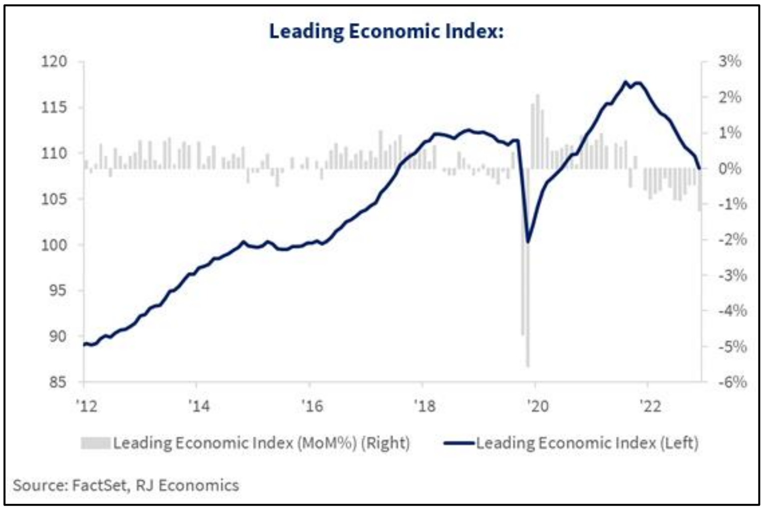
The Dividend Value Discipline™
1st Quarter 2023

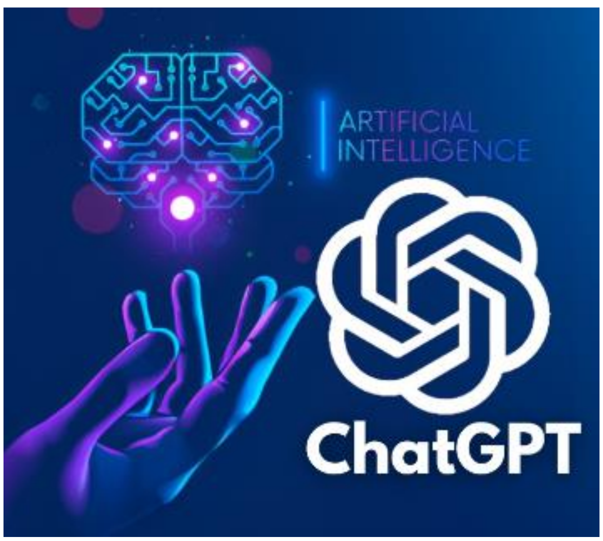
Quarterly Commentary

Resilient Markets



The first quarter of 2023 saw positive performance from the Canadian, U.S., and global equity markets as well as the bond markets. It was almost the complete opposite to what happened in 2022. This was despite a less than rosy outlook by economists with rising risks of a recession, a higher-for-longer interest rate outlook by the U.S. Federal Reserve, and troubles within the banking sector. The resiliency of the markets in the face of negative news is certainly encouraging. There's a myriad of cross-currents in the markets today which make forecasting the next 6-12 months exceedingly difficult. Leading economic indicators and manufacturing continue to decline, suggesting an economic slowdown is brewing. As a result, our team remains cautious, despite the recent positive moves in the markets.

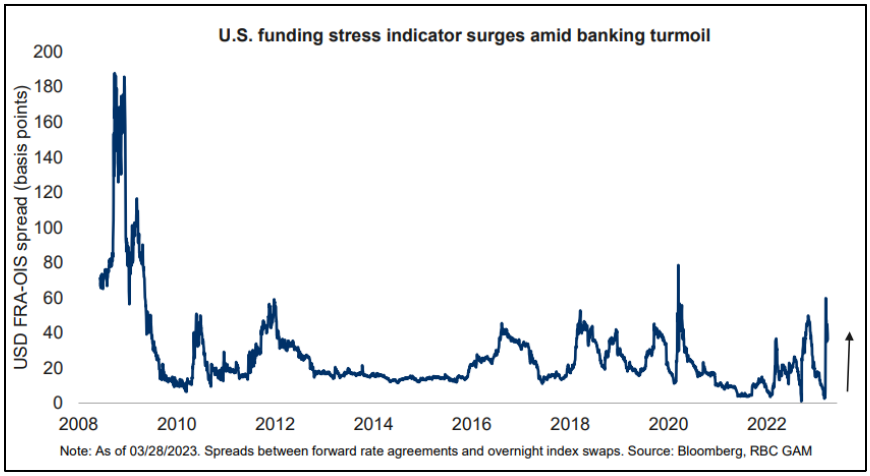
"I'm Sorry Dave, I'm Afraid I Can't Do That"



