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A TEN-YEAR MILESTONE

By Gordon Pape, Editor and Publisher

This month marks the tenth anniversary of the IWB Global Portfolio. It was launched in March 2012 and was originally designed to provide an international model for growth-oriented Tax-Free Savings Accounts. This was achieved through 100% exposure to domestic and international ETFs. That means you should only track this portfolio if you are willing to accept stock market risk, although the use of ETFs provides a high degree of diversification. The target is an average annual return in the 8-10% range.

Although it was originally designed to demonstrate how TFSAs could be used to create significant tax-free wealth, this portfolio can be used in any type of account where global diversification is one of the objectives.

Here's a look at how our ETFs have performed since the last update in October. Results are as of the close on March 24.

Continued on page 2...

CELEBRATING 25 YEARS OF BUILDING WEALTH
25th ANNIVERSARY

Next issue: April 4

IWB GLOBAL PORTFOLIO HOLDINGS

iShares Core S&P/TSX Capped Composite Index ETF (TSX: XIC). This ETF tracks the performance of the S&P/TSX Composite Index. The TSX has been performing well and recently hit another record high, as energy, gold, and materials stocks have done well. The units are up $1.36 (4%) since the last review in October. Due to timing, we received one quarterly distribution of $0.206 per unit.

iShares S&P/TSX Small Cap Index ETF (TSX: XCS). This ETF tracks Canadian small cap stocks. This sector of the market has shown strength recently as commodity prices have rallied, boosting mining stocks. The units are up $1.01 or 4.9% since the last review. We received one small quarterly distribution of $0.063 per unit.

iShares US Small Cap Index ETF (CAD-Hedged) (TSX: XSU). After a long, strong run, US small cap stocks pulled back in the latest period. The units were down $4.41 or 9.6%. We received a semi-annual distribution in December of $0.222 per unit.

iShares Core S&P 500 Index ETF (CAD-Hedged) (TSX: XSP). This ETF tracks the performance of the S&P 500. It's been a difficult period for US stocks, with several high-tech giants posting big retreats. However, thanks to gains in value securities, this ETF lost only $0.37 (0.08%) during the period. We received a year-end distribution of $0.288 per unit.

BMO Nasdaq 100 Equity Hedged to CAD Index ETF (TSX: ZQQ). This fund provides exposure to the top 100 stocks on the Nasdaq exchange. This has been the most volatile index in the US in recent months as some of the giants of the tech sector have seen their stocks pull back. The fund is down $5.33 (4.8%) since the last review. We received an annual distribution of $0.16 in December.

iShares MSCI EAFE Index ETF (CAD-Hedged) (TSX: XIN). This ETF tracks markets in Europe, Asia, and the Far East. The fund was in recovery mode but the war in Ukraine has had a negative impact. The units lost $0.95 (3.1%) since the last review. We received a semi-annual distribution of $0.495 per unit in December.

iShares MSCI Frontier 100 ETF (NYSE: FM). This ETF holds major companies in Third World countries from Nigeria to Vietnam. After rebounding strongly last year, these markets have taken a hit and the units are down US$3 since the last review. We received a year-end distribution of US$0.214 in December.

iShares MSCI Emerging Markets ETF (NYSE: EEM). This sector continues to lose ground as the pandemic and the war in Ukraine weighed heavily on global markets. The units are down US$6.73 (12.9%) since our last review. We received year-end distributions of US$0.733 per unit.

We received $3.54 in interest from the cash balance in our Motive Financial high-interest savings account.

IWB GLOBAL

Here's a look at how the portfolio stood at the close on March 24. The Canadian and US dollars are treated at par, and commissions are not considered. The percentage in the Gain/Loss column represents the cumulative return since the portfolio was launched or since the security was added. The initial book value was $20,002.30.

