

Wutherich & Co. April 2017 Newsletter

Wil Wutherich, President, B.Sc., MBA: Over twenty-four 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 0.4% in April. This compares with the S&P/TSX up 0.4%, the BMO Small Cap Index down 2.3%, S&P 500 (US\$) up 1.0%, the DJIA (US\$) up 1.4%, while the NASDAQ (US\$) was up 2.3%.

It is interesting to watch what is happening to Home Capital Group (HCG), a former market darling that is now being savaged by short-sellers. No, we don't own them name but we have experienced something similar with our holding of CRH Medical. As you might recall, we added CRH to our portfolio in August of last year. We paid about \$4.60 per share at that time. We trimmed the position on two occasions. Once at \$8 and again at \$11.90. We own less than half of our original position now. After a run-up to over \$12, the stock has retreated to less than \$8. Why? You guessed it, short-sellers. But that is where any comparison to HCG ends. As near as I can tell, the management of CRH has committed no illicit or questionable activities. The shorts make many claims but what they may have correctly identified is that valuation had gotten well ahead of the story. We agree. This is why we trimmed more than half of the position and illustrates the focus that we put on valuing the names in our portfolio.

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>	-0.4%	12.2%	-3.2%	5.4%	5.7%	9.2%	12.1%
<u>BMOSCI-WTD</u>	-2.3%	15.2%	1.7%	4.5%	2.9%	7.5%	9.1%
<u>S&P/TSX</u>	0.4%	14.9%	5.1%	8.1%	4.5%	7.6%	8.2%

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

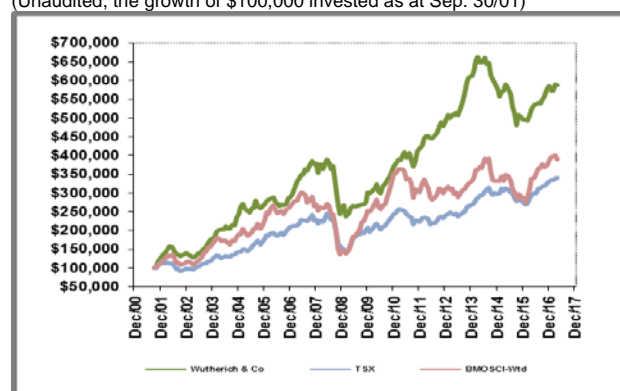
Our style can be described as concentrated, disciplined, long-term growth stock investing. The focus is on established companies that generally have a demonstrated track record in revenue, cash flow or earnings per share growth, with strong managements and solid balance sheets. The current emphasis in 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	74.11%
• ENERGY	8.52%
• FINANCIALS	14.90%
• INFORMATION TECHNOLOGY	15.01%
• COMMUNICATIONS	0%
• CONSUMER	0%
• HEALTHCARE	6.45%
• INDUSTRIALS	24.18%
• MATERIALS	0%
• TELECOM	0%
• UTILITIES	0%
• OTHER	4.98%
U.S. STOCKS	13.21%
• INDUSTRIALS	8.42%
• ENERGY	4.79%
CASH AND OTHERS	12.68%

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
- 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.