

# Connected Wealth U.S. Dividend

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# RICHARDSON

## Wealth

### CONNECTED WEALTH

## Objective

Income generation from sustainable dividends and moderate capital appreciation are the dual objectives of the Connected Wealth US Dividend Portfolio. This portfolio invests in U.S. listed companies that pay attractive dividends and/or have the potential to grow their dividends over time.

## Investment philosophy

Dividends are a significant contributor to long term equity returns and dividend paying companies have historically experienced lower volatility compared to the broad market. We believe the U.S. market offers a wide variety of quality dividend paying companies however these are clustered together in some industries. To be successful in managing this U.S. dividend focused portfolio we believe the following criteria are key:

**Dividend Health** - not all dividends are the same. Some companies, given their business operations are better positioned to pay dividends than others. U.S. Dividend places a strong emphasis on the quality and sustainability of dividends in the stock selection process. This approach places great emphasis on both the level and changes to payout ratios, free cash flow generation, leverage and earnings stability.

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

## Risk Management

MAs 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.

## Characteristics

Asset class	Equity
Geographic	US
Focus	Dividend & Dividend Growth
Objective	Actively managed to provide income with some capital appreciation potential
Approx. # of holdings	25-30
Estimated annual trades	16-24
Benchmark	S&P 500 Total Return
Benchmark 2	Dow Jones Select Dividend

## The Manager

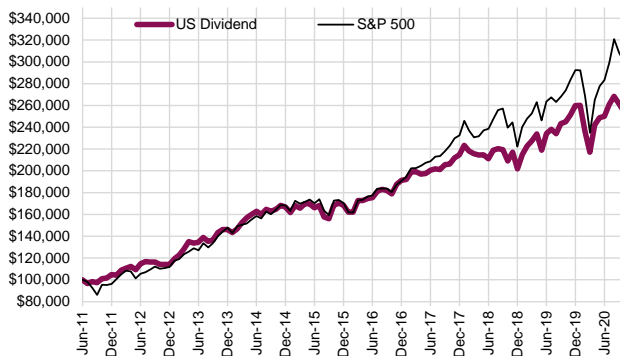
Connected Wealth, a service of Richardson Wealth, manages ~\$1 billion in assets across a number of North American equity, bond and ETF strategies.

**Craig Basinger**  
Portfolio Manager

**Chris Kerlow**  
Portfolio Manager

**Derek Benedet**  
Portfolio Manager

**Alexander Tjiang**  
Analyst



**Performance & Risk**

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

**Benchmark:** S&P 500 Total Return

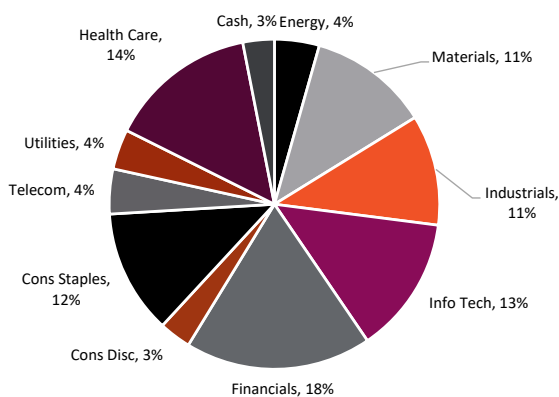
**Available:** SMA platform

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2011	US Dividend							-3.5	1.8	-1.2	3.5	0.6	3.1	4.2
	S&P 500							-2.0	-5.4	-7.0	10.9	-0.2	1.0	-3.7
2012	US Dividend	-0.8	4.4	1.6	1.3	-2.8	4.9	1.7	-0.5	-0.1	-2.0	-0.1	0.0	7.7
	S&P 500	4.5	4.3	3.3	-0.6	-6.0	4.1	1.4	2.3	2.6	-1.8	0.6	0.9	16.0
2013	US Dividend	4.5	2.8	4.2	5.2	-1.1	0.5	3.1	-2.7	0.8	5.0	1.9	-0.2	26.3
	S&P 500	5.2	1.4	3.8	1.9	2.3	-1.3	5.1	-2.9	3.1	4.6	3.0	2.5	32.4
2014	US Dividend	-1.9	2.4	3.9	2.8	1.9	1.9	-1.7	2.8	-0.9	1.2	2.2	-0.9	14.5
	S&P 500	-3.5	4.6	0.8	0.7	2.3	2.1	-1.4	4.0	-1.4	2.4	2.7	-0.3	13.7
2015	US Dividend	-3.1	4.0	-1.4	2.6	-0.1	-2.1	1.2	-6.2	-1.1	7.9	1.1	-1.0	1.0
	S&P 500	-3.0	5.7	-1.6	1.0	1.3	-1.9	2.1	-6.0	-2.5	8.4	0.3	-1.6	1.4
2016	US Dividend	-3.8	0.0	6.6	0.0	1.1	0.5	3.3	1.1	-0.6	-1.6	4.9	2.0	13.6
	S&P 500	-5.0	-0.1	6.8	0.4	1.8	0.5	3.5	0.1	0.0	-1.8	3.7	2.0	12.0
2017	US Dividend	0.4	3.6	0.1	-1.1	0.4	1.5	0.6	0.4	2.2	0.2	2.8	1.3	12.2
	S&P 500	1.9	4.0	0.1	1.0	1.4	0.6	2.1	0.3	2.1	2.3	3.1	1.1	21.8
2018	US Dividend	4.0	-2.3	-1.1	-0.5	0.0	-1.6	3.7	0.6	-0.5	-4.7	3.9	-7.1	-6.0
	S&P 500	5.7	-3.7	-2.5	0.4	2.4	0.9	3.7	3.3	0.6	-6.8	2.0	-9.0	-4.4
2019	US Dividend	6.5	3.7	2.2	2.7	-6.4	7.0	1.6	-1.7	4.0	0.7	2.6	3.4	28.8
	S&P 500	8.0	3.2	1.9	4.0	-6.4	7.0	1.4	-1.6	1.9	2.2	3.6	3.0	31.5
2020	US Dividend	0.1	-9.3	-8.0	11.6	2.8	0.5	4.3	2.9	-2.5	-2.7			
	S&P 500	0.0	-8.2	-12.4	12.8	4.8	2.0	5.6	7.2	-3.8	-2.7			