IWB Global Portfolio (a/o March 24/22)

Security	Weight	Total Shares	Average Price	Book Value	Current Price	Market Value	Retained Income	Gain/ Loss %
XIC	17.4	260	$20.87	$5,427.25	$35.09	$9,123.40	$80.64	+68.7
XCS	6.8	165	$16.23	$2,677.90	$21.68	$3,577.20	$23.41	+34.5
XSU	14.6	185	$17.96	$3,527.35	$41.50	$7,677.50	$41.74	+118.8
XSP	20.8	225	$17.06	$3,997.30	$48.55	$10,923.75	$184.60	+178.0
ZQQ	24.4	120	$21.44	$2,572.80	$106.74	$12,808.80	$241.56	+407.2
XIN	9.1	160	$21.38	$3,421.25	$29.85	$4,776.00	$243.61	+46.6
FM	2.5	40	$35.18	$1,407.25	$32.79	$1,311.60	$8.56	- 6.2
EEM	4.3	50	$43.81	$2,190.50	$45.41	$2,270.50	$213.98	+13.4
Cash	0.1			$48.24		$51.78		
Total	100.0			$25,269.84		$52,520.53	$1,038.10	+111.9
Inception				$20,002.30				+167.8

Comments: Our Canadian ETFs continued to do well as energy and materials stocks surged on the TSX in response to rising inflation and the war in Ukraine.

However, the rest of our funds lost ground, led by ZQQ which was hit by the sell-off in the tech sector. The net result was a loss of 2.4% over the latest period.

Since inception, the portfolio has gained 167.8%, which works out to a compound average annual growth rate of 10.35%. That's slightly ahead of the top end of our target range, even with the latest pull-back.

Changes: Despite the drop in value in the latest period, this portfolio continues to perform above target and offers excellent diversification and geographic coverage. We will not replace any components at this time.

However, I think we should trim our position in ZQQ, which still constitutes almost a quarter of the portfolio, despite the pull-back. We'll add to our Canadian stock market exposure with XIC. Accordingly, we will sell 10 units of ZQQ at $106.74 for a total of $1,067.40. We will use the money to buy 30 units of XIC for a cost of $1,052.70. We have $14.70 left over, which we'll add to our cash account.

All else remains the same.

IWB Global Portfolio (updated March 24/22)

Security	Weight	Total Shares	Average Price	Book Value	Current Price	Market Value	Retained Income
XIC	19.4	290	$22.34	$6,479.95	$35.09	$10,176.10	$80.64
XCS	6.8	165	$16.23	$2,677.90	$21.68	$3,577.20	$23.41
XSU	14.6	185	$17.96	$3,527.35	$41.50	$7,677.50	$41.74
XSP	20.8	225	$17.06	$3,997.30	$48.55	$10,923.75	$184.60
ZQQ	22.4	110	$21.44	$2,358.40	$106.74	$11,741.40	$241.56
XIN	9.1	160	$21.38	$3,421.25	$29.85	$4,776.00	$243.61
FM	2.5	40	$35.18	$1,407.25	$32.79	$1,311.60	$8.56
EEM	4.3	50	$43.81	$2,190.50	$45.41	$2,270.50	$213.98
Cash	0.1			$66.48		$66.48	
Total	100.0			$26,126.38		$52,520.53	$1,038.10
Inception				$20,002.30			

NEEDS VS. WANTS INVESTING

By Adam Mayers, Contributing Editor

Some years ago, a young colleague at The Toronto Star decided he needed a briefcase in order to be taken seriously. He shopped around and eventually settled on a fine handmade valise of Italian leather that cost $300.

The salesperson was very good and said he could offer a deal – a second briefcase at 50% off, for a total of $450 for both. That would reduce the average cost to $225 each. A fantastic 25% saving! My colleague bought them both.

He certainly didn't need two briefcases and really didn't even need one. He quickly regretted the purchases and his receptiveness to the salesman's pitch.

Investors often make the same mistake, confusing a *need* with a *want* and acting impulsively. A need is something that is necessary or essential and is consumed or produced in all conditions. It is often not very sexy. Household goods like soap and cleaners, groceries, healthcare and medicines, banking and insurance, utilities, infrastructure, and real estate are examples.

