US Dividend Growth and Income Portfolio

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Basket Investment Strategy

The Chan Lee (CL) US Dividend Growth and Income Basket (USDGI) is an investment portfolio that is managed by the Chan Lee Wealth Management Group on a discretionary basis in your brokerage account. You directly own the underlying securities and receive the dividends.

As the name implies, this basket invests in US companies that 1) have sustainable dividends and 2) will be able to grow their dividend in the future. Sustainable dividends and the ability to grow the dividends are the two main pillars of our investment process. We believe that a superior total return can be obtained through a combination of the dividend yield and capital gains as a result of finding businesses with the two pillars.

We believe that if we invest in companies with sustainable growing dividends, the capital gains will come over the long-term (5 to 10-year time horizon). Thus, we are not focused on short-term price movements of our holdings.

Performance

Portfolio Performance

	3 months	1 yr	3 yrs	5 yrs	Inception*
Basket Performance	11.14%	10.33%	12.67%	14.03%	14.75%
Benchmark	12.15%	18.40%	14.18%	15.22%	15.18%

Value of Basket** December 31, 2020	$32,079.96

Inception date: *January 1st, 2013 initial value of one basket is $26,893.32 . After the 2 for 1 split, initial cost for one basket is $13,446.66*

***** Value of one basket. The basket split 2 for 1 on October 31, 2019.***

Fees: *Returns presented are gross of fees.*

Source*: Croesus*

Indices are shown for comparison purpose only.

Composition of the benchmark: *S&P 500 Total Return Index*

Total returns are expressed in US Dollars.

Performance Data

How do we know how we are doing? It is industry standard to compare a portfolio of stocks to a benchmark. Our benchmark is the S&P 500 Total Return Index.

We prefer to measure ourselves against our two pillars; 1) have our dividends been sustained and 2) have we increased the dividends (cash received) at a rate greater than inflation.

Year-to-date we had 11 of our 17 companies increase their dividends. We experienced no dividend cuts. Of the 11 companies that raised their dividends, the average increase was 6.16% which is well above the inflation rate.

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

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Holdings

Issuer	Sector (GIS)	Market Value	Weighting
AT & T Inc	Telecommunication Service	1,035.36	3.23%
Spdr Blm Barc 1-3M T-bill	Cash	2,745.60	8.56%
Coresite Realty Corp	Real Estate	2,004.48	6.25%
General Dynamics Corp	Industrials	1,785.84	5.57%
Amgen Inc	Health Care	1,839.36	5.73%
Microsoft Corp	Technology	1,779.36	5.55%
Paychex Inc	Technology	2,049.96	6.39%
Pfizer Inc	Health Care	1,104.30	3.44%
Apple Inc	Technology	2,123.04	6.62%
Prudential Financial Inc	Financials	1,249.12	3.89%
Intel Corporation	Technology	1,594.24	4.97%
Abbvie Inc	Health Care	3,000.20	9.35%
Cisco Systems Inc	Technology	2,237.50	6.97%
Qualcomm Inc	Technology	2,742.12	8.55%
Leggett & Platt Inc	Consumer Discretionary	1,063.20	3.31%
Netapp Inc	Technology	1,324.80	4.13%
Southern Copper Corp	Materials	2,214.08	6.90%
Viatris Inc	Health Care	187.40	0.58%

Transactions Performed During the Year 2020

Purchase /Sold	Description	Quantity	Price
Sold	Apple Inc	4	316.972
Sold	Microsoft Corp	4	166.97
Bought	Spdr Blm Barc 1-3M T-Bill	20	91.51
Sold	Disney Walt Company	14	106.506
Bought	General Dynamics Corp	6	131.293
Bought	Spdr Blm Barc 1-3M T-Bill	8	91.64
Sold	Blackstone Group Inc Cl-A	50	49.755
Bought	Spdr Blm Barc 1-3M T-Bill	28	91.55
Bought	Abbvie Inc	4	89.83
Bought	Cisco Systems Inc	16	44.46
Bought	Intel Corporation	4	57.06
Sold	JP Morgan Chase & Co	10	86.633
Sold	Apple Inc	2	356.54
Bought	General Dynamics Corp	6	145.814
Sold	Spdr Blm Barc 1-3M T-Bill	2	91.531
Bought	NTAP	20	46.425
Sold	Microsoft Corp	4	225.27
Bought	Viatris Inc	7	16.987
Sold	Spdr Blm Barc 1-3M T-bill	2	91.522
Bought	Leggett & Platt Inc	24	43.00
Bought	Southern Copper Corp	34	59.694
Sold	Spdr Blm Barc 1-3M T-bill	34	91.52

Dividend Growth

Description	Dividend Increases YTD (%)	Dividend Increases Since Purchase
Coresite Realty Corp	0.82%	36.67%
AT & T Inc	1.96%	13.04%
Abbvie Inc	10.28%	10.28%
Paychex Inc	0%	87.88%
Microsoft Corp	9.80%	143.48%
Amgen Inc	10.34%	21.21%
Intel Corp	4.76%	37.50%
Cisco Systems Inc	2.86%	38.46%
Pfizer Inc	5.56%	18.75%
Prudential Financial Inc	10.00%	57.14%
Qualcomm Inc	4.84%	22.64%
Apple Inc	6.49%	30.16%

Portfolio Managers' Comments

20/20 Vision,

According to the American Association of Ophthalmology, 20/20 vision is a term used to express "normal visual acuity (the clarity or sharpness of vision) measured at a distance of 20 feet. If you have 20/20 vision, you can see clearly at 20 feet what should normally be seen at that distance." The year 2020 did nothing to live up to the definition of normal.

