

When building individual equity portfolios, our core investment philosophy focuses on high quality companies that: provide stable cash flow, maintain relatively low volatility and offer share price appreciation over a complete business cycle.

Specifically our focus is on:

### **Quality**

- A strong and clearly identifiable business model
- Management with proven track record
- Sustainable growth within their respective industry

### **Low Beta (Volatility)**

- Beta representing a stocks volatility is a key factor as we aim to keep the volatility low relative to the overall stock market

### **Cash Flow**

- Healthy and sustainable dividend payout ratio
- Proven historical dividend growth rate

### **Diversification**

- Sector- the broad spectrum of industries across an economy are represented
- Geographical- with an emphasis on Canadian companies, the portfolio includes companies in the United States, Europe, Asia and the Far East

### **Company specific weightings**

- Individual weightings for companies will not be greater than 6%

The ongoing portfolio management includes:

### **Rebalancing**

- Portfolio is rebalanced on an ongoing basis to maintain structured sector allocation

### **Tactical rebalancing**

- When expected outperformance within a sector, there may be a slight shift within the portfolio to have an overweighting in that sector
- Cash can be accumulated if necessary for a defensive posture