

CONNECTED WEALTH

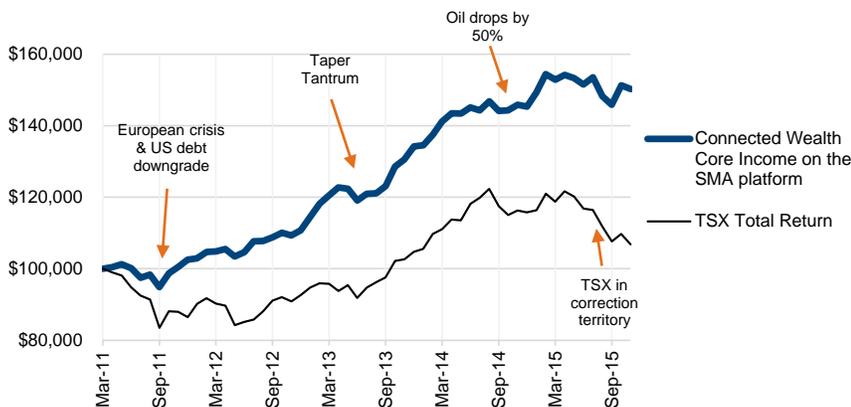
Core Income – Dividend Strategy done right

Dividend focused investing has become a core strategy for many Canadian investor's portfolios driven by a need for income, lower volatility and growth of capital. We believe there are secular trends that will keep this strategy delivering for investors, but it must be done right.

Dividend Health - not all dividends are the same. Some companies, given their business operations, are better positioned to pay dividends than others. Core Income places a strong emphasis on the quality and sustainability of dividends in the stock selection process.

Dividend Growth – Connected Wealth Core Income focuses on dividend sustainability and a company's ability to increase dividends over time. Avoiding chasing the highest yielding companies.

Adding Quality U.S. Dividend Payers - Canada has some great dividend paying companies but these are concentrated in a handful of industries that poses significant portfolio risk. Core Income mitigates this risk and enhances diversification by incorporating some quality US dividend companies in industries that are lacking in the Canadian market place.



* Performance as of October 31st, 2015 is based on Richardson GMP Separately Managed Accounts and gross of fees

Why Invest in this Strategy

- Dividend strategies are increasingly becoming a core component of well diversified portfolios. We believe the strategy employed in Core Income is the right way to invest in this space.
- Transparency – It's your money, you should know what you own. The full holdings of the Core Income portfolio are updated frequently and available on the Connected Wealth website.
- Core Income is fee efficient. Fees are expected to be in the lower range for active funds in the Canadian market.
- Very compelling risk and return characteristics.

How to Invest:

Richardson GMP Separately Managed Account Platform (Launched Apr 2011)

Connected Wealth Core Income Class (Launched Nov 2015)

Core Income

Sustainable dividends with moderate capital appreciation is the dual objectives of the Connected Wealth Core Income Portfolio. Investing primarily in Canadian dividend paying companies the portfolio can also invest in US dividend paying names and ETFs. The total US exposure neutral weight is 20% and can range from 0 to 35%, dependent on our outlook. The portfolio is intended to have a below market level of risk. The portfolio combines our macro view tilts where applicable in the Canadian and US dividend space. Additional key inputs include Bloomberg Dividend Health and below market volatility measures.

The Benefits

➤ Income in a low yield world

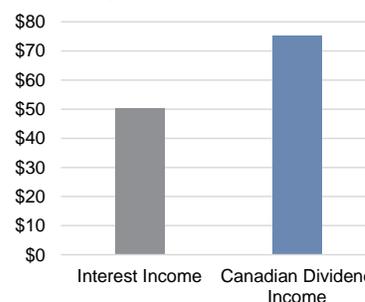
In an extended low bond yield environment, investors desiring an income stream are facing tougher challenges bridging the gap. And that is unlikely going to change. Demographics will continue to put downward pressure on yields as there are simply more savers than borrowers. The first baby boomers reached aged 65 in 2012 while the peak of boomers won't turn 65 until 2025. We are living longer.

For longer-term investors, incorporating a diversified dividend focused equity strategy is increasingly helping bridge that income gap. Core Income currently has a diversified cash yield of approximately 4%.

➤ Tax Efficient Income Source

Dividend income is taxed more favorably than interest income. Across Canada you keep approximately 30% more with dividend income after taxes than with interest income. Investors that are focused on solutions that deliver income, capital preservations and growth should take a good look at dividend funds.