That famous line from Stanley Kubrick's *2001: A Space Odyssey*, depicts what can go wrong when artificial intelligence goes rogue. Fast forward to 2023 and artificial intelligence has become a reality. AI is the hottest new theme, with ChatGPT creating a massive surge in usage. AI has been around for many years, but the latest iteration of regenerative AI, which uses a natural language interface, is the most advanced we've ever seen. This next level of AI will have lasting impacts on software and hardware development, content generation, data storage, cyber-security, search engines, education, media, law, healthcare, finance, etc. This created a resurgence within the technology sector this quarter, with roughly half of Nasdaq's total performance driven by AI-related stocks. Microsoft recently extended its partnership with OpenAI, the maker of ChatGPT, with plans to invest $10 billion to incorporate AI into Microsoft 365 (Word, Excel, PowerPoint, and

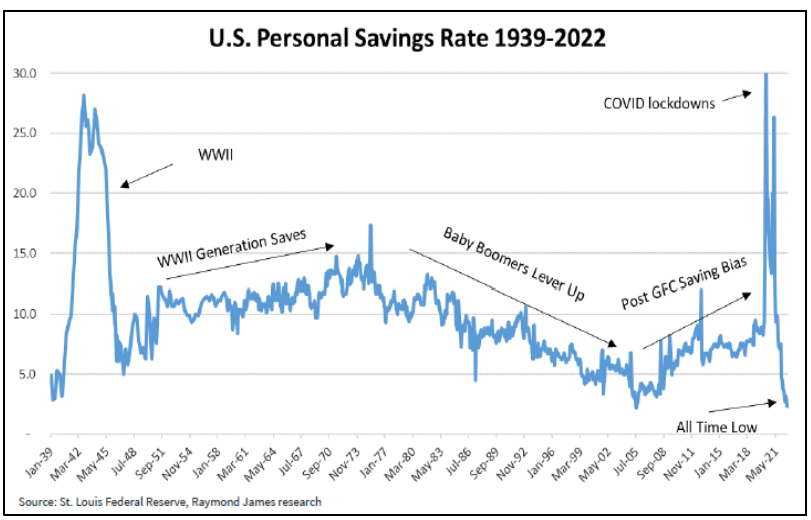
Outlook). We hold two of the biggest names in AI (Microsoft and Alphabet/Google) in the portfolio, both of which see a bright future for AI applications.

Mini Meltdown



In early March, markets experienced a banking crisis with the failure of Silicon Valley Bank and Signature Bank in the U.S. and then Credit Suisse Bank in Europe. The mismanagement of assets to liabilities, highly concentrated depositor base, and the impact of higher interest rates were the cause of the U.S. failures, while Credit Suisse has been in trouble for years. As a result, federal regulators and the U.S. Federal Reserve quickly moved to ensure depositors were protected and boosted liquidity within the banking system. Many investors with memories of the 2008/09 Financial Crisis were quick to pull money out of the banks and sell financial stocks, which led to weakness across the entire sector. The current levels of financial stress are nowhere near the levels seen in 2008/09, but there will be ripple effects. The mini meltdown will negatively impact bank lending and credit and U.S. regional banks are a major source of funding for small businesses. Stiffer regulations for the regional banks are also likely coming to ensure this does not happen again. This all puts further pressure on economic growth and on the U.S. Federal Reserve to end their rate tightening cycle sooner rather than later.

Going, Going, Gone



Since the Covid lockdowns, inflation has been driven by a lack of supply for goods and services paired with trillions of dollars of excess consumer savings. That major glut of excess savings has dissipated and is currently at an all-time low. Higher costs for almost everything and persistent post-pandemic spending have soaked up much of the savings. Consumer spending has been very strong, but we suspect the lower savings levels will translate into slower spending (i.e. slower economic growth), moving forward. This isn't all bad news as slower spending paired with increasing inventories will bring some much needed pricing relief. The U.S. Daily PriceStats Inflation Index is now below May 2021 levels and heading lower. Lower prices will be a welcome relief for many consumers, but for companies that have enjoyed steady pricing power over the past few years, they will need to sharpen their pencils to protect their profits.

