

Wutherich & Co. May 2021 Newsletter

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

Monthly Message

The Wutherich & Co. Composite was up 0.1% in May. This compares with the S&P/TSX being up 3.4%.

The portfolio came off the boil a little in May. While most of our names reported exceptional numbers for their most recent quarters, a few sold off on this as their good numbers were mostly anticipated. “Buy on rumour, sell on news”, as the old Wall Street adage goes? One excellent example is Hibbett Sports Inc. (HIBB-Q). The company reported an 89% increase in sales in their first quarter and expects full year earnings to double versus last year. The stock sold off 3% that day and was off 9% from its recent highs. Though the company may have had exceptional demand through, and coming out, of the pandemic, we see them as being sustainable growers for many years to come. The market is concerned that their pandemic driven growth is petering out. We think the pandemic has broadened and deepened their relationship with their customers, providing a larger platform for growth.

This pandemic has been a test for all of us. It has also been an education. We have learned just how strong many of the businesses are that we own in the portfolio. While some may have gotten a little expensive, most of them still offer years of good returns.

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>	0.1%	93.8%	17.3%	14.1%	9.7%	9.2%	12.6%
<u>S&P/TSX</u>	3.4%	33.8%	10.5%	10.3%	6.8%	6.6%	8.4%

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

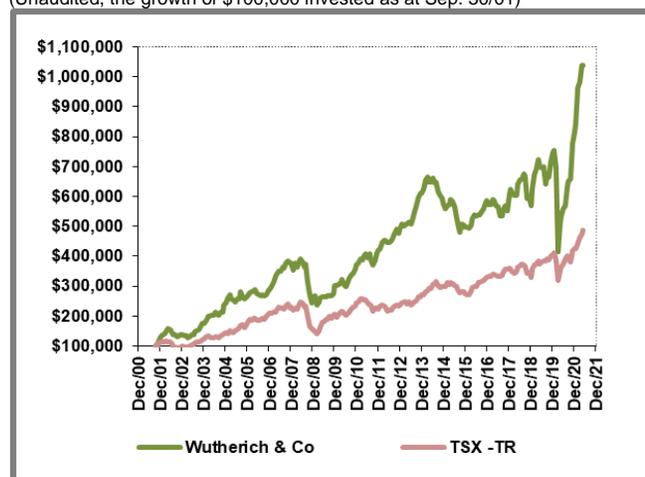
Our style can be described as concentrated, disciplined, long-term growth stock investing. The focus is on established companies that generally have a demonstrated track record in revenue, cash flow or earnings per share growth, with strong managements and solid balance sheets. The current emphasis in 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	80.91%
• ENERGY	5.27%
• FINANCIALS	18.07%
• INFORMATION TECHNOLOGY	12.18%
• COMMUNICATIONS	3.28%
• CONSUMER	10.54%
• HEALTHCARE	5.41%
• INDUSTRIALS	17.86%
• MATERIALS	0%
• TELECOM	0%
• UTILITIES	0%
• OTHER	8.32%
U.S. STOCKS	18.09%
• CONSUMER DISCRETIONARY	18.09%
CASH AND OTHER	1.00%

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.