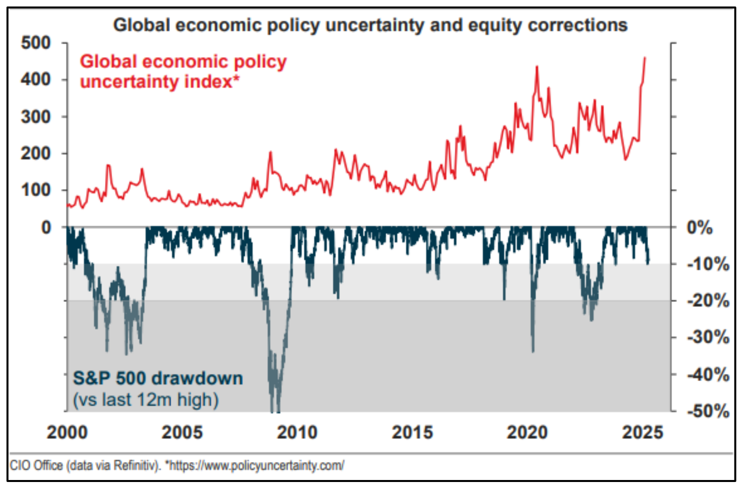
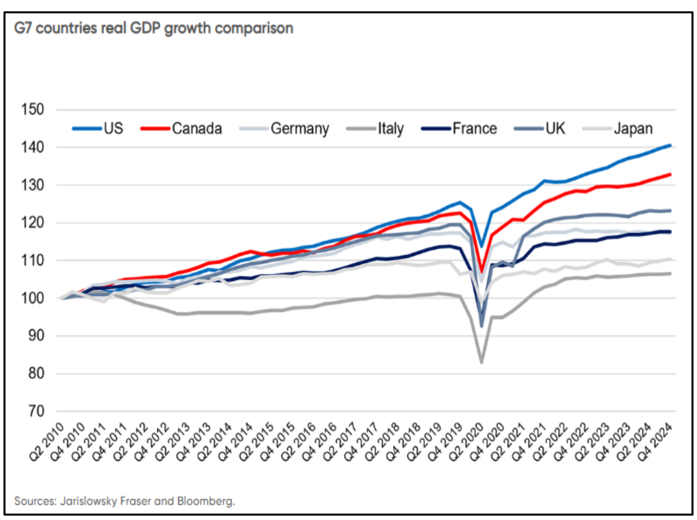
The Dividend Value Discipline™
1st Quarter 2025

Quarterly Commentary

Peak Policy Uncertainty

The uncertainty surrounding US economic policy has surged during the first quarter of the year. The constant tariff headlines coupled with national security/annexation threats have spiked global uncertainty to levels not seen since the pandemic. The major shifts in US policy have fueled business, consumer, and geopolitical anxiety. Not surprisingly, markets were negatively impacted this quarter as growth expectations for the year have declined. The major US S&P500 index has declined 10% from its highs during Q1, while the "growthier" Nasdaq Composite index has declined 15% from its highs. The "pro-growth" market boost initially seen after the November US election has faded with markets now trading well below pre-election levels. Until we see some policy stability, we expect markets will remain unsettled.

