

# The Managed Portfolio Account

Actively managing investment portfolios of enduring quality to serve your family's needs and aspirations.

## Investment Philosophy

We provide a discretionary investment management service to our clients, which frees them from the day-to-day decision making of portfolio management, allowing them to focus on their businesses, pastimes or other pursuits.

Subsequent to the establishment of an investment policy statement, we construct and manage investment portfolios that incorporate very high quality securities, which brings our clients peace of mind. They are also significantly differentiated from most Canadians' securities portfolios.

We believe in active management - which doesn't mean frequent trading. Active Share is a measure of how a portfolio differs from its benchmark: the higher the active share, the more different the portfolio. Our active share is 76%. High Active Share funds tend to outperform their benchmark. At most times, investors are better off avoiding trying to match the performance of the Canadian stock market via an exchange traded fund or typical mutual fund. Our market's outsized weighting in natural resources brings with it increased volatility and sometimes protracted periods of underperformance relative to other countries' indices. We currently have relatively limited exposure to the natural resource sector. At the end of March just 4 of our top 15 equity investments were Canadian.

Among our international holdings, a considerable distinctiveness is readily apparent. Beyond the names of securities we select for client portfolios, the holding periods can also set us apart. Consider that currently the median cost across my clientele of our Apple shares is less than \$12. That took some time, but it's been well worth the wait.

Please see page 2 of this factsheet for a list of our top holdings. In many cases, these are longstanding investments and they have benefited our clients greatly. After considering the list and taking note of our long term performance record, if you imagine we would be an improvement on your current investment management, please give us a call.

## Investment Process

BMO Nesbitt Burns is acclaimed for its investment research and while it serves as an important part of our investment selection process, we also review the research from U.S. based research providers such as JP Morgan, Morningstar, Value Line and Bloomberg. Underlying our security selection and portfolio maintenance is critical thinking and constant reevaluation, regarding both individual securities and sector weightings. Initial stock positions typically range from 3-5% of an overall client portfolio.

## The Team

**Mark Lalonde, CFA** – Senior Portfolio Manager & Wealth Advisor

Mark has been investing professionally since 1984 when he joined a major full-service brokerage firm as an investment advisor. He obtained the CFA designation from the Association for Investment Management and Research in 1993. He joined BMO Nesbitt Burns in 1999 and was licensed as a Portfolio Manager in 2002.

**Daniel Khayat, CFA** – Associate Portfolio Manager

Daniel aids our team in business development, equity research and client liaison. Daniel holds an honors double major degree from the University of Western Ontario, specializing in Economics and Psychology and became a CFA charter holder in April 2023.

**Samuel Bourgeois, B.B.A.** – Administration Associate

Samuel is a graduate of The University of Quebec at Montreal's business administration program. He diligently handles client account administration for our team and he is perfectly bilingual.

**Danny Guarnieri, CPA, CA, LL.M, F.P.I.** – Director, Wealth Services

Danny has over 13 years of professional experience in Financial Planning and Financial services. He holds a Masters Degree in Taxation from HEC, a CPA designation and was licensed as a financial planner in 2018. Prior to working at BMO, Danny worked at Richter and Deloitte in corporate tax advisory.



 Let's connect

**Mark Lalonde, CFA**

Senior Portfolio Manager & Wealth Advisor

Tel: 514-286-7363

[mark.lalonde@nbpcd.com](mailto:mark.lalonde@nbpcd.com)

[www.marklalonde.com](http://www.marklalonde.com)



Scan this QR code to contact us and let us know how we can help!

"I am very fortunate. I work at the intersection of the financial markets, technological advancements, science, politics and the global economy. It is always changing and fascinating. Still, none of it is more interesting than my clients' lives and aspirations, to which I dedicate my efforts."

## Large Capitalization Equity Portfolio

### Style

**Large Cap Growth;**  
Average Number of holdings: 20-25

### Benchmark

60% S&P 500, 30% S&P/TSX Composite,  
10% FTSE Developed ex North America

### 10-Year Sharpe Ratio: 0.95

This measures how an investor is compensated for taking on risk compared to a risk free rate of return. Higher ratios are better for investors.

