



The Sunday Investor

Week 2: Ending January 15, 2021

S&P/TSX Composite Index Recap

By The Sunday Investor

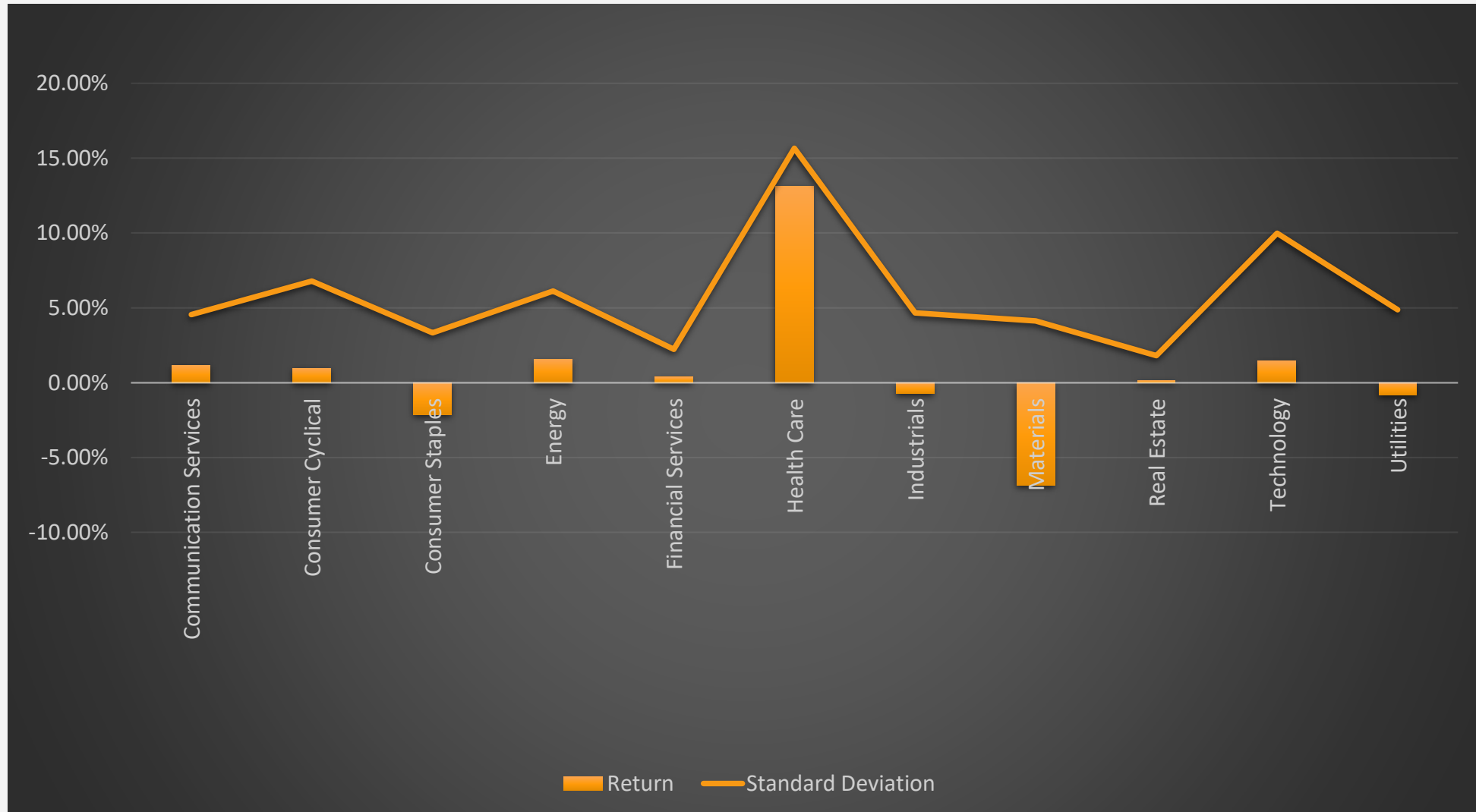


The S&P/TSX Composite Index fell 133 points, or 0.74% to close at 17,909 in what was a relatively quiet, but negative week for North American and European markets. Cannabis stocks led the way, pushing the Health Care sector to an average gain of 13.14% as the industry hopes for decriminalization in the United States this year. Alimentation Couche-Tard was the worst performer in the Consumer Staples sector, falling over 10% after it proposed an offer to acquire French supermarket chain Carrefour SA. Investors couldn't see the logic behind the move. The offer was flatly rejected though, so look for a recovery on Monday. Energy stocks bounced around but ended up 1.54%, while the hardest hit sector was Materials which fell 6.85% with all gold stocks ending in the red.