After-tax proceeds of \$100



Assumes 2015 Ontario top marginal tax rates

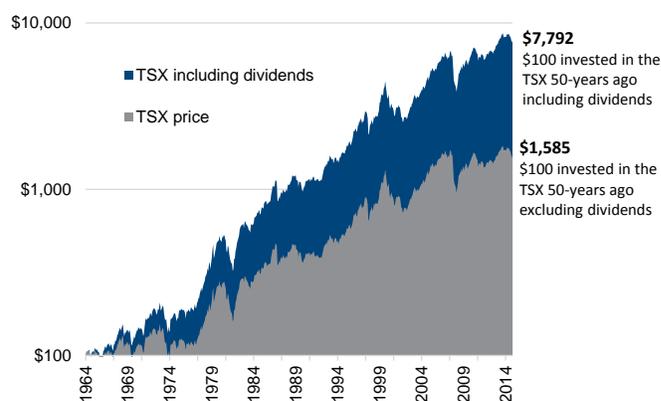
➤ The power of dividends

Dividends matter – Over 1/3 of equity returns have come from dividends during the past 50 years. The TSX during this period has enjoyed a 8.9% annual return, but only 5.6% if dividends were excluded.

Historically, dividends have grown at about twice the pace of inflation. This is important to maintain and enhance the purchasing power of your cash flow.

Core Income is a dividend focused strategy, designed to provide diversified, stable cash flow.

The long term power of dividends

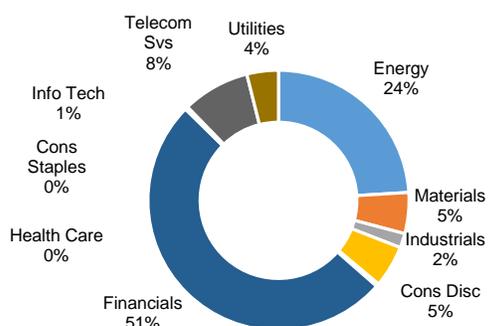


Source: Bloomberg

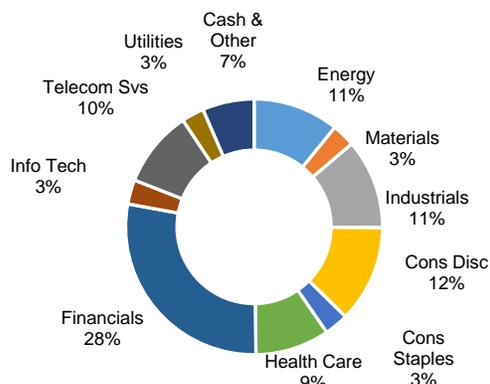
➤ **Enhanced diversification**

Canada has some great low-risk dividend paying companies but the majority of these tend to be concentrate in just a few sectors. Furthermore, there are many Canadian sectors void of any quality dividend paying companies. Core Income can invest up to 35% in quality U.S. dividend paying companies and this helps gain access to some great dividend paying companies in sectors under-represented in the Canadian market such as Health Care, Technology and Industrials. Adding some U.S. helps provide greater diversification across sectors and geography.

TSX with above 2.5% dividend yield



Connected Wealth Core Income – based on SMA portfolio



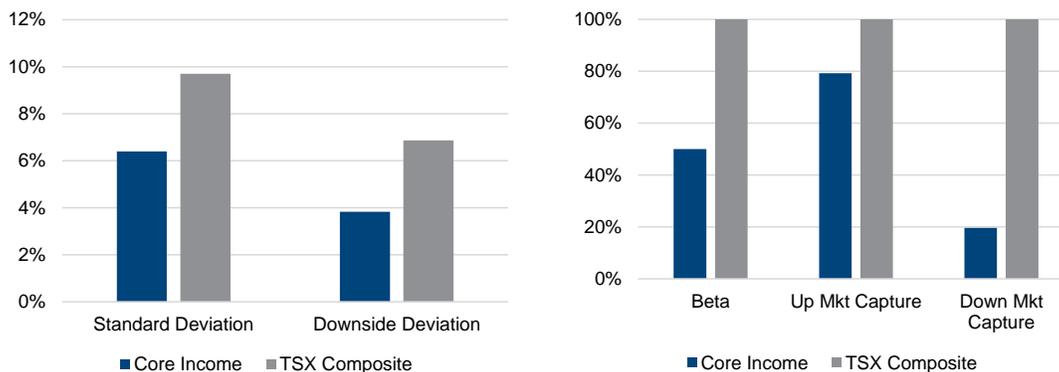
Source: Bloomberg, Richardson GMP, as of 31 October 2015

➤ **Lower Risk**

Generally, companies that pay dividends tend to be less volatile. This is supported by historical data looking at dividend focused indices relative to the broader market. Often, a company won't institute a dividend policy until the business has reached a certain level of maturity. Contrasting the DJ Canadian Dividend Index against the broader S&P/TSX, the volatility was ¼ lower during the past 15 years.

The Core Income strategy was launched on the Separately Managed account platform in 2011 and below we have contrasted the performance risk characteristics against the S&P/TSX Composite. To date the strategy has been a significantly lower risk strategy.

Significantly Lower Risk vs. the TSX



Source: Bloomberg, Richardson GMP, performance based on SMA platform gross of fees

Please note that past performance is not necessarily an indicator of future performance. The indicated rates of return are **gross** of fees and/or commissions. Individual results of client portfolios may differ from that of the representative portfolio as fees may differ, and performance of specific accounts is based on specific account investiture. The noted representative portfolio may not be appropriate for all investors.

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