

Strategy Description

We are a high-conviction bottom-up investment manager focusing on higher dividend yielding Canadian securities that also exhibit dividend per share growth and low beta. We believe that the combination of lower risk (i.e. low beta) and higher yield (i.e. higher dividend) maximizes risk-adjusted returns. Our goal is to double the invested capital over 7-10 years with 33-50% of total return coming from dividends¹.

Our concentrated Quality Growth investment style, combined with a repeatable rule-based risk management system, enables us to focus on high dividend and low beta companies (versus the S&P/TSX Composite Index) that seek to increase their dividend per share metrics over the coming 5 years, by a rate meaningfully above inflation (i.e. over 2% per annum)². The explicit anomalies we seek to exploit are low beta (i.e. low volatility), carry (i.e. dividend yield) and growth (i.e. dividend per share growth). The implicit or secondary benefit this provides the portfolio is lower downside capture and improved risk-adjusted return metrics.

Investment Process



Fund Profile / Montrusco Bolton Equity Income Fund

Style: **Defensive high dividend yield and dividend growth**

Process: **Rule-based fundamental bottom-up**

Horizon: **4-5 years**

Number of holdings: **34**

Strategy AUM (CAD): **\$2.0 B** as at December 31, 2022

Benchmark (CAD): **S&P/TSX Composite Index**

Why Invest in this Strategy?

- Rule-based investment process ensures **repeatability** and **consistency**
- **Capital preservation bias** with focus on **defense** especially in flat to down markets
- **Superior risk-adjusted returns**
- **Concentrated** active management with less than 35 holdings
- **Long-term investment focus** keeps emphasis on alpha generation
- Income via **dividends generating 33-50% of total historic return**

Performance (%)

Annualized Returns as at December 31, 2022 (%)	3 Months	YTD	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years	Since 30-Sep-02
Montrusco Bolton Equity Income Fund (CAD)	3.72	-5.17	-5.17	9.65	5.28	10.26	6.73	8.09	9.84
S&P/TSX Composite Index (CAD)	5.96	-5.84	-5.84	8.53	7.54	11.19	6.85	7.74	8.75
Added Value	-2.25	0.67	0.67	1.12	-2.26	-0.93	-0.12	0.36	1.09
Quartile Ranking (eVestment)	4	4	4	4	4	3	3	4	

Past performance is not indicative of future results. There is a risk that invested capital may be lost.

Returns are gross of management fees. Fees, commissions and other charges may negatively impact the net return to an investor.

Sources: Montrusco Bolton Investments Inc. («MBI»), eVestment.

¹ ² Source: MBI

Largest holdings (%)

	Fund	Benchmark
ROYAL BANK OF CANADA	9.0	6.3
TORONTO-DOMINION BANK	7.7	5.7
ENBRIDGE INC.	7.4	3.8
WSP GLOBAL INC.	5.6	0.7
CANADIAN NATIONAL RAILWAY	5.0	3.5
QUEBECOR INC.	4.9	0.2
CONSTELLATION SOFTWARE INC.	4.6	1.5
SHAW COMMUNICATIONS INC.	4.4	0.6
BROOKFIELD INFRASTRUCTURE PARTNERS	3.8	0.7
THOMSON REUTERS CORPORATION	3.5	0.9
	55.8	23.8

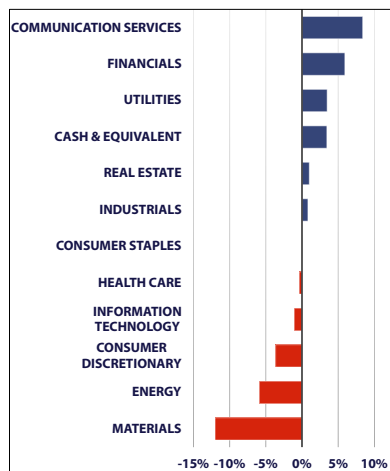
Source: MBI, as of December 31, 2022

Portfolio characteristics

	Fund	Benchmark
MARKET CAPITALIZATION (CAD M)	65,021	59,314
FINANCIAL STABILITY		
D/E (x)	1.9	1.5
CF/D (x)	0.2	3.9
Net Debt/EBITDA (x)	4.2	3.0
PROFITABILITY		
ROE (%)	13.4	14.4
Net Margin (%)	10.5	12.5
GROWTH		
5 Yr. EPS Growth (%)	7.0	11.6
VALUATION		
LTM P/E (x)	14.9	12.8
NTM P/E (x)	14.7	12.2
P/CF (x)	22.7	10.7
P/BV (x)	2.0	1.8
Dividend Yield (%)	3.6	3.5
PEG (x)	2.6	1.2
ACTIVE SHARE (%)	57.3	
BETA	0.78	
NUMBER OF HOLDINGS	34	236

Source: Bloomberg, as of December 31, 2022

Sector deviation versus the Benchmark (%)



Source: MBI, as of December 31, 2022

Statistics (%)

Statistics	%
Annualized outperformance	0.4
Upside capture ratio	82.2
Downside capture ratio	74.6

Dates: 31-Dec-12 to 31-Dec-22
Sources: MBI, eVestment

Risk/return



This chart indicates a track record of high absolute returns (=Returns) combined with low variance in absolute returns (=Standard deviation). It shows how the strategy has performed better than its benchmark with a high level of consistency over the past 4 years. - Source: eVestment

The Team behind the Numbers

John Goldsmith has been Portfolio Manager since 2009 and Head of Canadian Equities since 2017. He is the Lead Manager for all Canadian equity strategies. He is supported by Kimberly Cheong, Portfolio Manager and Co-manager for the Small Cap, Mid Cap, Canadian Equity and Equity Income strategies and Simon Simonian, Portfolio Manager and Co-manager on Small Cap, Mid Cap and Canadian Equity strategies, as well as by three dedicated analysts.

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The S&P/TSX Composite Index is the headline benchmark for the Canadian equity market. It is the broadest in the S&P/TSX family and is the basis for multiple sub-indices including but not limited to equity indices, income trust indices, capped indices, GICS indices and market cap-based indices. The Toronto Stock Exchange (TSX) serves as the distributor of both real-time and historical data for this benchmark.

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