There's more pizzaz in a want because it is often new and sounds exciting with possibilities that grab headlines. Travel and leisure, sports and entertainment, emerging technologies, crypto currencies, and space exploration are examples.

A conservative, diversified portfolio should be filled mostly with need stocks. They thrive in good and bad times, usually paying dividends. The companies have the resources to exploit new opportunities as they arise.

Want stocks have their place but only as a small portion of more aggressive holdings. They often do not pay dividends, have a short track record, and, while holding promise, may not be profitable.

Telus Corp. and Loblaw Cos. Ltd. are both good examples of companies in the "needs" category. Telus is Canada's second largest wireless telecom provider. Loblaws is Canada's biggest grocer. Both came out of the pandemic stronger. Their share appreciations since the March 2020 market bottom are 44% and 65% respectively at the time of writing.

Both raised their dividends during the pandemic and used the adverse conditions to strengthen their core businesses and invest in new ones. Telehealth is an area where both are pouring resources.

Here are updates.

Telus TSX: T, NYSE: TU

BUY

Originally recommended on Nov. 13/06 (#2640) by Gordon Pape at C$6.86. (Adjusted for March 2020 split). Closed Friday at C$32.12, US$25.77.

Background: Telus Corp. is Canada's second largest wireless telecom company after Rogers Communications Inc. Its core business includes internet and mobile phone service though the Telus and Koodo brands. It recently spun off Telus International, which provides IT and customer service. It is using that as a model to grow its healthcare and agriculture businesses with an eye to spinning them off as well.

Performance: The shares are up 7% year-to-date and 22% in the past 12 months.

Recent developments: Telus ended 2021 on a high note with strong fourth-quarter results. The expansion of its fibre-optic network helped attract more customers and it expects to increase its operating revenue by 8% to 10% this year.

Telus reported $4.87 billion in revenue for the three months ended Dec. 31, up 20% from a year ago. The $663 million in earnings was an increase of 145%.

At the end of 2021, Telus had 2.8 million people enrolled in its virtual care services, an increase of 1.1 million from a year earlier. For the year, it had 20.6 million enrolments in various health programs including virtual care, health benefits management, preventative care, and personal health security. That's an annual increase of 21.6%. Telus uses the technology platform of Babylon Holdings, its UK partner. (Babylon is updated below.)

Annual health services revenue increased by 16.3% to $521 million.

Dividend: Telus raised its dividend 5.6% with the January payment to $0.327 quarterly. It yields 4.1% at current prices.

Discussion & outlook: Going forward, Telus can apply what it learned from the spin-off of Telus International (NYSE: TIXT).

Telus International helps companies including Fitbit, Uber, and online gamer Zynga moderate their online content and provide customer service chat robots. Telus retains a large stake in TIXT.

Telus Health and Telus Agriculture are being groomed for similar treatment. In the meantime, strong performance in its core telecom business gives Telus time and money to nurture these new ventures.

Action now: Buy.

Loblaw Cos. Ltd. TSX-L

BUY

Originally recommended on Feb. 15/21 (#22107) at $62.58. Closed Friday at $109.47.

Background: Loblaws is Canada's largest grocer with annual revenues of $53.2 billion in its latest 12 months. Its brands include No Frills, Provigo, Valu-Mart, Fortino's and Real Canadian. It is 47% owned by George Weston Ltd.

Performance: The shares are up 7% year to-date and 75% since being recommended.

Recent developments: For 2021, revenue of $53.1 billion was 1% higher than a year earlier with the reporting year having one less week than 2020. Adjusted net earnings per share rose 34% to nearly $5.59. Stay-at-home trends and successive pandemic waves favored in-home dining and higher average grocery bills.

Dividend: Loblaws increased its dividend last July to $1.46 annually. It yields 1.3% at current prices. It also has an active share repurchase program.

