# ETF LIVE

with DYNAMIC FUNDS

Dynamic Funds®

Invest with advice.

# Quality Exposure in New Leadership

**Peter Rozenberg**
Vice President & Portfolio Manager

# The Investment Team

**Peter A. Rozenberg,** B.Comm
Vice President & Portfolio Manager

30+ years industry experience

Lead and Co-Portfolio Manager on the *listed Dynamic Active ETFs*

**David L. Fingold,** BSc. Management
Vice President & Senior Portfolio Manager

30+ years industry experience

Co-Portfolio Manager on the *listed Dynamic Active ETFs*

**55+** combined years of industry experience

Over **$13.5 billion AUM** across Dynamic Funds & Active ETFs

**Actively Managed ETFs**

| | |
|---|---|
| Dynamic Active Global Dividend ETF (DXG) | Dynamic Active U.S. Dividend ETF (DXU) |

Dynamic Active International ETF (DXIF)

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*Invest with advice.*

# Our Deliberately Different Approach To Investing

| | |
|---|---|
| Performance | Target moderate to high capital appreciation with moderate risk |
| Focus on Quality | High-quality has been a long-term outperformer |
| Risk Management | High-quality companies have historically had lower risk |
| Industry Leaders | Companies with descriptions such as “best” or “only” |
| Bottom-up Process | Build concentrated, high conviction portfolios that don’t look like the index as demonstrated by high Active Share |
| Dividend Growers | Primarily own dividend-paying stocks. Target outcome not income |

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# Our Investment Criteria Checklist

- Industry leaders
- Sustainable competitive advantage
- Strong management & strategy
- High returns on invested capital
- High operating margins
- Strong free cash flow generation
- Satisfactory growth
- Strong balance sheet
- Optionality / asymmetric risk

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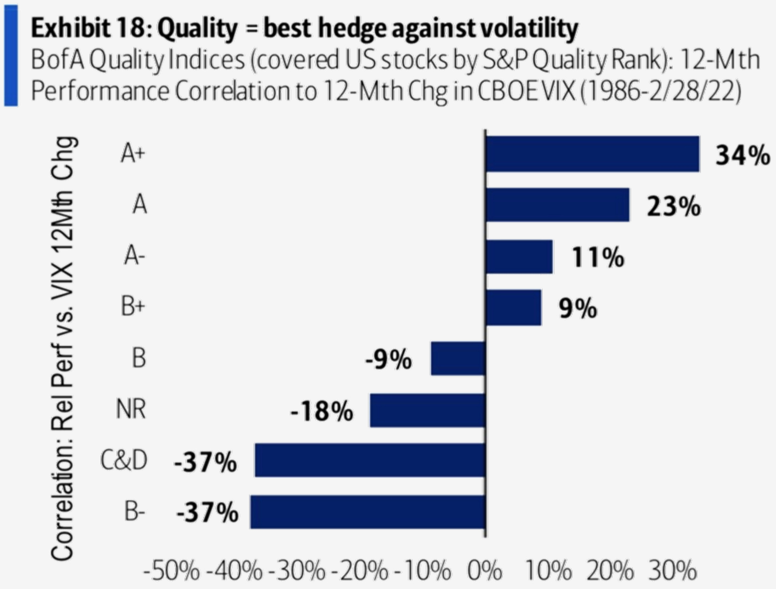
# Best Hedge Against Higher Volatility Is Quality




The **highest quality** stocks are **most positively** correlated to changes in the VIX