The Dividend Value Discipline Portfolio

The Dividend Value model portfolio returned +2.9% for the first quarter of 2023 (net of fees). At the end of March, the rolling average returns for the model portfolio are as follows: 1 year -4.3%, 3 year +9.4%, and 5 year +5.0%.

Many markets around the world began to recover from the dismal performance seen through 2022. Both bond and equity markets participated in the upside, despite higher recessionary risks. We believe the rally was the result of the excessive negativity seen through last year and the anticipation of the end of the interest rate tightening cycle.

Equities

	Currency	Level	1 Mo	3 Mo	6 Mo	YTD	1 Yr
Canada							
S&P/TSX Comp	CAD	20,100	-0.6%	3.7%	9.0%	3.7%	-8.2%
S&P/TSX Comp TR	CAD	78,625	-0.2%	4.6%	10.8%	4.6%	-5.2%
S&P/TSX 60 Comp	CAD	1,206	-0.9%	3.2%	8.0%	3.2%	-8.8%
S&P/TSX Small Cap	CAD	714	-0.8%	3.9%	11.9%	3.9%	-14.5%
United States							
S&P 500 Comp	USD	4,109	3.5%	7.0%	14.6%	7.0%	-9.3%
S&P 500 Comp TR	USD	8,791	3.7%	7.5%	15.6%	7.5%	-7.7%
Dow Jones Ind Avg	USD	33,274	1.9%	0.4%	15.8%	0.4%	-4.0%
NASDAQ Comp	USD	12,222	6.7%	16.8%	15.6%	16.8%	-14.1%
S&P 600 Small Cap	USD	1,182	-5.4%	2.1%	11.0%	2.1%	-10.4%
International							
Euro Stoxx 50	EUR	4,315	1.8%	13.7%	30.0%	13.7%	10.6%
FTSE 100 (UK)	GBP	7,632	-3.1%	2.4%	10.7%	2.4%	1.5%
CAC 40 (France)	EUR	7,322	0.7%	13.1%	27.1%	13.1%	9.9%
DAX (Germany)	EUR	15,629	1.7%	12.2%	29.0%	12.2%	8.4%
IBEX 35 (Spain)	EUR	9,233	-1.7%	12.2%	25.3%	12.2%	9.3%
CSI 300 (China)	CNY	4,051	-0.5%	4.6%	6.5%	4.6%	-4.1%
HANG SENG (Hong Kong)	HKD	20,400	3.1%	3.1%	18.4%	3.1%	-7.3%
NIKKEI 225 (Japan)	JPY	28,041	2.2%	7.5%	8.1%	7.5%	0.8%
TOPIX (Tokyo)	JPY	2,004	0.5%	5.9%	9.1%	5.9%	2.9%
KOSPI (S. Korea)	KRW	2,477	2.7%	10.8%	14.9%	10.8%	-10.2%
S&P/ASX 200 (Australia)	AUD	7,178	-1.1%	2.0%	10.9%	2.0%	-4.3%
BOVESPA (Brazil)	BRL	101,882	-2.9%	-7.2%	-7.4%	-7.2%	-15.1%
BOLSA (Mexico)	MXN	53,904	2.2%	11.2%	20.8%	11.2%	-4.7%
S&P BSE Sensex (India)	INR	58,992	0.0%	-3.0%	2.7%	-3.0%	0.7%
ETFs							
World	USD		3.2%	7.7%	17.7%	7.7%	-8.2%
All Country World	USD		3.3%	7.4%	17.1%	7.4%	-8.6%
EAFE	USD		3.1%	9.0%	27.7%	9.0%	-2.8%
Emerging Markets	USD		3.2%	4.1%	13.1%	4.1%	-12.6%
Europe	USD		2.9%	10.4%	32.5%	10.4%	-0.4%

Source: FactSet, Morningstar, Raymond James Ltd as of March 31st, 2023

The Canadian stock portfolio was muted this quarter (+0.25%) overall. This was mainly due to the performance of the financial and energy names. The Bank of Montreal (-0.7%), TD Bank (-6.6%), and Definity Financial (-8.0%) were all down as a result of the concerns within the overall banking sector. These are high quality stocks that will be fine, but their performance this quarter was a drag. The Energy sector was one of the few negative sectors this quarter, but that was after very good performance through last year. This quarter, we sold our position in Choice Property REIT (CHP.un) and topped up our positions in Telus (T) and TC Energy (TRP), which had comparable yields with better valuations.

