

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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SMA MANAGER



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MARKET OVERVIEW

Has this become the market that only goes up? The strong finish to 2023 has certainly carried into the first quarter of 2024. U.S. equity markets are up about 10%, Canada a little bit less, and international markets a little more. The resilience of the U.S. economy has remained and some signs of improvement in Europe and China have fostered a rather ‘glass half full’ market mindset.

The market doesn’t seem to mind the number and the timing of Fed rate cuts keeps getting pushed out farther and fewer. Or for that matter the fact that earnings expectations have remained flat or revised down a little as the indices march higher. It has made a rather expensive market, and not just in the U.S. The TSX was cheap in October at

12.5x, not its 15x which is more normal than cheap.

In the first quarter, the Purpose Canadian Dividend portfolio returned 2.9%, showcasing resilient performance amidst challenging market dynamics. While the TSX/S&P Composite enjoyed a strong quarter, up 6.6% overall, our mandate delivered consistent returns while weathering an environment where dividend payers appeared completely off investor radar. Toward the end of the month, value and dividend factors had periods of dominance, with momentum and growth at the back of the pack. A shift in market leadership should prove to be very beneficial for divided-focused strategies.

## PORTFOLIO ACTIVITY

This performance, though lagging, reflects a nuanced reality that dividends don't always outperform. It's imperative to note that outsized influences from the materials sector weighed down returns. Additionally, our overweight position in rate-sensitive sectors, particularly Telecom and Utilities, dragged on performance as did elevated cash levels. Stable, mature dividend-paying stocks often lag when market performance is exceptionally strong. Within our portfolio, outsized influence by some of the more rate-sensitive sectors weighed on our returns, as did being underweight Industrials.

From a sector perspective, notable gains were observed in Energy, Health Care, and Financials in the quarter. These sectors were the primary contributors to performance in Q1. From an individual company standpoint, Cenovus, Arc Resources and Manulife Financial were the top contributors to returns. Holdings across Telecom stocks, Staples, and Technology tempered overall performance. Telus and Rogers have both been under pressure this year. Reflecting on individual stock performance, certain selections faced challenges—particularly among smaller market cap names such as Enghouse and Jamison Wellness. In both instances, we believe the market got it wrong following earnings misses, and continue to hold.

In the first quarter, we increased our Energy exposure, adding Cenovus. The company was trading at a historically wide valuation disconnect to peers and we saw upside both from a mean reversion standpoint and in oil prices. One of the highlights of this quarter was the timely tactical shift towards Energy, with Cenovus being one of our top names in March. Energy overall has been quite strong, and with nearly an 20% weight, the portfolio is well positioned to benefit from the ongoing tightness in crude markets.

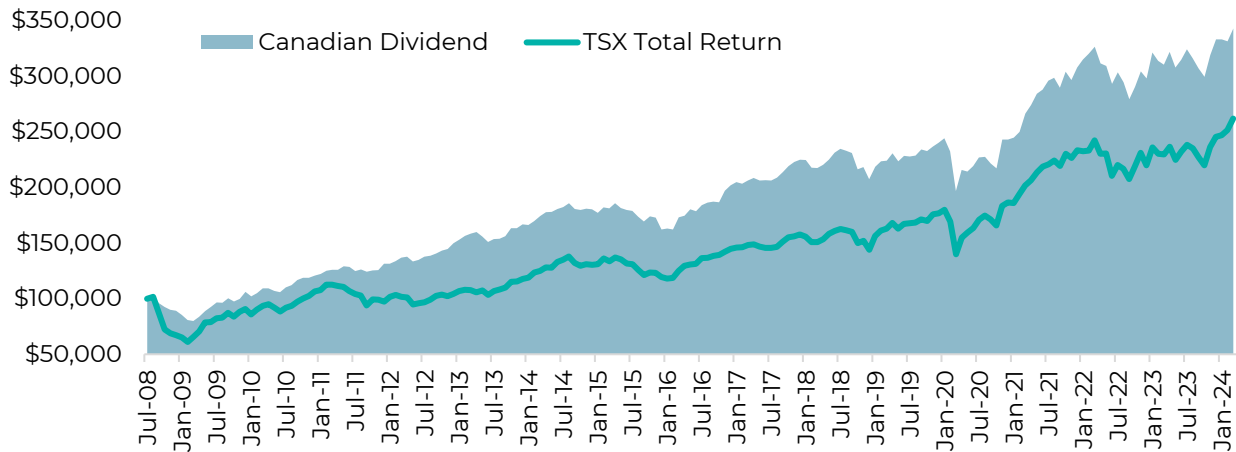
Maybe this market will keep going higher, despite all the arguments for weakness. The Purpose Canadian Dividend mandate is positioned to continue to benefit from the surge in cyclical areas of the market, but also play defence should markets begin to wobble. More importantly, if (or perhaps when) the euphoria ends, our tilts toward Telcos, Utilities, as well as elevated cash balance provide a good balance between offense and defence.

