Dynamic Global Dividend Fund

Q1 2024 Commentary

Market Overview

Equity markets registered double-digit gains in the first quarter amid a resilient U.S. economy and expectations of interest rate cuts, although the pace of monetary policy easing is likely to be slower than had been expected at the end of last year.

In the U.S., equity markets were boosted by solid corporate earnings, including from some of the 'Magnificent Seven' companies. On the economic front, Q4 GDP growth was revised upwards to 3.4% on annualized basis. Though, inflation figures were higher in March rising to 3.5%. The U.S. Federal Reserve (Fed) continues to keep interest rates on hold at 5.25-5.50%. Fed chair Jerome Powell said the central bank will be 'careful' about the decision on when to cut rates.

Two key indicators we monitor for health in macro-conditions, are credit spreads and gasoline prices. First, the narrowing of credit spreads is a positive for economic growth. The reason we place such importance on this indicator is if you examine 100 years of data, you'll see that credit spreads widened materially before every bear market and before every recession. Based upon the information we have today, credit markets are healthy. Second, wholesale gasoline prices have been one of the best recession forecasting indicators. There has not been a recession since the deregulation of energy prices without wholesale gasoline prices doubling in the 12 months leading up to the onset of a recession. The only exception was 2020, when the spread of COVID-19 caused governments to mandate lockdowns and basically ordered a recession. During Q1, gasoline prices only increased by 15% year over year.

Against this backdrop, we remain optimistic for the broader economy and the ability to find opportunities that fit our investment criteria.

Positioning

At period end the Fund's notable sector overweights included the Industrials, Financials, and Communication Services sectors, while notable underweights included the Consumer Staples, Energy, Utilities, and Real Estate sectors. As is often the case, we were not invested in the latter three sectors as we didn't find any opportunities that met our investment criteria.

The Fund's largest sector overweight was to the Industrials sector. It's a very diversified sector because it serves every other industry. It also contains the transportation industry, which we are not afraid to overweight. In fact, we own Uber Technologies. It has a dominant 65% market share and top line growth is 15%-16%.

Another attractive area of the market is Health Care, and in particular the GLP-1 drugs, which we have been in for at least the last three to four years. Those stocks include Eli Lilly and Novo Nordisk, and there are a number of derivative areas of the market, which we are also very attracted to. We're also involved in biologics. This is an area of the market that has been strong for much of the last decade. We were in a once in a 100-year cycle during COVID. We think that cycle is going to start up again in the second half of this year. We believe it's a very attractive area, as more than two thirds of all new drugs are coming from that.

From a geographic standpoint, the U.S. remained our largest country weighting at 70%, which is the same as the benchmark.

Performance

For the first quarter of 2024, Dynamic Global Dividend Fund ("Fund") outperformed its benchmark. The series F units of the Fund returned 15.4% while the MSCI World Index (C$) returned 11.9%.

The primary drivers of the outperformance during the quarter were stock selection in the Communication Services, Health Care, and Information Technology sectors. Each of the eight sectors the Fund was invested in, were positive contributors to absolute performance. The Fund did not own Tesla Inc. which was the second largest detractor from benchmark performance. Apple was the biggest detractor from benchmark performance. While it was held for part of the period, it was exited before quarter end, and the detraction from Fund performance was less than half of the detraction from benchmark performance. The top three stock contributors for Fund performance were Nvidia Corp, Meta Platforms Inc., and Eli Lilly & Co.

From a regional standpoint, again this quarter, U.S. holdings were by far, the biggest contributors to performance. Japan was the other notable positive contributor. None of the other countries where positions were held, were notable contributors or detractors from performance.

Annualized returns as of March 31, 2024	1 Year	3 Year	5 Year	10 Year	SI
Dynamic Global Dividend Fund Sr. F	23.8%	6.0%	7.7%	11.2%	8.7%

Dynamic Global Dividend Fund Series F inception date: March 2006

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Series A units are available for purchase to all investors, while Series F units are only available to investors who participate in eligible fee-based or wrap programs with their registered dealers. Differences in performance between these series are primarily due to differences in management fees and fixed administration fees. Performance results for Series F units may also appear higher than for Series A units as the management fee does not include the trailing commission.

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