

Canadian Dividend Growth and Income Portfolio

December 31, 2021

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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 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	3.39%	23.13%	16.82%	10.70%	12.76%
Benchmark	6.47%	25.09%	17.52%	10.04%	9.36%

Value of Basket**
December 31, 2021

\$25,625.15

**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.

Year-to-date we had 6 of our 16 companies increase their dividends. We experienced no dividend cuts. Of the 6 companies that raised their dividends, the average increase was 5.83% which is above the inflation rate.

Holdings

Description	Sector (GIS)	Market Value	Weighting
Brookfield Renewable Corporation	Utilities	\$837.90	3.27%
BCE Inc	Communication Services	\$1,579.44	6.16%
Exchange Income Corp	Industrials	\$1,685.60	6.58%
Enbridge Inc	Energy	\$1,679.94	6.56%
Bank of Montreal	Financials	\$1,634.28	6.38%
Capital Power Corp	Utilities	\$1,736.24	6.78%
Keyera Corp	Energy	\$1,369.44	5.34%
Sun Life Financial Inc	Financials	\$2,253.12	8.79%
Telus Corp	Communication Services	\$1,727.82	6.74%
Nutrien Ltd	Materials	\$2,472.08	9.65%
NFI Group Inc	Industrials	\$891.44	3.48%
Bank of Nova Scotia	Financials	\$1,970.10	7.69%
Newmont Corp	Materials	\$1,099.09	4.29%
Dream Industrial REIT T/U	Real Estate	\$1,239.84	4.84%
Power Corp Of Canada	Financials	\$1,755.60	6.85%
Altgas Ltd	Utilities	\$1,693.22	6.61%

Bought	Keyera Corp	17	31.285
Bought	Newmont Corp	14	73.033
Bought	Nutrien Ltd	1	78.47
Bought	Power Corp Of Canada	1	42.041
Bought	Shaw Communication	1	36.473
Bought	Sun Life Financial Inc	1	66.39
Sold	WPT Industrial REIT T/U	80	27.226
Sold	Shaw Communication-B NV	30	35.858
Bought	Dream Industrial REIT T/U	72	17.573
Sold	Cdn Tire Corp Ltd-A NV	10	184.573
Bought	Bank Of Montreal	12	138.28

Dividend Growth

Description	Dividend Increases YTD (%)	Dividend Increases Since Purchase
Telus Corporation	5.21%	104.63%
Power Corp of Canada	10.61%	10.61%
Brookfield Renewable Corporation	4.98%	9.78%
Exchange Income Corporation	0%	18.75%
Bank of Nova Scotia	0%	25.00%
Sun Life Financial Inc	0%	20.88%
Nutrien Ltd	2.22%	15.00%
BCE Inc	5.11%	15.89%
Capital Power Corporation	6.83%	22.35%

Portfolio Managers' Comments

We made up ground.

In 2019, we had income for 1 basket (adjusted for the split - AFTS) of \$1,043.48. In 2020, we had income for 1 basket (AFTS) of \$917.77. In 2021, we had income for 1 basket (AFTS) of \$1,045.07. Our income increased from 2020 back to 2019 levels¹. We had a year over year increase of 13.87%. As we are getting back on track, it is noted that this only brings us to 2019 levels. We still have some ground to make up.

At the start of 2021, our expected dividends were \$1,018.84 (AFTS). We received more than we expected. Currently, our expected dividends for 2022 are \$1,114.70. This is a 6.7% increase from 2021. At the time of this writing, we have had several of our financial companies announce outsized dividend increases to make up for 2020 and 2021. These increases are not reflected in the above numbers due to

Transactions Performed During the Year 2021

Purchase /Sold	Description	Quantity	Price
Bought	Altgas Ltd	61	19.92
Sold	Open Text Corporation	11	59.366
Sold	Osisko Gold Royalties	40	14.133
Bought	Shaw Communication	29	34.849
Sold	Brookfield Renewable Corp	18	55.624
Bought	Altgas Ltd	1	26.095
Bought	Bank of Nova Scotia	4	80.763
Bought	BCE Inc	1	63.70
Bought	Brookfield Renewable Corp	1	53.298
Bought	Capital Power Corp	1	42.003

¹ Please read the Canadian Dividend Growth and Income 2020 H2 report are interested in why the dividend decreased in 2020.

the way we record our dividend increase. It remains to be seen if we will receive more than we expect.

Small Trades vs Normal Trades gave us large number of trades.

In 2020, we wrote that we had an unusually high number of transactions which were more than double our historical average. Many of these trades occurred as we readjusted the portfolio to navigate the events and economic impact brought on by the coronavirus.

In 2021, we had 21 transactions (not intentional). Do not expect 22 trades for 2022. The word transactions and trade can be used interchangeably; however, for our purposes let's not call them trades. Trading implies that we are traders.

According to Investopedia: *"The main difference between a trader and an investor is the duration for which the person holds the asset. Investors tend to have a longer-term time horizon, while traders tend to hold assets for shorter periods of time to capitalize on short-term trends."*

We "tend" not to trade our assets in the short-term to capitalize on short-term trends, but to invest for the long-term prospects of dividend growth. We consider ourselves investors.

Why so many transactions? As explained in the 2021 Q3 report, to split our portfolio we needed to have position sizing that was divisible by four. Nine of the 21 transactions were to accomplish the splitting of our basket. Yes, all those pesky 1 to 4 share transactions. My apologies. Be forewarned that we will probably split the basket again when it doubles from here. As you are holding this basket, I am sure you will not lament another double.

