RAYMOND JAMES | CHRIS RAPER & ASSOCIATES

The Opportunity Update – Thursday, March 2nd, 2017

Table of Contents

Track #1: Introduction – The Skinny

Hi, this is Chris Raper, Senior Vice President & Portfolio Manager, Private Client Group of Raymond James Ltd. & co-founder of **The Dividend Value Discipline™**. Welcome to **The Opportunity Update**, which is being recorded for you in Victoria, BC on Thursday, March 2nd, 2017. Here is what we are going to cover today:

You are now listening to **Track #1: The Introduction**, where I give you the skinny on what I am going to talk about.

On **Track #2: The Markets – Page 13, New Era Politics and the Next EU Crisis**, I will give you my quick take on our favourite leading economic indicators and being Canadian, and speak to the oil complex and the closely related Canadian dollar. Then I will speak to this quarter's page 13 story – **New Era Politics and the Next EU Crisis**, a story that has the ability to shake markets and yet is underreported and in our view, underappreciated. I will close out the track with some insights on what history tells us about such events, and how we intend to take advantage of any such developments.

On **Track #3: The Dividend Value Discipline™ – Rent Cheques Are Up!**, I will walk you through the major investment decisions – those new companies we have added to the program and why, and those we have eliminated. Then I will highlight the dividend increases that have been announced since the last recording, where you will see clearly that our focus throughout 2016 on acquiring "aggregators and disruptors" is now bearing fruit in terms of increased rent cheques.

On **Track #4: TEAR: Trump Expectations Appearing Real**, I will review the key takeaways from each track. I will highlight the danger in the enormous investor optimism that has been fueled by the so-called "Trump Bump", and how we are preparing for the seemingly unavoidable cool down.

Track #5: Postscript I is where I walk you through our core investment program, **The Dividend Value Discipline™**, its methodology, return objectives and all-in costs. This track is primarily for the benefit of potential clients who are being introduced to us by way of this recording. By the time you are done listening you will know what makes the process unique vis-à-vis our competition and whether or not you are interested in pursuing it any further. Not interested, not interested right now, and let's talk further are all perfectly acceptable answers.

Track #6: Postscript II is again for the benefit of prospective clients. It will give you some insight on what to expect during our initial meeting, where we both want to answer the question, "Is there a fit between our services and your needs?"

In terms of legal requirements – the opinions that are expressed on this recording are mine. They may differ from those of Raymond James Ltd.

I am also required to tell you that Raymond James Ltd. is a member of the Canadian Investor Protection Fund. That is a good thing, and if you are interested in those details, please ask me or any one of our relationship managers the next time we speak.

I also want you to recognize that some of the things I am going to say today are going to be proven wrong. It is an inevitable part of this business. It is also important to recognize you don't have to be right all the time, to do well. You just have to be more right than most or conversely, less wrong than most. When we are wrong, our intent is to acknowledge it quickly and adjust accordingly – we try to keep our losses small.

Finally, regarding investment jargon, when I say I am bullish, it means I expect things to go up; when I say I am bearish, it means I expect things to go down. Likewise, north means up and south means down. When I speak about rent cheques, I am speaking about income – primarily dividends and interest payments. You will also hear me using the term disruptor, which is our moniker for those companies that are disrupting or re-inventing the business in their particular market, and thereby able to grow at rates far beyond the rate of the economy. Think of Wal-Mart twenty years ago and Amazon today. You will also hear me use the term aggregator, which is our moniker for those companies that have a systemized approach to acquiring smaller competitors as a means to fuel their growth. Said growth is the path to increasing dividends or in our language, growing rent cheques. If you catch me using industry jargon beyond that, I invite you to call me out. Send an email to the office and the team will let me know, usually with considerable gusto!

That’s a wrap on the skinny and off we go to Track #2.

