

Connected Wealth Core Income

10 December 2020

RICHARDSON
Wealth

CONNECTED
WEALTH

Objective

Sustainable dividends balanced with moderate capital appreciation are the dual objectives of the Connected Wealth Core Income portfolio. This portfolio has a dividend focus and invests primarily in Canadian listed companies plus up to 35% in U.S. 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.

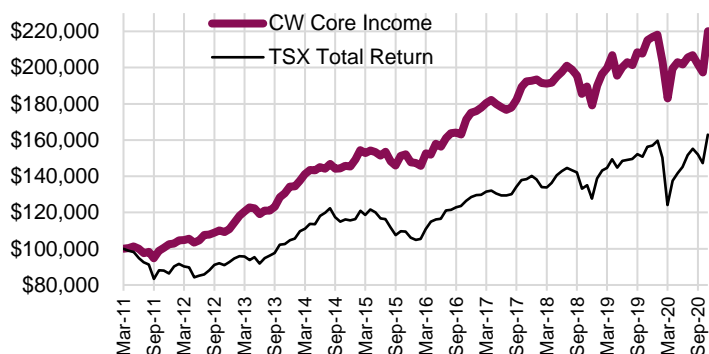
Dividend Health - Not all dividends are the same. Some companies, given their business operations, are better positioned to pay dividends than others. Core Income places a strong emphasis on the quality and sustainability of dividends in the stock selection process.

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

Adding Quality U.S. Dividend Payers – Canada has some great dividend paying companies but these are concentrated in a handful of industries that poses significant portfolio risk. Core Income mitigates this risk and enhances diversification by incorporating some quality US dividend companies in industries that are lacking in the Canadian market place.

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.



Characteristics

Asset class	Equity
Geographic	Canadian and max 35% US
Focus	Dividend & dividend growth
Objective	Actively managed to provide income with some capital appreciation potential
Approx. # of holdings	25-30
Estimated annual trades	22-30
Benchmark	TSX Total Return
Benchmark 2	80% Dow Jones Select Canadian Dividend / 20% Dow Jones Select 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

