

Wutherich & Co. May 2019 Newsletter

Wil Wutherich, President, B.Sc., MBA: Over twenty-six years as an equity analyst and portfolio manager with Standard Life, Van Berkom & Associates and Wutherich & Co.

Monthly Message

The Wutherich & Co. Composite was down 3.2% in May. This compares with the S&P/TSX down 3.1% and the BMO Small Cap Index down 2.7%.

Sell in May and go away? Well, we certainly saw some selling in May, egged on by a few Trump Tweets about trade. That strategy, however, seems like a tough way to make money. You need to sell all your stocks at just the right time; buy them back at the right time; and minimize any trading fees and tax consequences of your actions. Best to leave well enough alone. Perhaps the maxim should read: "Less is more." We tend to do as little trading as possible throughout the year and only do it according to valuation parameters that we apply to each stock in the portfolio.

A recent addition to the portfolio is Plantronics (PLT-N). This is a US-based company that is a global supplier of headsets and phone equipment for consumer and business applications. The stock has come off significantly recently as they work to integrate a large acquisition. The stock has also been impacted by Trump Tweets about tariffs against imports from Mexico. Their largest manufacturing facility is in Mexico. This company has shown strong execution and free cash flow generation in the past and, while it may be difficult, we think they can navigate the troubled waters of world trade. We have used weakness in the stock price over the last few months to initiate a position in the company.

The following table illustrates the performance of the Wutherich & Co. Composite to the present:

(Unaudited, since Sep.30/01)*

	<u>MONTH</u>	<u>1YR</u>	<u>3YR</u>	<u>5YR</u>	<u>10YR</u>	<u>15YR</u>	<u>INCEPTION</u>
<u>WUTHERICH & CO.</u>	-3.2%	9.3%	9.4%	1.6%	10.1%	8.6%	11.7%
<u>BMOSCI-WTD</u>	-2.7%	-9.8%	2.3%	-0.1%	7.1%	5.1%	7.6%
<u>S&P/TSX</u>	-3.1%	3.0%	7.6%	5.0%	7.6%	7.3%	7.7%

Please note that the Wutherich & Co. Composite is reported **AFTER FEES**.

Wutherich & Co. Factsheet

Company Objective

Our goal is to seek prosperity for our clients through participation in stable, growing companies in North America, led by strong management teams that we consider our partners for the next five or more years.

Investment Philosophy

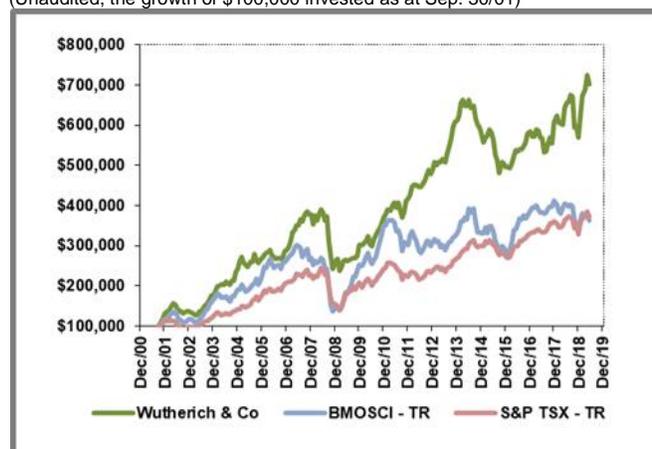
Our style can be described as concentrated, disciplined, long-term growth stock investing. The focus is on established companies that generally have a demonstrated track record in revenue, cash flow or earnings per share growth, with strong managements and solid balance sheets. The current emphasis in the portfolio is on the equity of small to medium capitalization companies, defined roughly as \$50 million to \$5 billion in market capitalization. The portfolio may include large capitalization companies if the right elements are there. Stocks are bought with a keen eye to valuation, so you're not likely to find many high multiple stocks here. The portfolio will likely maintain a significant percentage in foreign securities, providing exposure to investment returns outside of Canada.

Portfolio Composition

CANADIAN STOCKS	92.10%
• ENERGY	12.07%
• FINANCIALS	17.38%
• INFORMATION TECHNOLOGY	18.74%
• COMMUNICATIONS	0%
• CONSUMER	0%
• HEALTHCARE	9.53%
• INDUSTRIALS	26.33%
• MATERIALS	0%
• TELECOM	0%
• UTILITIES	0%
• OTHER	8.05%
U.S. STOCKS	5.01%
• TECHNOLOGY	5.01%
CASH AND OTHER	2.89%

Performance

(Unaudited, the growth of \$100,000 invested as at Sep. 30/01)*



Wutherich & Company is an independent investment counsellor. We do not hold assets for our clients, but simply exercise trades over your account as per an agreed upon investment policy statement and portfolio management agreement. Your account is held at [National Bank Independent Network](#) in your name. Withdrawals from that account can only be sent to you at your designated bank account and/or address of record. Wutherich & Co. may also do withdrawals from your account to satisfy any fees that may apply to your account. All accounts are cash accounts. Unlike hedge funds, we do not use leverage or derivatives to manage your money. Also, we are not a fund company – if you are a private investor with us, your account will mirror the Model Portfolio but your investments are not pooled.

Other Facts

- Annual fees are 1.5% of assets on a quarterly basis in arrears, plus applicable taxes
- Any commissions, custodial or brokerage fees are in addition to the annual fees
- Clients qualifying for an institutional account would be charged 1.5% for the first \$1 million, 1.0% from over \$1 to 10 million and 0.5% for the next \$40 million
- Fees on any accounts over \$50 million would be subject to negotiation
- Minimum account size is \$250,000
- Investments are 100% RSP eligible

*The Wutherich & Co. performance shown here (using the Time Weighted Rate of Return method) is of a composite which combines the performance of all of the accounts managed by Wutherich & Co. that have been invested according to the Wutherich & Co. Portfolio throughout their history. These accounts vary greatly in the size of assets that they contain and whether or not fees have been deducted directly from the accounts during their history. BMOSCI-wtd = BMO Small Cap Index, Total Return, weighted. This index is currently the most comparable to the Wutherich & Co. portfolio due to its average market capitalization, though it may differ greatly in its sector weightings; TSX = S&P/TSX Total Return Index. Due to its large capitalization nature and substantially different sector weightings, this index may not be considered comparable to the Wutherich & Co. Portfolio.