PUBLISHED: JANUARY 2025

Purpose INVESTMENTS

QUARTERLY SMA COMMENTARY

Canadian Dividend

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

Inception date: JULY 31, 2008

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MARKET OVERVIEW

2024 went down as one of the stronger years for markets, led once again by the U.S. Tack that onto to 2023 and a very impressive multi-year run by markets. Could we have a three-peat? The backdrop is somewhat encouraging, economic growth is decent and in fact more robust than at the start of 2024. Inflation has continued to cool, allowing more and more central banks to cut rates.

Likely one of the biggest challenges for markets in 2025 will be their recent success and current level of optimism. Expectations for economic growth are optimistic, everyone seems convinced inflation will continue to fade and central banks have pulled off the 'smooth or no landing'. Markets often have an easier time climbing a wall of worry. Had to search for the opposite market proverb, which is 'bear markets slide down a slope of hope'. That sounds a bit extreme, 2025 will likely be a more normal year.

Throughout 2024, rising rates posed a challenge for dividend-paying stocks. Higher yields on fixed-income securities often make dividend-paying equities less attractive by comparison. The fourth quarter saw a dramatic rise in bond yields, along with a clear shift in risk sentiment that negatively impacted many dividend paying securities. Besides the banks and more cyclical yielding securities, rate sensitive securities had a difficult quarter experiencing modest price declines. One benefit with dividend stocks is that they continued to deliver consistent income, which remains an attractive feature in a more uncertain market environment.

PORTFOLIO ACTIVITY

Among the top contributors, Bank of Montreal (BMO) stood out with a total return of +15.74%, adding +0.71% to overall portfolio performance. The portfolio also benefited from its exposure to Arc Resources (ARX), which returned +14.87% and TC Energy (15.79%). On the other hand, detractors included Barrick Gold Corp, which dropped -16.7%, negatively impacting performance by -0.53%. Other detractors included many rate-sensitive names such as Northland Power and Rogers Communications falling -22.1% and -17.9%, respectively. The portfolio's exposure Canadian industrial names also hindered performance. Deteriorating economic conditions within Canada have hurt transportation stocks including Canadian National Railway. While recent volume trends are encouraging that a trough is Its.

In October, we initiated a position in TD Bank following its significant selloff due to the resolution of its U.S. anti-money laundering (AML) issues. Despite the negative headlines and asset cap limitations, TD Bank's current valuation presents an attractive entry point. The stock's forward P/E multiple now trades at an 80% discount to the Canadian bank index—a significant valuation disconnect. While TD's U.S. retail earnings will face short-term challenges, its robust Canadian franchise remains a solid growth engine. Additionally, TD's healthy capital position provides flexibility for future growth initiatives and supports its attractive 5.3% dividend yield. We believe the market has overly discounted TD's long-term potential, making it a compelling buy for value-focused investors.

To enhance the portfolio's exposure to the utility sector, we initiated a position in Hydro One. As a regulated utility focused solely on the Ontario market, Hydro One exhibits strong defensive characteristics within the Canadian utility space. The company maintains a robust dividend record. While its valuation may appear premium relative to peers, Hydro One's stable and predictable revenue stream mitigates much of the volatility inherent in other utility stocks.

Maybe the economy will continue to remain resilient, maybe inflation will continue to cool, and maybe government leaders will implement policy that is supportive of markets. Or maybe excitement around AI will mask any other issues facing the market. This could all happen and help markets enjoy 3rd consecutive year of outsized gains. But after two strong consecutive years, markets have deviated well above their long-term trend line. We could enjoy a 3rd, but history is not supportive of this feat. Given how far the market has moved over the past few years, we believe the dividend space and its inherent defensive characteristics look quite attractive to start the year.