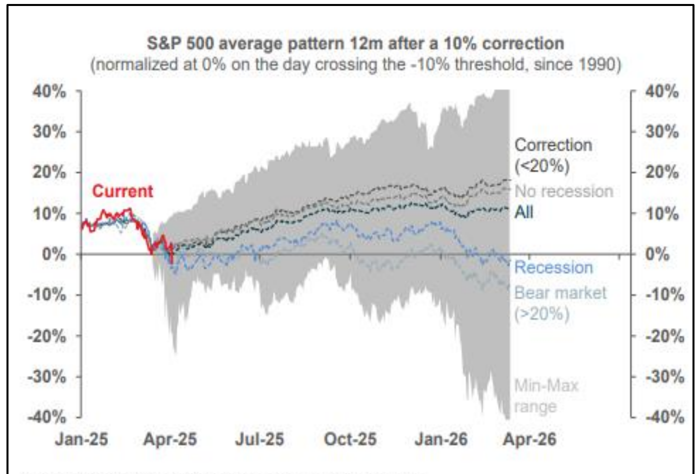




Canadian Resilience

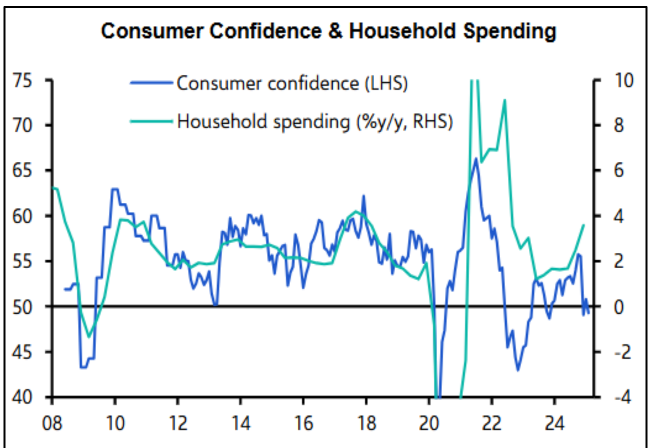
Canadians are a very proud, resilient people. We are globally known for our peacekeeping and diplomacy efforts. Canadians are well educated, culturally diverse, and our national healthcare and social programs create support for all. The Canadian economy has also outpaced most of our G7 counterparts (except the US) since 2010. With the US destabilizing global trade and diplomacy, Canada has an opportunity to further its economic relationships with Europe, Asia, and Latin America. The "sell America" movement could benefit Canada and potentially close the productivity gap. So far, both the Canadian market and Canadian dollar have weathered the downturn much better than the three major US markets and US dollar.

After the Correction



Source: COI Office (Data via Refinitiv) National Bank Investments

The US markets have experienced a correction in Q1, marked by a 10% drop from the recent high. This is always unsettling for investors, but the occurrence is more common than you may think. We typically experience 10% corrections every 18-24 months. Corrections are a normal part of market cycles and it's what happens next which is the most important part. The outcome over the next 12 months hinges on whether the economy goes into recession. If there is no recession, then markets are typically higher by about 15%. If there is a recession, then market returns are negative with the decline contingent on the severity of the recession. The probability of a US recession in 2025 has risen to 45% due to tariff and policy uncertainty. Recessions can be difficult to predict, the probabilities were even higher a year ago (70+%) yet no recession materialized, and the markets had a good year.



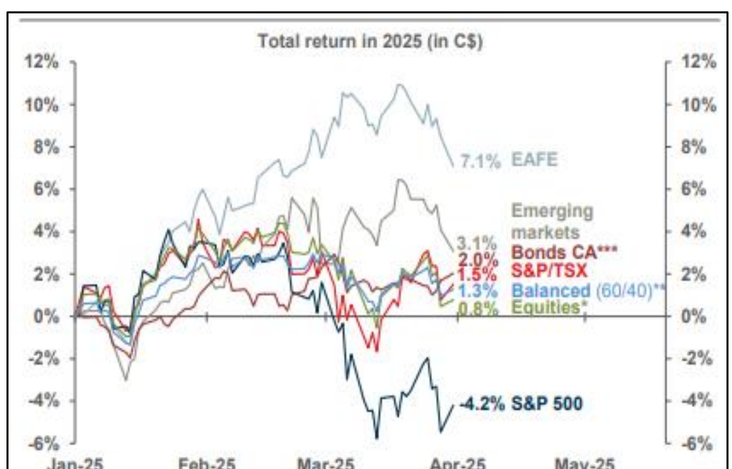
Sources: LSEG, Capital Economics

Heart of the Economy

For the US, roughly 70% of the economy is driven by individual spending and for Canada this is about 60%. There is a direct relationship between how consumers are "feeling" about the economy and their jobs and the amount of money they spend. Since February consumer confidence has declined while household spending is still on the rise. These two rarely diverge for long. The effects of tariffs are still an unknown with headlines changing almost daily. It's unclear how much of this will impact spending, but it's prudent to be cautious when consumers are nervous.

Shifting Tides

US exceptionalism has been prominent over the past decade with US markets outperforming all others. This has made the US markets more expensive compared to most others. In the first quarter we have seen a momentum shift with Canada, Europe, Asia, and Emerging Markets now outperforming the US. Money managers are pulling assets from the US and adding/rebalancing internationally. One quarter does not make a trend, but this shift may continue if policies within the US become increasingly protectionist. As one opportunity fades another arises and perhaps this is the beginning of global (ex-US) resurgence. Valuations in Canada and abroad are attractive and a falling US dollar creates an additional tailwind. Time will tell, but we are always on the lookout for the next opportunity.



CIO Office (data via Refinitiv). *35% S&P/TSX, 35% S&P 500, 20% MSCI EAFE, 10% MSCI EM. **60% Equities, 40% CA Bonds. ***FTSE Canada Univers.

The Dividend Value Discipline Portfolio

The Dividend Value model portfolio returned +0.7% for the first quarter (net of fees, based on our model portfolio). At the end of March, the rolling average returns for the portfolio are: 1-year +8.6%, 3-year +5.7%, and 5-year +10.0%.

A typical balanced portfolio with 40% bonds and 60% equity returned 0.5% in Q1, according to Morningstar (our benchmark is the Morningstar Canadian Equity Balanced category). We finished last year at 15.2% vs 14.2% for the benchmark and have started out 2025 with a slight lead.

While this commentary focuses on Q1 ending March 31st, attention should be drawn to market movements following the April 2nd "Liberation Day" tariff announcements. Although we cannot provide confirmed performance data post-March 31st, your portfolio's defensive positioning resulted in smaller declines than the broad market, with losses mostly recovered by late April.