Discussion & outlook: Groceries are a mature, thin margin business so Loblaws is trying to grow through telehealth. It is using its Shoppers Drug Mart chain to expand more broadly into this area. Shoppers can connect patients to doctors, pharmacists, physiotherapists, and others via its online platform, which it acquired in 2020 through the purchase of Maple Corp. The platform facilitates consultations through the Shoppers website for such things as skin problems, allergies, and infections. Another partnership with League Ltd. enables live chats with nurses, dietitians, and others who can refer users to doctors, mental health support, and vision care. The management discussion of the results notes that pharmacy services revenue grew 172% in 2021.

Subsequent to its year end, Loblaws announced the acquisition of Lifemark Health Group for $845 million. Lifemark owns more than 300 Canadian clinics, providing such things as physiotherapy and chiropractic treatments and mental health care. For Shoppers, the deal adds a network of thousands of individual healthcare professionals, with distinct, but complementary expertise.

Action now: Buy.

MORE ADAM MAYERS' UPDATES

Recommendations are colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

Babylon Holdings Ltd. NDQ: BBLN

Originally recommended on Dec. 1/2021 (#22143) at $7.86. Closed Friday at $3.98. (All figures in US dollars.)

HOLD

Background: Babylon is a UK-based telehealth company offering online services that connect doctors, patients, and pharmacists via their phones or computers. It also offers records and bookings management software for doctors.

Babylon has 440,000 customers in 15 countries with partners that include the British National Health Service and Telus Corp. in Canada. It listed in the US in October with the goal of using the proceeds for a US expansion.

Performance: The tech sell-off accelerated last fall, just as Babylon's IPO came to market. Its shares have fallen since. The stock is 49% below its December recommended price even though the company has met its growth targets.

Recent developments: In the fourth quarter, to Dec. 31, Babylon added 100,000 US customers, who are covered by agreements with a health plan or healthcare provider. It added another 100,000 in January, bringing the US total to over 275,000.

Babylon ended 2021 with annual revenues of $323 million, four times the $79 million in 2020. It expects revenue to grow another three times this year to between $900 million and $1 billion.

Another positive indicator is that Babylon's loss as a percentage of revenue is falling. It lost $225.8 million in 2021, on an adjusted basis, which was 70% of revenue. That compares with a loss of $188 million in 2020 which was 237% of revenue. The 2021 fiscal year saw large one-time investments in its technology infrastructure, which will allow it to improve its margins in 2022. The company expects to be profitable by 2025.

Discussion & outlook: Luck, as they say, is timing and opportunity and

Continued on page 9...

Nvidia NDQ: NVDA

BUY

Originally recommended on May 31/21 (#22121) at $162.45.
Closed Friday at $276.92, adjusted for a 4-to-1 split in July. (All figures in US dollars.)

Background: Nvidia is best known for the graphic processor units used in gaming systems, but it's also a leader in the chips used in artificial intelligence (AI) and cloud-based computing. These chips run autonomous robots, self-driving cars, and drones. A growing area is the processors used by crypto-currency miners.

Performance: Split-adjusted, the shares are up 70% since being recommended. Year-to-date, they are down 10.5%.

Recent developments: Nvidia stock fell in mid-February after it released strong results. Revenue rose 53% year-over-year to $7.6 billion. Earnings of $1.32 per share were 69% higher.

CEO Jensen Huang said in a statement that the company is seeing "exceptional" demand because its chips are useful for AI and other intensive applications. Facebook's parent Meta, for one, is using its chips for AI research.

Dividend and buybacks: Nvidia last raised its dividend two years ago. Split-adjusted, the $0.16 annual payment yields 0.07% at current prices.

Discussion & outlook: So why has a stock with a profile like this fallen? It seems to be part of the broader repricing of tech stocks as investors factor in higher rates, rising inflation, and a global slowdown.

Even so, Nvidia is in a period of sustained growth. It has abandoned its $40-billion acquisition of British chip designer ARM after intense scrutiny from regulators. But it has many opportunities for organic growth.

Action now: Buy for the aggressive portion of your portfolio.

BBLN—continued from page 8...

