

# Connected Wealth Canadian Dividend

10 December 2020

# RICHARDSON

## Wealth

### CONNECTED WEALTH

## Objective

Sustainable dividends balanced with moderate capital appreciation are the dual objectives of the Connected Canadian Dividend portfolio. This portfolio has a dividend focus and invests exclusively in Canadian listed companies.

## Investment philosophy

Dividend focused investing has become a core strategy for many Canadian investor's portfolios driven by the need for income, lower volatility and growth of capital. We believe there are secular trends that will keep this strategy delivering for investors, but it must be done right.

**Dividend Health** - Not all dividends are the same. Some companies, given their business operations are better positioned to pay dividends than others. Canadian Dividend places a strong emphasis on the quality and sustainability of dividends in the stock selection process.

**Dividend Growth** – Connected Wealth Canadian Dividend focuses on dividend sustainability and a company's ability to increase dividends over time. Avoiding chasing the highest yielding companies.

## Risk Management

As dividend paying companies tend to be concentrated in select industries, maintaining a broad diversification is a crucial component of our risk management. At the company level, we continuously monitor both fundamentals and technicals using our deterioration monitor using our deterioration monitor.

## Characteristics

|                         |   |
|-------------------------|---|
| Asset class             | Equity  |
| Geographic              | Canada  |
| Focus                   | Dividend & dividend growth  |
| Objective               | Actively managed to provide income with some capital appreciation potential |
| Approx. # of holdings   | 20-28   |
| Estimated annual trades | 16-24   |
| Benchmark               | TSX Total Return  |
| Benchmark 2             | Dow Jones Select Canadian Dividend  |

## The Manager

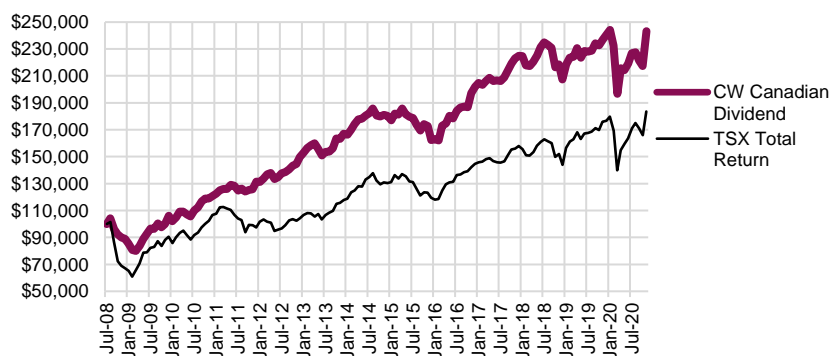
Connected Wealth, a service of Richardson Wealth, manages ~\$1 billion in assets across a number of North American equity, bond and ETF strategies.

**Craig Basinger**  
Portfolio Manager

**Chris Kerlow**  
Portfolio Manager

**Derek Benedet**  
Portfolio Manager

**Alexander Tjiang**  
Analyst



**Performance & Risk**

**Objective:** Sustainable dividends with some capital appreciation

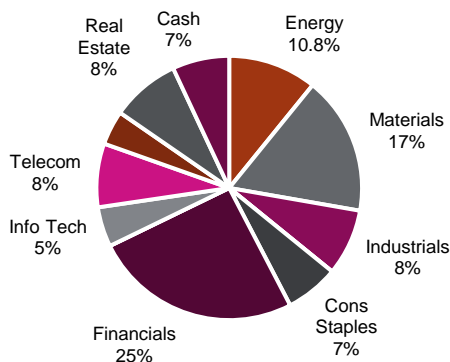
**Benchmark:** S&P/TSX Composite Total Return

