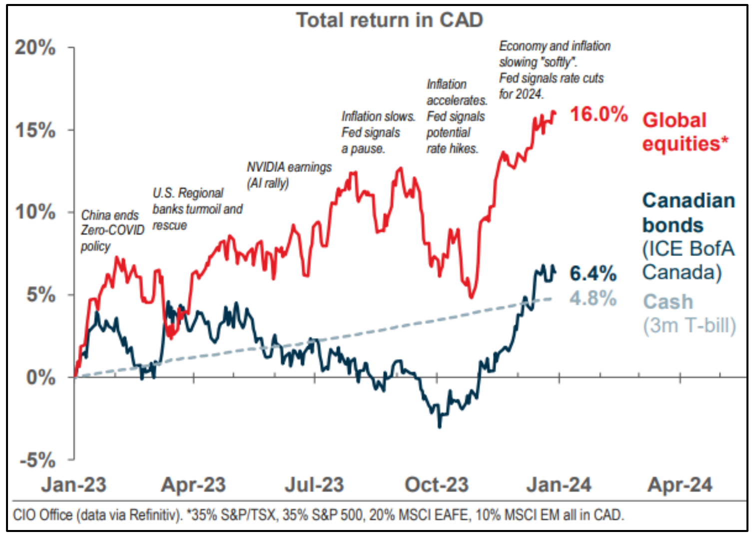
RAYMOND JAMES® | DIVIDEND VALUE PARTNERS

The Dividend Value Discipline™
4th Quarter 2023

Quarterly Commentary



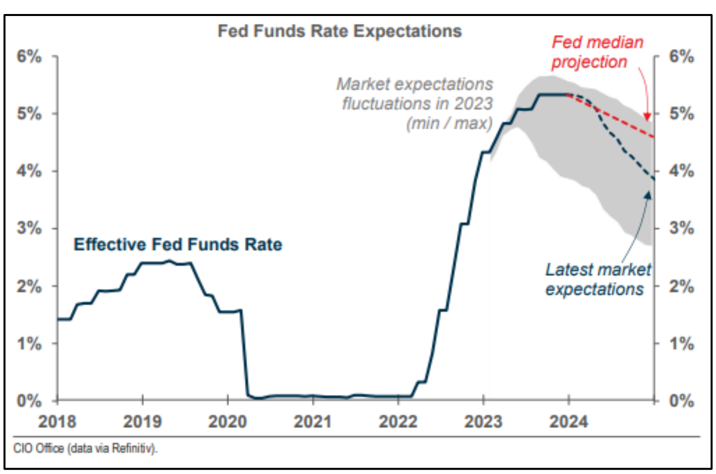
CIO Office (data via Refinitiv). *35% S&P/TSX, 35% S&P 500, 20% MSCI EAFE, 10% MSCI EM all in CAD.

Strong Finish to the Year

There were no shortages of twists and turns in the markets for 2023, from high interest rates and regional bank failures to the emergence of ChatGPT and artificial intelligence. The war in Russia/Ukraine continued to rage on and we saw a new conflict arise in the Middle East between Israel and Palestine. There were economic hard landings and soft landings, miracle weight-loss drugs, and a Taylor Swift tour so popular it positively affected U.S. GDP. Ongoing fears of a recession kept many investors on the sidelines for much of the year. It's a wonder markets managed to finish the year on such a positive note.

The market narrative for 2023 turned out to be overly pessimistic. The economic data suggesting a recession was imminent pushed investor sentiment near all-time lows. Yet the economy proved resilient, driven by healthy employment and consumer spending. It seemed to be the perfect balance of enough growth to prevent a recession and not too much, which kept inflation trending lower. It was a Goldilocks year for central banks, which allowed them to shift guidance from increasing interest rates, to holding rates, to expecting rate cuts through 2024.

With the positive change in outlook by year-end, the markets staged a strong rally, catching many investors by surprise. Most equity markets and bonds were able to finish the year in positive territory and investors that stayed the course were rewarded.