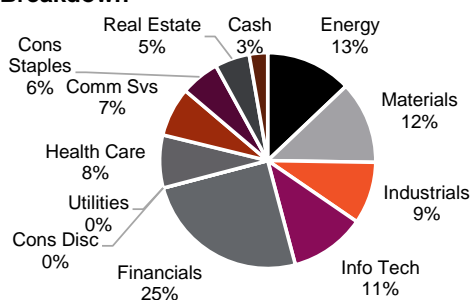
Available: SMA platform & Fund

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2011	Core Income				0.5	0.8	-1.1	-2.6	0.9	-3.6	4.2	1.8	2.0	2.5
	TSX TR				-1.0	-0.9	-3.3	-2.5	-1.2	-8.7	5.6	-0.2	-1.7	-13.6
2012	Core Income	0.4	1.7	0.2	0.6	-2.0	1.1	2.9	0.1	1.0	1.1	-0.6	1.6	8.0
	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	Core Income	2.9	3.0	2.0	1.9	-0.3	-2.7	1.6	0.1	1.7	4.4	1.6	2.8	21.2
	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	Core Income	0.2	2.2	2.7	1.6	-0.1	1.2	-0.6	1.8	-1.8	0.1	1.1	-0.3	8.3
	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	Core Income	2.7	3.5	-1.0	0.9	-0.6	-1.2	1.4	-3.5	-1.6	3.7	0.6	-3.0	1.6
	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	Core Income	-0.2	-1.1	4.7	-0.4	4.0	-1.0	3.0	1.7	0.2	-0.7	5.1	2.1	18.6
	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	Core Income	0.5	1.1	1.3	1.0	-1.2	-1.0	-0.8	0.6	2.4	3.8	1.5	0.1	9.4
	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	Core Income	0.4	-1.1	-0.1	0.2	1.7	1.3	1.8	-1.0	-1.7	-5.1	2.1	-5.5	-7.1
	TSX TR	-1.4	-3.0	-0.2	1.8	3.1	1.7	1.1	-0.8	-0.9	-6.3	1.4	-5.4	-8.9
2019	Core Income	6.2	3.3	1.7	3.6	-5.5	2.4	1.4	-0.8	3.5	-0.3	3.6	0.8	21.1
	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	Core Income	0.5	-6.8	-9.9	8.9	1.7	-0.5	1.9	0.6	-2.4	-2.3	11.6		
	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>Core Income</u>	<u>TSX</u>	<u>Relative</u>	<u>Statistic</u>	<u>Description</u>	<u>Core Income</u>	<u>TSX Composite</u>
1-month	11.6%	10.6%	1.0%	Sharpe Ratio	Performance relative to risk (higher is better)	0.78	0.35
3-months	6.4%	4.9%	1.5%	Max Drawdown	Largest decline from peak to trough (less is better)	-16.0%	-22.3%
6-months	8.5%	15.0%	-6.5%	Up Market Capture	% of upside market participation (higher is better)	84%	100%
1-year	2.3%	4.3%	-1.9%	Down Market Capture	% of downside market participation (lower is better)	51%	100%
YTD	1.5%	3.8%	-2.3%	Standard Deviation	Volatility (lower is better)	9.5%	11.9%
3-year	4.6%	5.6%	-1.0%	Downside Deviation	Volatility of down months (lower is better)	7.3%	10.4%
5-year	7.7%	8.3%	-0.6%	Beta	Volatility relative to the TSX Comp	0.68	1.00
7-year	7.7%	6.8%	0.9%				
Inception	8.4%	5.1%	3.3%				

Composition

Sector Breakdown



Geographic Breakdown



Holdings

	<u>Name</u>	<u>Industry</u>	<u>Weight</u>	<u>Yield</u>
Global	SUNCOR ENERGY	Energy	1.4%	3.5%
Cyclical	TC ENERGY CORP	Energy	2.3%	5.6%
	ENBRIDGE INC	Energy	2.9%	7.7%
	PEMBINA PIPELINE	Energy	2.1%	7.3%
	CAN NATURAL RES	Energy	2.5%	5.3%
	PHILLIPS 66	Energy	1.7%	5.1%
	FRANCO-NEVADA CO	Materials	4.1%	0.8%
	YAMANA GOLD INC	Materials	2.9%	1.9%
	NUTRIEN LTD	Materials	2.3%	3.9%
	INTERTAPE POLYMR	Materials	3.1%	3.2%
	N. American	UNITED PARCEL-B	Industrial	4.3%
Cyclical	AECON GROUP INC	Industrial	2.6%	3.9%
	LOCKHEED MARTIN	Industrial	2.4%	2.9%
	MICROSOFT CORP	Info Tech	2.7%	1.1%
	INTEL CORP	Info Tech	2.2%	2.6%
	CISCO SYSTEMS	Info Tech	3.2%	3.3%
	OPEN TEXT CORP	Info Tech	3.1%	1.8%
Interest	BANK OF NOVA SCO	Financial	5.3%	5.3%
Sensitive	ROYAL BANK OF CA	Financial	4.9%	4.1%
	BANK OF MONTREAL	Financial	4.4%	4.4%
	JPMORGAN CHASE	Financial	2.9%	3.0%
	CITIGROUP INC	Financial	2.3%	3.4%
	MANULIFE FIN	Financial	3.2%	4.9%
	CI FINANCIAL COR	Financial	2.0%	4.4%
	DREAM INDUSTRIAL	Real Estate	3.1%	5.5%
Defensive	ROGERS COMMUNI-B	Telecom	4.5%	3.3%
	BCE INC	Telecom	2.9%	5.7%
	AMERICAN TOWER C	Utilities	2.1%	2.2%
	MAPLE LEAF FOODS	Cons Staple	2.4%	2.3%
	WESTON (GEORGE)	Cons Staple	3.5%	2.2%
	QUEST DIAGNOSTIC	Health Care	3.1%	1.8%
	ASTRAZENECA-ADR	Health Care	2.1%	1.7%
	BRISTOL-MYER SOB	Health Care	2.7%	3.0%

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