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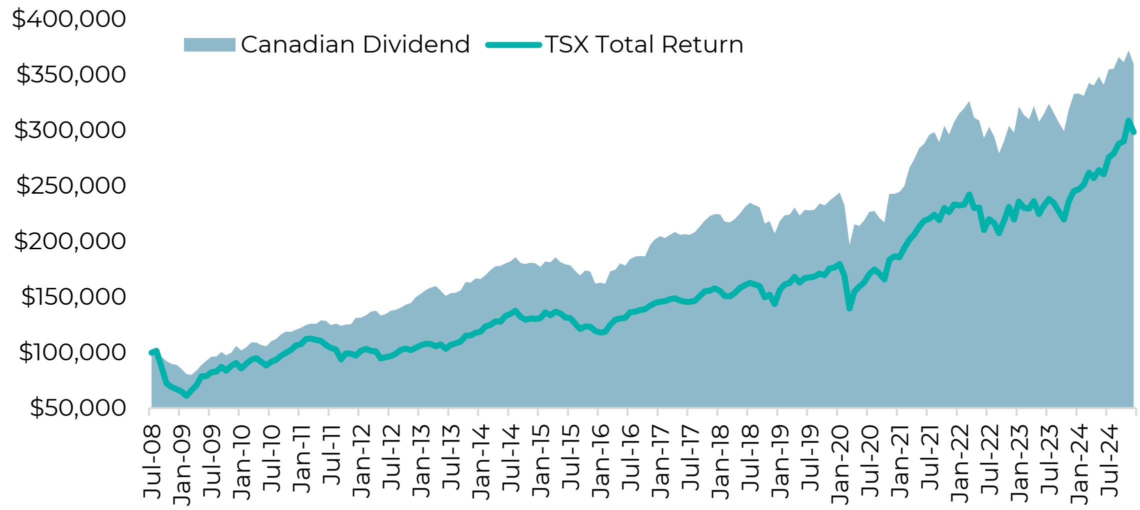
SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

ALL PERFORMANCE DATA AS AT DECEMBER 31, 2024

PERFORMANCE (GROSS OF FEES)

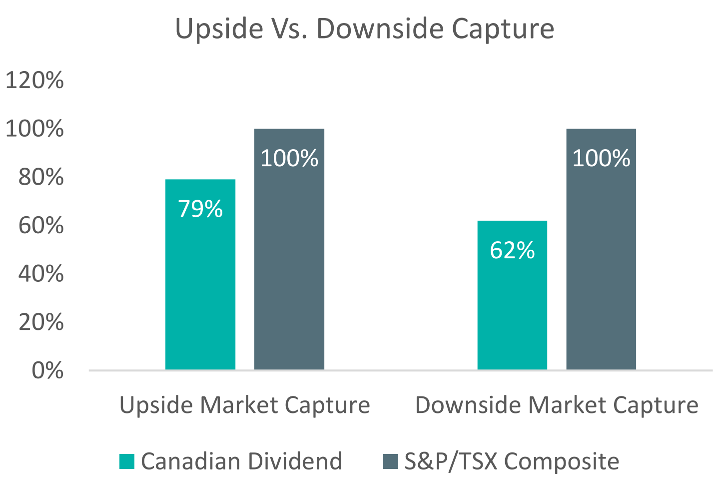


Source: Purpose Investments, gross of fees

	1-month	3-months	6-months	1-year	YTD	3yr	5yr	10yr	Inception*
CW Canadian Dividend	-3.3%	-1.8%	5.5%	8.0%	8.0%	5.3%	8.4%	7.1%	8.1%
S&P/TSX Total Return	-3.3%	3.8%	14.7%	21.6%	21.6%	8.6%	11.1%	8.7%	6.9%
+/-	0.0%	-5.5%	-9.2%	-13.6%	-13.6%	-3.2%	-2.7%	-1.5%	1.2%

	2015	2016	2017	2018	2019	2020	2021	2022	2023
CW Canadian Dividend	-10.1%	24.5%	11.3%	-7.8%	15.9%	1.2%	26.6%	-3.2%	11.8%
S&P/TSX Total Return	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%	-5.8%	11.8%
+/-	-1.7%	3.4%	2.2%	1.1%	-7.0%	-4.4%	1.5%	2.6%	0.0%

