

Connected Wealth Diversified Income

13 November 2020

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.

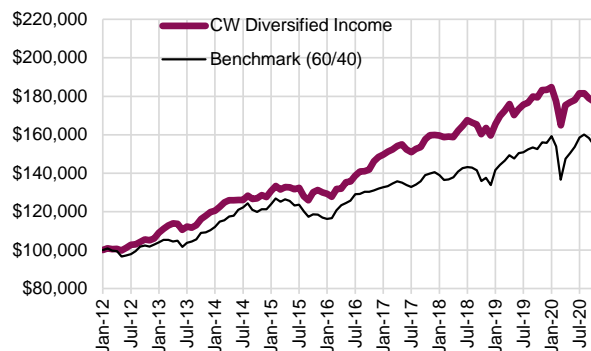
Dividend Health - Not all dividends are the same. Some companies, given their business operations, are better positioned to pay dividends than others. Diversified Income places a strong emphasis on the quality and sustainability of dividends in the stock selection process.

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.

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.



Characteristics

Asset class	Balanced
Geographic	Canadian and US
Focus	Income focused
Objective	Actively managed to provide income and capital preservation with some capital appreciation potential
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 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: Income & capital preservation

Benchmark: 60% S&P/TSX Composite Total Return + 40% FTSE TMX Domestic Bond Index

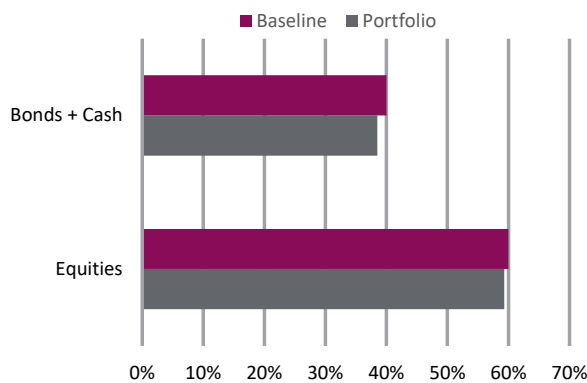
Available: SMA platform

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2012	Div Income		0.9	-0.3	0.0	-0.8	1.4	1.6	0.3	1.3	1.1	-0.4	1.0	6.1
	60/40 BM		0.8	-1.1	-0.3	-2.8	0.7	0.7	1.5	2.3	0.6	-0.5	1.1	3.0
2013	Div Income	2.8	2.0	1.4	1.0	-0.3	-2.7	1.6	-0.5	1.1	2.9	1.5	1.6	12.9
	60/40 BM	1.1	1.2	0.1	-0.8	0.4	-3.1	2.0	0.7	1.0	3.3	0.2	1.0	7.1
2014	Div Income	0.6	1.6	1.9	0.9	0.0	0.1	0.0	1.7	-1.3	0.2	1.4	-0.8	6.6
	60/40 BM	1.5	2.5	0.7	1.7	0.4	2.6	1.1	1.7	-2.6	-1.0	1.3	0.0	9.9
2015	Div Income	2.4	2.1	-1.3	0.9	-0.1	-0.7	0.5	-3.2	-1.6	3.3	0.8	-1.0	1.8
	60/40 BM	2.2	2.3	-1.3	0.9	-0.7	-1.9	0.4	-2.8	-2.3	1.1	-0.1	-1.4	-3.6
2016	Div Income	-0.5	-1.2	3.2	0.2	2.6	0.3	2.1	1.5	0.1	0.6	3.1	1.5	14.2
	60/40 BM	-0.5	0.4	3.5	2.2	1.0	0.9	2.7	0.2	0.8	0.0	0.5	0.8	13.0
2017	Div Income	0.9	1.0	0.8	1.2	0.5	-1.7	-1.0	1.1	0.7	2.6	1.3	0.1	7.7
	60/40 BM	0.5	0.5	1.0	0.8	-0.5	-0.9	-0.8	1.0	1.3	2.3	0.6	0.6	6.5
2018	Div Income	-0.2	-0.5	0.2	-0.2	2.1	1.5	1.7	-0.7	-0.7	-3.0	2.0	-2.7	-0.4
	60/40 BM	-1.2	-1.7	0.2	0.7	2.2	1.2	0.4	-0.2	-0.9	-4.0	1.2	-2.7	-4.8
2019	Div Income	3.6	2.5	1.6	2.0	-3.2	1.7	1.3	0.5	1.8	-0.3	2.0	-0.1	13.9
	60/40 BM	5.8	2.0	1.5	1.9	-1.2	1.9	0.3	1.0	0.7	-0.6	2.4	-0.2	16.4
2020	Div income	0.6	-3.9	-8.1	6.3	0.8	0.5	1.9	0.0	-1.4	-1.0			
	60/40 BM	2.2	-3.3	-11.2	8.0	1.9	2.2	3.2	1.0	-1.1	-2.2			

