

Wutherich & Co. September 2015 Newsletter

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

Monthly Message

The Wutherich & Co. Composite was down 6.0% in September. This compares with the S&P 500, down 2.5%, the DJIA down 1.4%, the NASDAQ down 3.3%, the S&P/TSX down 3.7%, while the BMO Small Cap Index was down 5.7%.

September marked the end of the third worst quarter that we have had since we started the **Wutherich & Co. Portfolio**. Not surprisingly, the two worst were the third and fourth quarters of 2008. Back then, the popular belief was that the world was ending, now it just appears to be slowing. We don't believe that we merit the 30% drop that we have seen in our portfolio since March of 2014. While our current portfolio may not be as universally cheap as it was in early 2009, it now contains many inexpensive names. The overall value in the portfolio is the best that we have seen since those tumultuous times. That is not to say that the portfolio can't go down further from here, but for the first time in several years, we feel the odds are on our side. We strongly believe that the portfolio will be much higher in the next five to ten years.

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>INCEPTION</u>
<u>WUTHERICH & CO.</u>	-6.0%	-21.8%	0.3%	7.3%	6.1%	11.9%
<u>BMOSCI-WTD</u>	-5.7%	-20.2%	-2.9%	-0.5%	2.8%	7.8%
<u>S&P/TSX</u>	-3.7%	-8.4%	5.7%	4.5%	4.8%	7.6%

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

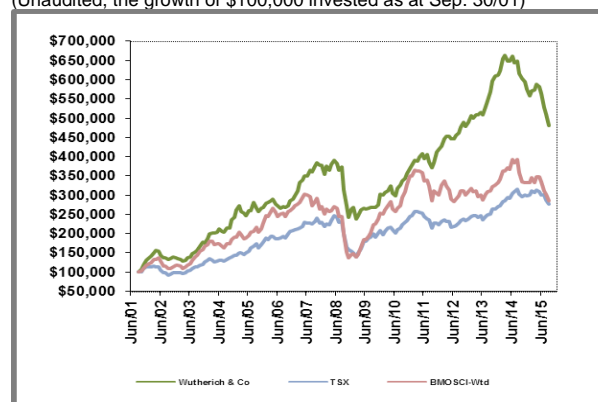
Our style can be described as concentrated, disciplined, long-term growth stock investing. The focus is on established companies that generally have a demonstrated track record in revenue, cash flow or earnings per share growth, with strong managements and solid balance sheets. The current emphasis in 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	69.05%
• ENERGY	19.69%
• FINANCIALS	6.01%
• INFORMATION TECHNOLOGY	0%
• COMMUNICATIONS AND	0%
• CONSUMER	0%
• HEALTHCARE	8.75%
• INDUSTRIALS	25.68%
• MATERIALS	8.91%
• TELECOM	0%
• TRANSPORTATION	0%
• UTILITIES	0%
U.S. STOCKS	22.27%
• INDUSTRIALS	12.53%
• SPECIALTY RETAILERS	6.43%
• ENERGY	3.31%
CASH AND OTHERS	8.68%

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 Correspondent 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
- 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 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. BMO SSCI-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.