

Wutherich & Co. September 2020 Newsletter

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

Monthly Message

The Wutherich & Co. Composite was up 2.7% in September. This compares with the S&P/TSX being down 2.1%.

We continue to scratch and claw our way back to fair value in the Wutherich & Company Portfolio. We have rebounded 88% from our March lows. Sure, the pandemic has had an impact on our companies but most continue to do quite well and have bright prospects for future growth. Because they are not the 5 or 6 marquee names that are driving the market, it may take a while for their underlying value to be realized. But it will happen over time. Most of these companies have the balance sheet, products or services that will be in demand, coronavirus or not. Though some of our stocks have appreciated dramatically in the last few months, a few of them remain astoundingly cheap. While the ride may not be smooth, the overall valuation of the portfolio should support strong capital appreciation for years to come.

A November or January Annual Presentation at the Mount Stephen Hotel seems unlikely this year. For the last 20 years we have done some version of this event for our clients, friends and contacts. JF and I have thoroughly enjoyed hosting it and will dearly miss doing so this year. JF and I think we look absolutely smashing in business suits with a glass of wine in our hand (in JF's case, a glass of wine in each hand). We are looking at doing a virtual meeting via Zoom or some other platform. Please let us know if this is something that would interest you. JF and I will get back to you shortly with any arrangements that we make.

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>	2.7%	-1.4%	5.5%	6.3%	6.8%	6.2%	10.4%
<u>S&P/TSX</u>	-2.1%	0.0%	4.3%	7.2%	5.8%	5.6%	7.5%

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

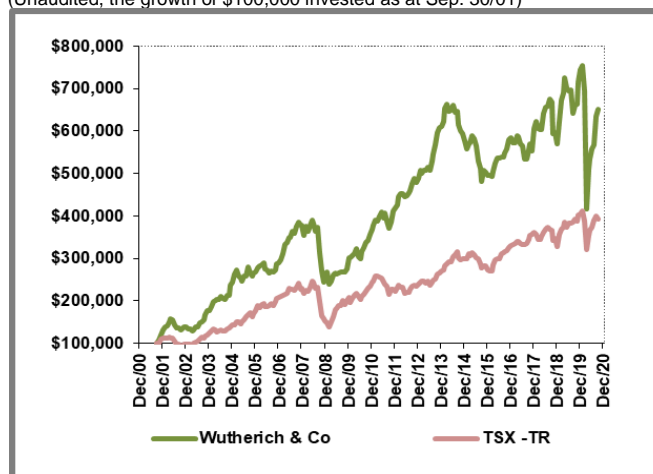
Our style can be described as concentrated, disciplined, long-term growth stock investing. The focus is on established companies that generally have a demonstrated track record in revenue, cash flow or earnings per share growth, with strong managements and solid balance sheets. The current emphasis in 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	81.60%
• ENERGY	0.00%
• FINANCIALS	17.14%
• INFORMATION TECHNOLOGY	17.68%
• COMMUNICATIONS	4.86%
• CONSUMER	8.09%
• HEALTHCARE	11.08%
• INDUSTRIALS	15.22%
• MATERIALS	0%
• TELECOM	0%
• UTILITIES	0%
• OTHER	7.53%
U.S. STOCKS	12.43%
• CONSUMER DISCRETIONARY	12.43%
CASH AND OTHER	5.97%

Performance

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



Your account with us

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. 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.