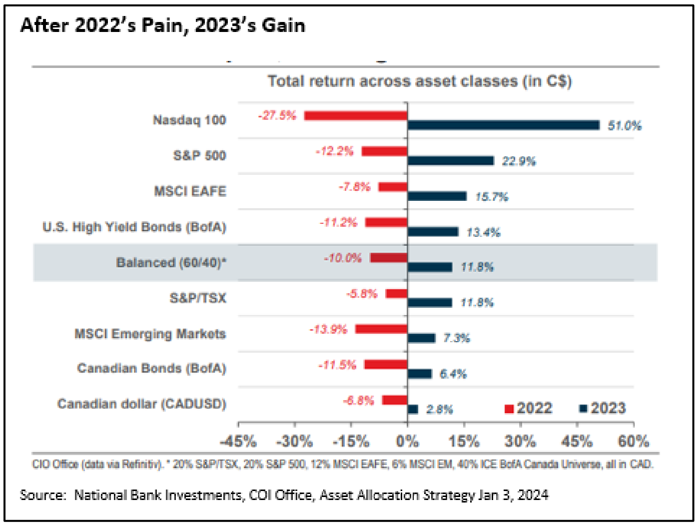


CIO Office (data via Refinitiv).

Shift in Outlook

It was the November 1st Federal Reserve announcement to hold interest rates that began one of the strongest rallies we've seen for quite some time. Prior to November, markets were struggling, expecting the Federal Reserve to increase rates by another 0.25 per cent before year-end and to keep rates higher for longer. The shift in tone was significant, which caught both the bond and equity markets by surprise. Then, in December, the Federal Reserve shifted further, projecting up to three cuts through in 2024. With inflation trending lower, employment softening, and the economy stabilizing, the

Fed anticipates room to move lower. It was their hope to slow the economy and reduce inflation without triggering a harmful recession. In contrast to the Federal Reserve, the markets have now priced in six rate cuts through 2024. There's still a fair amount of uncertainty surrounding this outcome, but it's clear the restrictive policy is over, and the next phase of normalizing rates will begin.



What a Difference a Year Makes

After one of the worst years in 2022, the market pendulum swung back into investors' favour in 2023. The losses seen across most markets in 2022 were recovered by year-end. The technology-heavy Nasdaq 100 posted the largest return after falling the most the prior year. Both Canada's S&P/TSX and the U.S. S&P 500 finished well ahead of their 2022 losses. A balanced portfolio of 60% stocks and 40% bonds finished +11.8% basically erasing the losses in 2022. Bonds improved but still have a way to go before recovering their recent downside. For our Dividend Value Portfolio, the average return for 2022 was -5.7%, and we saw a good recovery finishing the year at +9.1% for 2023.

10 Themes for 2024

In the latest outlook by Larry Adam (Raymond James U.S. Chief Investment Strategist), he summarized 10 themes for 2024:

1. Rotisserie Economy – The parts of the economy that were hot in 2023 (travel/ leisure/hospitality) will cool, and the parts that were cool (manufacturing, industrials) will improve. The recession everyone thought would occur in 2023 may still materialize by mid-year, but the expectation is very mild.
2. Monetary Policy – Rate hikes are over, and the U.S. Federal Reserve will turn its attention to rate cuts, as growth concerns mount. Expect three to four rate cuts in 2024.
3. Fixed Income (Bonds) – Expect the 10-year Treasury yield to fall to 3.5% in 2024 and bond prices to move higher. Yields are now higher across all sectors and bond holders should see upside in 2024.
4. Equities (Stocks) – Consensus estimates are overly optimistic, heading into 2024. This could lead to disappointment within the equity markets. Investors will need to be discerning with their sector, region, style, and size of stocks they hold.
5. Equity Sectors – Top sectors for 2024 include technology, health care, and industrials. Expect continued growth in AI-related technology focusing on application services. After a difficult year, health care is expected to have the strongest earnings growth of any sector in 2024. Expect the continued reshoring of manufacturing to boost industrials.
6. Small-Cap Equities – Small-cap stocks are undervalued compared to large caps and historically perform well coming out of a recession.
7. International Equities – U.S. markets have been the best of the developed markets (G7). Europe remains weak, but opportunities in India, Mexico, and Vietnam look promising as manufacturing shifts into those countries.
8. Energy – Production discipline will continue to limit supply. The energy sector has the highest free cash flow yield of any sector. A bounce-back from a challenging year is likely. Expect oil at $85 by year-end.
9. Volatility – High market expectations meeting a cooler reality will contribute to increased volatility. There is also a U.S. election, and 40 other key elections around the world.
10. Asset Allocation – Investors need to be selective in 2024, chasing the previous year's winners is generally a poor investment strategy. Find the right risk balance, do not panic when volatility rises, and stick to your investment plan.