The price of U.S. WTI Crude Oil nearly touched \$54 before dropping nearly \$2 to end the week flat at \$52.36. However, the discount on Western Canadian Select dramatically narrowed from \$14.53 to just \$10.70 as it closed at \$41.66 - its highest level in over a year. The Canadian - U.S. dollar pair fell 0.38% to 0.7851 in a reversal of last week's increase. The price of gold fell by \$22 to \$1,828, which was reflected in gold stocks but perhaps a bit too much. Volatility for TSX stocks jumped again to 6.94%, and bond yields fell after a nice boost in the previous week. In the U.S., the S&P 500 fell 1.43% and in London, the FTSE 100 fell 1.77%. For next week, Canadians will get reports on housing and manufacturing starts, while U.S. investors will also see data on housing starts as well as building permits. For now, enjoy this dividend-focused newsletter!

WEEKLY RETURN & RISK BY SECTOR

Returns are calculated as a simple average, not based on market-capitalization. Risk is considered to be population standard deviation of returns.



DIVIDEND YIELD RESEARCH

This week, I'd like to share with you some research I've done on U.S. dividend growth stocks. Using the [data library](#) available online on the Dartmouth College website, I analyzed some dividend portfolios over the last several decades in order to find out what the ideal yield level an investor should target before having to sacrifice some capital gains. The data was already nicely organized into deciles, meaning it was possible to calculate the average monthly returns for the top 10% of dividend-paying stocks (91-100 in the table to the right), the bottom 10% (1-10) of dividend-paying, and everything in between. All values reported are median monthly returns instead of average monthly returns in an effort to avoid data skewness.

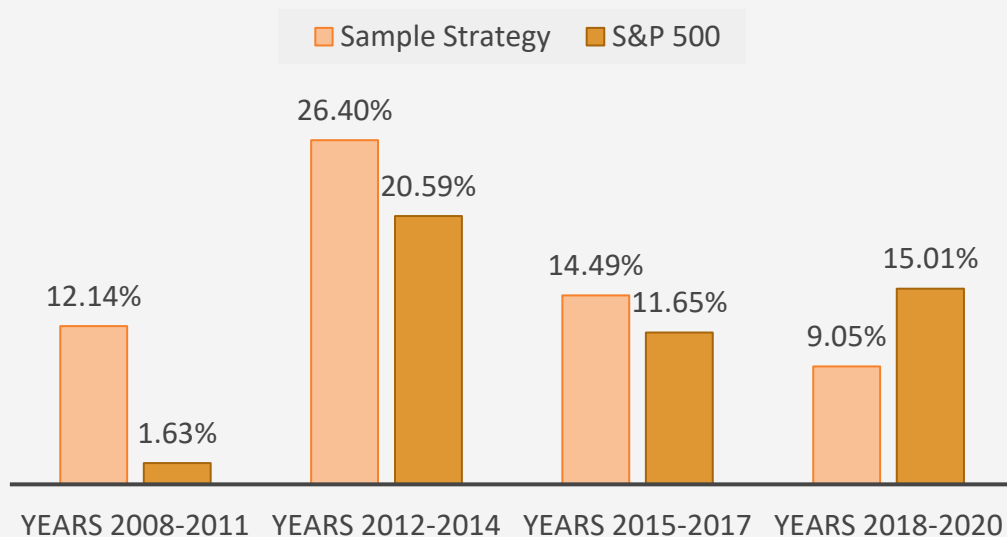
While there are a few exceptions, such as when low-dividend paying stocks had the best returns during the 1990s tech bubble, the best returns seem to come in portfolios that have average yields, i.e. somewhere between the 30 and 70th percentiles. A dividend is an important part of total return, but notice how the top yielding stocks (91-100) almost always have the lowest returns and, notably, never the best. I think this is a good lesson for investors not to chase yield unless absolutely necessary. It may be tempting, but there's a lot of history working against you. Safety and consistency over yield, please.

