DIVIDEND VALUE PARTNERS | RAYMOND JAMES®

The Dividend Value Discipline™
1st Quarter 2024

Quarterly Commentary

Off to a Good Start

It's always encouraging to start the year on a positive note, and that's exactly what we've seen in 2024. Most major markets posted positive returns for the first quarter. This has been a pleasant surprise especially since the main driver behind the initial rally has faded. It was expectations of significant interest rate cuts through 2024 that initially rallied markets late last year. Now as we finish Q1, both the pace and number of those expected rate cuts have been reduced.

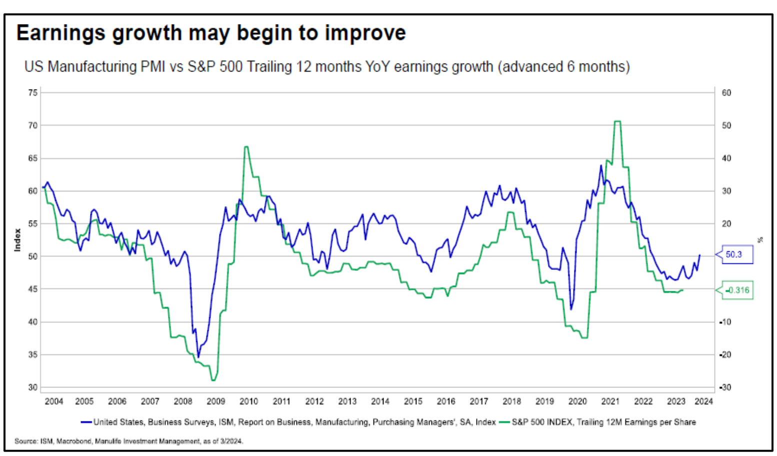
The continued market strength is mainly due to the resiliency of the economy. The probability of an economic soft landing is on the rise, and now higher than calls for a recession. We've seen manufacturing activity begin to rebound with the Manufacturing PMI number up to 50.3, which is the first time above 50 (expansionary level) since September 2022. The Conference Board's Leading Indicator number also moved slightly higher for the first time since February of 2022. Both indicators are beginning to turn up after sustained declines. Just as we are seeing signs of Spring in our gardens, these are signs of growth within the economy. The worry is that inflation is no longer improving as reliably, so interest rate cuts that help fuel growth may no longer be necessary.

Positive Returns in January, February, and March

Date	Rest of Year	12 Months
1930	-39.0%	-33.6%
1936	15.1%	20.1%
1943	0.8%	3.8%
1950	18.2%	24.2%
1954	33.6%	35.8%
1961	10.0%	6.9%
1964	7.3%	9.1%
1967	7.0%	0.0%
1971	1.6%	6.9%
1972	10.1%	4.0%
1975	8.2%	23.3%
1983	7.8%	4.1%
1986	1.4%	22.1%
1987	-15.3%	-11.2%
1991	11.2%	7.6%
1993	3.3%	-1.3%
1995	23.0%	28.9%
1996	14.8%	17.3%
1998	11.6%	16.8%
2006	9.5%	9.7%
2012	1.3%	11.4%
2013	17.8%	19.3%
2019	14.0%	-8.8%
2024	?	?
Average	7.5%	9.4%
% Positive	91%	78%

Source: Factset – Raymond James March 31st, 2024

With improved market breadth, we are starting to see more normalization underway. Positive Q1 results usually provide a strong backdrop for the remainder of the year. Historically when this happens, the market has been positive 91% of the time, with an average return of 7.5% for the remainder of the year.