Typical Sharpe ratios fall between 0.2 and 0.5.<sup>2</sup>

### Active Share: 74.31%

Factors contributing to active share:  
Underweighting in Natural Resources  
Underweighting in U.S. Financials

## Portfolio – Regional Allocation

U.S. Equity	79.07%
Canadian Equity	15.52%
International	1.39%
Cash	4.02%

Information Technology	30.02%
Industrials	10.46%
Consumer Staples	6.60%
Consumer Discretionary	6.75%
Financials	17.31%
Health Care	1.76%
Real Estate	1.12%
Communication Services	13.44%
Utilities	0.00%
Materials	3.31%
Energy	3.60%
Funds	1.62%
Cash	4.02%

## Representative Holdings

April 1, 2024

Microsoft
Apple
Berkshire Hathaway Inc.
MSG Sports
Amazon.com
General Dynamics
The Walt Disney Company
Occidental Petroleum
Alphabet
CAE Inc.
The Coca-Cola Company
The Royal Bank of Canada
Canadian National Railway
Carrier Global Corp
Royal Canadian Mint

**Minimum client relationship of \$1,000,000**

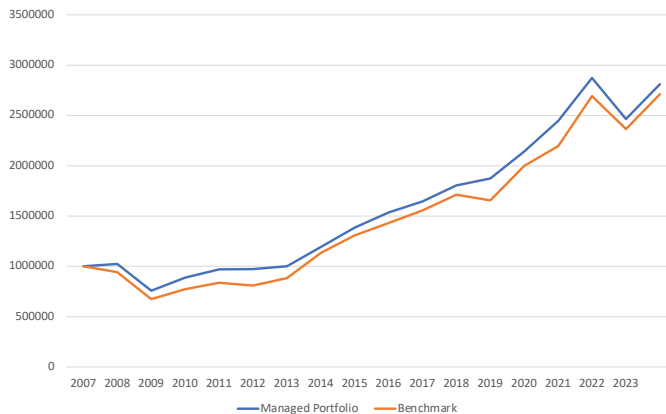
### Median Growth Account Returns<sup>4</sup>:

2023: 13.00%, 2022: -14.17%, 2021: 17.46%, 2020: 14.17%, 2019: 14.39%, 2018: 3.76%, 2017: 9.62%, 2016: 7.15%, 2015: 11.01%, 2014: 16.14%

1. ActiveShare.info 2. All definitions are from CFA Institute 3. All statistics are from Bloomberg 4. Rates of return are total returns, net of all fees and are based upon the median account of the investor type subset of “growth investor” enrolled in The Managed Portfolio Account and managed by Mark Lalonde, CFA

Even minor out-performance in most years can result in significantly greater wealth over time, with more attractive exit points for those who anticipate future liquidity needs.

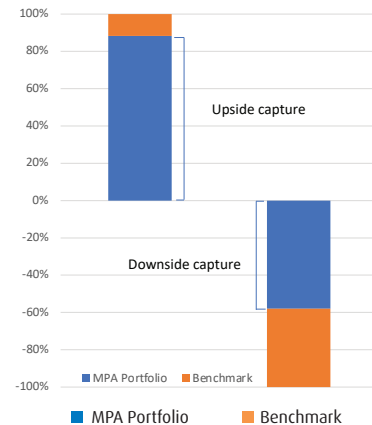
MPA vs Benchmark Performance on \$1M Since 2007



#### Source:

<https://www.forecast-chart.com/historical-tsx-composite.html>  
<https://www.macrotrends.net/2526/sp-500-historical-annual-returns>

Up Capture and Down Capture Ratio for MPA Portfolio vs Benchmark over 15 years



#### Notes:

Upside and downside ratio calculate as geometric mean of up and down year returns as directed in the Journal of Economic and Finance Education

# A Note About Our Services

The foundation of the investment portfolios we manage on a discretionary basis is the investment policy statement (IPS) given to us by clients when they enroll in the Managed Portfolio Account program.

This service is fee-based.

The main feature of the IPS is the asset allocation decision, i.e., how much a client wants us to weight an asset class. If a client is a “balanced” investor, her allocation to the fixed income asset class would be 50% and 50% would be devoted to equities, securities with capital appreciation potential. A percentage of the portfolio can be allocated to cash as well and there can be degrees of allocation to an asset class within the balanced or growth category of investor. And as your portfolio manager, I can maintain an asset class weighting 20% more or less than the benchmark allocation a client has given us.