Decile	1981-1990	1991-2000	2001-2010	2011-2020	Average
0-10	1.36	1.95	1.10	1.28	1.42
11-20	1.30	1.75	1.64	1.41	1.53
21-30	1.40	1.62	1.46	1.73	1.55
31-40	1.76	1.63	1.38	1.42	1.55
41-50	1.59	1.85	1.56	1.48	1.62
51-60	1.64	1.56	1.58	1.18	1.49
61-70	1.79	1.85	1.53	1.32	1.62
71-80	1.50	1.97	1.45	1.35	1.57
81-90	1.17	1.80	1.28	1.17	1.35
91-100	1.34	1.03	1.42	0.97	1.19

SAMPLE U.S. DIVIDEND GROWTH STRATEGY

A U.S. dividend growth investing strategy used to work, but then large-cap growth stocks took over. Will dividend growth stocks have their day again?

Strategy Outperformance vs. S&P 500



Disclaimer: Average annual returns are for the U.S. S&P 500 Trust (SPY). Model portfolios designed by The Sunday Investor and may be subject to survivorship bias. Do not attempt to implement this strategy without first consulting with a licensed investment advisor, as it may not be appropriate for your situation. See breakdown by year on the following page.

STEP 1

Screen the S&P 500 for dividend-paying stocks with a positive five-year dividend growth rate. Don't exclude stocks that have had a single year of dividend cuts.

STEP 3

Apply any sector allocations consistent with your targets (which may involve selecting a few additional stocks), or just equal-weight them.

STEP 2

Sort the list in descending order and select the top 30 stocks with the best five-year dividend growth rates.

STEP 4

Rebalance once at the end of the year with the new data.

My research on U.S. dividend-paying stocks shows that they have been out of favor in the last few years when compared to large-cap growth stocks such as Apple, Amazon, and Google, but were quite favorable in the 10 years from 2008-2017. No matter your strategy, the best dividend ETFs out there appear to target a yield between 2-3% to avoid giving up significant capital gains. Investing in higher yield securities can give you more portfolio income, but unless you need it (rather than just want it), it may not be worth the risk.

Year	DGI Portfolio (Best 30 5Y DGR Stocks)	S&P 500 Index ETF (SPY)	SPDR S&P Dividend ETF (SDY)	Dividend Achievers ETF (PFM)	Vanguard Dividend Appreciation ETF (VIG)	Strategy Performance vs. Benchmark Average
2008	-26.77%	-36.81%	-22.83%	-29.17%	-26.69%	2.12%
2009	41.83%	26.36%	19.21%	10.69%	19.57%	22.86%
2010	23.67%	15.06%	16.40%	14.80%	14.74%	8.42%
2011	9.82%	1.89%	7.13%	9.14%	6.16%	3.74%
2012	23.27%	15.99%	11.61%	10.61%	11.65%	10.80%
2013	34.26%	32.31%	30.07%	25.71%	28.87%	5.03%
2014	21.68%	13.46%	13.80%	11.17%	10.08%	9.55%
2015	-0.78%	1.25%	-0.73%	-3.03%	-1.95%	0.35%
2016	20.52%	12.00%	20.29%	14.33%	11.97%	5.87%
2017	23.74%	21.70%	15.78%	17.64%	22.22%	4.41%
2018	-11.51%	-4.56%	-2.74%	-4.55%	-2.08%	-8.03%
2019	28.43%	31.22%	23.28%	26.88%	29.62%	0.68%
2020	10.23%	18.37%	1.79%	9.57%	15.40%	-1.06%
Average Return	15.26%	11.40%	10.24%	8.75%	10.74%	4.98%
Average Yield	2.69%	2.12%	4.01%	2.30%	2.20%	0.03%

LAST WEEK'S ECONOMIC NUMBERS

All U.S. numbers this week, which was pretty much negative news all around!



UPCOMING EARNINGS RELEASES

Earnings season in the U.S. is getting underway. Bank of America, Netflix, Halliburton, Intel, IBM, and many more are reporting this week!



GOLDMAN SACHS

Goldman Sachs is due to release its quarterly earnings report on January 19. Analysts are expecting EPS of 7.33.



PROCTER & GAMBLE

Procter & Gamble is due to release its quarterly earnings report on January 20. Analysts are expecting EPS of 1.51.



UNITED AIRLINES

United Airlines is due to release its quarterly earnings report on January 20. Analysts are expecting EPS of -6.56.