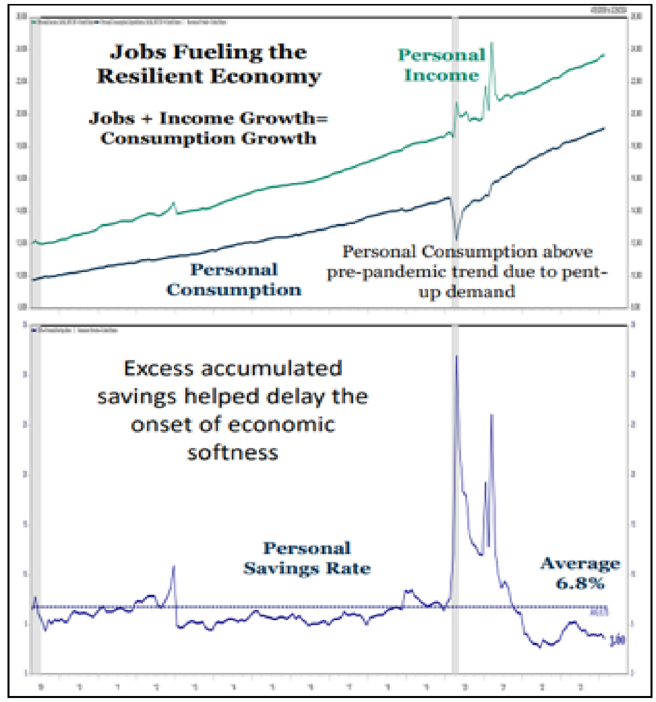
Earnings Outlook

One of the major drivers for markets are corporate earnings. Overall earnings have been in decline since late 2021, but with the improvement in manufacturing PMI numbers, we may begin to see earnings improvement. Manufacturing and earnings are closely correlated and generally an improvement in one leads to improvement in the other. Q1 earnings begins mid-April for the US followed by Canada towards the end of April/May. So far the earnings season has been generally positive.

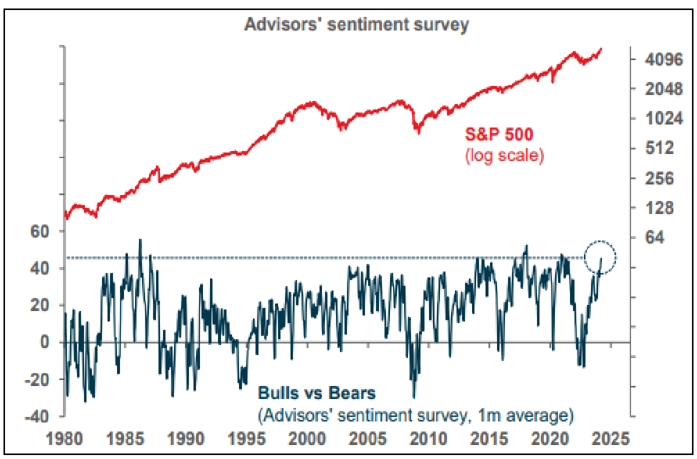
Jobs Jobs Jobs

We have been surprised by the overall resiliency of the economy. Underlying this strength has been consistently strong employment. With nearly full employment in the US and generally higher wages, personal income has been on the rise. When people are employed, they tend to spend more on things they need and want which leads to higher personal consumption. This is a positive force to support the overall economy.

Despite the rise in personal income recently, we've seen a steady decline in personal savings. Perhaps this is out of necessity as inflation pushes household expenses higher, or perhaps this is a "you only live once" attitude. Regardless, the buffer of savings that helps provide security during uncertain times is low. It's ironic that when interest rates on savings are at their highest in years, the savings levels are at their lowest.