What was normally clear prior to 2020 became unclear quickly during the year. However, despite the lack of clarity and unprecedented events, our first principles were consistently clear and normal: invest in businesses that pay and grow their dividends over time and avoid (sell) companies that we believe will cut their dividends.

If we believe there is greater opportunity for dividend growth or a better, more stable yield, we will switch into such businesses or perhaps add more to that specific holding. We have been able to do just that, while avoiding the companies that have had to cut or suspend their dividends since inception of our portfolio. The year 2020 was no different.

Our discipline required us to sell three holdings, the most notable being Disney. We like Disney and would have loved to continue to hold this business based on our secondary investment thesis. However, our principles (see above) required us to sell. We believed that Mickey and Co. would be forced to cut their dividend and they did indeed. Subsequently our secondary thesis also proved to be correct. We believed Disney Plus was going to be a success. Disney went from a low of $79.07 (we sold at $106.50) to finish the year at $181.18. To date, they have not yet reinstated their dividend and although this hurts, we feel we must stick to our disciplined approach on dividend investing.

This was pretty much the story for 2020. We were not rewarded for our prudent investing in dividend growth companies. It hurt to sell companies that we believed would cut their dividends only to watch their stocks climb after they cut or stopped paying dividends. The S&P 500 had a total return of 18.40%, our portfolio 10.33%.

The S&P Dividend Aristocrates index and the S&P High Dividend index had returns of 8.68% and (-11.59%) respectively. We can see from this that our benchmark derived the majority of its returns in 2020 from non-dividend paying businesses.

Our underperformance pains us. However we are confident that this year was an abnormal year and going forward our selection and the following of our first principles will more than make up for the temporary underperformance.

In 2020, we had 11 of our 17 companies increase their dividends. We experienced no dividend cuts. Of the 11 companies that raised their dividends, the average increase was 6.16% which is well above the inflation rate.

On June 30 2020 we were holding $6,040.98 or 20.90% of our portfolio in cash. On December 31 2020 our cash position was reduced to $2,745.60 or 8.56%. We believe that it was prudent for us as a dividend growth investor and not as a speculative trader of stocks, to wait for more clarity and leadership in the marketplace. We have been careful investing the cash into businesses that meet our criteria, which is that they offer both sustainable and growing dividends.

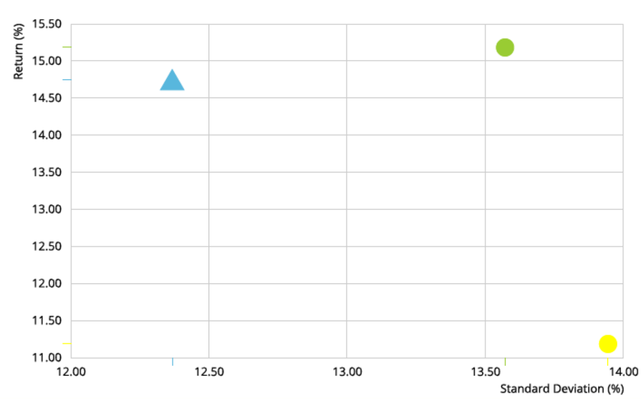
We do believe we should have deployed slightly faster. Somewhere is a balance that we will strive to obtain as we improve our investment acumen. We do not claim that we have perfected our dividend investing strategy, but we do claim that we are constantly striving to improve on what we consider an excellent long-term strategy.

The actual dividends received in 2019 per basket was $782.10. On January 1 2020, our projected dividends for 2020 was $826.00. The actual amount of dividends received in 2020 was approx. $836.25. (Note: this does not include the special dividend from Pfizer of $77.05 received in the form of shares of Viatris Inc.) This is an approximate 6.92% increase which is above inflation and we would be happy with that increase despite the 8.56% cash at December 31 2020.

The projected dividends at on December 31 2020 for 2021 is 897.20.

We have attached the 8 year (since inception) Risk/Reward chart below which compares the volatility of our portfolio, as measured by standard deviation with the return comparing it to our index, the S&P 500 Total Return Index. As seen, in the chart below, our portfolio (the blue triangle) is now slightly below than the S&P 500.

RISK/RETURN ANALYSIS (USD)



Annualized	Std Dev. (%)	Return (%)
Gross of Fees	12.37	14.75
DJII	13.94	11.19
S&P 500 RT/TR	13.57	15.18

Over the 8 years, we have fractionally underperformed the total return of our benchmark. While we desire to outperform our benchmark we must remind that that is a secondary objective. Our primary and true objective is to provide income greater than the benchmark based on yield and to grow that income at a rate greater than inflation. For 2020 we have accomplished both.

There are two methods that will increase dividends and your income from this portfolio; 1) an increase in dividends from the companies itself, and 2) trading a lower dividend paying company for a higher one.

We are currently holding 17 companies. We can hold between 10 and 20 companies. Each holding in our view is a different income stream. This will offer better risk/reward metrics for you, the investor.

We will continue to invest this portfolio with care, looking for companies which in our opinion offer stable, sustainable dividends and have the potential to increase their dividends over time. Our goal is to develop an income stream for you, the investor, that continues to increase over time.

Benjamin Graham, the father of securities analysis said, "In the short run, the market is a voting machine but in the long run, it is a weighing machine." The voting machine will move the prices of our dividend companies both down and up. We, however; as dividend investors, look forward to the long-term true weight (valuation) of a company's dividends and dividend growth in our portfolios revealing themselves.

On a final and personal note, we wish you and your loved ones safe in the coming months as we continue this marathon. We want you to enjoy and spend the dividends that you receive from our portfolio.

2016 Awards of Excellence

Private Portfolio of the Year
Finalist Canada

2017 Awards of Excellence

Best Private Portfolio
National Winner