Completion of an investment policy statement is an uncomplicated process. We will draft it for the clients’ signature. Beyond the asset allocation choices, a client might also direct us to invest in only companies of a minimum market capitalization (“blue chip stocks please”). I suggest this only as an example. Typically, clients have not really availed themselves of this opportunity. They leave the investment decisions to us, but we do have a very high-quality orientation. The portfolios we construct are traditional in nature, based upon publicly traded securities and the level of our trading is moderate. Taxation is a consideration but does not dominate our decision making.

Once the IPS has been established, as your portfolio managers we will construct and adjust your portfolio without seeking your permission to transact.

An annual written review of your portfolio’s results will be sent to you early in the next year.

We can provide interim performance reports as well as portfolio reports, which can be produced to view the combined portfolio across all accounts with us.

As well, a cash flow projection report can be generated. This shows the expected interest and dividends anticipated from the securities currently held.

Clients receive monthly statements and can choose to enjoy Gateway internet access to their accounts.

Clients will always have access to us with a telephone call or email. We always provide prompt attention to administrative details.

Beyond our investment management services, we provide access to in house financial planners and insurance specialists. Financial plans are an integral part of our practice and are revisited every few years. This service is provided on a complimentary basis.

# What BMO Nesbitt Burns Offers



BMO Nesbitt Burns

## Who are we?

As a member of the BMO Financial Group and part of the organization's Private Client Group, BMO Nesbitt Burns has the expertise to manage even the most sophisticated wealth needs. Our skilled and knowledgeable Investment Advisors, coupled with our wealth advisory services and industry leading solutions, help our clients build and protect their wealth.

BMO Nesbitt Burns focuses on meeting the needs of individual investors through a customized approach to wealth management. A BMO Nesbitt Burns Investment Advisor can draw upon the full depth and breadth of the BMO Financial Group of Companies to provide clients with an integrated and multi-disciplinary wealth management solution. This includes all aspects of managing, protecting and transferring wealth, including investments, insurance, tax efficiency, estate planning, retirement planning, cash management, planned giving, trusts and wills.

## Our history?

The firm has had an unwavering belief in the power of the Advisor-Client relationship. BMO Nesbitt Burns is a core part of the success of BMO, Canada's oldest bank, founded in 1817. The origins of BMO Nesbitt Burns' predecessor firms date back to 1912. In 1987, BMO Bank of Montreal acquired Nesbitt Thomson, then one of Canada's oldest and most respected investment houses. In 1994, BMO Bank of Montreal also acquired Burns Fry, one of the largest dealers of Canadian equities and debt securities. Nesbitt Thomson and Burns Fry were then merged to become BMO Nesbitt Burns.

## How are clients protected?

Making certain that clients assets are as safe and secure as possible is obviously very important. As a Canadian investment dealer, BMO Nesbitt Burns is a member of and/or are governed by a number of self-regulatory bodies.

These include:

- Investment Industry Regulatory Organization of Canada (IIROC)
- Toronto Stock Exchange (TSX)
- Bourse de Montréal (ME)
- TSX Venture Exchange (TSXVE)
- Winnipeg Commodity Exchange (WCE)
- Market Regulation Services Inc. (RS)

IIROC is responsible for member regulation and investment industry standards.

While the TSX, ME, TSXVE, ME and RS are responsible for market regulation, which involves monitoring and regulating members' trading activities on the exchanges. Each organization is in turn governed by the Provincial Securities Commissions or other securities regulatory authorities.



BMO Nesbitt Burns

BMO Private Wealth is a brand name for a business group consisting of Bank of Montreal and certain of its affiliates in providing private wealth management products and services. Not all products and services are offered by all legal entities within BMO Private Wealth. Banking services are offered through Bank of Montreal. Investment management, wealth planning, tax planning, and philanthropy planning services are offered through BMO Nesbitt Burns Inc. and BMO Private Investment Counsel Inc. Estate, trust, and custodial services are offered through BMO Trust Company. BMO Private Wealth legal entities do not offer tax advice. BMO Trust Company and BMO Bank of Montreal are Members of CDIC.

\*Registered trademark of Bank of Montreal, used under license.