US Dividend Growth and Income Portfolio

December 31, 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	16.42%	26.32%	23.39%	16.80%	15.98%
Benchmark	11.03%	28.71%	26.07%	18.47%	16.61%

Value of Basket** December 31, 2021	$39,337.36

****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 14 of our 17 companies increase their dividends. We experienced no dividend cuts. (At the time of writing there has been one dividend cut) Of the 14 companies that raised their dividends, the average increase was 10.01% which is well above the inflation rate.

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Holdings

Description	Sector (GIS)	Market Value	Weighting
AT & T Inc	Telecommunication Service	885.60	2.25%
Nextera Energy Prtns LP	Utilities	2,194.40	5.58%
Intl Business Machines	Technology	2,673.20	6.80%
General Dynamics Corp	Industrials	2,501.64	6.36%
Amgen Inc	Health Care	2,699.64	6.86%
Principal Financial Group	Financials	2,169.90	5.52%
Paychex Inc	Technology	3,003.00	7.63%
Pfizer Inc	Health Care	2,125.80	5.40%
Walgreens Boots Alliance	Consumer Staples	1,877.76	4.77%
Prudential Financial Inc	Financials	2,381.28	6.05%
Intel Corporation	Technology	1,648.00	4.19%
Abbvie Inc	Health Care	3,791.20	9.64%
Cisco Systems Inc	Technology	3,168.50	8.05%
Qualcomm Inc	Technology	3,291.66	8.37%
Leggett & Platt Inc	Consumer Discretionary	987.84	2.51%
Netapp Inc	Technology	1,839.80	4.68%
Southern Copper Corp	Materials	2,098.14	5.33%

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 Blm Barc 1-3M T-Bill	30	91.514
Sold	Apple Inc	16	120.611
Bought	Walgreens Boots Alliance	36	52.987
Sold	Viatris Inc	10	12.281
Bought	Principal Financial Group	30	70.143
Bought	Pfizer Inc	6	53.619
Sold	Microsoft Corp	8	330.801
Bought	Intl Business Machines	20	117.382
Sold	Coresite Realty Corp	16	170.202
Bought	Amgen Inc	4	202.238

Dividend Growth

Description	Dividend Increases YTD (%)	Dividend Increases Since Purchase
Nextera Energy Partners LP	7.45%	7.45%
AT & T Inc	0%	13.04%
Abbvie Inc	10.17%	21.50%
Paychex Inc	6.45%	100.00%
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	66.67%	66.67%
Walgreen Boots Alliance	2.14%	2.14%

Portfolio Managers' Comments

"Perfect investments?"

In our last report we wrote "one of the truths of investment management is that No investment strategy outperforms all the time. We illustrated this with the investment style quilt that showed how different investments styles based by quantitative characteristics performed differently over different times. The subsequent truth of investment management that we will discuss in this report is that "There is no such thing as a perfect investment"

Let's be clear. Dividend Growth investing is our preferred investment style. We believe it is good strategy for long term growth and preservation of the purchasing power of your capital and income stream. We have written extensively on our methodology, please read our previous reports for a greater understanding. Basically we are looking for a diversified portfolio of business that are currently paying dividends and are and will be able to increase their dividends in the future. We believe this style is good but it is not perfect. There is no such thing as a perfect investment or investment style.

Investments that generally work well in a declining interest rate environment will not work well in a rising interest rate environment. An investment that worked in the past interest rate rising environment may not work well in a new cycle of interest increases as it depends on the reasons for the interest rate increases, the speed of the increases, and the duration of the increases. All of which are unknowable and hard to predict.

A dividend (not dividend growth) only investing style generally lags in a rising interest rate environment. Investors who bought steady dividend paying companies as bond proxies, will generally sell as interest rates go up and bond yield become more attractive. This will cause short term weakness on some dividend paying companies.