Babylon was unlucky in its timing. As investor focus shifted to rising interest rates, worries about inflation, and a global recession caused by Russia's Ukraine invasion, growth stocks have fallen out of favour.

But, as noted in an earlier column, Babylon has an impressive list of partners including Microsoft. It is seeing strong growth. It has a proven technology platform and telehealth is here to stay. Even so, the shares are unlikely to move higher until conditions become clearer.

Action now: Hold if you own it (as I do) but avoid new buying for now.

Nutrien Corp. TSX, NYSE: NTR

BUY

Originally recommended on Aug. 10/20 (#22029) at C$47.45, US$35.48. Closed Friday at C$135.12, US$108.43.

Background: Nutrien is the world's largest producer of agricultural fertilizers. This includes nitrogen and phosphates, which it sells in bulk and at the retail level to farmers through a network of more than 2,000 stores.

Discussion: Nutrien's shares are up 40% year-to-date with most of that coming after Feb. 24 when Russia invaded Ukraine. The industry is in the middle of a secular recovery and the Russian action has added pressure to global supplies of fertilizer. In early February, Nutrien said it might increase production if rival producers in Russia and Belarus faced sanctions. That has come to pass.

On March 1, Nutrien said it is increasing production with the most of additional output coming in the second half of the year. The company will be hiring additional workers at its potash mines in Saskatchewan.

Dividend and buybacks: Nutrien raised its dividend by 4% to US$0.48 quarterly (US$1.92 per year), effective with the April payment. It yields 1.8% at current prices.

Action now: Buy.

? YOUR QUESTIONS RRSPs and taxes

Q – My question might be a bit '101-ish' but it's something that I've never seen answered (or maybe asked). When I contribute money to my RRSP and then invest in dividend-paying and DRIP-able stocks, do I have to keep track of capital gains, interest payouts, new shares acquired, etc. for each stock? And what if I choose to sell some/all the shares of a stock and purchase other shares with the gains, while keeping everything in the RRSP. Do I need to keep track of this too? Or does it not matter how much or little I've gained/lost on each of the stocks within my RRSP? Because what is ultimately being taxed is the amount I withdraw in a tax year (deemed to be 'income' by the CRA) regardless of how my portfolio of stocks grew or what investment actions were taken. – Doug W.

A – You can exhale. All transactions within the RRSP are tax sheltered. No record keeping is required. As you say, for tax purposes the CRA is only interested in how much comes out of the plan, not how it got there. – G.P.

GORDON PAPE'S UPDATES

Recommendations are colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

CGI Group TSX: GIB.A, NYSE: GIB

HOLD

Originally recommended on Aug. 19/12 at C$24.42, US$24.66. Closed Friday at C$100.27, US$80.44.

Background: Montreal-based CGI is the one of the largest independent information technology and business process services firms in the world. The company, founded in 1976, delivers an end-to-end portfolio of capabilities, from IT and business consulting to systems integration, outsourcing services, and intellectual property solutions. It employs about 78,000 professionals in offices and delivery centres across the Americas, Europe, and the Asia Pacific region. It reported revenue of $12.1 billion in fiscal 2021.

Performance: The stock has been flat over the past month, trading around $100-$105.

Recent developments: The company announced that it will purchase Umanis SA, a French data, digital, and business solutions company. The purchase price is €310 million. Under the terms of the agreement, CGI will acquire an initial controlling stake of 70.6%, followed by a tender offer for the remaining shares.

Umanis has been in business over 30 years and has annual revenues of approximately €246 million. It operates mainly in the French market but also has offices in other European countries including Spain, Luxembourg, Switzerland, and Monaco.

"The combination of CGI's operations and those of Umanis will further deepen our presence and positioning across Western and Southern Europe," said CGI's CEO, George Schindler. "This transaction is consistent with the metro market merger element of our Build and Buy strategy for delivering profitable inorganic growth, while acting as a catalyst for future organic growth."

Action now: Hold.