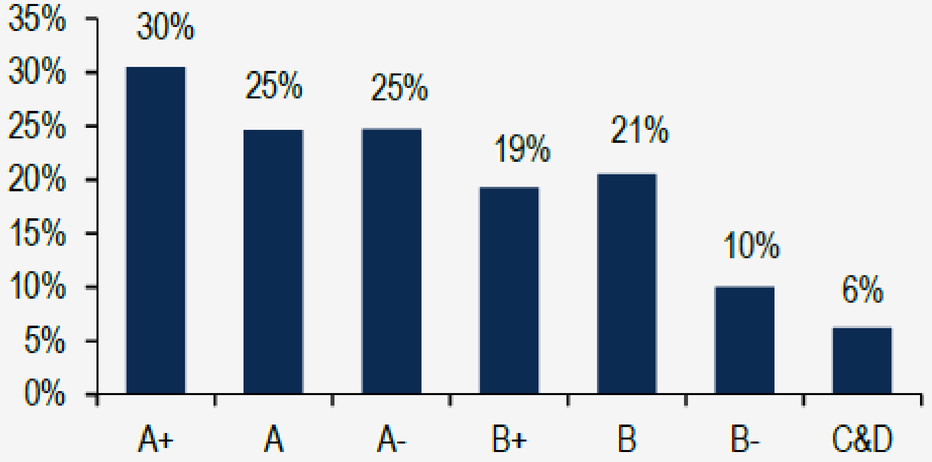
The **lowest quality** stocks are **most negatively** correlated to changes in the VIX

Source: BofA Merrill Lynch US Equity and Quantitative Strategy, Standard & Poor's

# Decelerating Profits Favours High Quality

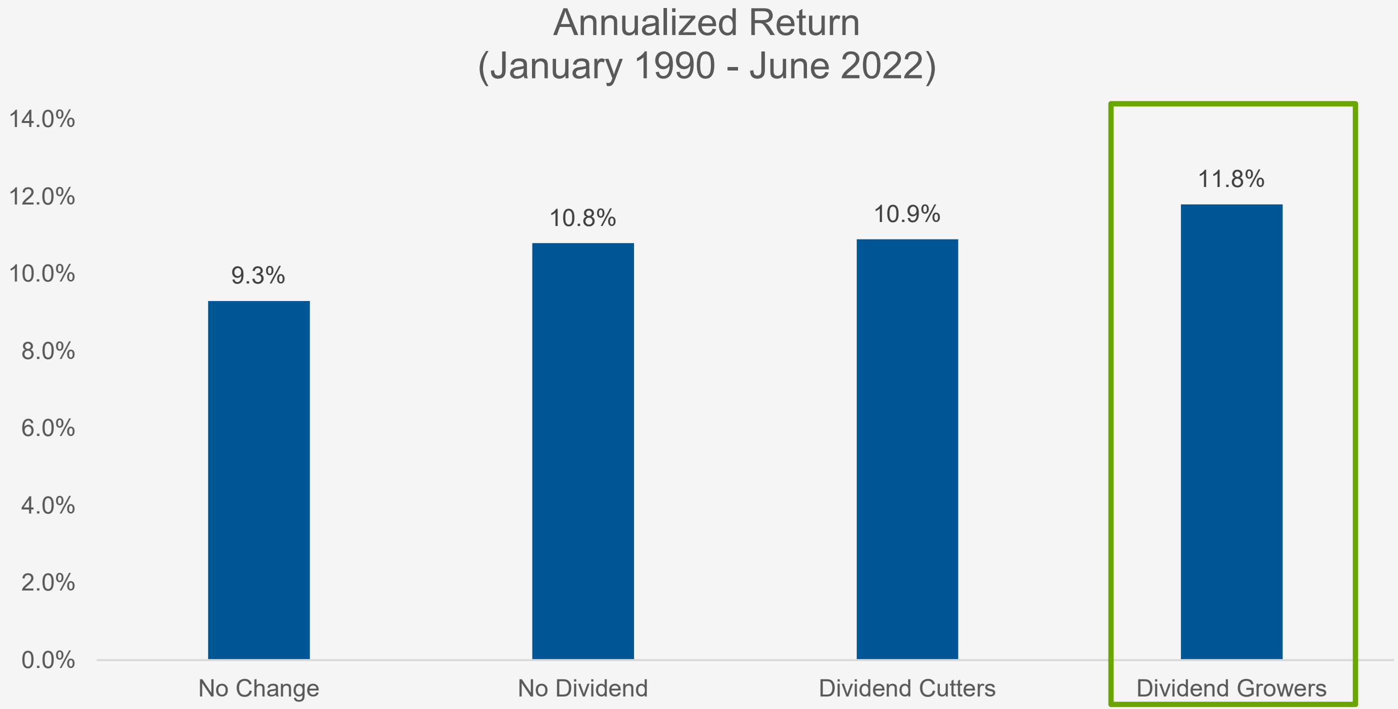
Average Performance of S&P 500 Quality Ranks when the Profit Cycle Decelerated, 1988 - Present

