

PORTFOLIO MANAGER COMMENTARY - MARCH 31, 2020

Portfolio Review

Dividend Growth Split Corp. (the "Fund") Unit NAV was down 16.8% during first quarter of 2020, significantly outperforming the S&P/TSX Composite Index, which was down 20.9% over the same period.

The Fund benefitted from being underweight the Energy and Materials sectors. Oil demand deterioration due to COVID-19 led to excess supply in the market and the underperformance of the sector during the quarter. We believe a OPEC+ deal is crucial in order for oil price to stabilize. We favor midstream companies including TC Energy and Enbridge, both of which demonstrated resiliency in the current environment of low oil prices given the highly contracted nature of their pipeline businesses. During the quarter, Gold bullion prices rose steadily from US\$1,517/oz to a high of US\$1,680/oz in early March before dipping to US\$1,471/oz on March 19th. Correlation between equity and Gold bullion rose during the March sell-off. We continue to monitor the Materials sector closely for attractive risk-reward opportunities.

Our market weight position in Industrials was a positive contributor to the Fund's performance. While the airline industry has endured substantial demand destruction, we believe other subsectors within the Industrials complex remains robust. These include our holdings Thomson Reuters Corp, who services market segments like legal professionals, corporates and tax professionals who have seen resilience in their end-market demand. Railway operators like Canadian Pacific Railway and Canadian National Railway have also demonstrated superior ability to manage cost under the current market backdrop. Having managed through previous cycles, management teams at both companies have the expertise to rapidly scale up and down operations as needed.

Stock selection in the Financials and Utilities sector also enhanced the Fund's return. We are underweight the Financials sector and we hold large Canadian banks including TD, Bank of Nova Scotia, Royal Bank of Canada and Bank of Montreal. Banks are trading at near financial crisis lows but we don't see a similar solvency crisis this time around like the one we saw in 2008. We believe banks are much better positioned this time as they are capitalized with strong balance sheets. Utilities was the second best-performing sector in the S&P/TSX Composite during the first quarter. We continue to own utilities that are exposed to secular tailwinds in clean/renewable energy including Brookfield Renewable Partners, Algonquin Power & Utilities and Fortis. We believe the gravitation towards clean energy is a multi-year trend that will continue to play out through the rest of the year.

Laura Lau, SVP & CIO

Michael D. Clare, VP & PM

Annual Compound Returns ¹	1-YR	3-Yr	5-YR	10-YR	Since Inception ²
Dividend Growth Split Corp. - Class A	(44.7%)	(19.2%)	(7.1%)	3.2%	1.4%
S&P/TSX Composite Index	(14.2%)	(1.9%)	0.9%	4.1%	2.8%
Dividend Growth Split Corp. - Preferred	5.5%	5.4%	5.4%	5.4%	5.4%
S&P/TSX Preferred Share Index	(20.9%)	(8.0%)	(4.4%)	(0.4%)	0.1%
Dividend Growth Split Corp. - Unit	(9.8%)	(1.8%)	2.3%	5.7%	4.5%

⁽¹⁾ Returns are for the periods ended March 31, 2020. The table shows the Fund's compound return on a Class A share, Preferred share and unit for each period indicated, compared with the S&P/TSX Composite Index ("Composite Index") and the S&P/TSX Preferred Share Index ("Preferred Index") (together the "Indices"). The Composite Index tracks the performance of a broad index of large-capitalization issuers listed on the Toronto Stock Exchange ("TSX"). The Preferred Share Index tracks the performance, on a market weight basis, of a broad index of preferred shares trading on the TSX that meet the criteria relating to size, liquidity and issuer rating. The Fund invests in a actively managed portfolio and is rebalanced at least annually. It is therefore not expected that the Fund's performance will mirror that of the Indices, which have a more diversified portfolios. The Indices are calculated without the deduction of management fees, fund expenses and trading commissions, whereas the performance of the Fund's performance is calculated after deducting such fees and expenses. Further, the performance of the Fund's Class A shares is impacted by the leverage provided by the Fund's Preferred shares.

⁽²⁾ Inception Date December 3, 2007.

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You will usually pay brokerage fees to your dealer if you purchase or sell shares of the Fund on the Toronto Stock Exchange or other alternative Canadian trading system (an "exchange"). If the shares are purchased or sold on an exchange, investors may pay more than the current net asset value when buying shares of the investment fund and may receive less than the current net asset value when selling them.

There are ongoing fees and expenses associated with owning shares of an investment fund. An investment fund must prepare disclosure documents that contain key information about the Fund. You can find more detailed information about the Fund in the public filings available at www.sedar.com. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income tax payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Certain statements contained in this document constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to matters disclosed in this document and to other matters identified in public filings relating to the Fund, to the future outlook of the Fund and anticipated events or results and may include statements regarding the future financial performance of the Fund. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.



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