Brookfield Asset Management

BUY

TSX: BAM.A, NYSE: BAM

Originally recommended on April 6/97 (#9713) at C$2.73 (split-adjusted). Closed Friday at C$70.86, US$56.86.

Background: Brookfield Asset Management has more than 100 years of history of owning and operating assets with a focus on real estate, renewable energy, infrastructure, and private equity. Total global assets under management are worth $690 billion.

Performance: The shares hit a 52-week high of $79.04 in December but have since drifted back to the $70 range. Over the long term, however, Brookfield has been an outstanding performer and the stock has gained 2,496% on a split-adjusted basis since my original recommendation back in 1997.

Recent developments: The company posted a record year in 2021, reporting what chief financial officer Nick Goodman described as “our best results to date”.

Fourth quarter revenue was $21.8 billion, up from $17.1 billion in the same period of 2020. For the full year, the company reported revenue of $75.7 billion compared to $62.8 billion the year before. Note that the company reports in US dollars.

Net income attributable to shareholders in Q4 was $1.1 billion ($0.66 a share, fully diluted). That was up from $643 million ($0.40 a share) the year before. Full-year earnings attributable to shareholders was just under $4 billion ($2.39 a share) compared to a loss of $134 million (-$0.12 per share) in the prior year.

Funds from operations (FFO) for the year was $7.6 billion ($4.67 per share), of which $2.6 billion was from asset management. For 2020, FFO was $5.2 billion ($3.27 a share).

Dividend: Brookfield announced an 8% dividend increase, to US$0.14 per quarter (US$0.56 a year). The stock yields 1% at the current price.

Outlook: The company expects the strong performance of 2021 to continue into this year. Brookfield has $92 billion in capital to deploy into new investments.

“The scale and quality of our businesses, combined with their cash generating profile and embedded inflation protection, will provide us with a strong tailwind as we continue into 2022,” Mr. Goodman said.

Action now: Buy.

KEYSTONE'S SPRING WEBINARS

Contributing editor Ryan Irvine and his team at KeyStone Financial will be holding two Spring webinars: **Position Your Stock Portfolio Post Pandemic – New opportunities in 2022.** You'll learn how to effectively structure a winning stock portfolio and, most importantly, the right stocks to put in it. Ryan and his team will also cover KeyStone's take on how to manage the risks of rising interest rates, inflation, and supply chain issues. Other topics include:

The Stealth Tech Crash and Buying Opportunity – Half of Nasdaq listed stocks have lost 50% of their value from 2021 highs – which should you avoid, and which great tech stocks now offer long-term value?

2022 Outlook: Current Risks, Opportunities, and the Five Most Asked Questions from Investors – What is the likelihood of a crash or major correction in the near future? What are the key risks and opportunities in the economy and stock market today? How do I manage the risks of rising interest rates, inflation, and supply chain issues? Is it better to invest now or wait? What is KeyStone's best piece of advice for investors today?

Hot Topics & Post Pandemic Opportunities in 2022: Includes Technology, infrastructure assets, cash flow rental properties, dividend growth stocks, special situations, select commodities, and speculative areas such as cryptocurrencies, NFTs, and meme stocks.

There are two types of tickets, as follows:

1) **Early Bird Tickets ($29.95).** Includes KeyStone's 2022 Canadian Dividend All-Star Report ($599 value).

2) **VIP Tickets ($79.95)**. Includes KeyStone's 2022 Canadian Dividend All-Star Report ($599 value), KeyStone's 2022 Canadian Small-Cap Cash Rich Report ($599), and On-Demand Fall 2021 Webinar - Position Your Portfolio for 2022 & Beyond ($79).

Choose one of these sessions:

- March 29th @ 10:00 pm Eastern / 7:00 pm Pacific
- April 5th @ 7:00 pm Eastern / 4:00 pm Pacific

KeyStone's 7 Stock Crisis Investing Portfolio from their April 2020 Webinar has already gained 114.5%. Do not miss out on KeyStone's next Live Webinar stock recommendations! To order, go to: https://keystocks.com/post-pandemic-