RISK METRICS



	Canadian Dividend	S&P/TSX Composite
Sharpe	0.66	0.44
Max Drawdown	-23.3%	-39.9%
SD	10.9%	13.7%
Downside Deviation	8.1%	11.8%
Beta	0.67	0.89

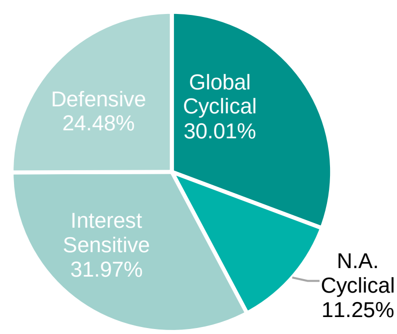
SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

ALL PERFORMANCE DATA AS AT DECEMBER 31, 2024

COMPOSITION

Name	Industry	Weight	Yield
TC ENERGY CORP	Energy	4.0%	4.8%
SOUTH BOW CORP	Energy	0.4%	8.6%
SUNCOR ENERGY INC	Energy	3.2%	4.2%
VEREN INC	Energy	2.8%	5.9%
ARC RESOURCES LTD	Energy	4.9%	2.8%
CENOVUS ENERGY INC	Energy	2.4%	3.3%
CAMECO CORP	Energy	3.7%	0.2%
LUNDIN MINING CORP	Materials	1.9%	2.9%
WHEATON PRECIOUS METALS CORP	Materials	4.0%	1.0%
BARRICK GOLD CORP	Materials	2.7%	2.5%
NUTRIEN LTD	Materials	2.3%	4.5%
FINNING INTERNATIONAL INC	Industrials	4.1%	2.9%
CANADIAN NATL RAILWAY CO	Industrials	3.9%	2.3%
OPEN TEXT CORP	Info Tech	3.3%	3.7%
ROYAL BANK OF CANADA	Financials	6.1%	3.4%
BANK OF NOVA SCOTIA	Financials	3.4%	5.7%
BANK OF MONTREAL	Financials	5.5%	4.5%
TORONTO-DOMINION BANK	Financials	4.1%	5.4%
SUN LIFE FINANCIAL INC	Financials	2.8%	4.0%
CANADIAN TIRE CORP-CLASS A	Cons Disc	3.0%	4.6%
CHARTWELL RETIREMENT RESIDEN	Health Care	3.6%	4.1%
ALLIED PROPERTIES REAL ESTAT	Real Estate	1.1%	10.6%
DREAM INDUSTRIAL REAL ESTATE	Real Estate	2.5%	5.9%
ROGERS COMMUNICATIONS INC-B	Comm Svs	2.4%	4.6%
TELUS CORP	Comm Svs	3.1%	8.1%
NORTHLAND POWER INC	Utilities	1.7%	6.5%
EMERA INC	Utilities	4.1%	5.5%
HYDRO ONE LTD	Utilities	3.0%	2.9%
JAMIESON WELLNESS INC	Cons Staples	2.6%	2.4%
PURPOSE HIGH INTEREST SAVING	Cash	4.7%	3.7%
	Cash	3.0%	3.9%

	Cdn Dividend	TSX	+/-
Utilities	8.8%	3.8%	5.0%
Energy	21.3%	17.5%	3.9%
Health Care	3.6%	0.3%	3.3%
Comm Svs	5.5%	2.4%	3.1%
Real Estate	3.5%	1.9%	1.6%
Cons Disc	3.0%	3.2%	-0.2%
Materials	11.0%	11.8%	-0.8%
Cons Staples	2.6%	3.8%	-1.3%
Industrials	8.0%	12.6%	-4.6%
Info Tech	3.3%	10.0%	-6.8%
Financials	21.9%	32.8%	-10.9%
Cash	7.7%		7.7%



SOURCE: PURPOSE INVESTMENTS & BLOOMBERG

All data sourced from Bloomberg unless otherwise noted.
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