

US Dividend Growth and Income Portfolio

September 30, 2021

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Basket Investment Strategy

The Radia Wealth US Dividend Growth and Income Basket (USDGI) is an investment portfolio that is managed by the 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 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	-1.22%	20.59%	12.44%	13.59%	14.47%
Benchmark	0.58%	30.01%	15.99%	16.90%	15.73%

Value of Basket**
September 30, 2020

\$33,913.76

**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 15 of our 18 companies increase their dividends. We experienced no dividend cuts. Of the 15 companies that raised their dividends, the average increase was 8.66% which is well above the inflation rate.

Holdings

Description	Sector (GIS)	Market Value	Weighting
AT & T Inc	Telecommunication Service	972.36	2.87%
Nextera Energy Prtns LP	Utilities	1,959.36	5.78%
Coresite Realty Corp	Real Estate	2,216.64	6.54%
General Dynamics Corp	Industrials	2,352.36	6.94%
Amgen Inc	Health Care	1,701.20	5.02%
Microsoft Corp	Technology	2,255.36	6.65%
Paychex Inc	Technology	2,473.90	7.29%
Pfizer Inc	Health Care	1,290.30	3.80%
Walgreens Boots Alliance	Consumer Staples	1,693.80	4.99%
Prudential Financial Inc	Financials	2,314.40	6.82%
Intel Corporation	Technology	1,704.96	5.03%
Abbvie Inc	Health Care	3,020.36	8.91%
Cisco Systems Inc	Technology	2,721.50	8.02%
Qualcomm Inc	Technology	2,321.64	6.85%
Leggett & Platt Inc	Consumer Discretionary	1,076.16	3.17%
Netapp Inc	Technology	1,795.20	5.29%
Southern Copper Corp	Materials	1,908.76	5.63%
Viatis Inc	Health Care	135.50	0.40%

Transactions Performed During the Year 2021

Purchase /Sold	Description	Quantity	Price
Bought	Nextera Energy Prtns LP	26	83.149
Bought	Prudential Financial Inc	6	81.86
Sold	Spdr BIm Barc 1-3M T-Bill	30	91.514
Sold	Apple Inc	16	120.611
Bought	Walgreens Boots Alliance	36	52.987




Dividend Growth

Description	Dividend Increases YTD (%)	Dividend Increases Since Purchase
Coresite Realty Corp	3.25%	41.11%
AT & T Inc	0%	13.04%
Abbvie Inc	10.17%	21.50%
Paychex Inc	6.45%	100.00%
Microsoft Corp	10.71%	169.57%
Amgen Inc	10.00%	33.33%
Intel Corp	5.30%	44.79%
Cisco Systems Inc	2.78%	42.31%
Pfizer Inc	2.63%	21.88%
Prudential Financial Inc	4.55%	64.29%
Qualcomm Inc	4.62%	28.30%
General Dynamics Corp	8.18%	8.18%
Leggett & Platt Inc	5.00%	5.00%
Netapp Inc	4.17%	4.17%
Southern Copper Corp	50.00%	50.00%
Walgreen Boots Alliance	2.14%	2.14%

Portfolio Managers' Comments

Inevitable underperformance, Normal markets vs What Investors Expect.

We have looked back at our 8 ½ years of managing this portfolio. After several years of outperformance we are humbled that we are now experiencing a period of underperformance against the benchmark. However as humbling as this is, we are comforted in knowing that this period of underperformance was inevitable. One of the truths of investment management is that "No investment strategy outperforms all the time".

This is illustrated by the quilt on the Appendix. The quilt is composed of a few well known styles of investment management. Each coloured box represents a different investment style. In the most recent years the Mega caps have dominated. The VIG  and the VYM , are the Vanguard Dividend Appreciation Index and the Vanguard High Dividend Yield ETF. These would most likely represent our style. Together these two styles have beat the SPY  (S&P500 ETF) 6 years out of the 16 years presented below. This of course is not an exhaustive list of investment styles but the truth outlined here would still stand even with more investment styles represented. Of note, since 2012 the VIG and the VYM have beat the SPY 3 times. Looking back we have beat the S&P500 4 times.

The question is how do we reconcile this truth of inevitable underperformance with our investment style? We do this by measuring ourselves by our first principles. We prefer to measure ourselves against our two pillars; 1) have our dividends been sustained? 2) have we increased the dividends (cash received) at a rate greater than inflation? We may not be the best performing investment style during any given time period and we may not even beat our benchmark all the time. However, if we have accomplished 1 and 2, we can expect a high probability of superior long term returns, while protecting the purchasing power of the dividend you receive.

