

## Characteristics

Asset class	Equity
Geographic	Canada
Focus	Dividend & Dividend Growth
Objective	Actively managed to provide income with some capital appreciation
Approx. # of holdings	20-28
Estimated annual trades	16-24
Benchmark	TSX Total Return
Benchmark 2	DJ Select Canadian Dividend

## SMA Manager

Craig Basinger  
Chief Market Strategist  
T: 647.822.1406  
[craigb@purposeinvest.com](mailto:craigb@purposeinvest.com)

Derek Benedet  
Portfolio Manager  
T: 416.726.1269  
[DerekB@purposeinvest.com](mailto:DerekB@purposeinvest.com)

Brett Gustafson  
Portfolio Analyst  
T: 403.689.0012  
[Brettg@purposeinvest.com](mailto:Brettg@purposeinvest.com)

## Quarterly Commentary

How do we even attempt to unpack what happened in 2022...on the surface very little sounds good. Russia invaded Ukraine: a travesty that also caused increased global political polarization, an energy crisis, and higher food prices. Global inflation got out of control, not from the war but more from the knock-on effects of the pandemic-altered behaviours. Plus, there was the impact of global monetary/fiscal stimulus that was left on too long. Inflation triggered an abrupt reversal in stimulus from accommodation to restriction as just about all central banks tightened financial conditions, some materially. The silver lining is 2022 appears to have reset markets. Now, we are not saying the reset is over, or that the bottom of the bear is in, or even that bond yields are done going up, but things are much more balanced now.

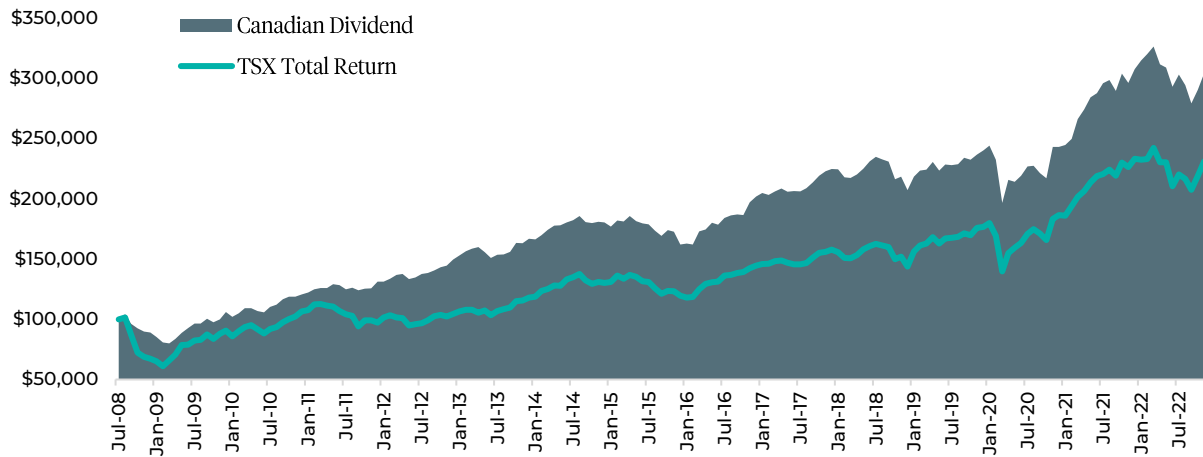
Through it all, Canadian Dividend declined -3.2% in 2022. This compares positively to the -5.75% return for the S&P/TSX Composite thanks to factor tilts towards value and dividend stocks as well as a more defensive sector allocation. The mandate outperformed the TSX in the fourth quarter, rising +6.7%.

Recent outperformance has predominantly been attributed to security selection, particularly in the Consumer Discretionary, Industrials, and Financial sectors. An elevated cash balance in December also helped. Top performers in this period include Finning International, Restaurant Brands International, and Rogers. Top detractors include Algonquin Power and Chartwell. We continue to believe that these names are undervalued and are comfortable continuing to hold. It's worth noting that we remain meaningfully overweight Consumer Discretionary and Telecom stocks, and underweight Financials, Industrials and Tech.

Though December was a grim month to cap off a rather challenging year, we executed a number of trades early in the month. We've decided to exit our position in Open Text partly for tax loss reasons and losing faith in their overall growth through acquisition business model. Loblaws has had a wonderful year, up over 20% while large parts of the market have struggled. Grocers, and in particular Loblaws benefit from high levels of food inflation. Their ability to passthrough costs has helped their topline tremendously, posting strong same-store sales since the pandemic began. With inflationary pressure cooling, this will make it more difficult for Loblaws to continue to increase revenues at the same pace, mindful of an already difficult year ahead in terms of tough comps. We added a new position in Jamieson Wellness, a leading health and wellness company and a vitamin manufacturer in Canada. It has a consistent history of organic revenue growth. Following a long consolidation, earnings growth continues along a stable path. Another new addition is Cameco, which we believe will continue to benefit from a renewed global acceptance of nuclear in the path to reducing carbon emissions.

At present, equity markets appear to be a bit glass half full, and not completely pricing in what the Fed and other assets are telling us. Markets continue to price in a peak in rates mid-year with some easing towards year-end. In our view, this may be optimistic and given what has happened over the past 12 months, we should not be surprised by any surprises with inflation or Fed Policy. On top of that, there is the added risk to corporate profits, which could be revised sharply lower in the months ahead as higher rates and prolonged inflation bite into margins and a cooling economy dims growth prospects. We remain defensively tilted, awaiting an opportune time to make tactical shifts when warranted.