**S&P 500 Quality Ranks, 1988 - Present**



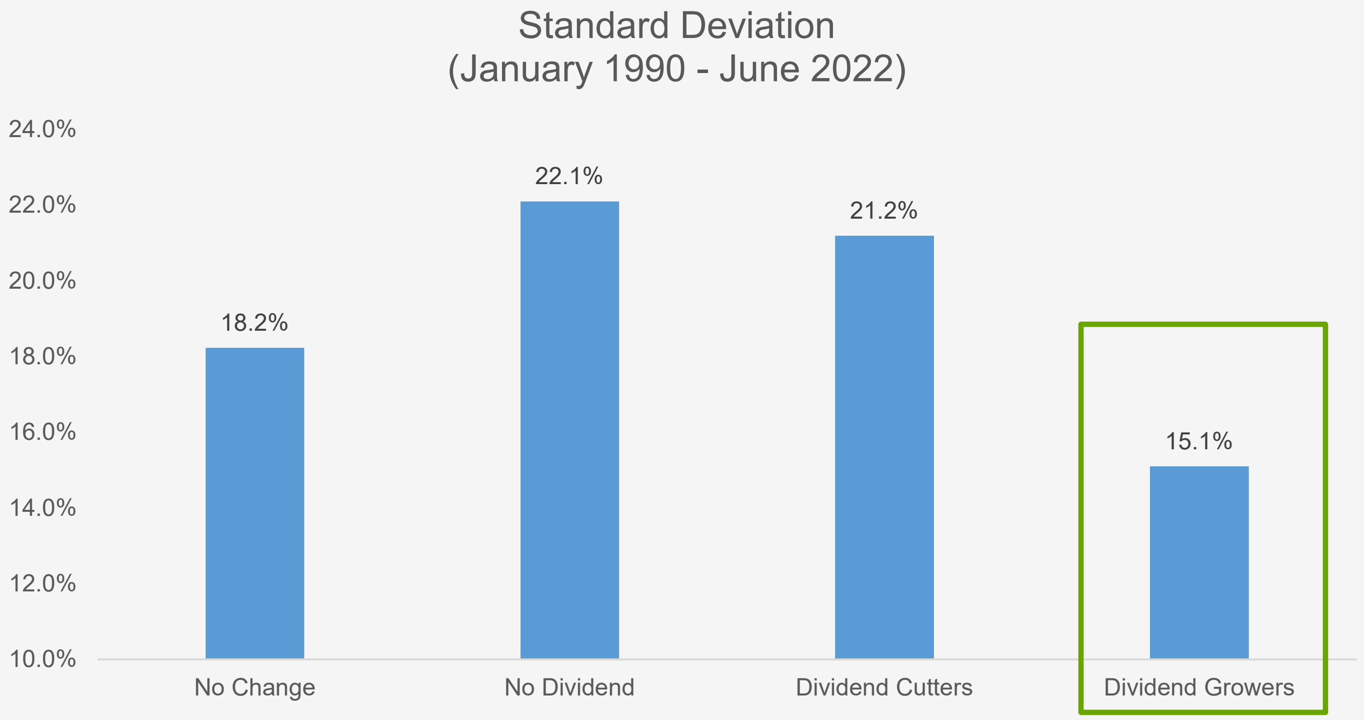

Source: BofA Merrill Lynch US Equity and Quant Strategy, S&P

# Dividend Growers Have Higher Returns U.S. Companies



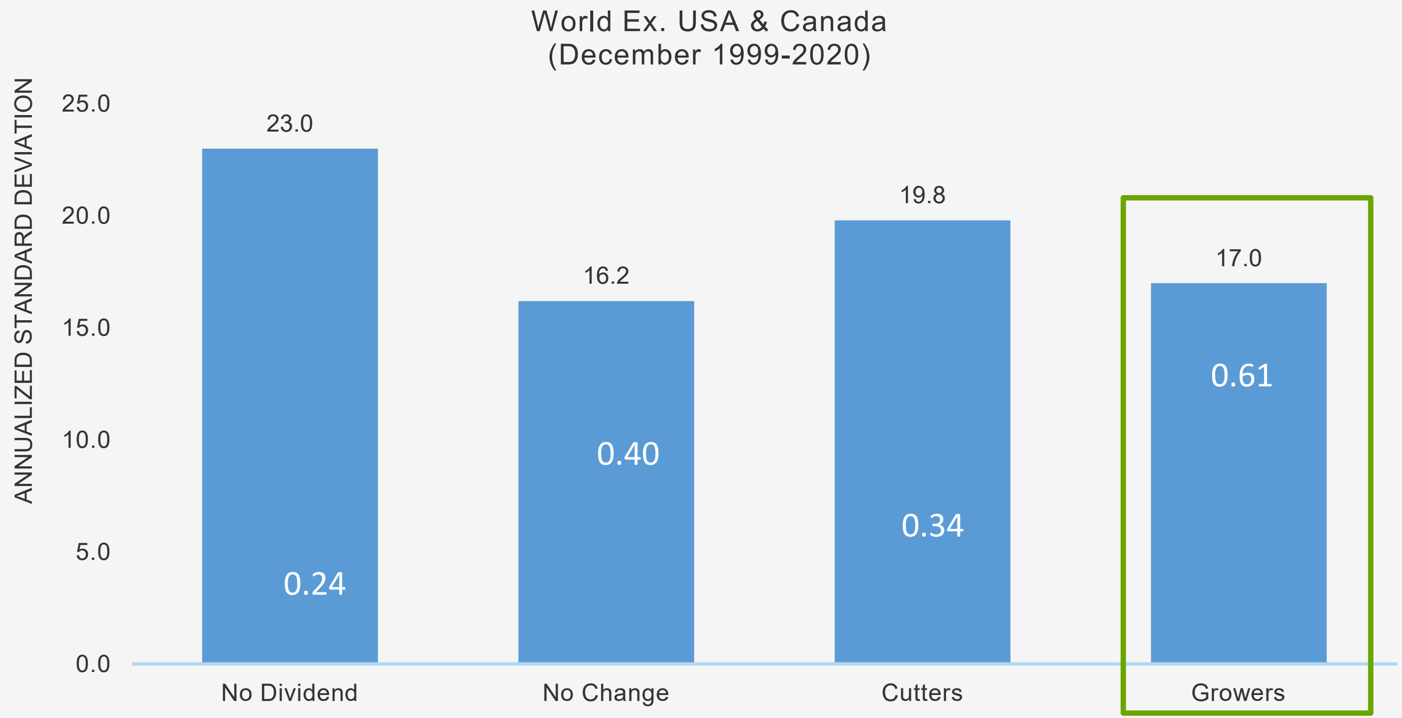

Source: Strategas