SCHLUMBERGER

Schlumberger is due to release its quarterly earnings report on January 22. Analysts are expecting EPS of 0.17.





WEEKLY STOCK RETURNS

The next section includes the weekly returns for all 220+ S&P/TSX Composite Index stocks. I have organized the stocks by sector and included their ticker and industry as well. If a stock is not in this list but you would like to see it in future newsletters, please send me an email!

Scroll through the lists and check out how your holdings performed in comparison to their competitors. For a more interactive version, check out the Sunday Investor Website for a condensed, but sortable version.



Communication Services

Symbol	Company	Industry	Return
BCE	BCE	Telecom Services	1.05%
CCA	Cogeco Communications	Telecom Services	3.52%
CJR.B	Corus Entertainment	Entertainment	10.63%
QBR.B	Quebecor	Telecom Services	-5.04%
RCI.B	Rogers Communications	Telecom Services	-0.39%
SJR.B	Shaw Communications	Telecom Services	-1.53%
T	TELUS	Telecom Services	-0.08%





Consumer Cyclical

Symbol	Company	Industry	Return
ATZ	Aritzia	Apparel Retail	3.82%
BYD	Boyd Group	Personal Services	0.47%
CCL.B	CCL Industries	Packaging & Containers	1.18%
CTC.A	Canadian Tire	Specialty Retail	0.62%
DOO	BRP	Recreational Vehicles	2.89%
GC	Great Canadian Gaming	Gambling	-0.41%
GIL	Gildan Activewear	Apparel Manufacturing	-4.69%
GOOS	Canada Goose Holdings	Apparel Manufacturing	11.24%
ITP	Intertape Polymer Group	Packaging & Containers	-3.10%
LNR	Linamar	Auto Parts	-0.71%
MG	Magna International	Auto Parts	-3.52%
MRE	Martinrea International	Auto Parts	-7.30%
NFI	NFI Group	Auto Manufacturers	23.88%
QSR	Restaurant Brands International	Restaurants	-1.79%
RCH	Richelieu Hardware	Furnishings & Appliances	0.88%
TOY	Spin Master	Leisure	-4.13%
WPK	Winpak	Packaging & Containers	-1.85%
ZZZ	Sleep Country Canada Holdings	Specialty Retail	-0.07%
ATZ	Aritzia	Apparel Retail	3.82%
BYD	Boyd Group	Personal Services	0.47%
CCL.B	CCL Industries	Packaging & Containers	1.18%



Consumer Staples

Symbol	Company	Industry	Return
ATD.B	Alimentation Couche-Tard	Grocery Stores	-10.85%
DOL	Dollarama	Discount Stores	-3.93%
EMP.A	Empire Company	Grocery Stores	0.76%
JWEL	Jamieson Wellness	Packaged Foods	-3.76%
L	Loblaw Companies	Grocery Stores	-1.37%
MFI	Maple Leaf Foods	Packaged Foods	-3.80%
MRU	Metro	Grocery Stores	0.52%
PBH	Premium Brands Holdings	Packaged Foods	0.36%
PRMW	Primo Water	Beverages—Non-Alcoholic	1.57%
SAP	Saputo	Packaged Foods	-2.22%
WN	George Weston	Grocery Stores	-0.73%





Energy

Symbol	Company	Industry	Return
ARX	ARC Resources	Oil & Gas E&P	14.51%
CCO	Cameco	Uranium	-9.20%
CNQ	Canadian Natural Resources	Oil & Gas E&P	-7.67%
CPG	Crescent Point Energy	Oil & Gas E&P	6.92%
CVE	Cenovus Energy	Oil & Gas Integrated	-6.23%
ENB	Enbridge	Oil & Gas Midstream	5.90%
ERF	Enerplus	Oil & Gas E&P	2.65%
GEI	Gibson Energy	Oil & Gas Midstream	3.14%
IMO	Imperial Oil	Oil & Gas Integrated	-2.90%
IPL	Inter Pipeline	Oil & Gas Midstream	3.52%
KEY	Keyera	Oil & Gas Midstream	5.00%
MEG	MEG Energy	Oil & Gas E&P	-6.07%
PKI	Parkland Fuel	Oil & Gas Refining & Marketing	-5.99%
PPL	Pembina Pipeline	Oil & Gas Midstream	3.13%
PSK	PrairieSky Royalty	Oil & Gas E&P	0.93%
PXT	Parex Resources	Oil & Gas E&P	1.81%
SU	Suncor Energy	Oil & Gas Integrated	-0.55%
TOU	Tourmaline Oil	Oil & Gas E&P	14.71%
TRP	TC Energy	Oil & Gas Midstream	4.82%
VET	Vermilion Energy	Oil & Gas E&P	1.04%
VII	Seven Generations Energy	Oil & Gas E&P	2.49%
WCP	Whitecap Resources	Oil & Gas E&P	1.98%



