

Dividend

KEY TAKEAWAYS

- The fund's performance was mainly driven by the consumer staples and materials sectors.
- We initiated positions in Alphabet and Lowe's.
- We have been actively adding to our energy and materials exposures.

PORTFOLIO MANAGER



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PERFORMANCE ANALYSIS

Consumers Pinched, Commodities Ripped

During the first quarter, the fund's performance was helped by consumer staples and materials. In consumer, overweight in Loblaw Companies was a contributor; Loblaw's is the best positioned among the grocers within the discount segment and owns a relative crown jewel in Shoppers. For materials, our position in Agnico Eagle Mines allowed us to participate in the broader gold rally.

Health care was an area of detractor for the portfolio. UnitedHealth Group results announced in January as well as news that it is subject to a DOJ investigation weighed on the stock.

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	31	89
3 years	54	81
5 years	64	73

Source : Morningstar ratings, Canadian Dividend & Income Equity

TOP 5 CONTRIBUTORS (% QTD)

Issuer	Return	Weight	Contribution
Canadian Natural Resources	19.57	3.66	0.73
Waste Connections	17.89	3.96	0.68
Loblaw Cos	17.19	3.51	0.57
Canadian Pacific Kansas City	14.09	3.77	0.51
Microsoft	14.99	3.20	0.45

TOP 5 DETRACTORS (% QTD)

Issuer	Return	Weight	Contribution
Rogers Communications	-9.72	2.42	-0.23
Toronto-Dominion Bank	-3.33	5.31	-0.20
Telus	-6.55	2.23	-0.13
Open Text	-5.36	1.45	-0.09
United Health Group	-3.25	2.73	-0.09

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.86	1.00
Volatility	11.80	13.38
Information ratio	0.08	-
Upside capture	91.27	-
Downside capture	84.63	-

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	44	173
Dividend yield	2.96%	3.40%
Top 10 holdings weight	44%	
1-year trailing turnover	42%	

* Index: S&P/TSX 60 Total Return

Dividend

PORTFOLIO ACTIVITY

Continuing to High-Grade the Portfolio

We initiated positions in Alphabet and Lowe's. We have covered and liked Alphabet's business for a long time (we own it in other funds) and think the sentiment on Alphabet has turned too negative coming into the year and that the potential advertising revenue acceleration is underestimated.

In terms of Lowe's, this is a high-quality specialty retailer that is demonstrating the ability to take some market share from its larger competitor Home Depot in the Professional segment, and we suspect there is an opportunity for it to demonstrate same store sales inflection in the upcoming year with its core DIY segment lapping tough comps.

We have made some exits to high-grade the portfolio (namely in Magna and Pet Valu) but will be revisiting Linde and Brookfield Infrastructure Partners in the future.

PORTFOLIO POSITIONING

More of the Same

Recent moves in the portfolio have been done with 3 objectives in mind: (1) high-grade the portfolio, (2) continue to look for the best businesses both inside and outside of Canada, and (3) shift positions to maximize risk/reward.

This is consistent with the team's philosophy and is not expected to change going forward. We continue to own a portfolio of high-quality, dividend-growing businesses that can navigate various economic conditions.

MARKET OUTLOOK

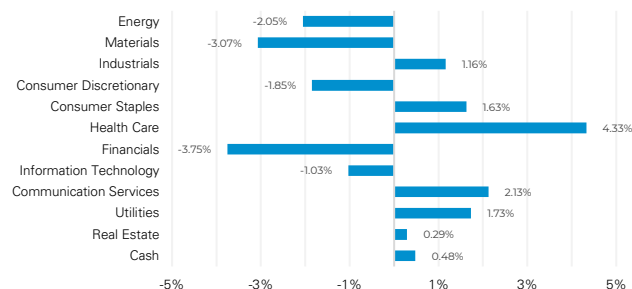
Keeping an Eye on Drivers of Returns

One dynamic worth pointing out as we looked at the markets recently has been the composition of best performing stocks within the S&P/TSX Dividend Composite Index in January, February, and March. January looked pretty diversified with Cameco, Fairfax Financial, Badger Infrastructure Solutions, Constellation Software, among others, as the leaders. In February, the top 10 became mainly energy companies. Come March, this was dominated by miners. This is something we are keeping an active eye on, and we have been adding to our energy and materials exposures via Canadian Natural Resources Ltd as well as Agnico Eagle Mines, both relatively low-cost producers of the commodities that they participate in while operating in low-risk jurisdictions.

SIGNIFICANT TRANSACTIONS (Q1 2024)

Positions initiated	Sector
Alphabet Inc	Communications
Lowe's Cos Inc	Consumer Discretionary
Positions exited	Sector
Linde PLC	Materials
Magna International Inc	Consumer Discretionary
Pet Valu Holdings Ltd	Consumer Discretionary
Brookfield Infrastructure Partners	Utilities

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS

Holding	Sector	Weight (%)
Royal Bank of Canada	Financials	6.90
Toronto-Dominion Bank	Financials	5.18
Canadian Natural Resources	Energy	4.92
Enbridge	Energy	4.68
Waste Connections	Industrials	4.16

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