

Wutherich & Co. October 2015 Newsletter

Wil Wutherich, President, B.Sc., MBA: Over twenty-three 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 5.4% in October. This compares with the S&P 500, up 8.4%, the DJIA up 8.6%, the NASDAQ up 9.4%, the S&P/TSX up 2.0%, while the BMO Small Cap Index was up 4.4%.

We saw a small reprieve in October from the very difficult performance in the prior few months. Though a few of our stocks have come back a little, we still see good value in many of our names. Eleven out of the sixteen companies that we own are trading for less than 10 times cash flow. This is nowhere near as cheap as the 2008-2009 downturn where we saw many of our companies trade for as little as 5 times cash flow, but it bodes well for long-term performance. Tax loss selling may continue to pressure many of our names and the market's obsession with Federal Reserve policy may provide more thrills and spills. Regardless, we continue to believe that the portfolio is reasonable value and will be much higher in the next five to ten years.

Please note that we still have seats available for our event on Nov. 5. Please contact us at jf@wutherich.ca and let us know that you can attend.

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>	5.4%	-15.7%	1.2%	8.1%	7.0%	12.2%
<u>BMOSCI-WTD</u>	4.4%	-10.8%	-1.4%	-0.7%	3.9%	8.1%
<u>S&P/TSX</u>	2.0%	-4.6%	6.0%	4.3%	5.6%	7.7%

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

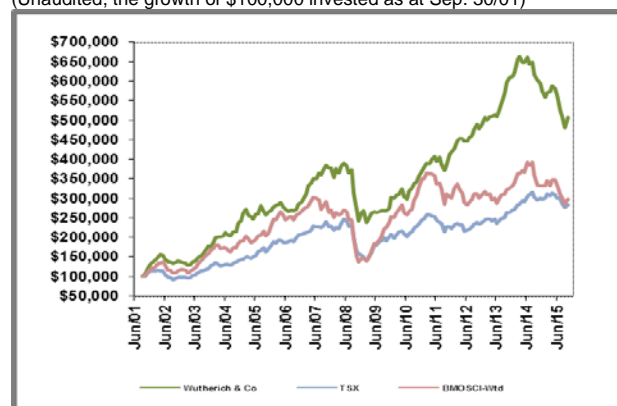
Our style can be described as concentrated, disciplined, long-term growth stock investing. The focus is on established companies that generally have a demonstrated track record in revenue, cash flow or earnings per share growth, with strong managements and solid balance sheets. The current emphasis in 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	70.15%
• ENERGY	19.24%
• FINANCIALS	5.98%
• INFORMATION TECHNOLOGY	0%
• COMMUNICATIONS AND	0%
• CONSUMER	0%
• HEALTHCARE	8.90%
• INDUSTRIALS	27.43%
• MATERIALS	8.60%
• TELECOM	0%
• TRANSPORTATION	0%
• UTILITIES	0%
U.S. STOCKS	19.07%
• INDUSTRIALS	9.83%
• SPECIALTY RETAILERS	5.78%
• ENERGY	3.46%
CASH AND OTHERS	10.78%

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 S&P 500 = 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.