

# Connected Wealth Core Income

7 June 2021

**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.

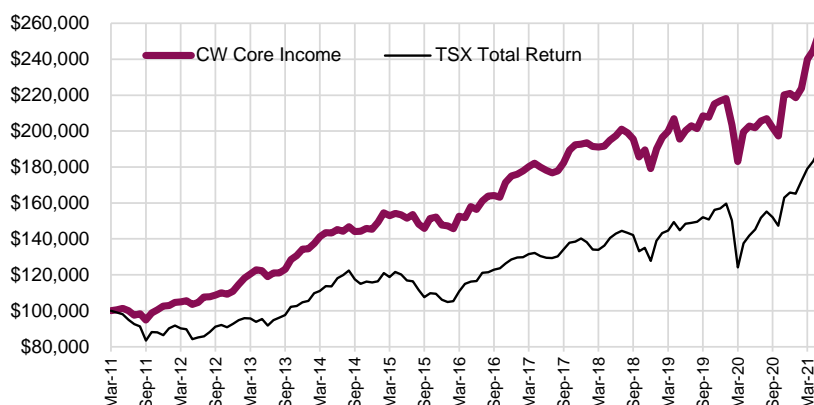
**Dividend Health** - Not all dividends are the same. Some companies, given their business operations, are better positioned to pay dividends than others. Core Income places a strong emphasis on the quality and sustainability of dividends in the stock selection process.

**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

**Brett Gustafson**  
Portfolio Analyst

**Performance & Risk**

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

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

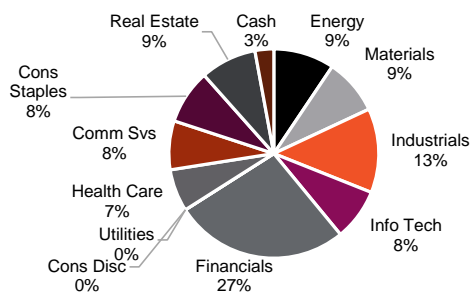
**Available:** SMA platform & Fund

		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	0.4	1.9
	TSX TR	1.7	-5.9	-17.4	10.8	3.0	2.5	4.5	2.3	-2.1	-3.1	10.6	1.7	5.6
2021	Core Income	-1.1	2.4	7.2	2.0	3.8								
	TSX TR	-0.3	4.4	3.9	2.4	3.4								

	<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	3.8%	3.4%	0.3%	Sharpe Ratio	Performance relative to risk (higher is better)	0.90	0.47
3-months	13.5%	10.0%	3.5%	Max Drawdown	Largest decline from peak to trough (less is better)	-16.0%	-22.3%
6-months	15.4%	16.4%	-1.0%	Up Market Capture	% of upside market participation (higher is better)	85%	100%
1-year	25.2%	33.8%	-8.6%	Down Market Capture	% of downside market participation (lower is better)	52%	100%
YTD	15.0%	14.4%	0.5%	Standard Deviation	Volatility (lower is better)	9.5%	11.8%
3-year	9.2%	10.5%	-1.3%	Downside Deviation	Volatility of down months (lower is better)	7.2%	10.4%
5-year	10.0%	10.3%	-0.3%	Beta	Volatility relative to the TSX Comp	0.69	1.00
7-year	8.5%	7.6%	0.9%				
Inception	9.6%	6.5%	3.1%				

**Composition**

**Sector Breakdown**



**Geographic Breakdown**



**Holdings**

	<u>Name</u>	<u>Industry</u>	<u>Weight</u>	<u>Yield</u>
<b>Global</b>	SUNCOR ENERGY	Energy	1.6%	2.7%
	ENBRIDGE INC	Energy	2.7%	7.0%
	PEMBINA PIPELINE	Energy	2.0%	6.6%
	CAN NATURAL RES	Energy	3.1%	4.2%
	FRANCO-NEVADA CO	Materials	3.8%	0.8%
	YAMANA GOLD INC	Materials	2.2%	2.0%
<b>N. American</b>	NUTRIEN LTD	Materials	2.6%	2.8%
	UNITED PARCEL-B	Industrial	4.5%	1.9%
	CAN NATL RAILWAY	Info Tech	3.4%	1.8%
	LOCKHEED MARTIN	Industrial	2.2%	2.6%
	WASTE MANAGEMENT	Industrial	2.9%	1.6%
	INFINEON TEC-ADR	Industrial	2.2%	0.7%
<b>Interest Sensitive</b>	CISCO SYSTEMS	Info Tech	3.2%	2.7%
	OPEN TEXT CORP	Info Tech	2.6%	1.7%
	BANK OF NOVA SCO	Financial	5.5%	4.4%
	ROYAL BANK OF CA	Financial	5.1%	3.4%
	BANK OF MONTREAL	Financial	5.0%	3.3%
	JPMORGAN CHASE	Financial	3.3%	2.2%
<b>Defensive</b>	CITIGROUP INC	Financial	2.5%	2.6%
	MANULIFE FIN	Financial	3.1%	4.5%
	CI FINANCIAL COR	Financial	2.4%	3.2%
	AMERICAN TOWER C	Real Estate	2.2%	1.9%
	ALLIED PROP REIT	Real Estate	3.5%	3.8%
	DREAM INDUSTRIAL	Real Estate	3.0%	4.9%
	ROGERS COMMUNI-B	Telecom	4.1%	3.2%
	TELUS CORP	Telecom	3.4%	4.5%
	LOBLAW COS LTD	Cons Staple	2.0%	1.8%
	WESTON (GEORGE)	Cons Staple	3.4%	1.9%
	CLOROX CO	Cons Staple	2.9%	2.6%
	ASTRAZENECA-ADR	Health Care	1.9%	3.4%
PATTERSON COS	Health Care	2.3%	3.0%	
BRISTOL-MYER SQB	Health Care	2.4%	3.0%	

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