Financial Services (1/2)

Symbol	Company	Industry	Return
BAM.A	Brookfield Asset Management	Asset Management	-1.08%
BMO	Bank of Montreal	Banks—Diversified	0.77%
BNS	Bank of Nova Scotia	Banks—Diversified	3.16%
CIX	CI Financial	Asset Management	1.85%
CM	Canadian Imperial Bank Of Commerce	Banks—Diversified	1.03%
CWB	Canadian Western Bank	Banks—Regional	1.81%
ECN	ECN Capital	Credit Services	-0.74%
EQB	Equitable Group	Mortgage Finance	-1.31%
FFH	Fairfax Financial Holdings	Insurance—Property & Casualty	4.80%
FN	First National Financial	Mortgage Finance	0.81%
GWO	Great-West Lifeco	Insurance—Life	2.38%
HCG	Home Capital Group	Mortgage Finance	-3.05%
IAG	iA Financial	Insurance—Diversified	3.05%
IFC	Intact Financial	Insurance—Property & Casualty	-0.44%
IGM	IGM Financial	Asset Management	-0.57%
LB	Laurentian Bank of Canada	Banks—Regional	0.90%
MFC	Manulife Financial	Insurance—Life	0.88%
MIC	Genworth MI Canada	Insurance—Specialty	-0.44%
NA	National Bank of Canada	Banks—Diversified	0.16%
ONEX	ONEX	Asset Management	-2.45%
POW	Power of Canada	Insurance—Life	4.78%
RY	Royal Bank of Canada	Banks—Diversified	0.39%



Financial Services (2/2)

Symbol	Company	Industry	Return
SII	Sprott	Asset Management	-3.98%
SLF	Sun Life Financial	Insurance—Diversified	-1.98%
TD	Toronto-Dominion Bank	Banks—Diversified	1.77%
X	TMX Group	Financial Data & Exchanges	-2.95%





Health Care

Symbol	Company	Industry	Return
ACB	Aurora Cannabis	Specialty & Generic Drugs	20.76%
APHA	Aphria	Specialty & Generic Drugs	45.67%
AUP	Aurinia Pharmaceuticals	Biotechnology	-0.35%
BHC	Bausch Health Companies	Specialty & Generic Drugs	14.54%
CRON	Cronos Group	Specialty & Generic Drugs	21.53%
SIA	Sienna Senior Living	Medical Care Facilities	-1.66%
TRIL	Trillium Therapeutics	Biotechnology	-5.99%
WEED	Canopy Growth	Specialty & Generic Drugs	10.65%
ACB	Aurora Cannabis	Specialty & Generic Drugs	20.76%





Industrials (1/2)

Symbol	Company	Industry	Return
AC	Air Canada	Airlines	0.35%
ARE	Aecon Group	Engineering & Construction	6.63%
ATA	ATS Automation Tooling Systems	Specialty Industrial Machinery	-3.69%
BAD	Badger Daylighting	Engineering & Construction	1.75%
BBU.UN	Brookfield Business Partners	Conglomerates	0.41%
BLDP	Ballard Power Systems	Specialty Industrial Machinery	7.10%
CAE	CAE	Aerospace & Defense	-4.13%
CJT	Cargojet	Integrated Freight & Logistics	-5.52%
CNR	Canadian National Railway	Railroads	-3.54%
CP	Canadian Pacific Railway	Railroads	-5.14%
EFN	Element Fleet Management	Rental & Leasing Services	-5.52%
EIF	Exchange Income	Airlines	1.53%
FTT	Finning International	Industrial Distribution	0.65%
GFL	GFL Environmental	Waste Management	0.55%
MSI	Morneau Shepell	Staffing & Employment Services	-0.22%
MTL	Mullen Group	Trucking	-0.26%
RBA	Ritchie Bros. Auctioneers	Specialty Business Services	-12.29%
RUS	Russel Metals	Industrial Distribution	0.38%
SNC	SNC-Lavalin Group	Engineering & Construction	6.35%
STN	Stantec	Engineering & Construction	4.10%
TCL.A	Transcontinental	Specialty Business Services	1.17%
TFII	TFI International	Trucking	-6.92%