Many short term movements in stocks are caused by rules of supply and demand. When more people are buying a stock than people willing to sell the stock goes up. When more people are willing to sell the stock than buy the price of the stock goes down. Over time this will find equilibrium and it is the earnings or free cash flow growth that determine a stocks value. It is important to note that at the end of the day, dividend growth is a derivative of earnings or free cash flow growth. That is, the more a company earns and has free cash, the more dividends it can pay out.

Dividend growth investments theoretically should mitigate some of the risks in rising interest rates. If your dividend is growing your current cost yield[1] is also going up. The dividend yield will still be more attractive than the fixed income yield, unless the interest rates rise faster and become substantially higher than the dividend yields.

Dividend growth investments in theory should also mitigate some of the risks in an inflationary environment. This is of course dependent on wheither or not any increases in the price of goods sold can be passed onto their consumers in which case, their profits remain the same. The danger still remains that even if costs can be passed to consumers, they will in turn buy less, as they themselves have less purchasing power.

One sector that tends to benefit from inflation is the resource sector. Traditionally many dividend investors have shied away from the resource sector because the earnings and dividend growth is cyclical. A cyclical business is one that is sensitive (more) to economic cycles. The dividends for these companies tend to be less stable, hence the reason that many dividend investors tend to avoid these companies.

We are agnostic on the cyclical nature of our business. If we believe we are buying a company at the bottom of a prolonged beneficial cycle we will invest, expecting dividends to increase until the long cycle changes. We tend not to focus on short term cycles. For simplicity (not a hard rule), we view a long cycle as more than 5 years and a short cycle as less than 2 years. We invest with the expectation that we can hold onto our businesses for more than 5 years. (For e.g. We have owned Paychex since its inception for about 9 years)

Historically resource companies, mining, fossel fuels, and such are not environmently friendly. Some investors may shy away from such investments. We have had clients question our investment in the fossel fuel business. Again we are agnostic, we do like the idea of clean air, protecting the environment and looking after this beautiful world we live in. So we are aware of whether or not the companies we invest in are making strides to make the world a cleaner place.

Our point here is that there is no perfect investment and no perfect strategy. There is a give and take and one must diversify to find the good enough strategy. We believe that dividend growth investing is a "good enough strategy" for the long term investor. Is it prefect, no, but no strategy is.

"What is good enough?"

We have in the last three month outperformed our benchmark. We would love to predict that we will now continue to outperform and that our numbers will get so great that even our inception numbers going into our tenth year will outperform the benchmark. However while we believe our style is good enough, to do so, we cannot predict or promise that with any certainty. We just know that we will do our best and give decent long term returns.

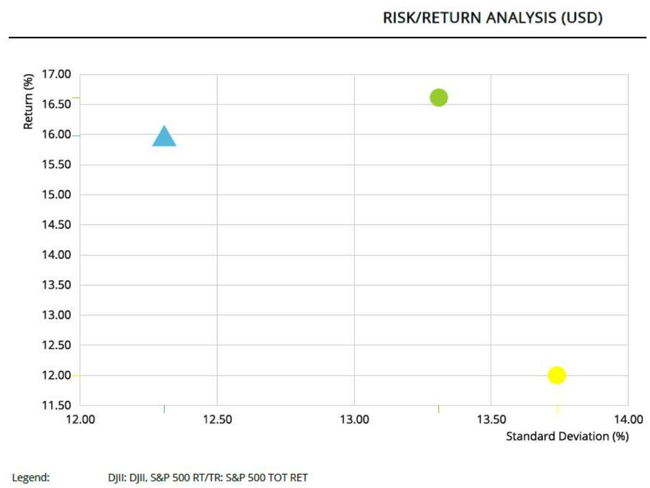
Did you know that while we did not beat our benchmark, if you invested in this portfolio on January 02 2018, that on Dec. 31 2021, we would have almost doubled your money? If you invested 9 years ago, at inception, we would have had amost two doubles. This means that our initial portfolio amount of *$26,893.32* would have almost[2] grown to $107,573.28. I am using the rule of 72, which is a shortcut rule of thumb used to estimate the number of years required to double your money at a given annual rate of return. 72 divided by your return gives you the time it takes to double your money. In