Track #2: Page 13, New Era Politics and the Next EU Crisis

As promised, we'll start with some of our favourite leading economic indicators. First up is Dr. Copper (the price of copper). You may recall that on the December recording, copper was trading at $2.58 per pound, up significantly over the previous 3 quarters. As of today it is trading at ~$2.69 per pound which basically confirms the trend…north, pointing to further economic expansion, especially as it relates to the emerging market economies. Why is that? Because copper goes into almost every manufactured good you can think of and the market is a forward looking animal. Turning to the developed economies, the Philadelphia Semiconductor Index (symbol $SOX) is currently at 980 as compared to ~900 on the December recording, so again, confirming the trend north. What's the theory? Our developed economies tend to be dominated by industries like engineering, finance, medical technology, and the raw materials for those industries are human ingenuity and semiconductors. The higher the SOX, the higher the demand for semiconductors, and thus it points to an expanding economy within the industrialized world.

Being a Canadian investor I am obliged to pay attention to the oil and gas complex and suffice it to say, I am a lot less enthused about the prospect of higher oil prices than most other market participants are. Here's why:

1. Long bets on higher oil prices in the hedge fund community are at record high levels, confirming my belief that the overwhelming majority of investors believe oil prices are going higher – the brutal truth of experience tells me you pay an extreme price for a rosy consensus. My thinking is they can't all be right – markets just don't work like that.
2. If you believe my bit about the market being a forward-looking animal, then please know that the TSX's Energy Index is down -9.10% year-to-date as I speak. If you are thinking, yes, but we Canadians have market access issues and carbon taxes that our U.S. counterparts don't – while that is absolutely true, even when we look stateside, we see that the S&P 500's Energy Index last peaked on December 13th, 2016 and is down -4.30% on a year-to-date basis compared to the S&P 500 Index, which is up roughly +6.60% on a like basis.
3. Lastly, some of you may recall that the title of this track on the December 13th edition of this recording was **OPEC…The New Santa Claus!**, where I postulated that supply cuts by OPEC would be promptly replaced by expanding production here in North America, and that has and is coming to fruition. To wit, on February 15th, CNBC reported that U.S. producers shipped out 7 million barrels of crude oil to export markets the previous week, which was just about the same amount that OPEC cut back. The evidence speaks to OPEC's now toothless bite and it is only matter of time before OPEC members start questioning the sanity of cutting back production to see it being replaced by others. Presumably, making North American oil producers more prosperous is not their objective. My take is that we are witnessing OPEC's last stand and when

their members get fed up and take the "every man for himself" approach, we will be back to growing global supplies and that will keep the lid on prices. If there is one thing that can bail oil producers out of this conundrum, it is the growing worldwide economy which fuels demand. That is happening – accordingly, mark me as neutral to bearish on oil prices for the foreseeable future.

Now to the loonie, which has historically been highly correlated to the price of oil, and yet oil is not the only factor. U.S. central bankers have embarked on a course of slow and gradual short term interest rate increases, and that has pushed their longer term rates higher as well. You can buy a 10 year U.S. government-backed bond today and lock up a yield of 2.47%. The comparable bond in Canada yields 1.68% and our central banker is worried about "significant uncertainties", which is code for don't rule out a rate cut. That obviously pressures the Canadian dollar to the downside. Unless I am totally off base on the oil call, I can't see many factors that would make our loonie worth more any time soon. For you snowbirds, in the very short term I continue to be a seller of our Canuck-buck at anything north of $0.75 U.S., or of you prefer it the other way around, a buyer of U.S. at $1.33 CAD or better.

Now to our page 13 story: it won't surprise you that we are always on the lookout for stories that have the ability to shake markets – those things that are important, yet are underreported and thus underappreciated by most investors. If you are looking for such stories, you won't find them on the front page of the business section. You find them by reading back to front and considering outcomes if X, Y or Z were to happen.

