
DIVIDENDS

Investment Planning Enewsletter

5 Months of Dividend Growth

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Sure it's easy to feel beat-up these days. I swear groceries are north of 10% more expensive than what seems months ago. Gasoline is over \$2 per litre. If you travel, we still have to use the Arrive Canada app. Equity markets remain volatile (I have talked about this at nauseum). June arrived with sunshine upon our lives and what looked like a hopeless lawn full of winter freeze has now turned all green. I'll step into the sunny side of the view for a bit, for it is easy to get trapped in the malaise.

The core components of our portfolio's, the Dividend Growers, have been delivering so far this year with the scoring touch of Connor McDavid. Let's delve into these sun drenched companies.

Fourteen of Twenty-five

Of the 25 Canadian based International companies that I look at as part of your core holdings, 14 of them have already raised their dividends this year. The majority of these have done so due to stronger earnings and more free cashflow to cover these increased payouts to you, the shareholder. There are a couple who have done so to also make themselves more appealing to investors. As the equity markets have been challenging this year this helps us withstand the continued volatility.

Has the Core of Our Holdings Been Challenged This Year?

How much medicine is needed to withstand the challenges we are facing? Dividends help, that is for sure. Growing dividends also help soothe the ailment. Can we avoid all impacts? Of course not and I remain unstressed about the need to make major changes at this time.

May saw the continuation of volatility and what was looking to be a down month finished flat. The Canadian equity market remains the better performer year to date ahead of the US equity markets. Oil has been a contributor as has mining this year. Canadian equities will likely finish ahead of US equity markets, as it occasionally does.

The S&P500 (US market indicator) was down near -18% mid May

As big a drawdown as this was, it did not extend itself into crash territory. By the end of May it ended up down - 13%. Where as the TSX (Canadian market indicator) is down -1.3%. Yes I remain concerned and see the current recovery of equity markets taking hold knowing another drawdown into similar territory may present itself yet again this year.

Any growth orientated companies we own have been the hardest hit this year. We own these in moderation for these exact reasons. For many Growth orientated companies the latest earnings calls have been fair too good but not great as they restate expectations ahead. This does not mean their approaches are wrong, just that they saw the glass overflowing. Even with these restatements the companies have held up okay through May.

Please accept this overview as presented knowing we should be discussing specifics directly. I look forward to that opportunity in the coming weeks.

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