

August 9,  
2021

# Connected Wealth Diversified Income

## Characteristics

Asset class	Balanced
Geographic	Canada and US
Focus	Income
Objective	Actively managed to provide income and capital preservation with some appreciation
Approx. # of holdings	25-32
Estimated annual trades	22-30
Benchmark	60% TSX/40% Dex

## The Manager

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

Craig Basinger  
Portfolio Manager



Chris Kerlow  
Portfolio Manager



Derek Benedet  
Portfolio Manager



Brett Gustafson  
Portfolio Analyst



**RICHARDSON**

Wealth

CONNECTED  
WEALTH

## Objective

Sustainable income and capital preservation with moderate growth as a secondary objective. This portfolio is balanced holding Canadian equities, U.S. equities and bonds. The equity holdings have a dividend focus and are primarily Canadian companies.

## Investment philosophy

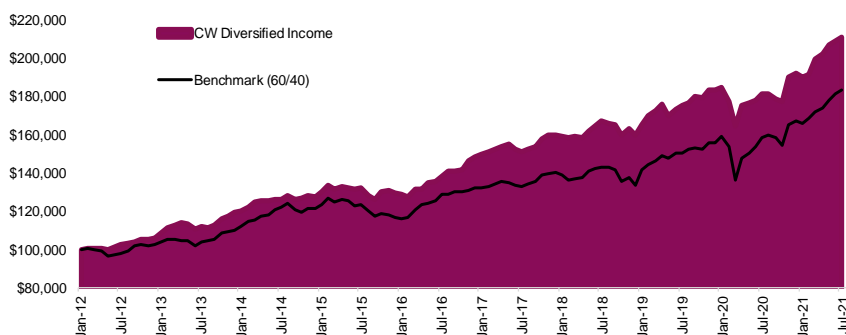
Dividend focused investing has become a core strategy for many Canadian investor's portfolios driven by the need for income, lower volatility and growth of capital. We believe there are secular trends that will keep this strategy delivering for investors, but it must be done right.

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

**Dividend Growth** – Connected Wealth Diversified 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 they are concentrated in a limited number of industries. That poses significant portfolio risk. Diversified Income mitigates this risk and enhances diversification by incorporating some quality US dividend companies in industries that are lacking in the Canadian market place.

## Performance

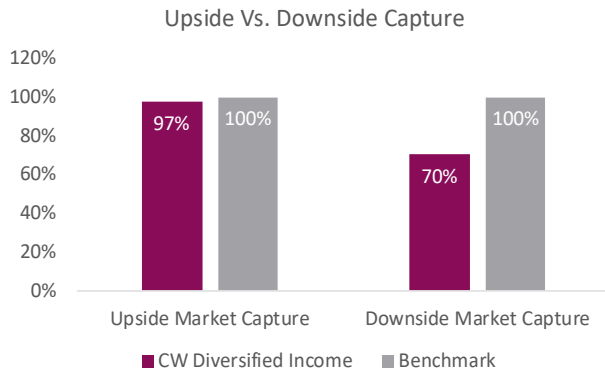


	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	Inception
Diversified Income	1.0%	4.2%	10.8%	16.4%	10.0%	8.0%	8.8%	7.7%	8.2%
Benchmark (60/40)	0.9%	5.2%	10.3%	15.6%	9.6%	8.6%	7.3%	6.0%	6.6%
+/-	0.1%	-0.9%	0.6%	0.8%	0.4%	-0.5%	1.5%	1.7%	1.6%

	2013	2014	2015	2016	2017	2018	2019	2020
Diversified Income	12.9%	6.6%	1.8%	14.2%	7.7%	-0.1%	14.8%	4.8%
Benchmark (60/40)	7.1%	9.9%	-3.6%	13.0%	6.5%	-4.8%	16.4%	7.4%
+/-	5.7%	-3.4%	5.5%	1.3%	1.2%	4.6%	-1.5%	-2.6%

### 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 technical using our deterioration monitor. Bonds are incorporated into the portfolio to provide some income and as a stabilizer to reduce volatility.



**Sharpe**  
**Max Drawdown**  
**SD**  
**Downside Deviation**  
**Beta**

CW Diversified	
Income	Benchmark
1.12	0.76
-10.7%	-14.2%
6.4%	7.4%
5.0%	6.9%
0.76	1.00

### Composition

Sector	CW Diversified Income
Energy	10.7%
Materials	6%
Industrials	11%
Cons Disc	0%
Cons Staples	4%
Financials	28%
Health Care	6%
Info Tech	4%
Telecom	7%
Utilities	3%
Real Estate	15%

	Portfolio Tilt	
	Portfolio	Baseline
Equities	62%	60%
Bonds + Cash	38%	40%

Positions				
Name	Industry	Weight	Yield	
PEMBINA PIPELINE CORP	Energy	2.1%	6.3%	
ENBRIDGE INC	Energy	2.3%	6.8%	
SUNCOR ENERGY INC	Energy	2.3%	3.5%	
NUTRIEN LTD	Materials	2.3%	3.0%	
YAMANA GOLD INC	Materials	1.5%	2.8%	
UNITED PARCEL SERVICE-CL B	Industrials	2.2%	2.1%	
WASTE MANAGEMENT INC	Industrials	2.0%	1.6%	
CANADIAN NATL RAILWAY CO	Industrials	2.6%	1.8%	
CISCO SYSTEMS INC	Information Technolog	2.7%	2.7%	
BANK OF NOVA SCOTIA	Financials	3.7%	4.5%	
ROYAL BANK OF CANADA	Financials	4.7%	3.3%	
JPMORGAN CHASE & CO	Financials	3.6%	2.3%	
CITIGROUP INC	Financials	2.7%	2.9%	
MANULIFE FINANCIAL CORP	Financials	2.5%	4.4%	
ALGONQUIN POWER & UTILITIES	Utilities	1.8%	4.2%	
ROGERS COMMUNICATIONS INC-B	Communication Servic	2.0%	3.1%	
TELUS CORP	Communication Servic	2.6%	4.5%	
PROCTER & GAMBLE CO/THE	Consumer Staples	2.4%	2.5%	
LOBLAW COMPANIES LTD	Consumer Staples	3.1%	1.7%	
PATTERSON COS INC	Health Care	2.0%	3.6%	
ASTRAZENECA PLC-SPONS ADR	Health Care	2.0%	1.6%	
DREAM INDUSTRIAL REAL ESTATE	Real Estate	3.8%	4.3%	
ALLIED PROPERTIES REAL ESTAT	Real Estate	3.3%	3.8%	
AMERICAN TOWER CORP	Real Estate	2.2%	1.8%	
	<b>Type</b>			
CANADA GOV	1% 1 Jun 2027	5.0%	0.96%	
ISHARES CORE CANADIAN SHORT	XSB	14.9%	1.99%	
ROYAL BANK OF CANADA	4.5% 24 Nov 80	5.4%	4.60%	
WELLS FARGO & COMPANY	3.874 21 May 25	4.6%	1.71%	
BC PROV 2.3%	18-Jun-26	5.7%	1.14%	

### Portfolio Management Fee Breakdown Example – Estimated based on 25 Trades

Base Rate: 0.25% plus \$10/Trade

Dollars Invested	Management Fee (Including Trades)	Dollar Value
\$250,000	0.35%	\$875
\$500,000	0.30%	\$1,500
\$750,000	0.283%	\$2,122

<b>\$1,000,000</b>	<b>0.275%</b>	<b>\$2,750</b>
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