Industrials (2/2)

Symbol	Company	Industry	Return
TIH	Toromont Industries	Industrial Distribution	0.50%
TRI	Thomson Reuters	Consulting Services	-0.28%
WCN	Waste Connections	Waste Management	-3.09%
WSP	WSP Global	Engineering & Construction	-0.12%
WTE	Westshore Terminals Investment	Marine Shipping	5.70%





Materials (1/3)

Symbol	Company	Industry	Return
ABX	Barrick Gold	Gold	-3.22%
AEM	Agnico Eagle Mines	Gold	-4.62%
AGI	Alamos Gold	Gold	-10.87%
BTO	B2Gold	Gold	-6.83%
CAS	Cascades	Paper & Paper Products	-4.23%
CFP	Canfor	Lumber & Wood Production	-5.13%
CG	Centerra Gold	Gold	-1.24%
DPM	Dundee Precious Metals	Gold	-4.60%
EDV	Endeavour Mining	Gold	-10.08%
ELD	Eldorado Gold	Gold	-13.86%
EQX	Equinox Gold	Gold	-6.09%
ERO	ERO Copper	Copper	-0.33%
FM	First Quantum Minerals	Copper	-12.45%
FNV	Franco-Nevada	Gold	-5.28%
FR	First Majestic Silver	Silver	-9.71%
FVI	Fortuna Silver Mines	Silver	-12.30%
HBM	Hudbay Minerals	Copper	-7.47%
IFP	Interfor	Lumber & Wood Production	-6.67%
IMG	IAMGOLD	Gold	-5.20%
IVN	Ivanhoe Mines	Other Metals & Mining	-7.23%
K	Kinross Gold	Gold	-5.54%
KL	Kirkland Lake Gold	Gold	-4.63%



Materials (2/3)

Symbol	Company	Industry	Return
LIF	Labrador Iron Ore Royalty	Steel	-2.21%
LUG	Lundin Gold	Gold	-7.61%
LUN	Lundin Mining	Copper	-3.54%
MAG	MAG Silver	Silver	-11.51%
MX	Methanex	Chemicals	-10.44%
NG	NovaGold Resources	Gold	-8.61%
NGD	New Gold	Gold	-9.19%
NTR	Nutrien	Agricultural Inputs	4.44%
OGC	OceanaGold	Gold	-9.92%
OR	Osisko Gold Royalties Ltd	Gold	-6.45%
OSB	Norbord	Lumber & Wood Production	-5.31%
OSK	Osisko Mining	Other Precious Metals & Mining	-6.34%
PAAS	Pan American Silver	Silver	-17.03%
PVG	Pretium Resources	Gold	-4.90%
SEA	Seabridge Gold	Gold	-9.52%
SIL	Silvercrest Metals	Other Precious Metals & Mining	-14.36%
SJ	Stella-Jones	Lumber & Wood Production	-3.27%
SSL	Sandstorm Gold	Gold	-4.62%
SSRM	SSR Mining	Gold	-9.62%
SVM	Silvercorp Metals	Silver	-7.30%
TECK.B	Teck Resources	Other Metals & Mining	0.44%
TGZ	Teranga Gold	Gold	-11.25%



Materials (3/3)

Symbol	Company	Industry	Return
TXG	Torex Gold Resources	Gold	-9.47%
WDO	Wesdome Gold Mines	Gold	-8.87%
WFT	West Fraser Timber Co.	Lumber & Wood Production	-4.39%
WPM	Wheaton Precious Metals	Gold	-7.99%
YRI	Yamana Gold	Gold	-8.39%





Real Estate (1/2)