The Dividend Value Discipline Portfolio

The Dividend Value model portfolio returned +4.9% for the fourth quarter of 2023, and +9.1% for the full year (net of fees). At the end of December, the rolling average returns for the model portfolio are: 1 year +9.1%, 3 year +5.9%, and 5 year +6.6%.

Equities

	Currency	Level	1 Mo	3 Mo	6 Mo	YTD	1 Yr
Canada							
S&P/TSX Comp	CAD	20,958	3.6%	7.3%	4.0%	8.1%	8.1%
S&P/TSX Comp TR	CAD	84,037	3.9%	8.1%	5.7%	11.8%	11.8%
S&P/TSX 60 Comp	CAD	1,265	3.7%	7.9%	4.1%	8.2%	8.2%
S&P/TSX Small Cap	CAD	702	3.4%	5.3%	3.7%	2.1%	2.1%
United States							
S&P 500 Comp	USD	4,770	4.4%	11.2%	7.2%	24.2%	24.2%
S&P 500 Comp TR	USD	10,328	4.5%	11.7%	8.0%	26.3%	26.3%
Dow Jones Ind Avg	USD	37,690	4.8%	12.5%	9.5%	13.7%	13.7%
NASDAQ Comp	USD	15,011	5.5%	13.6%	8.9%	43.4%	43.4%
S&P 600 Small Cap	USD	1,318	12.6%	14.5%	8.4%	13.9%	13.9%
International							
Euro Stoxx 50	EUR	4,521	3.2%	8.3%	2.8%	19.2%	19.2%
FTSE 100 (UK)	GBP	7,733	3.7%	1.6%	2.7%	3.8%	3.8%
CAC 40 (France)	EUR	7,543	3.2%	5.7%	1.9%	16.5%	16.5%
DAX (Germany)	EUR	16,752	3.3%	8.9%	3.7%	20.3%	20.3%
IBEX 35 (Spain)	EUR	10,102	0.4%	7.1%	5.3%	22.8%	22.8%
CSI 300 (China)	CNY	3,431	-1.9%	-7.0%	-10.7%	-11.4%	-11.4%
HANG SENG (Hong Kong)	HKD	17,047	0.0%	-4.3%	-9.9%	-13.8%	-13.8%
NIKKEI 225 (Japan)	JPY	33,464	-0.1%	5.0%	0.8%	28.2%	28.2%
TOPIX (Tokyo)	JPY	2,366	-0.4%	1.9%	3.4%	25.1%	25.1%
KOSPI (S. Korea)	KRW	2,655	4.7%	7.7%	3.5%	18.7%	18.7%
S&P/ASX 200 (Australia)	AUD	7,591	7.1%	7.7%	5.4%	7.8%	7.8%
BOVESPA (Brazil)	BRL	134,185	5.4%	15.1%	13.6%	22.3%	22.3%
BOLSA (Mexico)	MXN	57,386	6.2%	12.8%	7.2%	18.4%	18.4%
S&P BSE Sensex (India)	INR	72,240	7.8%	9.7%	11.6%	18.7%	18.7%
ETFs							
World	USD		4.1%	10.7%	6.8%	21.8%	21.8%
All Country World	USD		3.8%	10.2%	6.1%	19.9%	19.9%
EAFE	USD		4.0%	9.3%	3.9%	14.8%	14.8%
Emerging Markets	USD		1.6%	6.0%	1.6%	6.1%	6.1%
Europe	USD		4.4%	10.7%	4.6%	16.7%	16.7%

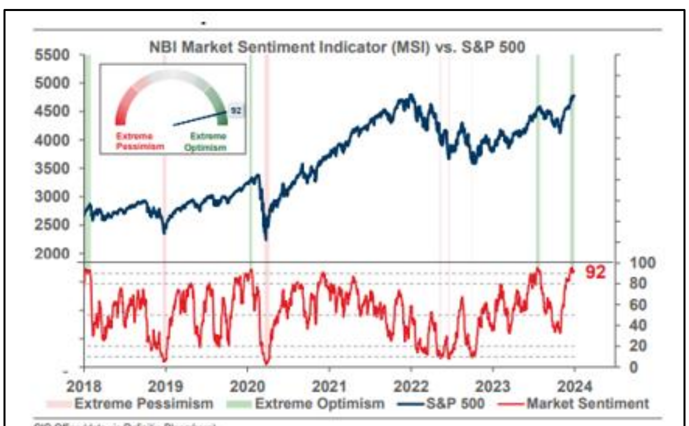
Source: FactSet, Morningstar, Raymond James Ltd as of Dec 31st, 2023

With the exception of China and Hong Kong, all other major markets finished positive for 2023. Of the three main sectors that dominate the Canadian S&P/TSX index, financials were the strongest at +9.1%, energy was +1.0%, and materials were down 3.3% for the year. The outsized performance and weighting of the tech giants skewed market returns much higher for the U.S. Excluding big tech, the other 493 stocks on the S&P 500 were +13.0% for the year.