The theme I have picked for this recording is **New Era Politics and the Next EU Crisis**. Before we go to Europe, here is my thesis on **New Era Politics**: I believe we have entered into an era of the "anti-establishment vote", and it doesn't seem to matter whether or not the alternative leans left or right, as long as it ushers in change. The voting populace is sick and tired of being told what to do and what to think by governments and their bureaucrats. To wit, here in Canada we have seen two major anti-establishment votes – first was the Harper government being tossed from office after ten years in power, and then the Conservatives being shown the door in Alberta after decades in power. We have also witnessed the anti-establishment vote in the UK (aka Brexit), and closer to home, the Trump campaign obviously corralled the anti-establishment vote and is still doing so, which you can see in his approval ratings by the American populace – especially after his speech on Tuesday night.

If you buy into that thesis and by chance, you are tired of hearing about what Trump tweeted last night, may I suggest you turn your attention to what is happening in Europe this spring, because it is clear that the anti-establishment phenomena is growing amongst member states of the European Union. France will go to the polls this spring and the hard right candidate, Marine Le Pen, has struck a chord with the voting populace with promises of Frexit – France's version of Brexit. Yes, pollsters say it is unlikely, but they don't exactly have a stellar record of getting it right. Pollsters don't dictate outcomes – voters do. Even if Le Pen fails to take the Presidency, the EU has lots of other issues on its hands this spring. Greece is back looking for concessions and Italian banks are lined up at the bailout trough. The story hasn't changed: "We can't control ourselves so can you, the taxpayer of other EU countries, please give us more money?" Is there any wonder why voters are fed up?

Of course the big gorilla in the EU is Germany, and even there Angela Merkel's moderate, pro-immigration government is meeting with an increasingly agitated voting populace and faces an election this September. After 12 years in power, she too is vulnerable.

Why does all of this matter and what will be the likely impact on markets? It matters because it questions the long term viability of the EU and the Euro currency. The best we can hope for is a return to country by country currency which free floats across a common Euro currency. Sorting out the hot button issues of immigration and the free flow of goods and services will not be easy, and getting there means a fractured EU and will undoubtedly impact global markets. The history of currency crises suggests to me that the price of Euro denominated debt would plummet and that the U.S. dollar and gold related investments would rally strongly as investors seek safer shores. Because of the global nature of our financial system, I would expect a severe tightening in the credit markets which will undoubtedly produce some real bargains in the stock market, as investors sell into the panic.

Please understand that none of what I have outlined has to happen this spring. Although I believe the EU will cease to exist in its present form, the impact and timing is unknowable. To illustrate that point, some of you die-hard listeners with really good memories will recall that on the March 2009 edition of this recording, I spoke to the eventual demise of the EU. Back then clients would look at me suspiciously while my professional colleagues would just laugh out loud. I reiterated it again in the May 2012 edition with the track titled **The Euro's Death Spiral,** and my colleagues' response was somewhat muted and I suspect it will be even less so today. For me, the unravelling of the EU is just a matter of time – the voting populace want their country(s) back and politicians that can read the tea leaves are going to exploit that. If it does start to unravel this spring, please know that we have a plan to deal with it and with that, we are off to Track #3.

Track #3: The Dividend Value Discipline™ – Rent Cheques Are Up!

On the last recording, I spent a considerable amount of time outlining our pursuit of growing rent cheques (i.e. dividend growth) in our investee companies. In a nutshell, income every month and returns of +8% net to you each and every year is a lot tougher to get when you have anemic economic growth and 5 year GIC rates of 2%. To overcome the challenges of our low-to-no growth environment, we started making a transition in late 2015 and throughout 2016 into the previously referenced disruptor and aggregator companies as a means to fuel our growth requirements. As most of you know, 2016 was a frustrating year return-wise, and it was doubly so for Ryan and me – especially when we firmly believed we had assembled the best group of companies we had ever owned. The good news is we are now gaining traction and are in the fortunate position of being able to point out investee companies that are absolutely bearing fruit on the rent cheque front.

To that end, we invite you to review the table that was distributed with this recording:

The Dividend Value Discipline™ – Rent Cheques Are Up!