The remaining 12 transactions were for portfolio rebalancing and investing purposes. This number is much closer to our historical average ex-2020 of 9.5 transactions.

An example of a rebalancing transaction was our trimming of Brookfield Renewable Energy Corp (BEPC). In late 2020, we sold approximately 13.5% of our position in BEPC. Due to price appreciation it was approximately 11.75% of our portfolio. Our discipline is to trim a position if it gets to more than 10% of our portfolio. This was 2020.

Our normal position size is approx. 6.67% of our portfolio. In 2021, we decided to trim again as we saw an opportunity to move into Shaw Communications (SJR.B) which had a higher dividend. SJR.B yielded 3.40% compared to BEPC's 2.83%. We were giving you a 20% raise. We also believed that from a risk reward profile SJR.B was better. Rogers Communication had announced their intent to purchase Shaw Communications at a price of \$40.50. The ACB for our portfolio was \$34.90². This marked a potential 16% increase in our share price while we received a 3.4% dividend. We expected a total return of almost 20% for a period of 1 year. I wrote "tend not to trade" above. This is where we did make a trade. This is an exception for us and not the rule. Please continue to call us investors and not traders.

The trade/transaction did work out for us, as we trimmed BEPC which subsequently went from \$55.624 where we sold it to a Dec. 31 price of \$46.55. In hindsight, we should have sold all of our position. We do still like BEPC and they did raise their dividend.

On the flip side, we sold SJR.B at a slight gain of 2.7% at \$35.858. We also received half a year's worth of dividends giving us a total return of 4.4% for a 7 month holding period.

We sold SJR.B as the Rogers' management and board turmoil, in our view, put the deal in jeopardy. Our move from SJR.B and CTC.A gave us the opportunity to move from a weighted average yield of 3.04% to two different investments; Dream Industrial Reit and Bank of Montreal, with a weighted average yield of 3.45%, giving you a 13.8% raise.

Subsequently, Bank of Montreal, one of the new investments, announced a dividend increase of 25% after we purchased it. This increase is not noted above due to the manner³ and timing of our recording of dividend increases.

We have a specific style of investing: to buy publically listed businesses that pay sustainable dividends and grow their dividends over time at a rate greater than inflation. We believe this is appropriate for the majority of our clients and are committed to refining and improving our investment acumen. We must also humbly admit and remind you, our fellow investors, that NO strategy outperforms all the time.

² Initial purchase of 58 shares at \$34.849 + additional 2 shares purchased for basket split at \$36.473. Equals ACB of \$34.903

³ How we record Dividend growth in the table above: We only record actual dividends that we receive and that are subsequently increased and not at the time of the increase announcement. Example, we purchased BMO shares on Nov 5, 2021 and the first BMO dividend for

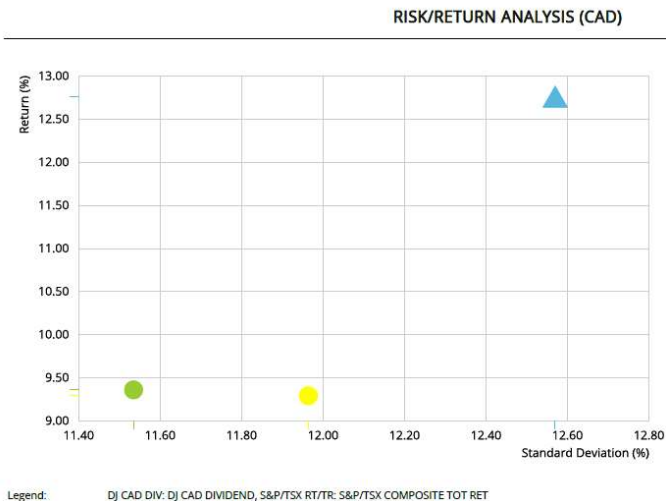
our basket would be recorded on Feb 1, 2022 at \$1.33/share. BMO announced increase of dividend by 25% from \$1.06/share to \$1.33/share on Dec 3, 2021. This increase is not noted on the Dividend Increases YTD column because the first dividend for our basket is start at \$1.33/share.

Below is the 9 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, such as over to the left of the chart, i.e. higher return and lower volatility.

Annualized	Std Dev. (%)	Return (%)
Gross of Fees	12.57	12.76
DJ CAD DIV	11.96	9.29
S&P/TSX RT/TR	11.54	9.36

We currently hold 16 companies. While 15 holdings is our target, we do have the option of holding between 10 to 20 companies. Each holding, in our view, is a different income stream. This will offer better risk/reward for you, the investor.

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.



Canadian Dividend Growth and Income Portfolio

March 31, 2022

Appendix

Performance

Portfolio Performance					
	3 months	1 yr	3 yrs	5 yrs	Inception*
Basket Performance	7.90%	25.59%	14.77%	11.64%	13.32%
Benchmark	3.82%	20.19%	14.15%	10.34%	9.54%

Value of Basket** March 31, 2022	\$27,380.90
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Fees: Returns presented are gross of fees.

Source: Croesus

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

Transactions Performed During the Year 2022

Purchase /Sold	Description	Quantity	Price
Sold	Nutrien Ltd	6	122.00
Bought	CDN Natural Resources Ltd	10	77.099
Sold	NFI Group Inc	44	14.966
Bought	CDN National Resources Ltd	8	77.044

2016 Awards of Excellence

Private Portfolio of the Year
Finalist Canada

2017 Awards of Excellence

Best Private Portfolio
National Winner

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