation decisions. As conditions change, opportunities may present themselves. To identify these opportunities, MD uses in-depth economic research from industry-leading sources in combination with our proprietary investment management methodology.

MD’s process takes multiple variables into account, including the macroeconomic environment, financial market conditions, market risk indicators and fundamental trends.

MD’s tactical asset allocation process is designed to make the following decisions:

- **Equities versus fixed income**—Is the environment set to support equities or better suited for the stability of fixed income?
- **Relative equity**—Within equities, which geographical locations provide the most potential?
- **Relative fixed income**—Within fixed income, are short-term or longer-term bonds more attractive?
- **Currencies**—How will the foreign currencies of our foreign investments behave relative to the Canadian dollar?

Tactical asset allocation decisions are supported by rigorous analysis and are adapted to the unique needs of MD clients.

Contact your MD Advisor* today.

MD.CA | 1 800 267-2332