	Company	Annual Rent Cheque	Yield	Years to Double Rent Cheque*	3-Year Dividend CAGR	5-Year Dividend CAGR	Aggregator/ Disruptor?	Consecutive Years of Increase	Rent Cheque Increase Announced	Increase Announced
1	BANK OF NOVA SCOTIA (THE)	$2.96	3.81%	14.3	5.00%	5.70%	Disruptor	6	28-Feb-17	2.70%
2	TJX COMPANIES INC*	$1.04	1.33%	4.7	15.80%	18.80%	Both	20	22-Feb-17	16.00%
3	CCL INDS INC	$2.30	0.81%	2.8	27.90%	24.10%	Both	15	23-Feb-17	15.00%
4	STANTEC INC	$0.50	1.44%	6.9	10.60%	10.80%	Disruptor	4	23-Feb-17	11.10%
5	SHERWIN WILLIAMS CO	$3.40	1.11%	4.8	15.60%	16.90%	Aggregator	38	15-Feb-17	1.20%
6	GREAT WEST LIFECO INC	$1.47	4.01%	11.9	6.00%	3.60%	Aggregator	3	9-Feb-17	6.00%
7	VALERO ENERGY CORP	$2.80	4.09%	2.1	38.70%	36.30%	Neither	39	26-Jan-17	17.00%
8	CANADIAN NATL RAILWAY	$1.65	1.77%	4.2	18.20%	17.10%	Neither	5	24-Jan-17	10.00%
9	CVS HEALTH CORP	$2.00	2.49%	3.5	22.10%	25.10%	Aggregator	9	20-Jan-17	17.60%
10	CUBESMART	$1.08	3.97%	3.1	25.20%	20.20%	Aggregator	5	15-Dec-16	28.60%
									AVERAGE	**12.20%**

**Announced intention to raise dividend subject to board approval*

What you will see is that we have had ten rent cheque increases since the December 2016 recording and on average, those increases have pegged in at 12% over the previous year. Using the rule of 72, it would take roughly 6 years to double your cash flow from that group of companies and assuming that holds true, the question that needs to be posed is "are those companies likely to increase in value?" Obviously, any company that is capable of growing its dividend at double digit rates on a sustainable basis is not going to go unnoticed. Investors are going to bid up the stock price, so we get paid to wait with an increasing rent cheque and we get rewarded with the capital appreciation. The antithesis of that equation is that 2% GIC investor – how many rent cheque increases are they likely to get in the next five years?

Hopefully, that once again solidifies the strategy. While all of us tend to focus on the latest return figures (and yes we are happy with our year-to-date returns that are north of 3.5% as I speak), it matters very little in the long term. It is the rent cheque increases that will produce the long term results we are looking for and when we put our focus there, we all make better decisions.

Turning to the newly acquired companies and those companies we chose to jettison since the last recording, again, you will note that there are far fewer transactions than quarters past. The read-through is we continue to be very happy with our investee companies and fully expect to have slower turnover in the future.

Starting with the "sell all" decisions, there was only one for the quarter. We punted convenience store operator, **Casey's General Stores Inc.** (CASY) in late January, notching a gain that might have bought you a cup of coffee...if you skipped the cream and sugar. In short, we had high expectations for this aggregator but I was becoming increasingly concerned with the new CEO (who was previously their CFO) as it was becoming increasingly clear he was having trouble executing their growth plan, and that is what ultimately funds those rent cheque increases. Accordingly, we took the money and moved on.

Turning to new acquisitions, we bought the world's largest publicly traded uranium company, Saskatoon based **Cameco Corporation** (CCO). Starting with the rent cheque, the dividend yield at our original buy price was ~3%, which we see as sustainable. Management-wise, CEO Tim Gitzel has done a great job of leading the company through an ugly time in the uranium business. He displays behaviours we like to see, like promoting from within (COO Robert Steane started working in the mill), and the company scored well on the transparency and governance fronts. Moat-wise, Cameco is <u>the</u> low cost producer in the industry and it has some of the richest mines in the world. Because they are a vertically integrated fuel processor/supplier, they act as a one stop shop for end market users. Industry-wise, with price declines now approaching 16 years, the news is so bad that it is good. Uranium mines and the nuclear power sites they supply take so long to develop that when the change comes it will last a very long time, and we obviously believe that shareholders are going to be rewarded handsomely. Yes, we see headwinds becoming tailwinds, and here's why:

a) Japan used to have 54 reactors operating, pre-Fukushima – today they have 4, but they are bringing another 19 on line over the next 2 years;
b) Globally, 40 reactors will get fired up before we see the close of 2019 and almost half of them will be in China; and
c) Cameco has got its costs down, so it is profitable and generating free cash flow at current prices. It is also insulated from further price declines by virtue of their long term contracts. So, we get paid to wait for the inevitable turnaround and we are of the opinion that the turning has started.