	<u>Diversified Income</u>	<u>Benchmark 60/40</u>	<u>Relative</u>	<u>Statistic</u>	<u>Description</u>	<u>Diversified Income</u>	<u>Benchmark 60/40</u>
1-month	-1.0%	-2.2%	1.2%	Sharpe Ratio	Performance relative to risk (higher is better)	0.97	0.58
3-months	-2.3%	-2.3%	0.0%	Max Drawdown	Largest decline from peak to trough (less is better)	-10.7%	-14.2%
6-months	1.1%	5.0%	-3.9%	Up Market Capture	% of upside market participation (higher is better)	96%	100%
1-year	-1.2%	1.6%	-2.7%	Down Market Capture	% of downside market participation (lower is better)	70%	100%
YTD	-3.3%	-0.6%	-2.7%	Standard Deviation	Volatility (lower is better)	6.1%	7.3%
3-year	4.0%	3.7%	0.3%	Downside Deviation	Volatility of down months (lower is better)	5.1%	7.0%
5-year	6.4%	5.5%	0.9%	Beta	Volatility relative to 60/40 benchmark	0.72	1.00
7-year	6.2%	5.1%	1.1%				
Inception	6.9%	5.2%	1.7%				

Composition

Relative Weights



Holdings

	<u>Name</u>	<u>Industry</u>	<u>Weight</u>	<u>Yield</u>	
Global	PEMBINA PIPELINE CORP	Energy	1.8%	8.5%	
Cyclical	ENBRIDGE INC	Energy	2.0%	8.7%	
	SUNCOR ENERGY INC	Energy	2.0%	4.6%	
	PHILLIPS 66	Energy	1.1%	6.1%	
	NUTRIEN LTD	Materials	1.9%	4.4%	
	INTERTAPE POLYMER GROUP INC	Materials	3.4%	3.9%	
	FRANCO-NEVADA CORP	Materials	2.8%	0.8%	
	AECON GROUP INC	Industrials	2.0%	4.1%	
	Cyclical	UNITED PARCEL SERVICE-CL B	Industrials	2.2%	2.5%
		MICROSOFT CORP	Information Technology	2.3%	1.0%
		CISCO SYSTEMS INC	Information Technology	2.3%	3.5%
Int Sens	BANK OF NOVA SCOTIA	Financials	3.2%	5.9%	
	ROYAL BANK OF CANADA	Financials	4.2%	4.3%	
	JPMORGAN CHASE & CO	Financials	3.0%	3.2%	
	CITIGROUP INC	Financials	2.2%	4.2%	
Defensive	MANULIFE FINANCIAL CORP	Financials	2.3%	5.4%	
	ROGERS COMMUNICATIONS INC-B	Communication Services	2.2%	3.3%	
	BCE INC	Communication Services	2.4%	6.0%	
	PROCTER & GAMBLE CO/THE	Consumer Staples	2.9%	2.2%	
	MAPLE LEAF FOODS INC	Consumer Staples	2.1%	2.5%	
	BRISTOL-MYERS SQUIBB CO	Health Care	2.4%	2.8%	
	ASTRAZENECA PLC-SPONS ADR	Health Care	2.3%	1.6%	
	QUEST DIAGNOSTICS INC	Health Care	3.0%	1.8%	
REITs	DREAM INDUSTRIAL REAL ESTATE	Real Estate	3.3%	5.6%	
	AMERICAN TOWER CORP	Real Estate	2.2%	1.9%	
Bonds		Type			
	CANADA GOV	1% 1 Jun 2027	5.8%	0.52%	
	ISHARES CORE CANADIAN SHORT	XSB	10.6%	2.13%	
	PURPOSE HIGH INTEREST SAVING	PSA	2.9%	0.61%	
	ROYAL BANK OF CANADA	4.5% 24 Nov 80	5.9%	4.43%	
	WELLS FARGO & COMPANY	3.874 21 May 25	5.2%	1.85%	
	BC PROV 2.3%	18-Jun-26	6.6%	0.87%	

The research above is prepared by Richardson Wealth Limited and is current as at the date on page 1. Please note that past performance is not necessarily an indicator of future performance. The indicated rates of return are **gross** of fees and/or commissions. Individual results of client portfolios may differ from that of the representative portfolio as fees may differ, and performance of specific accounts is based on specific account investiture. The noted representative portfolio may not be appropriate for all investors.

This research has been prepared for the use of the clients of Richardson Wealth Limited and must not be copied, either in whole or in part, or distributed to any other person. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any transaction. This research is general advice and does not take account of your objectives, financial situation or needs. Before acting on this general advice you should therefore consider the appropriateness of the advice having regard to your situation. We recommend you obtain financial, legal and taxation advice before making any financial investment decision. Past performance is not a reliable indicator of future performance. There are risks involved in securities trading. The price of securities can and does fluctuate and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date. We accept no obligation to correct or update the information or opinions in it. Opinions expressed are subject to change without notice. No member of the Richardson Wealth Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research.

Richardson Wealth Limited or its associates, officers or employees may have interests in the financial products referred to in this report by acting in various roles including as investment banker, underwriter or dealer, holder of principal positions, broker, lender, director or adviser. Further, they may act as market maker or buy or sell those securities as principal or agent and, as such, may affect transactions which are not consistent with the recommendations (if any) in this research.

Richardson Wealth Limited is a member of the Canadian Investor Protection Fund and IIROC.

Richardson Wealth is a registered trademark of James Richardson & Sons, Limited used under license.