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## PERFORMANCE (GROSS OF FEES)

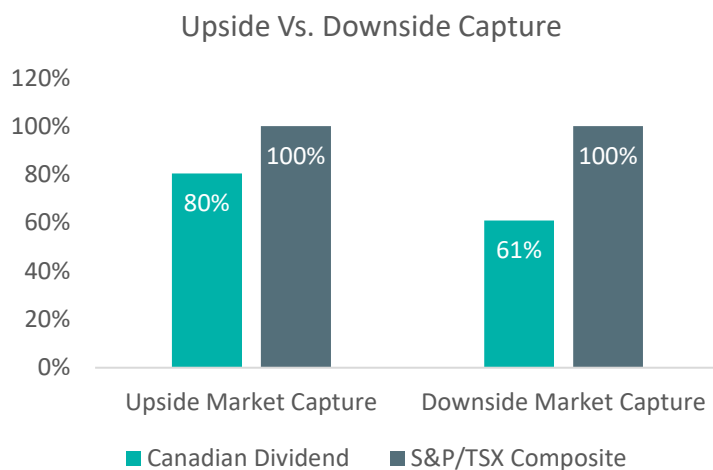


	1-month	3-months	6-months	1-year	YTD	3yr	5yr	10yr	Inception*
<b>CW Canadian Dividend</b>	3.4%	2.9%	11.6%	10.4%	2.9%	8.8%	8.9%	7.0%	8.2%
<b>S&amp;P/TSX Total Return</b>	4.1%	6.6%	15.3%	14.0%	6.6%	9.1%	10.0%	7.7%	6.3%
<b>+/-</b>	-0.7%	-3.7%	-3.7%	-3.5%	-3.7%	-0.3%	-1.1%	-0.7%	1.8%

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

## RISK METRICS



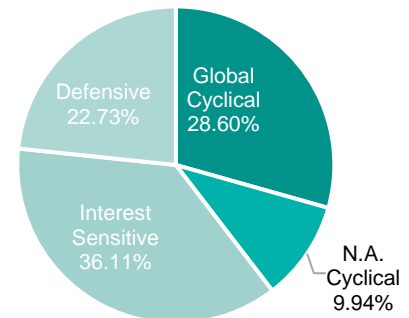
**Sharpe**  
**Max Drawdown**  
**SD**  
**Downside Deviation**  
**Beta**

Canadian Dividend	S&P/TSX Composite
0.66	0.39
-23.3%	-39.9%
11.0%	13.8%
8.2%	11.9%
0.67	1.00



## COMPOSITION

Name	Industry	Weight	Yield		Cdn Dividend	TSX	+/-
TC ENERGY CORP	Energy	3.4%	7.1%	Comm Svs	6.6%	3.1%	3.5%
ENBRIDGE INC	Energy	3.1%	7.5%	Health Care	3.0%	0.3%	2.7%
SUNCOR ENERGY INC	Energy	3.1%	4.2%	Utilities	6.1%	3.7%	2.4%
ARC RESOURCES LTD	Energy	4.6%	2.8%	Cons Disc	5.5%	3.5%	2.0%
CENOVUS ENERGY INC	Energy	3.2%	2.0%	Real Estate	3.9%	2.2%	1.7%
CAMECO CORP	Energy	2.4%	0.2%	Energy	19.8%	18.4%	1.5%
LUNDIN MINING CORP	Materials	2.3%	2.5%	Materials	11.4%	11.3%	0.1%
WHEATON PRECIOUS METALS CORP	Materials	3.4%	1.3%	Cons Staples	2.0%	4.0%	-2.0%
BARRICK GOLD CORP	Materials	3.0%	2.3%	Info Tech	2.4%	8.6%	-6.2%
NUTRIEN LTD	Materials	2.6%	4.0%	Industrials	7.5%	14.3%	-6.7%
FINNING INTERNATIONAL INC	Industrials	4.8%	2.4%	Financials	23.7%	30.5%	-6.8%
CANADIAN NATL RAILWAY CO	Industrials	2.7%	1.9%	Cash	8.0%		8.0%
ENGHOUSE SYSTEMS LTD	Info Tech	2.4%	3.5%				
ROYAL BANK OF CANADA	Financials	5.0%	4.1%				
BANK OF NOVA SCOTIA	Financials	3.3%	6.3%				
BANK OF MONTREAL	Financials	5.3%	4.6%				
TORONTO-DOMINION BANK	Financials	3.3%	5.1%				
MANULIFE FINANCIAL CORP	Financials	4.2%	4.8%				
SUN LIFE FINANCIAL INC	Financials	2.5%	4.3%				
MAGNA INTERNATIONAL INC	Cons Disc	3.0%	3.6%				
PET VALU HOLDINGS LTD	Cons Disc	2.5%	1.4%				
CHARTWELL RETIREMENT RESIDEN	Health Care	3.0%	5.1%				
ALLIED PROPERTIES REAL ESTAT	Real Estate	1.1%	10.7%				
DREAM INDUSTRIAL REAL ESTATE	Real Estate	2.8%	5.5%				
ROGERS COMMUNICATIONS INC-B	Comm Svs	3.1%	3.7%				
TELUS CORP	Comm Svs	3.5%	7.0%				
NORTHLAND POWER INC	Utilities	2.2%	5.3%				
EMERA INC	Utilities	3.9%	6.1%				
JAMIESON WELLNESS INC	Cons Staples	2.0%	2.9%				
PURPOSE HIGH INTEREST SAVING	Cash	5.4%	4.5%				
	Cash	2.7%	4.1%				



All data sourced from Bloomberg unless otherwise noted.

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.