In early January, we took up another stake in the world's leading designer, marketer, and distributor of athletic wear, **Nike Inc.** (NKE) – the "just do it" people. Long-time participants of the program will recognize that we have owned Nike in the past and sold it over valuation concerns. In short, the stock price has come in and earnings have grown to a level where we once again find the value proposition compelling. What has not changed is their culture of innovation and the deep bench strength of the management team. Median tenure is 21 years and 5 out of 6 executives have been hired from within. Their moat is the Nike brand recognition coupled with their massive economies of scale. Their 3 year dividend growth rate pegs in at an impressive 20%+ per annum and the latest raise was even bigger at 33%. As Ryan says, “just do it”!

Finally, in another back to the future move, we are back to owning serial engineering aggregator, Edmonton based **Stantec Inc.** (STN). With over 400 global locations across a multitude of disciplines, they have acquired 90+ firms since the year 2000 and have reported 62 years of consecutive profits. We find the management to be highly engaged – tenure, discipline, and focus on return on invested capital just seem to be part of their DNA. They have also made a policy of staying away from the higher-risk construction business – a decision that has served shareholders well during the tough times. Moat-wise, we see their scale and expertise across multiple disciplines as giving them a competitive edge. Rent cheque-wise, we have seen dividend increases in each of the last four years with the latest one pegging in at 11%. Given the expanding North American infrastructure spending, we see tailwinds providing even better dividend growth in the future.

That completes the major transactions and we are off to Track #4.

Track #4: The Wrap Up – TEAR: Trump Expectations Appearing Real

First the takeaways:

Track #1: A reminder, the opinions that are expressed on this recording are mine. They may differ from those of Raymond James Ltd. Please recognize some of what I told you is going to turn out to be wrong and when it becomes evident we are wrong, our intent is to acknowledge it quickly and adjust accordingly. The strategy is to keep the inevitable losses small and let the winners run.

Track #2: Page 13, New Era Politics and the Next EU Crisis – We started with our leading economic indicators, where both cooper and the semiconductor index are pointing to further economic expansion. Oil-wise, I am a lot less bullish than most and I do see the present time as OPEC's last stand. The history of cartels is that they become weaker over time and I don't see any reason why OPEC won't suffer the same fate. The evidence suggests that most market participants are giddy to the upside and when I see that kind of behaviour, I like to remember Buffett, "you can always see who is swimming naked when the tide goes out" – count me as neutral to bearish on oil. Likewise, I am bearish on the Canadian dollar. The page 13 story was my thesis on the era of the anti-establishment vote, where I believe that the trend in Europe is both underreported and underappreciated. That is likely to generate some opportunity for us later this year.

Track #3: The Dividend Value Discipline™ – Rent Cheques Are Up! – With our frustrating transition throughout 2016 now behind us, the layering strategy of "disruptors and aggregators" is now providing the rent cheque increase (dividend growth) at a double digit clip, which we continue to see as the path to higher returns. What has not changed and what will not change is our preference for companies where great culture runs deep and strategic advantages make them difficult to compete with.