Symbol	Company	Industry	Return
AIF	Altus Group	Real Estate Services	-0.90%
AP.UN	Allied Properties REIT	REIT—Office	-1.17%
AX.UN	Artis REIT	REIT—Diversified	0.19%
BEI.UN	Boardwalk REIT	REIT—Residential	1.46%
BPY.UN	Brookfield Property Partners	Real Estate Services	2.14%
CAR.UN	Canadian Apartment Properties REIT	REIT—Residential	0.92%
CHP.UN	Choice Properties REIT	REIT—Retail	-2.97%
CIGI	Colliers International Group	Real Estate Services	0.16%
CRR.UN	Crombie REIT	REIT—Diversified	0.97%
CRT.UN	CT Real Estate Investment Trust	REIT—Retail	-2.22%
CSH.UN	Chartwell Retirement Residences	Real Estate—Development	1.97%
CUF.UN	Cominar REIT	REIT—Diversified	2.13%
D.UN	Dream Office REIT	REIT—Office	1.02%
DIR.UN	Dream Industrial REIT	REIT—Industrial	-1.70%
FCR.UN	First Capital Realty REIT	REIT—Retail	1.61%
FSV	FirstService	Real Estate Services	-1.97%
GRT.UN	Granite REIT	REIT—Industrial	-3.70%
HR.UN	H&R REIT	REIT—Diversified	-1.86%
IIP.UN	InterRent REIT	REIT—Residential	2.55%
KMP.UN	Killam Apartment REIT	REIT—Residential	2.43%
NWH.UN	NorthWest Healthcare Properties REIT	REIT—Healthcare Facilities	0.71%
REI.UN	RioCan REIT	REIT—Retail	1.86%



Real Estate (2/2)

Symbol	Company	Industry	Return
SMU.UN	Summit Industrial Income REIT	REIT—Industrial	-0.89%
SRU.UN	SmartCentres REIT	REIT—Retail	1.11%
TCN	Tricon Capital Group	Real Estate Services	-2.50%
WIR.UN	WPT Industrial REIT	REIT—Industrial	3.17%

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Technology

Symbol	Company	Industry	Return
BB	BlackBerry	Software—Infrastructure	31.09%
CLS	Celestica	Electronic Components	1.89%
CSU	Constellation Software	Software—Application	-2.65%
DSG	Descartes Systems Group	Software—Application	-3.66%
ENGH	Enghouse Systems	Software—Application	0.23%
GIB.A	CGI	Information Technology Services	-2.57%
KXS	Kinaxis	Software—Application	-6.49%
LSPD	Lightspeed POS	Software—Application	3.74%
OTEX	Open Text	Software—Application	3.05%
REAL	Real Matters	Software—Application	-7.18%
SHOP	Shopify	Software—Application	-1.70%





Utilities

Symbol	Company	Industry	Return
ACO.X	ATCO	Utilities—Diversified	3.04%
ALA	AltaGas	Utilities—Regulated Gas	5.64%
AQN	Algonquin Power & Utilities	Utilities—Renewable	-1.33%
BEP.UN	Brookfield Renewable Partners	Utilities—Renewable	-7.59%
BIP.UN	Brookfield Infrastructure Partners	Utilities—Diversified	6.83%
BLX	Boralex	Utilities—Renewable	-2.26%
CPX	Capital Power	Independent Power Producers	0.08%
CU	Canadian Utilities	Utilities—Diversified	2.85%
EMA	Emera	Utilities—Diversified	1.82%
FTS	Fortis	Utilities—Regulated Electric	1.88%
H	Hydro One	Utilities—Regulated Electric	0.34%
INE	Innergex Renewable Energy	Utilities—Renewable	-6.75%
NPI	Northland Power	Utilities—Renewable	-8.37%
RNW	TransAlta Renewables	Utilities—Renewable	-7.63%
SPB	Superior Plus	Utilities—Regulated Gas	2.52%
TA	TransAlta	Independent Power Producers	3.21%



DISCLAIMER

I would like to remind all readers that I am not qualified to provide investment advice. Nothing that appears in this newsletter, on The Sunday Investor website, or any other publication under my name or alias should be construed as investment advice. Best efforts are made to ensure the data provided is accurate, however errors should be expected from time to time and investors are encouraged to verify all information independently.

Furthermore, I would like to remind readers that investing is a very personal decision. Everyone's situation is unique and it is impossible to provide proper recommendations and advice without knowing an individual's circumstances. I do not wish to mislead anyone into thinking my portfolio or the securities I write about are appropriate investments for all. If you are uncomfortable making investment decisions on your own, it is recommended you consult with a professionally certified and licensed investment advisor. For more information and to find an advisor near you, please visit the website of the Investment Industry Regulatory Organization of Canada (IIROC) or a similar regulatory body in your region.