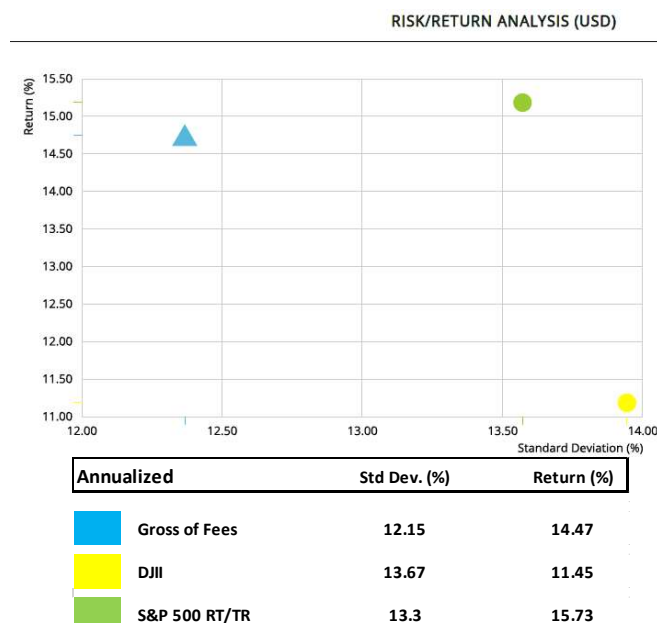
In our year end review we wrote “The year 2020 did nothing to live up to the definition of normal.” We should correct that statement to “The year 2020 did nothing to live up to the definition of normal **except give normal market returns.**”

In our Canadian Dividend report we go into the numbers for the S&PTSX to show that it is normal to receive positive and negative returns in any given calendar year. The US markets are no different. Equity investors and even dividend growth investors should expect positive and negative returns. It would not be normal to have all positive returns month after month and year after year without a correction.

I read somewhere that the US market on average has three corrections a year of greater than -3% and it has one correction of -10% every year. We have not had a correction of more than 5% in the S&P500 this year. The S&P 500 has hit a record high 7 months from January to Sept. (Note: our portfolio's dollar value, including dividends has also hit new highs) Is this normal? The truth of the matter is that the markets are unpredictable and no one can predict the future. Historically, every correction has been temporary, the markets have gone up over time and new highs are just as normal as corrections from those new highs. Historically by definition the market has never hit a new all time low.

Below is the 8 3/4 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.



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.

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.

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.