Track #4: The Wrap Up – TEAR: Trump Expectations Appearing Real – In truth, I didn't know how to parse the acronym – if you are a Trump supporter I guess you go with TEAR(1), as in the markets have been on absolute tear since the November vote and investors are obviously happy with the policies outlined. If you view Trump with a certain level of disdain then I guess you go with TEAR(2), and I suspect some of his rhetoric has brought you close to tears. On the TEAR(1) side, my counsel is be careful at making large scale buying decisions based upon stated intentions – when the rubber hits the road, my expectation is that the reality will fall short of the vision and yes, the market is exuberant. On the TEAR(2) side, my counsel is use history as your guide for investment decisions, not your political views. As I stated on the last recording, policy-wise there are a lot of similarities with what Trump has planned and what the Regan-era ushered in. If you stayed out of the markets because you didn't like his policies, you missed some truly great years.

That concludes our key takeaways. If you are a potential client being introduced to us by way of this recording, please take the time to listen to our refreshed Tracks #5 & #6.

To our clients, thank you for taking the time to listen. On behalf of the entire team here at Chris Raper & Associates, this is Chris Raper, wishing you good day and may God bless from Victoria, BC on Thursday, March 2nd, 2017.

Track #5: Postscript I – The Dividend Value Discipline™ Methodology

The first thing to note is that **The Dividend Value Discipline™** is core to everything we do – meaning if we were approached by a prospective client and we determined that our core investment process did not fit with their investment philosophy or their need, then we are not the right advisors for that particular client – there is no fit.

You should also be aware that nothing gets any more attention at our shop than this program. The lion's share of our client assets are allocated to the program, and that includes our most senior people, my family, and me. The takeaway is that my team and I have huge vested interest in ensuring the success of the program.

The process is discretionary, meaning we make all of the buy and sell decisions and report to you after the fact. Post a new purchase, our normal course is to send an email outlining the background of the company and the rationale for the decision, five business days after it settles to your account. When we close out a position, we also send an email outlining the result and our rationale.

Our objectives for the program are:

- Income every month – that can be paid out or reinvested;
- An acquisition process where we buy **only** those securities which become attractive on a "go forward" basis;
- Absolute returns of 8%+, each and every year.

Long term performance-wise, we started **The Dividend Value Discipline™** in the fall of 2002, and the average annualized return for all of the accounts that were opened that year (that are still in operation) is +7.94%, net of fees, as at the end of 2016. Throughout the course of our 14 calendar year history, we have had 13 years of positive returns and 9 years where we met or exceeded the +8% objective.

Those results have been achieved by focusing on three keys objectives, so let's walk through this with the illustration of a three legged stool.

The First Leg is Dividends

Every security that we buy must provide some form of income. We do that because income makes portfolios inherently less volatile, i.e. less chance of loss. The analogy I like to use is that of an apartment block versus a piece of raw land – it is a lot easier to hold onto the apartment block in a tough real estate environment when you are getting a rent cheque every month. Income drives stability and absolute returns.

The Second Leg is Value

Our research function is in-house. We were one of the first private client teams in the industry to have a dedicated analyst on staff and we add additional resources every year. Our objective was (and still is) to get to the truth. We do not want to depend on any outside analysts that we have little or no contact with. One of the great things about having an in-house investment team is that I can ask questions until I am satisfied that we have the right answers. We spend an inordinate amount of time studying the corporate culture. If you are interested in what that looks like, read ***Good to Great*** by Jim Collins – that is the yardstick we use to measure potential investments against. Another yardstick is the importance of wide economic moats. You can hear more on that subject by archiving the September 2013 edition of this recording on our website. We believe that the focus on great corporate culture and wide economic moats gives us an edge. Anecdotally, we can provide you with lots of evidence to support that. I remain convinced that having your own people who are totally dedicated to the investment process adds a lot of value not available at most other private client focused groups.

The more recent development in our strategy has been tackling the growth problem. History buffs will note that when we started the program in 2002, we had 5-year GICs yielding 5%, much better economic growth, and stocks benefiting from decreasing interest rates, whereas today we have 5-year GICs yielding only 2%, subpar economic growth, and the headwinds of rising interest rates. In short, the 8% is tougher to come by.