Performance (gross of fees)



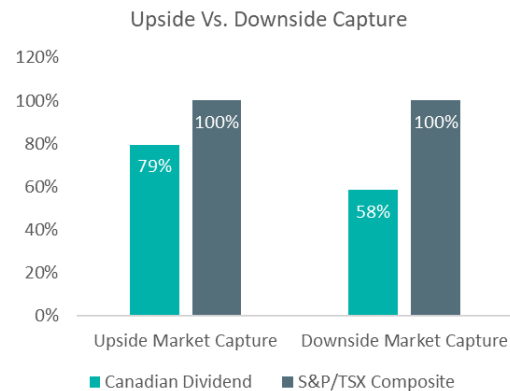
	1-month	3-months	6-months	1-year	YTD	3yr	5yr	10yr	Inception*
CW Canadian Dividend	-2.1%	6.7%	1.7%	-3.2%	-3.2%	7.4%	5.8%	7.1%	7.9%
S&P/TSX Total Return	-4.9%	6.0%	4.5%	-5.8%	-5.8%	7.5%	6.8%	7.7%	5.6%
+/-	2.8%	0.8%	-2.8%	2.6%	2.6%	-0.1%	-1.1%	-0.6%	2.3%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CW Canadian Dividend	14.0%	11.5%	8.0%	-10.1%	24.5%	11.3%	-7.8%	15.9%	1.2%	26.6%
S&P/TSX Total Return	7.2%	13.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%
+/-	6.8%	-1.5%	-2.5%	-1.7%	3.4%	2.2%	1.1%	-7.0%	-4.4%	1.5%

Risk Metrics

	Canadian Dividend	S&P/TSX Composite
Sharpe	0.64	0.34
Max Drawdown	-23.3%	-39.9%
SD	10.9%	13.9%
Downside Deviation	8.6%	12.5%
Beta	0.65	1.00



Composition

Sectors

	Canadian Dividend	TSX
Energy	16.35%	17.4%
Materials	12.04%	12.4%
Industrials	6.84%	13.3%
Consumer Discretionary	7.72%	3.7%
Cons Staples	3.17%	4.2%
Financials	21.54%	30.9%
Health Care	2.55%	0.4%
Info Tech	3.56%	5.7%
Telecom	8.00%	4.9%
Utilities	6.21%	4.5%
Real Estate	5.35%	2.7%
Cash	6.65%	

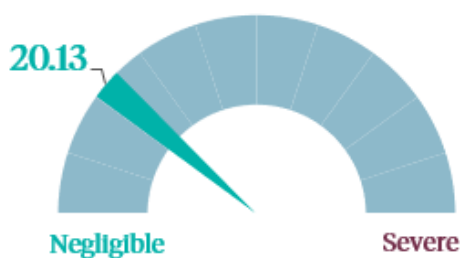
Equity Positions

Name	Industry	Weight	Yield
TC ENERGY CORP	Energy	2.4%	6.5%
ENBRIDGE INC	Energy	4.0%	6.4%
SUNCOR ENERGY INC	Energy	4.7%	5.0%
ARC RESOURCES LTD	Energy	2.4%	3.8%
CAMECO CORP	Energy	2.8%	0.4%
LUNDIN MINING CORP	Materials	3.0%	3.7%
TRANSCONTINENTAL INC-CL A	Materials	1.9%	5.9%
WHEATON PRECIOUS METALS CORP	Materials	3.4%	1.4%
BARRICK GOLD CORP	Materials	3.7%	3.2%
FINNING INTERNATIONAL INC	Industrials	3.9%	2.5%
CANADIAN NATL RAILWAY CO	Industrials	2.9%	1.8%
ENGHOUSE SYSTEMS LTD	Info Tech	3.6%	1.9%
ROYAL BANK OF CANADA	Financials	5.6%	4.0%
BANK OF NOVA SCOTIA	Financials	3.8%	6.1%
BANK OF MONTREAL	Financials	6.0%	4.4%
MANULIFE FINANCIAL CORP	Financials	3.6%	5.2%
SUN LIFE FINANCIAL INC	Financials	2.5%	4.5%
MAGNA INTERNATIONAL INC	Cons Disc	2.7%	2.9%
RESTAURANT BRANDS INTERN	Cons Disc	5.0%	3.3%
CHARTWELL RETIREMENT RESIDEN	Health Care	2.6%	6.9%
ALLIED PROPERTIES REAL ESTAT	Real Estate	2.2%	6.2%
DREAM INDUSTRIAL REAL ESTATE	Real Estate	3.2%	5.5%
ROGERS COMMUNICATIONS INC-B	Telecom	4.2%	3.1%
TELUS CORP	Telecom	3.8%	5.2%
ALGONQUIN POWER & UTILITIES	Utilities	2.3%	9.8%
EMERA INC	Utilities	3.9%	5.2%
JAMIESON WELLNESS INC	Cons Staples	3.2%	1.9%
PURPOSE HIGH INTEREST SAVING		4.7%	4.7%

Cyclical Vs. Defensive

Global Cyclical	28.39%
N.A. Cyclical	10.41%
Interest Sensitive	37.17%
Defensive	24.03%

ESG Risk Rating Score



Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and the use of an asset allocation service. Please read the prospectus(es) of the mutual funds in which investments may be made under the asset allocation service before investing. The indicated rates of return are the historical annual compounded total returns assuming the investment strategy recommended by the asset allocation service is used and after deduction of the fees and charges in respect of the service. The returns are based on the historical annual compounded total returns of the participating funds including changes in share/unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder in respect of a participating fund that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated. Note that the Manager of these asset allocation services changed from Richardson Wealth LTD. to Purpose Investments Inc. in September 2021.