[1] Yield on cost is the current dividend amount divided by the initial capital (cost) invested. Eg. Paychecks has increased it's dividend 100% since we purchased it. When we first bought it paid a dividend of 4.09% today based on the dollar value of the current dividend and the capital invested the current cost yield is 8.19%. This is different from the market yield which is currently 2.08%

[2] We write "almost" here because dividends were not reinvested into this portfolio.

our case, our return was 15.98% divided into 72 which gives us just 4.5 years to double your money. This implies doubling your investment twice, within a span of 9 years. I would say that is a decent return for the last 9 years.

Below is the 9 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.



Annualized	Std Dev. (%)	Return (%)
Gross of Fees	12.31	15.98
DJII	13.74	12
S&P 500 RT/TR	13.31	16.61

Expected Income

The actual income per basket received in 2020 was approx. 836.25. The expected income for 2021 was 897.20. The actual income received in 2021 was $1,107.51. We grew the dividend by approximately $271.25 or 32%.

The expected dividends for 2022 in this portfolio as of December 31 2021 is $1,309.28.

Good Enough, Not perfect, Short Term Mea Culpa's

Last year we made some difficult switches to the portfolio. Probably one of the most difficult decisions we made was selling Apple and buying Walgreens Boot Alliance.

We sold Apple because by almost all our measures Apple was extremely overvalued. The price also had risen to a point, that their dividend yield was below 1%. It had a market yield of 0.68%. It was a difficult decision because we like Apple as a business and we have a positive thesis on where they are going. My (Derrick) household is filled with several Apple products. If this was a pure growth portfolio we would not have sold Apple.

We bought Wallgreens Boot Alliance, which is a drug store chain in the US. They were hit by lower sales due to closures and the transition to online shopping during 2020. To us, they were undervalued with a sustainable dividend. They did not cut their dividend in 2020 and even managed to raise it, a meger 3.52%

Our thesis was that as things reopened in the US and as customers came into the pharmacy to get their vaccine shots, their foot traffic would increase leading to better sales and cash flow. This is occurring albeit at a slower pace than we would like. Operating cash flow is expected to grow at approximately 4.5% over the next 3 years.

This is a short term and a total return mea culpa as Apple continued to climb after we sold it and Wallgreens Boot Alliance ended the year slightly negative. From a dividend income perspective we do believe going from a 0.68% yield to a 3.54% dividend yield was the correct move and not a mea culpa. Again our process is not perfect.

An Asymptote Progression Towards Perfect and Good Enough

As we have wrote extensively that Dividend Growth Investing is not perfect but "good enough", we want to emphasize that we recognize that good enough is not our goal. We are constantly refining, evaluating and debating our methodologies, looking to improve and progressing along as an asymptote line to perfect.

Knowing that we will not be perfect and our style is good enough does not mean we do not want to get better and better. We do. We will not stop striving to improve our investment style within the confines of a Dividend Growth Investor, to get you as close to perfect as possible. We want to be more than "good enough".

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.

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March 31, 2022

Appendix

Performance

Portfolio Performance					
	3 months	1 yr	3 yrs	5 yrs	Inception*
Basket Performance	1.09%	22.03%	19.43%	16.26%	15.65%
Benchmark	-4.60%	15.65%	18.92%	15.99%	15.54%

Value of Basket** March 31, 2022	$39,433.82

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.*

Transactions Performed During the Year 2022

Purchase /Sold	Description	Quantity	Price

NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

RADIA WEALTH

CIPF Canadian Investor Protection Fund MEMBER

2016 Awards of Excellence

Private Portfolio of the Year
Finalist Canada

2017 Awards of Excellence

Best Private Portfolio
National Winner