**Available:** SMA platform

|      |              | Jan  | Feb  | Mar   | Apr  | May  | Jun  | Jul  | Aug  | Sep   | Oct   | Nov  | Dec  | Annual |
|------|--------------|------|------|-------|------|------|------|------|------|-------|-------|------|------|--------|
| 2008 | Cdn Dividend |      |      |       |      |      |      |      | 4.2  | -7.8  | -3.8  | -2.7 | -1.0 | -10.9  |
|      | TSX TR       |      |      |       |      |      |      |      | 1.5  | -14.4 | -16.7 | -4.7 | -2.6 | -32.9  |
| 2009 | Cdn Dividend | -4.1 | -5.5 | -1.0  | 4.8  | 6.0  | 4.3  | 4.2  | -0.1 | 4.1   | -2.9  | 2.4  | 6.1  | 19.0   |
|      | TSX TR       | -3.0 | -6.3 | 7.8   | 7.3  | 11.5 | 0.3  | 4.2  | 0.9  | 5.1   | -4.0  | 5.2  | 2.9  | 35.1   |
| 2010 | Cdn Dividend | -3.8 | 2.8  | 4.2   | -0.1 | -2.0 | -1.2 | 4.2  | 1.8  | 4.0   | 1.9   | -0.1 | 1.6  | 13.9   |
|      | TSX TR       | -5.3 | 5.0  | 3.8   | 1.7  | -3.5 | -3.7 | 4.0  | 1.9  | 4.1   | 2.7   | 2.4  | 4.1  | 17.6   |
| 2011 | Cdn Dividend | 1.3  | 2.2  | 0.8   | -0.1 | 2.5  | -0.5 | -2.8 | 1.2  | -1.7  | 1.0   | 0.2  | 4.6  | 8.8    |
|      | TSX TR       | 1.0  | 4.4  | 0.1   | -1.0 | -0.9 | -3.3 | -2.5 | -1.2 | -8.7  | 5.6   | -0.2 | -1.7 | -8.7   |
| 2012 | Cdn Dividend | -0.1 | 1.8  | 2.5   | 0.6  | -3.2 | 1.1  | 2.2  | 0.7  | 1.4   | 2.0   | 0.9  | 3.6  | 12.7   |
|      | TSX TR       | 4.4  | 1.7  | -1.6  | -0.6 | -6.1 | 1.1  | 0.8  | 2.6  | 3.4   | 1.1   | -1.3 | 1.9  | 7.2    |
| 2013 | Cdn Dividend | 2.2  | 2.2  | 1.3   | 0.9  | -2.6 | -3.1 | 1.7  | 0.1  | 1.5   | 4.7   | -0.2 | 2.3  | 11.5   |
|      | TSX TR       | 2.3  | 1.3  | -0.2  | -2.1 | 1.8  | -3.8 | 3.2  | 1.5  | 1.4   | 4.7   | 0.5  | 2.0  | 13.0   |
| 2014 | Cdn Dividend | -0.4 | 2.2  | 2.6   | 2.1  | 0.2  | 1.3  | 1.0  | 2.0  | -2.8  | -0.4  | 0.7  | -0.4 | 8.0    |
|      | TSX TR       | 0.8  | 3.9  | 1.2   | 2.4  | -0.2 | 4.1  | 1.4  | 2.1  | -4.0  | -2.1  | 1.1  | -0.4 | 10.6   |
| 2015 | Cdn Dividend | -1.8 | 2.8  | -0.4  | 2.5  | -2.3 | -1.0 | -0.5 | -2.9 | -2.5  | 2.8   | -0.7 | -6.1 | -10.1  |
|      | TSX TR       | 0.5  | 4.0  | -1.9  | 2.4  | -1.2 | -2.8 | -0.3 | -4.0 | -3.7  | 2.0   | -0.2 | -3.1 | -8.3   |
| 2016 | Cdn Dividend | 0.5  | -0.6 | 6.8   | 0.8  | 3.3  | -1.0 | 3.2  | 1.2  | 0.7   | -0.3  | 5.6  | 2.5  | 24.5   |
|      | TSX TR       | -1.2 | 0.5  | 5.3   | 3.7  | 1.0  | 0.3  | 3.9  | 0.3  | 1.2   | 0.6   | 2.2  | 1.7  | 21.1   |
| 2017 | Cdn Dividend | 1.4  | -0.7 | 1.4   | 1.2  | -1.2 | 0.3  | -0.2 | 1.3  | 2.4   | 2.5   | 1.7  | 0.9  | 11.3   |
|      | TSX TR       | 0.8  | 0.2  | 1.3   | 0.4  | -1.3 | -0.8 | -0.1 | 0.7  | 3.1   | 2.7   | 0.5  | 1.2  | 9.1    |
| 2018 | Cdn Dividend | -0.1 | -3.0 | -0.2  | 1.4  | 2.1  | 2.8  | 1.6  | -0.8 | -0.9  | -6.3  | 1.0  | -5.1 | -7.8   |
|      | TSX TR       | -1.4 | -3.0 | -0.2  | 1.8  | 3.1  | 1.7  | 1.1  | -1.0 | -0.9  | -6.3  | 1.4  | -5.4 | -8.9   |
| 2019 | Cdn Dividend | 5.4  | 2.3  | 0.3   | 2.9  | -3.1 | 2.3  | -0.3 | 0.4  | 2.4   | -0.7  | 1.8  | 1.5  | 15.9   |
|      | TSX TR       | 8.7  | 3.1  | 1.0   | 3.2  | -3.1 | 2.5  | 0.3  | 0.4  | 1.7   | -0.9  | 3.6  | 0.5  | 22.9   |
| 2020 | Cdn Dividend | 1.6  | -4.8 | -15.4 | 9.6  | -0.7 | 2.4  | 3.5  | 0.3  | -2.7  | -1.8  | 11.9 |      |        |
|      | TSX TR       | 1.7  | -5.9 | -17.4 | 10.8 | 3.0  | 2.5  | 4.5  | 2.3  | -2.1  | -3.1  | 10.6 |      |        |