# Dividend Growers Have Lower Standard Deviation U.S. Companies




Source: Strategas

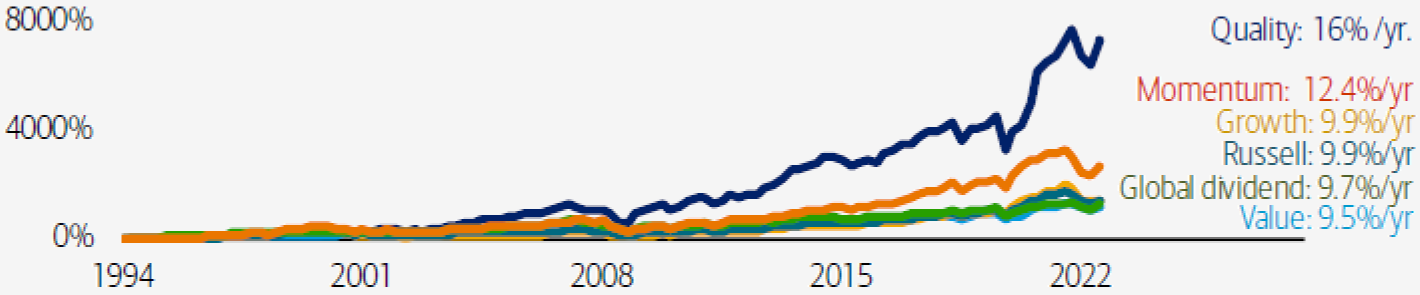
# Ex. U.S. & Canada Dividend Growers Have Lower Standard Deviation (Numbers in White are Sharpe Ratio for Same Period)