Source: Factset – Raymond James March 31st, 2024



Source: National Bank CIO Office (data from Refinitiv) March 31st, 2024

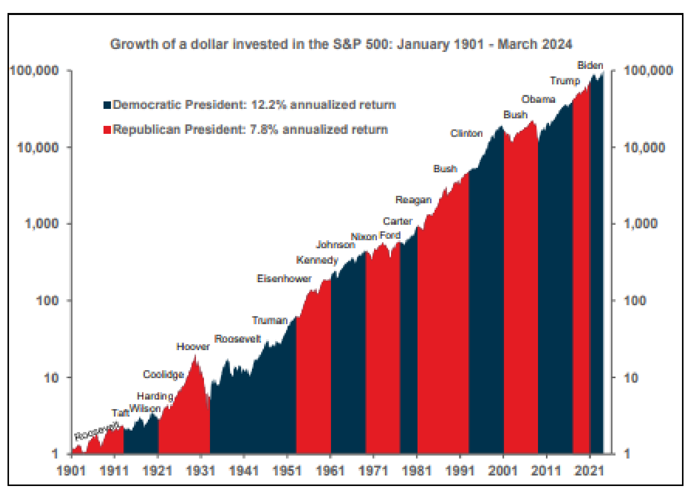
Optimism

As we finish Q1 with markets up almost everywhere, optimism abounds. The percentage of bullish versus bearish advisors has rarely been so high and expectations for the stock markets are elevated. With everyone feeling so good, there is certainly elevated risk of a downside surprise. From an investment standpoint, it's better to put cash to work when sentiment is low, rather than where it sits today, but that's not what the general public does. The fear of missing out is a powerful influence, and typically the highest inflows into the market come at the top.

Election Years

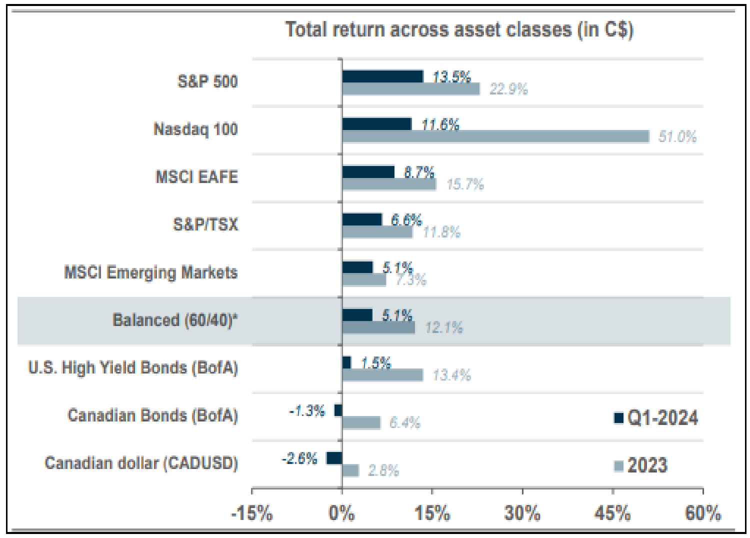
Historically presidential election years are positive for the markets regardless of who wins. Since 1928, 75% of US election years have seen positive full-year returns. Within an election year, typically the first half of the year is relatively flat, with better performance coming in the latter half as uncertainty diminishes.

Since 1901, the annualized return of the S&P500 has been positive during both periods for Democrats (+12.2%) and Republicans (+7.8%). It's a reminder to not let politics influence your investment decisions.



Source: National Bank CIO Office (Robert J. Shiller) March 31st, 2024

The Dividend Value Discipline Portfolio



Source: National Bank CIO Office (data from Refinitiv) March 31st, 2024

The Dividend Value model portfolio returned +7.0% for the first quarter of 2024 (net of fees). At the end of March, the rolling average returns for the model portfolio are: 1 year +13.4%, 3 year +7.2%, and 5 year +6.4%.

The Canadian markets lagged behind the US markets (S&P500, Nasdaq100), and behind global (MSCI EAFE) markets. The US markets remain the most profitable and continue to outperform. A typical balance portfolio with 40% bonds and 60% equity returned 5.1% overall in Q1 2024.

The Canadian stocks within our portfolio were +5.2% for the first quarter. We saw a continuation of weakness within the interest-sensitive names (Cdn Apartment Reit, Fortis, Telus). Outperformance this quarter came for the energy names (Suncor, Gibson Energy). The overall yield on our Canadian portfolio is now an attractive 4.3%. This quarter we added Saputo (SAP), headquartered in Montreal. Saputo is a major dairy product supplier in Canada, US, Australia, and the UK.

