

# CANADIAN EQUITY DIVIDEND

**Inception Date**  
January 1, 2019

**Performance Benchmark**  
S&P/TSX Composite Dividend Index

**Currency**  
CAD

## STRATEGY DESCRIPTION

The long-term success of our Canadian Dividend strategy is rooted in a quality investment philosophy. The aim of such an approach is to invest in businesses for the long-term (not trade stocks) that are profitable and well-established with durable, defensible attributes and can generate good returns on investment. We believe a focus on quality businesses combined with our disciplined approach to valuation and long-term holding period will continue to compound wealth for our clients.

This strategy targets a dividend yield greater than the TSX.

As long-term investors, we believe that integrating Environmental, Social and Governance factors into our investment process helps us to identify high quality, sustainable businesses, as well as material risks and opportunities to the long-term value of our investments.

- The Team also manages Canadian Equity, Ethical and Fossil Fuel Free mandates.

## HIGHLIGHTS

<b>Style</b>	High Quality at Attractive Valuations
<b>Process</b>	Fundamental bottom-up
<b>Turnover</b>	Low
<b>Investment horizon</b>	5 years +
<b>Number of holdings</b>	25 to 45
<b>Sector deviation</b>	Potentially large
<b>Strategy AUM</b>	\$649 Million (As at September 30, 2023)

## INVESTMENT PROCESS

<b>Watchlist of Top Quartile Highest Quality businesses</b>	Proprietary assessment of Quality: Sustainable Competitive Advantages
	Management Quality: Integrity, Alignment, Culture of building long-term value
	Proven Track Record: Returns on Equity, Earnings Growth & Resilience
<b>Proprietary Intrinsic Value model</b>	Balance Sheet Strength & Earnings Quality
	Objective, standardized calculation of intrinsic business value
<b>Portfolio Construction</b>	Uses fundamental company data, going back at least 10 years
	Assess Risk of Permanent Loss of Capital
<b>Risk Management</b>	Portfolios is constructed from the highest conviction stocks, targeting a higher dividend yield than the TSX
	Sector allocation is a fallout of bottom-up security selection
	Emphasis on Capital Preservation: downside risk analysis on every investment
	High quality businesses are more resilient and adaptable
	Progressive position building

## WHY INVEST IN THIS STRATEGY

- Long-term investing approach with a high degree of capital preservation in falling markets
- Disciplined, repeatable investment process focusing on high quality, attractively valued companies
- Targets a dividend yield greater than the TSX

## PERFORMANCE (%)

As of December 31, 2023

### PER PERIOD AND CALENDAR YEAR PERFORMANCE

	Q4 2023	YTD	2023	2022	2021	2020	2019
<b>Portfolio</b>	9.04	11.56	11.56	0.56	26.68	0.92	24.11
<b>Benchmark</b>	7.32	9.63	9.63	-0.09	27.82	1.08	23.56
<b>Added Value</b>	1.72	1.93	1.93	0.65	-1.14	-0.16	0.55

### ANNUALIZED PERFORMANCE

	1 Year	2 Years	3 Years	4 Years	5 Years	SI
<b>Portfolio</b>	11.56	5.91	12.43	9.43	12.22	12.22
<b>Benchmark</b>	9.63	4.65	11.87	9.07	11.82	11.82
<b>Added Value</b>	1.93	1.26	0.56	0.36	0.40	0.40

Past performance is not a guarantee or indicator of future results. Inherent in any investment is the risk of loss.

Composite returns, presented gross of management fees

YTD = Year to Date; SI = Since Inception

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### RISK/RETURN ANALYSIS (%)

	Portfolio	Benchmark
Annualized return (%)	12.22	11.82
Beta	0.87	1.00
Standard deviation (%)	13.48	15.06
Sharpe ratio (1.83% <sup>1</sup> )	0.77	0.66
Loss Deviation (%)	10.22	12.75
Sortino Ratio (1.83% <sup>1</sup> )	1.02	0.78
Up-market capture ratio (%)	93.61	n/a
Down-market capture ratio (%)	87.34	n/a

Composite. Since inception

1. Risk-free rate of return

### PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
<b>Liquidity</b>		
CAD Market Cap (actual) (M\$)	56,627	64,585
<b>Risk</b>		
Net Debt / EBITDA (LTM)	3.00	3.07
<b>Valuation</b>		
Price / Earnings per share (LTM)	18.74	17.77
Price / Free Cash Flow per share (LTM)	28.72	24.20
Dividend Yield (LTM) (%)	3.50	3.59
<b>Profitability and Growth</b>		
Return on Equity (LTM) (%)	15.34	12.16
Return on Capital – Using NOPAT (LTM) (%)	6.74	5.77
Return on Equity (LTM) 5Y Average (%)	15.94	12.88
Dividend per Share (LTM) 5Y CAGR (%)	9.89	9.22
<b>Number of Securities</b>	28	175

Source: Factset

### TOP-10 HOLDINGS (%)

	Security	Sector	Weight
1.	Royal Bank of Canada	Financials	5.6
2.	National Bank of Canada	Financials	5.1
3.	Constellation Software	Information Technology	5.0
4.	Bank of Montreal	Financials	4.9
5.	TD Bank	Financials	4.6
6.	Telus	Communication Services	4.5
7.	Thomson Reuters Corp	Industrials	4.3
8.	TMX Group	Financials	4.2
9.	Fortis	Utilities	4.0
10.	IA Financial Group	Financials	3.9
	<b>Total</b>		46.2

### PORTFOLIO MANAGEMENT TEAM

Team member	Role	Experience
Nessim Mansoor, CPA, CA, CFA	Head of Canadian Large Cap Equities	1997
Nicholas Smart, CFA	Senior Portfolio Manager	2008
Tony Rizzi, MBA, CFA	Senior Portfolio Manager	2010

They are assisted by five analysts.

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