Source: 1832 Asset Management, FactSet

# “True” Quality Outperforms Other Factors Over The Last Several Decades

## Factor Total Return Since 1994

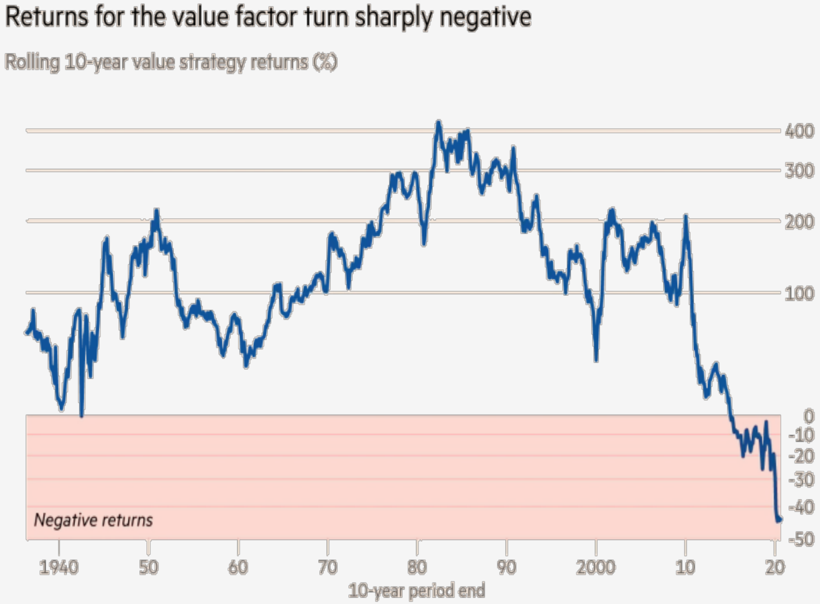


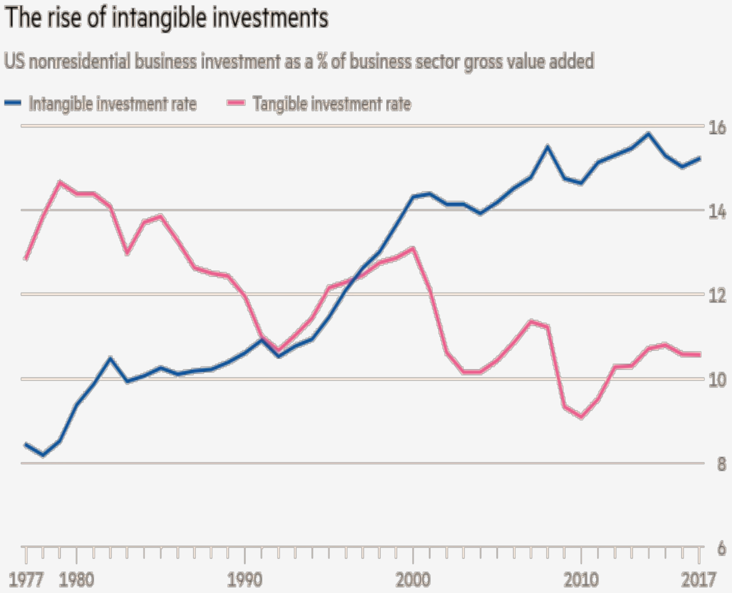

**Source:** BofA Research Investment Committee, Bloomberg, Global Financial Data; Quality = COWZTR Index; Value = RU10VATR Index; Growth = RU10GRTR Index, Russell 1000 = RUITR Index; Dividend = M1WDHDVD Index; Momentum = M1USMMT Index

**Source**: BofA Research Investment Committee, Bloomberg, Global Financial Data; Quality = COWZTR Index; Value = RU10VATR Index; Growth = RU10GRTR Index, Russell 1000 = RUITR Index; Dividend = M1WDHDVD Index; Momentum = M1USMMT Index

Source: BofA Global Research

# Returns For Value Factor & Rise Of Intangible Investments




- Value is not a low P/B or PE ratio
- Value investing is buying something for less than its worth
- Present value of future cash flows not multiples

Source: FT

# Dynamic Active Global Dividend ETF (DXG) Portfolio Guidelines

| Ticker | Target Portfolio Attributes* | |
|---|---|---|
| DXG | **Asset Allocation** | |
| | U.S. equity | 40-80% |
| | International equity | 15-60% |
| | Emerging markets equity | 0-20% |
| | Canadian equity | 0-10% |
| | Cash | fully invested |
| | **Portfolio Construction** | |
| | Number of holdings | 15-30 |
| | Minimum number of sectors | 6 |
| | Sector deviation from benchmark | +/-30% |
| | Minimum market capitalization | $5 billion |
| | Maximum Issuer Weight | 10% |
| | **Benchmark: Total Return MSCI World Index (C$)** | |
| | **Management Fee: 0.75%** | |

*Portfolio attribute targets shown are guidelines only. Actual allocations and holdings may vary due to changes in market conditions and other factors.

# Dynamic Active International ETF (DXIF) Portfolio Guidelines

| Ticker | Target Portfolio Attributes* | |
