Canadian Dividend Growth and Income Portfolio

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Basket Investment Strategy

The Radia Canadian Dividend Growth and Income Basket (CDGI) is an investment portfolio that is managed by Radia Wealth 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 Canadian companies that 1) have sustainable dividends, and 2) will be able to grow their dividends 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 through finding business that have these 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	9.64%	10.97%	10.61%	11.87%	11.28%
Benchmark	8.10%	11.75%	9.59%	11.30%	8.09%

Source: *Croesus*

Value of Basket** December 31, 2023	$25,921.75

***Inception date:** January 1st, 2013 initial value of one basket is $25,431.80 . After the 2 for 1 split, initial cost for one basket is $12,715.90*

***** Value of one basket. The basket split 2 for 1 on August 19, 2021***

***Fees:** Returns presented are gross of fees.*

***Source**: Croesus*

Indices are shown for comparison purpose only.

***Composition of the benchmark:** S&P/TSX Composite Total Return Index*

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/TSX Composite 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.

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

RADIA WEALTH

Year to date, we have had 12 of our 16 companies increase their dividends. Of the 12 companies that raised their dividends, the average increase was 6.61%.

Holdings

Description	Sector (GIS)	Market Value	Weighting
Brookfield Renewable Corporation	Utilities	$686.52	2.67%
BCE Inc	Communication Services	$1,565.10	6.08%
Exchange Income Corp	Industrials	$1,804	7.00%
Enbridge Inc	Energy	$1,621.80	6.30%
Bank of Montreal	Financials	$1,573.32	6.11%
Capital Power Corp	Utilities	$1,210.88	4.70%
Keyera Corp	Energy	$1,537.44	5.97%
Sun Life Financial Inc	Financials	$1,649.28	6.40%
Telus Corp	Communication Services	$1,650.60	6.41%
Manulife Financial Corp	Financials	1,229.76	4.77%
CDN Natural Resources Ltd	Energy	$1,562.58	6.07%
Purpose Hi Int Svg Fd ETF		$300.06	1.17%
Open Text Corporation	Technology	$2,227.60	8.65%
Dream Industrial REIT T/U	Real Estate	$1,005.12	3.90%
Power Corp Of Canada	Financials	$1,591.38	6.18%
Altagas Ltd	Utilities	$1,724.84	6.70%
Secure Energy Svcs Inc	Energy	$2,602.68	10.10%

Source: *Croesus*

Transactions Performed During the Year 2023

Purchase /Sold	Description	Quantity	Price
Sold	Nutrien Ltd	14	96.626
Bought	Open Text Corporation	40	41.819
Sold	Purpose Hi Int Svg Fd ETF	6	50.021
Bought	Manulife Financial Corp	42	27.038
Sold	Newmont Corp	30	59.805
Bought	Secure Energy Svcs Inc	136	8.60
Sold	Sun Life Financial Inc	8	66.29
Sold	Purpose Hi Int Svg Fd ETF	16	50.04
Bought	Secure Energy Svcs Inc	140	5.944
Bought	BCE Inc	6	55.765
Sold	Purpose Hi Int Svg Fd ETF	12	50.192
Bought	Telus Corp	12	23.16

Source: *Croesus*

Dividend Growth

Description	Dividend Increases YTD (%)	Dividend Increases Since Purchase
Telus Corporation	7.12%	135.06%
Power Corp of Canada	6.06%	17.32%
Brookfield Renewable Corporation	5.47%	21.97%
Exchange Income Corporation	4.76%	37.50%
Canadian Natural Resources Limited	17.65%	33.33%
Sun Life Financial Inc	8.33%	71.43%
BCE Inc	5.16%	28.15%
Capital Power Corporation	6.03%	37.43%
Enbridge Inc	3.20%	6.29%
Altagas Ltd	5.66%	12.04%
Bank Of Montreal	5.76%	10.53%
Keyera Corp	4.17%	4.17%

Source: *Croesus*

Portfolio Managers’ Comments

From the above table we slightly underperformed our industry benchmark last year. The Canadian Portfolio fared much better than the US portfolio. (Read the USDGI for more insight)

For the CDGI we are still outperforming on a 3yr 5yr and since inception bases. The outperformance has narrowed. While we are not happy with the narrowing, we know, and you know, that our primary objective is not to beat the S&PTSX Total Return Index.

