July 16, 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

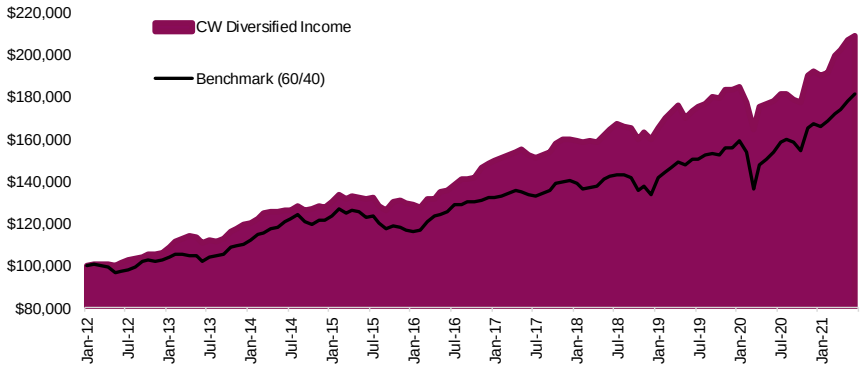
Dividend focused investing has become a core strategy for many Canadian investor's portfolios driven by the need for income, lower volatility and growth of capital. We believe there are secular trends that will keep this strategy delivering for investors, but it must be done right.

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



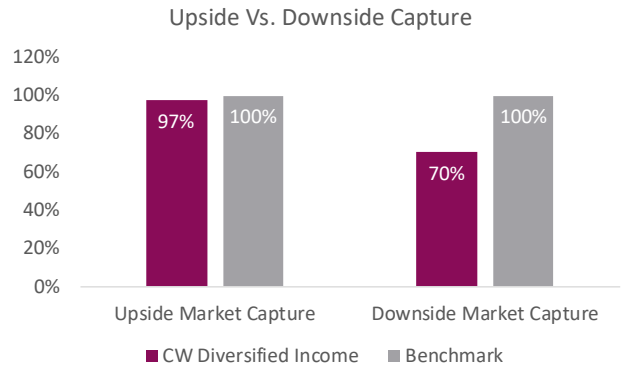
	1-month	3-months	6-months	1-year	YTD	3-year	5-year	7-year	Inception
Diversified Income	0.9%	4.6%	8.9%	17.5%	8.9%	8.3%	9.0%	7.5%	8.2%
Benchmark (60/40)	1.9%	5.8%	8.6%	18.2%	8.6%	8.4%	7.7%	6.0%	6.5%
+/-	-1.0%	-1.1%	0.3%	-0.7%	0.3%	-0.1%	1.4%	1.5%	1.6%

	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%

Source: Richardson Wealth & Bloomberg

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.



	CW Diversified Income	Benchmark
Sharpe	1.11	0.75
Max Drawdown	-10.7%	-14.2%
SD	6.4%	7.4%
Downside Deviation	5.0%	6.9%
Beta	0.76	1.00

Composition

Sector

	CW Diversified Income
Energy	10.4%
Materials	10%
Industrials	10%
Cons Disc	0%
Cons Staples	4%
Financials	25%
Health Care	9%
Info Tech	4%
Telecom	7%
Utilities	3%
Real Estate	14%

Portfolio Tilt

	Portfolio	Baseline
Equities	62%	60%
Bonds + Cash	33%	40%

Positions

Name	Industry	Weight	Yield
PEMBINA PIPELINE CORP	Energy	2.1%	6.4%
ENBRIDGE INC	Energy	2.3%	6.7%
SUNCOR ENERGY INC	Energy	2.6%	3.1%
NUTRIEN LTD	Materials	2.3%	3.0%
FRANCO-NEVADA CORP	Materials	2.7%	0.8%
YAMANA GOLD INC	Materials	1.5%	2.4%
UNITED PARCEL SERVICE-CL B	Industrials	2.4%	1.9%
WASTE MANAGEMENT INC	Industrials	2.0%	1.6%
CANADIAN NATL RAILWAY CO	Industrials	2.6%	1.9%
CISCO SYSTEMS INC	Information Technology	2.6%	2.8%
BANK OF NOVA SCOTIA	Financials	3.7%	4.5%
ROYAL BANK OF CANADA	Financials	4.7%	3.3%
JPMORGAN CHASE & CO	Financials	3.5%	2.3%
CITIGROUP INC	Financials	2.6%	3.0%
MANULIFE FINANCIAL CORP	Financials	2.4%	4.6%
ALGONQUIN POWER & UTILITIES	Utilities	1.7%	4.5%
ROGERS COMMUNICATIONS INC-B	Communication Service	2.1%	3.0%
TELUS CORP	Communication Service	2.6%	4.5%
PROCTER & GAMBLE CO/THE	Consumer Staples	2.4%	2.5%
LOBLAW COMPANIES LTD	Consumer Staples	2.9%	1.7%
BRISTOL-MYERS SQUIBB CO	Health Care	2.2%	2.9%
PATTERSON COS INC	Health Care	2.1%	3.4%
ASTRAZENECA PLC-SPONS ADR	Health Care	2.0%	3.3%
DREAM INDUSTRIAL REAL ESTATE	Real Estate	3.7%	4.4%
ALLIED PROPERTIES REAL ESTAT	Real Estate	3.4%	3.7%
AMERICAN TOWER CORP	Real Estate	2.2%	1.8%
	Type		
CANADA GOV	1% 1 Jun 2027	5.0%	0.99%
ISHARES CORE CANADIAN SHORT	XSB	9.3%	2.03%
ROYAL BANK OF CANADA	4.5% 24 Nov 80	5.4%	4.60%
WELLS FARGO & COMPANY	3.874 21 May 25	4.6%	1.70%
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
$1,000,000	0.275%	$2,750

Source: Richardson Wealth & Bloomberg

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Source: Richardson Wealth & Bloomberg