As for actions taken, we trimmed Suncor Energy near highs on March 24th before the tariff announcements and purchased Cameco on April 4th, when significant fear overtook the markets. Those have both been positive moves. We utilized the rally following the April 9th pause to rebalance and increase cash positions in preparation for future opportunities. Please do not hesitate to contact us for more information or if you would like to discuss your portfolio in more detail.

Canadian markets outperformed U.S. markets but lagged international markets in Q1. As mentioned above, U.S. markets declined after mid-February, down 10% from highs and finishing down 4.2% for the quarter. The TSX gained 1.5% while European markets reversed their longstanding underperformance with a strong 10.7% gain. International stocks outperformed, and one of your best performing stocks was Nintendo, up 17%.

The Canadian stocks within our portfolio performed very well this quarter, up roughly 5%, outperforming the TSX (+1.5%). TD Bank turned around some weak sentiment surrounding its anti-money laundering fines in the US and posted the best performance of the quarter, up 14%. Nutrien and Fortis also posted double-digit returns. Most of the stocks posted positive returns; only Mullen Group, Canadian Pacific (transportation) and Gibson (energy) were negative.

US stocks began to retreat in February, and we had some variance in the US portfolio. Some of our strongest performers last quarter, like Alphabet (up 21% Q4), Disney (up 23%) were the biggest laggards. AbbVie (pharmaceuticals), and Visa gave us double-digit returns. This quarter, we added a position in Cigna, a health insurer in the US, when valuations were extremely compelling. Thus far we have been rewarded with a double-digit return in 2-months.

Our bond portfolio returned +1.8%, in line with the Canadian Bond Universe's 2.0%. We trimmed some Manulife Strategic Income (up 1.2%), and added to Pimco Monthly Income (up 2.8%). We halved our preferred share allocation after its significant growth (+29% last year). This helped us avoid a nearly 8% drop over two days in the preferred share index after the tariff announcements.

The market volatility following the April 2nd "Liberation Day" tariff announcements has been a significant test for portfolios in early 2025. These protectionist measures created immediate uncertainty across sectors, particularly affecting companies with complex global supply chains. We were fortunate to utilize some defensive positioning before this event, reducing some energy exposure. While the initial market reaction was sharp, we used this opportunity to add a quality company in Cameco at discount prices. Looking ahead, we expect tariff impacts to continue influencing markets as companies adjust supply chains and pricing strategies. We're closely monitoring sectors most exposed to trade disruption while maintaining adequate cash reserves to capitalize on further dislocations. Our approach remains balanced—protecting capital during uncertainty while selectively pursuing opportunities created by these policy shifts.

The Dividend Tracker

Fundamentally, we believe that owning strong, stable companies with a track record of consistently growing their dividends is the best way to grow your money. For this reason, we track the number of dividend increases received in our portfolio every quarter and for the year-to-date. In the first quarter, **seven** Dividend Value stocks increased their dividends. No dividend cuts were announced this quarter for stocks in your portfolio.

Q1 Dividend Changes (Quarterly)			
Bank of Montreal	Increased from $1.55 to $1.59	**Canadian Apartment REIT**	Increased from $0.125 to $0.129 monthly
Definity Financial	Increased from $0.16 to $0.19	**Gibson Energy**	Increased from $0.41 to $0.43
TC Energy	Increased from $0.82 to $0.85	***Cigna Group**	Increased from $1.40 to $1.51
***JP Morgan**	Increased from $1.25 to $1.40		

*in USD

Quarterly Performance

Mandate	3-mos	1-yr	3-yr	5-yr	10-yr
Dividend Value Portfolio	0.7%	8.6%	5.7%	10.0%	6.1%
Dividend Value Benchmark	0.5%	9.3%	5.5%	10.3%	5.1%
S&P/TSX Composite Total Return	1.5%	15.8%	7.8%	16.8%	8.5%
DJ Canada Select Value	-0.2%	15.8%	4.9%	13.9%	5.1%
iShares Canadian Dividend Aristocrats	1.0%	20.0%	8.2%	15.1%	7.6%
FTSE-TMX Universe Bond	2.0%	7.6%	2.5%	0.9%	1.8%

The above performance data is current as of March 31st, 2025. Not all portfolios will be alike, given different starting dates, slightly different securities owned, or the timing of funds added or removed. Please see the individual client statements that are being included separately for specific account performance.

DVD Quarterly Transactions

The following securities were bought this quarter:
Cigna (CI)

The following securities were sold this quarter:
Molson Coors (TAP)

The following securities were topped-up this quarter:
Pimco Monthly Income fund
Picton Mahoney Income Opportunities fund

The following securities were trimmed this quarter:
Manulife Strategic Income fund
NBC Preferred Equity Income fund

Sincerely, the Dividend Value Partners

Paul Siluch	Peter Mazzoni	Sharon Mitchell	Lincoln Jiang
Financial Advisor	Financial Advisor	Financial Advisor	Financial Advisor
Raymond James Ltd.	Raymond James Ltd.	Raymond James Ltd.	Raymond James Ltd.