	<u>CW</u> <u>U.S. Dividend</u>	<u>S&amp;P 500</u>	<u>Relative</u>	<u>Statistic</u>	<u>Description</u>	<u>CW</u> <u>U.S. Dividend</u>	<u>S&amp;P 500</u>
1 month	-2.7%	-2.7%	0.0%	Sharpe Ratio	Performance relative to risk (higher is better)	0.96	0.93
3 months	-2.4%	0.4%	-2.7%	Max Drawdown	Largest decline from peak to trough (less is better)	-17%	-20%
6 months	5.2%	13.3%	-8.1%	Up Market Capture	% of upside market participation (higher is better)	76%	100%
1-year	3.9%	9.7%	-5.8%	Down Market Capture	% of downside market participation (lower is better)	69%	100%
YTD	-2.0%	2.8%	-4.8%	Standard Deviation	Volatility (lower is better)	11.1%	13.5%
3-year	7.3%	10.4%	-3.1%	Downside Deviation	Volatility of down months (lower is better)	7.8%	10.1%
5-year	8.6%	11.7%	-3.1%	Beta	Volatility relative to the S&P 500	0.71	1.00
Inception	8.6%	11.5%	-3.0%				

**Composition**

**Sector Breakdown**



**Holdings**

	<u>Name</u>	<u>Sector</u>	<u>Weight</u>	<u>Yield</u>
<b>Global</b>	CHEVRON CORP	Energy	2.63%	6.2%
	PHILLIPS 66	Energy	1.63%	6.1%
	AVIENT CORP	Materials	3.40%	2.4%
	WEYERHAEUSER CO	Materials	2.95%	N/A
	NEWMONT CORP	Materials	5.09%	2.4%
<b>N. American</b>	UNITED PARCEL SERVICE-CL B	Industrials	3.24%	2.5%
	WASTE MANAGEMENT INC	Industrials	3.71%	1.8%
<b>Cyclical</b>	LOCKHEED MARTIN CORP	Industrials	3.56%	2.8%
	TRANE TECHNOLOGIES PLC	Industrials	0.00%	1.4%
	INTL BUSINESS MACHINES CORP	Info Tech	1.89%	5.6%
	INTEL CORP	Info Tech	3.24%	2.9%
	CISCO SYSTEMS INC	Info Tech	3.03%	3.5%
	MICROSOFT CORP	Info Tech	4.88%	1.0%
	BLACKROCK INC	Financials	4.24%	2.2%
	METLIFE INC	Financials	2.23%	4.1%
	JPMORGAN CHASE & CO	Financials	4.51%	3.2%
	GOLDMAN SACHS GROUP INC	Financials	3.81%	2.3%
<b>Interest Sensitive</b>	CITIGROUP INC	Financials	2.89%	4.2%
	AMERICAN TOWER CORP	Real Estate	3.08%	1.9%
<b>Defensive</b>	MCDONALD'S CORP	Cons Disc	3.04%	2.4%
	KIMBERLY-CLARK CORP	Cons Staples	2.78%	3.0%
	PROCTER & GAMBLE CO/THE	Cons Staples	4.85%	2.2%
	CONAGRA BRANDS INC	Cons Staples	4.19%	3.1%
	ASTRAZENECA PLC-SPONS ADR	Health Care	3.45%	1.6%
	BRISTOL-MYERS SQUIBB CO	Health Care	2.79%	2.8%
	QUEST DIAGNOSTICS INC	Health Care	4.81%	1.8%
	MERCK & CO. INC.	Health Care	3.05%	3.0%
	XCEL ENERGY INC	Utilities	3.81%	2.3%
	VERIZON COMMUNICATIONS INC	Telecom	2.41%	4.1%
	AT&T INC	Telecom	1.85%	7.2%

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