|---|---|---|
| DXIF | **Asset Allocation** | |
| | U.S. equity | 0% |
| | Canadian equity | 0% |
| | International equity | 90-100% |
| | Emerging markets equity | 0-10% |
| | Cash | 0-5% |
| | **Portfolio Construction** | |
| | Number of holdings | 15-30 |
| | Minimum number of sectors | 6 |
| | Sector deviation from benchmark | +/-30% |
| | Minimum market capitalization | $5 billion |
| | Maximum Issuer Weight | 10% |
| | **Benchmark: Total Return MSCI EAFE (C$)** | |
| | **Management Fee: 0.75%** | |

*Portfolio attribute targets shown are guidelines only. Actual allocations and holdings may vary due to changes in market conditions and other factors.

**Max cash weighting is 5%. Minimum number of invested sectors is 6. Minimum market cap. is $5 billion

# Important information

ADVISOR USE ONLY

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments and ETF’s. Please read the prospectus before investing. Mutual funds and ETF’s are not guaranteed, their values change frequently and past performance may not be repeated. The indicated rates of return are the historical annual compound total returns including changes in unit values and reinvestment of all distributions does not take into account sales, redemption or option changes or income taxes payable by any security holder that would have reduced returns. Series A units are available for purchase to all investors, while Series F units are only available to investors who participate in eligible fee-based or wrap programs with their registered dealers. Differences in performance between these series are primarily due to differences in management fees and fixed administration fees. Performance results for Series F units may also appear higher than for Series A units as the management fee does not include the trailing commission.

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