Our main objectives are 1) have our dividends sustained, and 2) increase the dividends (cash received) at a rate greater than inflation.

How did we do against these two measures in 2023?

In 2022 the actual cash dividend per basket received was $1,217.07. In 2023 the actual cash dividends received per basket was $1,262.86. We increased the cash dividends by 3.76%. Growth of the dividend is an indication that objective 1) has been achieved. The dividends have been sustained, however objective number 2) was not reached. The growth rate of the cash dividends received is below the Consumer Price Index increase in 2023 of 3.9%.

It is important to note that while we achieved objective 1, we did have one company (Newmont) cut their dividend on us before we sold it. While we are disappointed that the total dividend increases for the year came in just below inflation, we are comforted by the fact that 12 of our 16 companies did raise their dividend on average 6.61%.

All things being equal, this means that 2024 will have more income. The difference between actual dividend increases and the percentage increases announced is due to the timing of the increases. It would be easy to calculate if every company announced dividend increases on Jan 1st of every year. That is not the case, the dividend increases are scattered throughout the year. Meaning that even though a company announces a dividend increase we may not realize the full amount of the increase during the year.

Below is a table that shows the 2023 returns for the different industry sectors for Canadian Equities.

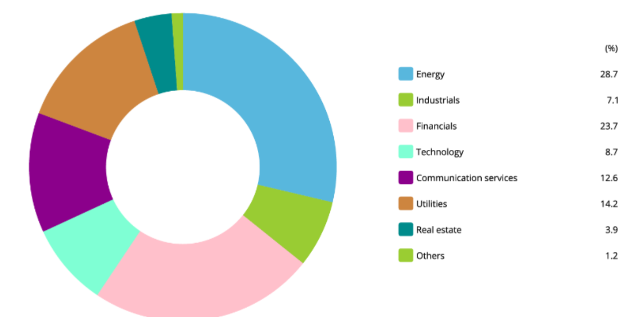
Asset Classes	Dec	Q4	2023
Canadian Equities (S&P/TSX)	3.9%	8.1%	11.8%
Communication Services	1.0%	7.6%	-3.9%
Consumer Discretionary	3.0%	7.3%	11.0%
Consumer Staples	2.7%	8.1%	12.2%
Energy	-2.8%	-1.3%	6.3%
Financials	7.8%	12.8%	13.9%
Health Care	12.8%	2.0%	18.3%
Industrials	6.5%	7.4%	11.9%
Information Technology	3.7%	24.0%	69.2%
Materials	1.4%	1.9%	-1.3%
Real Estate	8.8%	10.7%	6.9%
Utilities	5.4%	8.2%	0.2%
S&P/TSX Small Caps	3.8%	6.0%	4.8%

Source: *Asset Allocation Strategy, NBI CIO Office January 2024*

We are mostly sector agnostic. We invest in companies that pay dividends. The pie chart below shows our sector allocation. The chart following shows the TSX sector allocation. As you can see, we are not trying to match the index and are mostly sector agnostic. I say mostly sector agnostic because we have broad stroke concentration rules that limit our exposure to different sectors.[1]

Another reason that we are mostly sector agnostic is that dividend paying businesses are usually concentrated in specific sectors. The best performing sector in the TSX this year have very little paying dividend companies. Furthermore, as part of our analysis we do try to estimate what business will continue to do well 2yr 3yr and 5yrs out in such a way that they can continue to increase their dividend. Therefore, we cannot ignore industry trends and be truly sector agnostic. Having said all that, we do not look at our portfolio by sector concentration except for maximum limits and we are certainly not conforming to the index sectors by concentration.