|           | <u>Canadian Dividend</u> | <u>TSX</u> | <u>Relative</u> | <u>Statistic</u>    | <u>Description</u>                                   | <u>Canadian Dividend</u> | <u>TSX Composite</u> |
|-----------|--------------------------|------------|-----------------|---------------------|--|--------------------------|----------------------|
| 1 month   | 11.9%                    | 10.6%      | 1.3%            | Sharpe Ratio        | Performance relative to risk (higher is better)      | 0.61                     | 0.29                 |
| 3 months  | 6.9%                     | 4.9%       | 2.0%            | Max Drawdown        | Largest decline from peak to trough (less is better) | -23.3%                   | -39.9%               |
| 6 months  | 13.5%                    | 15.0%      | -1.4%           | Up Market Capture   | % of upside market participation (higher is better)  | 77%                      | 100%                 |
| 1-year    | 2.7%                     | 4.3%       | -1.6%           | Down Market Capture | % of downside market participation (lower is better) | 55%                      | 100%                 |
| YTD       | 1.2%                     | 3.8%       | -2.6%           | Standard Deviation  | Volatility (lower is better)                         | 10.8%                    | 14.1%                |
| 3-year    | 2.9%                     | 5.6%       | -2.6%           | Downside Deviation  | Volatility of down months (lower is better)          | 8.8%                     | 12.9%                |
| 5-year    | 7.1%                     | 8.3%       | -1.2%           | Beta                | Volatility relative to the TSX Comp                  | 0.63                     | 1.00                 |
| 10-year   | 7.4%                     | 6.0%       | 1.4%            |                     |  |                          |                      |
| Inception | 7.5%                     | 5.0%       | 2.4%            |                     |  |                          |                      |

**Composition**



**Holdings**

|                    | <u>Name</u>                  | <u>Industry</u>             | <u>Weight</u> | <u>Yield</u> |
|--------------------|------------------------------|-----------------------------|---------------|--------------|
| <b>Global</b>      | TC ENERGY CORP               | Energy                      | 3.1%          | 5.6%         |
| <b>Cyclical</b>    | PEMBINA PIPELINE CORP        | Energy                      | 2.2%          | 7.3%         |
|                    | ENBRIDGE INC                 | Energy                      | 3.9%          | 7.7%         |
|                    | SUNCOR ENERGY INC            | Energy                      | 1.7%          | 3.5%         |
|                    | FRANCO-NEVADA CORP           | Materials                   | 4.8%          | 0.8%         |
|                    | YAMANA GOLD INC              | Materials                   | 3.2%          | 1.9%         |
|                    | BARRICK GOLD CORP            | Materials                   | 2.4%          | 1.6%         |
|                    | INTERTAPE POLYMER GROUP INC  | Materials                   | 3.1%          | 3.2%         |
|                    | NUTRIEN LTD                  | Materials                   | 3.4%          | 3.9%         |
| <b>N. American</b> | AECON GROUP INC              | Industrials                 | 2.9%          | 3.9%         |
| <b>Cyclical</b>    | TFI INTERNATIONAL INC        | Industrials                 | 5.3%          | 1.5%         |
|                    | OPEN TEXT CORP               | Info Tech                   | 4.9%          | 1.8%         |
| <b>Interest</b>    | ROYAL BANK OF CANADA         | Financials                  | 5.5%          | 4.1%         |
| <b>Sensitive</b>   | BANK OF NOVA SCOTIA          | Financials                  | 5.4%          | 5.3%         |
|                    | BANK OF MONTREAL             | Financials                  | 4.6%          | 4.4%         |
|                    | MANULIFE FINANCIAL CORP      | Financials                  | 4.0%          | 4.9%         |
|                    | SUN LIFE FINANCIAL INC       | Financials                  | 2.7%          | 3.9%         |
|                    | CI FINANCIAL CORP            | Financials                  | 3.1%          | 4.4%         |
|                    | ALLIED PROPERTIES REAL ESTAT | Real Estate                 | 3.7%          | 4.1%         |
|                    | DREAM INDUSTRIAL REAL ESTATE | Real Estate                 | 4.7%          | 5.5%         |
|                    | <b>Defensive</b>             | ROGERS COMMUNICATIONS INC-B | Telecom       | 3.1%         |
|                    | BCE INC                      | Telecom                     | 4.7%          | 5.7%         |
|                    | ALGONQUIN POWER & UTILITIES  | Utilities                   | 4.2%          | 3.9%         |
|                    | WESTON (GEORGE) LTD          | Cons Staples                | 3.3%          | 2.2%         |
|                    | MAPLE LEAF FOODS INC         | Cons Staples                | 3.2%          | 2.3%         |

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