Our U.S. stocks had an excellent quarter to start the year at +11.2%, with all but one (Apple) contributing positive performance for the quarter. The US economy remains the strongest and most resilient with expanding profits despite the higher interest rates. Our healthcare stocks (Abbvie, Merck) were strong contributors at +18.4% and +21.8% respectively. Disney (DIS +35.9%) was the best performing stock and is rebounding after several missteps through last year. Apple has lagged its peer group with slower growth in China and no clear AI strategy. The U.S. dollar was a positive influence on overall performance this quarter by 2.5%. There were no changes to the US portfolio.

After a strong finish to 2023, our bond portfolio started the year at +2.2%. This outperformed the overall Canadian Bond Universe for the quarter at -1.2%. The shift in outlook reducing the number and pace of interest rate cuts hurt the overall bond market. We saw strong outperformance from our Preferred Share mandate (NBC Pref Equity Income +12.3%), while our other mandates were roughly flat. The Bank of Canada is still forecast to cut rates at some point this, while the US Federal Reserve has more flexibility to pause for longer.

The market rally that began in November of last year has continued through the first quarter of 2024. A resilient US economy has been the main driver of returns, while Canada's growth has been more subdued. We are beginning to see more participation from sectors such as healthcare, energy, industrials, and financials. Overall, this is a healthier market than we saw through last year with only a handful of technology stocks carrying markets higher.

The markets and investor sentiment are currently high which causes us some concern. It's generally from these levels that we expect to see some sort of market correction, which is a normal healthy part of any bull market cycle. Inflation and interest rates are still very top of mind, with expectations of rate cuts first fueling and then disappointing markets. Inflation has stalled towards the upper range of where central banks would like it to be, meaning there is still more work to done and likely higher rates for longer. Consumers remain strong with nearly full employment in the US which is supportive of higher markets, while Canada's growth seems to be stalling. We are off to a good start in 2024, which tends to be a positive indicator for the remainder of year.

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, nine Dividend Value stocks increased their dividends, and there are nine for the year-to-date. No dividend cuts were announced this quarter for stocks in your portfolio.

Q1 Dividend Changes (Quarterly)			
Brookfield Infrastructure	Increased from $0.52 to $0.55	***Nutrien Ltd**	Increased from $0.53 to $0.54
Definity Financial	Increased from $0.14 to $0.16	***Costco Wholesale Corp**	Increased from $1.02 to $1.16
Gibson Energy	Increased from $0.39 to $0.41	***Alphabet**	Initiated $0.20 dividend
TC Energy	Increased from $0.93 to $0.96	***JPMorgan Chase & Co.**	Increased from $1.05 to $1.15
		***Molson Coors**	Increased from $0.41 to $0.44

*in USD

Quarterly Performance

Mandate	3-mos	1-yr	3-yr	5-yr	10-yr
Dividend Value Portfolio	7.0%	13.1%	7.2%	6.4%	6.2%
Dividend Value Benchmark	5.0%	10.7%	5.5%	6.1%	4.9%
S&P/TSX Composite Total Return	6.6%	14.0%	9.1%	9.9%	7.7%
DJ Canada Select Value	5.2%	10.1%	8.0%	6.6%	4.0%
iShares Canadian Dividend Aristocrats	4.1%	9.5%	7.1%	8.2%	6.3%
FTSE-TMX Universe Bond	-1.2%	2.1%	-1.5%	0.3%	1.9%

The above performance data is current as of March 31st, 2024. 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:

Saputo (SAP)

The following securities were topped-up this quarter:

The following securities were sold this quarter:

The following securities were trimmed this quarter:

Sincerely, the Dividend Value Partners

Paul Siluch
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**
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.