Appendix

Style Legend

MGC Vanguard Mega Cap ETF 3 Year 20.64% 5 Year 18.28% 10 Year 14.37% 15 Year 9.08%	MGK Vanguard Mega Cap 300 Growth 3 Year 29.93% 5 Year 25.11% 10 Year 18.07% 15 Year 12.61%	MGV Vanguard Mega Cap 300 Value 3 Year 10.99% 5 Year 11.36% 10 Year 10.71% 15 Year 5.51%	PDP Invesco DWA Momentum ETF 3 Year 23.25% 5 Year 19.81% 10 Year 15.14% 15 Year 10.50%	SDOG ALPS Sector Dividend Dogs 3 Year 6.47% 5 Year 6.30% 10 Year 8.08% 15 Year 6.13%	SPY SPDR S&P 500 ETF Trust 3 Year 19.56% 5 Year 17.35% 10 Year 13.92% 15 Year 8.51%	VIG Vanguard Dividend Appreciation Index Fund 3 Year 16.51% 5 Year 15.29% 10 Year 11.87% 15 Year 8.00%	VOOG Vanguard S&P 500 Growth ETF 3 Year 26.21% 5 Year 22.99% 10 Year 17.05% 15 Year 11.63%	VOOV Vanguard S&P 500 Value ETF 3 Year 11.92% 5 Year 10.86% 10 Year 10.48% 15 Year 5.13%	VTV Vanguard Value ETF 3 Year 11.05% 5 Year 11.29% 10 Year 10.75% 15 Year 5.45%	VUG Vanguard Growth ETF 3 Year 29.22% 5 Year 24.26% 10 Year 17.56% 15 Year 12.25%	VV Vanguard Large-Cap ETF 3 Year 20.35% 5 Year 17.87% 10 Year 14.19% 15 Year 8.89%	VYM Vanguard High Dividend Yield ETF 3 Year 9.56% 5 Year 9.41% 10 Year 9.60% 15 Year 5.45%
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2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Overall
MGV 23.36	PDP 17.18	VIG -28.26	SDOG 41.05	PDP 26.26	SDOG 7.32	PDP 17.16	PDP 31.27	VOOG 13.17	VOOG 3.77	SDOG 18.34	MGK 27.80	VOOG -1.43	MGK 36.12	MGK 39.88	VOOG 27.86	MGK 526.30
VTV 19.35	MGK 11.70	VYM -34.25	VUG 34.30	VUG 15.76	VYM 7.20	MGK 15.30	VUG 30.73	VUG 12.19	MGK 2.18	VOOV 14.47	VUG 26.17	MGK -3.88	VUG 35.61	VUG 39.07	MGK 26.04	VUG 493.20
VOOV 18.02	VUG 11.44	VOOG -35.88	MGK 32.88	SDOG 14.96	VIG 3.84	VUG 15.25	MGK 30.69	MGK 12.13	VUG 1.92	VTV 14.10	VOOG 25.39	VIG -4.00	PDP 32.78	PDP 36.34	VUG 25.27	VOOG 453.34
VYM 17.31	VOOG 7.68	SDOG -36.17	VOOG 29.26	VV 13.70	VOOG 2.94	VOOV 14.45	VOOG 30.48	PDP 12.03	PDP 0.76	MGV 13.65	PDP 22.93	VUG -4.49	VOOG 29.17	VOOG 31.94	SPY 24.30	PDP 360.03
SDOG 16.47	MGC 7.01	MGK -36.94	PDP 27.19	VOOG 13.00	MGK 1.67	VV 13.72	VV 30.14	VV 11.31	MGC -0.70	VYM 13.51	MGC 20.24	MGC -5.35	SPY 28.79	MGC 19.45	VV 23.83	MGC 309.53
MGC 16.10	VV 4.40	MGC -37.14	VV 24.34	MGK 12.99	PDP 1.36	MGC 13.53	VTV 29.91	SPY 11.29	SPY -0.81	SPY 9.64	VIG 19.78	PDP -6.12	VOOV 28.75	VV 18.87	MGC 23.83	VV 292.18
SPY 13.80	VIG 4.00	MGV -37.40	SPY 23.49	SPY 12.84	VUG 0.55	SPY 13.47	SPY 29.69	MGC 11.22	VV -0.94	VIG 9.54	VV 19.74	VV -6.30	VV 28.71	SPY 16.16	VTV 21.65	SPY 273.42
VV 13.41	SPY 3.24	VV -37.98	MGC 22.18	VIG 12.31	MGC 0.21	VOOG 12.17	MGC 29.35	SDOG 11.10	MGV -2.73	VV 9.49	SPY 19.38	SPY -6.35	MGC 28.59	VIG 13.24	MGV 20.54	VIG 243.53
VIG 11.47	MGV 1.70	VTV -38.00	VOOV 17.44	VOOV 11.97	SPY -0.20	VTV 12.02	SDOG 29.30	VTV 10.60	VYM -2.91	MGC 9.43	VTV 14.31	MGV -6.53	VIG 27.27	MGV -0.41	VOOV 20.42	SDOG 174.29
VOOG 9.39	SDOG -0.23	SPY -38.28	VIG 16.74	VTV 11.69	VV -0.54	MGV 11.79	VOOV 29.06	MGV 10.33	VTV -3.52	VOOG 5.25	MGV 13.97	VTV -7.87	VTV 22.36	VTV -0.74	VYM 20.20	MGV 161.91
MGK 9.10	VOOV -0.43	VUG -38.73	VTV 16.01	MGC 11.48	MGV -1.42	VYM 9.10	MGV 28.92	VYM 10.32	VIG -4.19	MGK 4.90	VYM 13.01	VYM -8.92	MGV 21.98	VOOV -1.54	SDOG 18.75	VTV 153.12
VUG 8.15	VYM -1.18	VOOV -41.24	VYM 13.10	VYM 11.11	VTV -1.57	VIG 9.00	VIG 26.30	VOOV 9.83	VOOV -5.37	VUG 4.78	VOOV 12.69	VOOV -11.28	VYM 20.16	VYM -2.35	VIG 17.45	VYM 149.53
PDP 7.58	VTV -2.70	PDP -46.35	MGV 11.86	MGV 10.31	VOOV -2.11	SDOG 6.15	VYM 26.20	VIG 7.87	SDOG -6.55	PDP 1.52	SDOG 8.87	SDOG -14.56	SDOG 19.68	SDOG -4.68	PDP 13.50	VOOV 138.40
Annualized Returns* (as of 2021-11-03)																

<https://oxlive.dorseywright.com/reports/quilt>



2016 Awards of Excellence

Private Portfolio of the Year
Finalist Canada



2017 Awards of Excellence

Best Private Portfolio
National Winner

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