STOCK ALLOCATION (INDUSTRY CODE) (CAD)



***Source**: Croesus*

S&P/TSX Composite Index				
Sector	# of Index Constituents	Weight	Market Cap ($B)	Index Contribution
Financials	27	31.34 %	$939.40	18.00
Industrials	26	13.70 %	$410.49	10.43
Energy	41	17.09 %	$512.12	9.53
Consumer Staples	11	4.18 %	$125.26	5.55
Utilities	15	4.01 %	$120.15	3.75
Communication Services	5	3.71 %	$111.15	3.25
Consumer Discretionary	13	3.61 %	$108.33	1.09
Health Care	4	0.30 %	$9.03	-0.35
Real Estate	21	2.38 %	$71.34	-0.58
Materials	52	11.02 %	$330.28	-8.88
Information Technology	10	8.66 %	$259.53	-12.00
S&P/TSX Composite Index	**225**	**100.00 %**	**$2,997.09**	**29.79**

Source: *TMX Daily Report, December 29 2023*

[1] Our Maximum weight in a sector is 30%, except for financials which has a maximum weight of 40%.

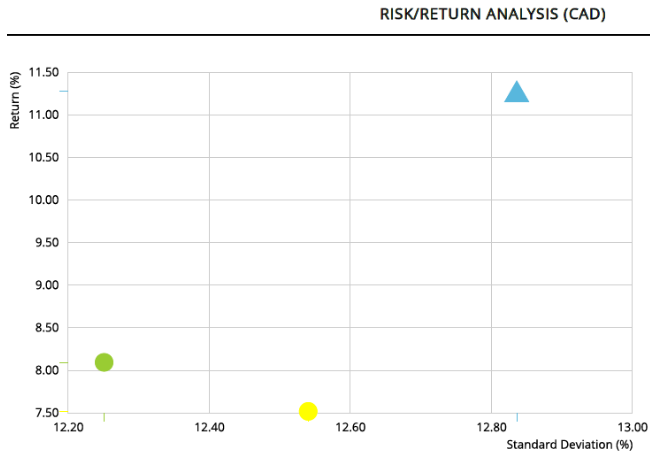
Mea Culpa(s)

We have done fairly well this year, so our analysis based on resulting (see USDGI report) is difficult. However, we will highlight a possible Mea Culpa. We have owned BCE since Dec 2018. Since our initial investment BCE has had a compounded growth with dividend 4.95%[3]. The average dividend growth rate has been 5.11%[3]. If we sold BCE near it's high in April 2022, our compounded growth rate would have been 10.94%[3]. While we do not trade on price action alone, our Mea Culpa may have been to add to BCE in Aug 2023. The weakness in BCE is their debt. If interest rates remain high BCE may not be able to raise their dividend at a pace that we are accustomed to. In fact, they only raised their dividend 3.1%. Historically since we have owned BCE, they have raised their dividend 5.11% per year.

I believe our Mea Culpa was adding to the position while most analysts agree that they will continue to raise their dividend at 3% for the next two years. A 3.1% increase to the dividend is too close to the inflation rate for our comfort. However, it does give an interesting total return proposition of dividend yield + growth of dividend (8.95% + 3%) of 11.95%. We are holding for now but reserve the right to change our minds and sell if we disagree with the consensus with respect to dividend growth and sustainability.

Risk Reward

Below is the 11-year (since inception) Risk/Reward chart which compares the volatility of our portfolio, as measured by standard deviation and the total return, comparing it to our index, the S&P/TSX Composite Total Return Index. Our portfolio (the blue triangle) has had a considerably higher return with only slightly more volatility than the S&P/TSX Comp T/R (green dot). Ideally, we would like to have the same return metrics but lower risk.



Annualized	Std Dev. (%)	Return (%)
CDGI (Gross)	12.84	11.28
DJ CAD DIV	12.54	7.52
S&P/TSX RT/TR	12.25	8.09

Source: *Croesus*

We currently hold 15 companies. Our 16th holding is Purpose High Interest Savings Fund ETF (PSA). We consider this a placeholder of our equity position while we wait for opportunities in which we have confidence. We do not reinvest dividends in this portfolio, we pay them out to you, the investor, to spend or reinvest as you wish. Occasionally, when we sell a holding or rebalance, we will be left with cash. We do not distribute this but reinvest it when we find a business that meets our investment criteria. In the meantime, we will hold the cash in the PSA.

One thing that is sure, we will continue to invest this portfolio with care, looking for fundamentally sound companies which, in our opinion, offer stable, sustainable dividends and have the potential to increase their dividends over time. We look forward to splitting this portfolio again and another 10 years of great performance

[3] Data source: Fast Graphs