The major U.S. equity markets are off to a good start for 2023. Our U.S. stock portfolio was +5.7% for Q1, helped by strong performance from our technology names. Apple (+27.1%), Alphabet/Google (+17.2%), and Microsoft (+20.6%) all benefited from a resurgence in technology due to Artificial Intelligence. We also saw good performance within our consumer-led names in Costco (+9.1%) and Visa (8.8%). Similar to the Canadian side, there was weakness in the financial stocks, with JPMorgan Chase down -2.1%. Considering how poorly other U.S. financials did this quarter, we are happy with the downside protection of JPMorgan Chase. The U.S. dollar weakened over the quarter, which was a negative 1.0% drag on performance. This quarter, we added Nintendo (NTDOY), the Japanese video game/console marker. We found that both the company and the overall Japanese market offer compelling valuations. We also sold CVS Health this quarter.

The bond markets are also off to a good start, after their worst year on record in 2022. The bond portfolio was +2.7% in Q1. The FTSE Canada Bond Universe was +3.2% overall, while the U.S. Aggregate Bond Universe was +2.8%. As we approach the peak of the interest rate cycle, the yields and potential upside to bonds continue to look attractive. To that end, we added to our Picton Income Opportunities fund, which is an alternative bond strategy in the portfolio with a yield of 4.9%. When rates do eventually fall, this will be a positive tailwind for bond performance.

The recent strength in the markets is a welcome reprieve and the Dividend Value Portfolio has already recovered half of the 2022 decline. The market rally has pushed equity indexes towards the top end of their ranges over the past year. Our portfolio continues to be fairly defensively positioned, reflecting our cautious outlook for 2023. We expect to see an economic slowdown unfold through 2023, resulting in a mild recession. We've already seen a slowdown in manufacturing which is starting to spill over to the service sector. The economic effects of higher interest rates will be more pronounced this year, putting further pressure on growth. The recent U.S. bank failures added another layer of complexity to central bank decision making, which hopefully expedites an end to the rate tightening cycle. Even though we are cautious, we continue to take advantage of higher yields on cash funds and bonds and add to our equities when appropriate.

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)			
Definity Financial	Increased from $0.125 to $0.1375	***Brookfield Infrastructure**	Increased from $0.36 to $0.3825
Gibson Energy	Increased from $0.37 to $0.39	***Costco Wholesale**	Increased from $0.90 to $1.02
TC Energy	Increased from $0.90 to $0.93	***Molson Coors**	Increased from $0.38 to $0.41
		***Nutrien**	Increased from $0.48 to $0.53

*in USD

Quarterly Performance

Mandate	3-mos	1-yr	3-yr	5-yr	10-yr
Dividend Value Portfolio	2.9%	-4.3%	9.4%	5.0%	6.1%
Dividend Value Benchmark	3.9%	-3.0%	10.5%	4.7%	5.0%
S&P/TSX Composite Total Return	4.6%	-5.2%	18.0%	8.8%	7.9%
DJ Canada Select Value	0.3%	-10.9%	17.8%	4.3%	4.2%
iShares Canadian Dividend Aristocrats	4.2%	-4.99%	19.8%	9.0%	7.5%
FTSE-TMX Universe Bond	3.2%	-2.0%	-1.7%	0.9%	1.9%

The above performance data is current as of March 31st, 2023. 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:
Nintendo Co (NTDOY)

The following securities were topped up this quarter:
Telus (T)
TC Energy (TRP)
Picton Income Opportunities Fund

The following securities were sold this quarter:
CVS Health Corp (CVS)
Choice Property Reit (CHP.un)

The following securities were trimmed this quarter:
None

Sincerely, the Dividend Value Partners

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

Company Name	Disclosure
Algonquin Power & Utilities Corp.	Raymond James Ltd. has managed or co-managed a public offering of securities within the last 12 months with respect to the subject company. Raymond James Ltd. has provided investment banking services within the last 12 months with respect to the subject company.
Definity Financial Corporation	Raymond James Ltd. has managed or co-managed a public offering of securities within the last 12 months with respect to the subject company. Raymond James Ltd. has provided investment banking services within the last 12 months with respect to the subject company.
Brookfield Infrastructure Corp.	Raymond James Ltd. has managed or co-managed a public offering of securities within the last 12 months with respect to the subject company. Raymond James Ltd. has provided investment banking services within the last 12 months with respect to the subject company.