The Canadian side of the portfolio was +3.4% for the fourth quarter and finished +1.2% for the year. The interest-sensitive names (Brookfield Infrastructure, Telus, and TC Energy) were all weak, as were the commodity names like Gibson Energy and Nutrien. It was hit and miss for many Canadian stocks even within the same sector. For instance, within our financial stocks, BMO Bank, TD Bank, and Definity Financial, there was a 13% performance differential from best to worst.

Our U.S. stocks returned +11.0% in Q4 and were +25.7% for the full year. AbbVie, Disney, Merck, and Pepsi struggled the most this year, while we saw outperformance from Apple, Alphabet, Microsoft, Costco, and Nintendo. The U.S. dollar was a slight drag on overall performance by 2.3%. We trimmed our Apple position during the quarter as expectations for future growth are slowing. Overall, our U.S. stock selections performed very well for 2023.

Bond markets staged a big comeback during the fourth quarter. The shift in the interest rate outlook helped rally the bond market in the final two months of the year. The FTSE Canada Bond Universe was +8.3% in Q4 and finished the full year at +6.7. Our bond and preferred share mandates finished the quarter at +4.4% and +7.0% for the full year. It appears the tightening cycle is finally over which should be a tailwind for further bond appreciation in 2024.



Source: National Bank Investments, COI Office, Asset Allocation Strategy Jan 3, 2024

In conclusion, it was a challenging year for investors that thankfully finished on a positive note. Markets largely erased the losses experienced through 2022. As we enter 2024, expectations are a bit lofty with markets close to their highs and sentiment toward extremes. With such high expectations, we'll need to see interest rates meaningfully fall, the economy remain resilient, consumers to stay strong, and inflation to trend lower. It's a tall order and we expect there will be some bumps along the way. Here's to hoping 2024 is a good year for your health, wealth, and happiness.

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 fourth quarter, eight Dividend Value stocks increased their dividends, and there were 24 for the year-to-date. Two companies paid special dividends and one re-instated its dividend. No dividend cuts were announced this quarter for stocks in your portfolio.

Q4 Dividend Changes (Quarterly)			
Bank of Montreal	Increased from $1.47 to $1.51	***Abbvie, Inc.**	Increased from $1.48 to $1.55
Canadian Apartment REIT	Additional special dividend of $0.49 (total 7% above 2022)	***Costco Wholesale Corp.**	Additional special dividend of $15 (beyond ordinary 13% increase)
Fortis Inc.	Increased from $0.565 to $0.59	***Walt Disney Corp.**	Re-initiated dividend of $0.30
Suncor Energy Inc.	Increased from $0.52 to $0.545	***Costco Wholesale Corp.**	Additional special dividend of $15 (beyond ordinary 13% increase)
Telus Corp	Increased from $0.364 to $0.376	***Merck & Co.**	Increased from $0.73 to $0.77
TD Bank	Increased from $0.96 to $1.02	***VIG Dividend ETF**	Increased from $0.77 to $0.915

*in USD

Quarterly Performance

Mandate	3-mos	1-yr	3-yr	5-yr	10-yr
Dividend Value Portfolio	4.9%	9.1%	5.9%	6.6%	5.8%
Dividend Value Benchmark	7.4%	9.7%	5.4%	6.9%	4.8%
S&P/TSX Composite Total Return	8.1%	11.8%	9.6%	11.3%	7.6%
DJ Canada Select Value	6.7%	5.0%	10.5%	7.5%	3.7%
iShares Canadian Dividend Aristocrats	10.1%	9.3%	9.4%	9.9%	6.4%
FTSE-TMX Universe Bond	8.3%	6.7%	-2.8%	1.3%	2.4%

The above performance data is current as of Dec 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:

The following securities were sold this quarter:

The following securities were topped-up this quarter:

The following securities were trimmed this quarter:
Apple (AAPL)

Sincerely, the Dividend Value Partners

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

Company Name	Disclosure
Bank of Montreal	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.