Accordingly, we spent late 2015 and 2016 tackling the "growth problem". We need to find companies that are growing far faster than the economy. As you would expect, we start within the normal confines of "has to pay a rent cheque, score well on the corporate culture front and have some sort of strategic advantage (the moat) that makes the company difficult to compete with". We then focus on those companies that have demonstrated their ability to grow their dividends at double-digit rates as a primary indicator of growth and capital gain potential. As we searched, we found that most such companies fell into one of two themes. They tend to be disrupting the existing marketplace with a better way of doing things or they tend to be aggregating their way to growth by buying smaller tuck-in acquisitions. More detail on our "disruptors and aggregators" themes can be found on the May 2016 edition of The Strategist which is archived on our website. I am happy to report we are currently bearing the fruit of those efforts.

The Third Leg is Discipline

Here I refer to the buy/sell decisions. We often identify extremely attractive value propositions and then delay the buying decision, why? Because, if you are the only guy in the world that sees it as undervalued, you can wait a very long time for the market to recognize that value – in other words, the stock price doesn't rise or worse, it goes down! Those are not comfortable situations so we try to avoid them. We buy when it is apparent that the market is starting to recognize the stock as undervalued. One of the most helpful indicators is positive relative strength – i.e. is the security in question starting to outperform its peer group and the market? Because if it isn't, there is little incentive in owning it. Sell decisions can be triggered by a number of things – when the company fails to materialize as expected, when a company's stock price exceeds what we believe it to be worth, negative relative strength, or when we find a better opportunity elsewhere. In reality it tends to be a combination of those factors.

Perhaps the most important part of the buy/sell discipline is the way we operate the program – we call it "The Buys Only Mandate". Unlike our competition, we only buy those securities which become attractively priced on a go-forward basis, meaning if you start today and your brother starts three months from now, your portfolios are going to be different in the short-term, and more closely aligned the longer you are in the program together. As rational as that might seem, most people do the exact opposite. Every time you buy a mutual fund, you buy a pro-rata share of an existing portfolio – by definition, you got the buys, the holds and the near sells. To us, that is not rational. Would Warren Buffett buy 100 companies in a single day? Were they all great value propositions? You should also be aware that most third party money management programs work exactly the same way – they buy the basket. Our objective is the protection of your hard earned money and we believe that the buys only mandate is consistent with that objective.

Other key points to the program: a fully invested account would normally have 20 to 25 positions in it, so we are relatively concentrated. Our fees are 1.75% per annum plus the GST or HST – it is tax deductible for non-registered accounts. Our target return is 8%+, net to you.

You should also know that when I buy for you, I buy for me. When I sell for you, I sell for me – same time, same price – and that statement also applies to our most senior people as well. Furthermore, every person on our team participates in our profit sharing plan, which means they have a vested interest in looking after you.

Generally speaking, we are looking to establish new relationships with new clients that have north of $1 million in investable assets. That said, I'm a lot more interested in where you are going, than where you are. If you have a credible plan to get to that number say within a three to five year period, we are very interested in meeting with you.

To conclude this track, if income and absolute returns are attractive to you, and you think that there may be a fit between your objectives and those of **The Dividend Value Discipline™**, then I would suggest a face to face meeting is in order. You can check out what to expect during that initial meeting by moving to Track #6 – “Is There a Fit”, and that is where we are going right now.

Track #6: Postscript II – "Is There a Fit?"

Our objective – and presumably yours – during the first meeting is to figure out whether or not we have a basis for an ongoing relationship. In essence, can we work together? If so, will it be mutually beneficial? Job one is to get your tough questions off the table, so we encourage people to ask whatever is on their mind. Our responsibility is to be forthright with our answers, regardless of what it is that you might want to hear.

Before we enter into any new relationship, one of the biggies we ask ourselves is, "can we add significant value?" To answer that question we need to learn some things about you, your family, your finances and what your ideal future looks like. If you are not really sure on the latter point, we have some thinking exercises that will take us through that process.

Next we will walk you through an a la carte menu of our services that are most applicable to you. We'll outline how we will report to you and who the key relationship people will be. You will also have a very clear picture of the costs involved.

Before you leave we'll outline how we see our program fitting with your situation, or not. We will not ask you for a go/no go decision at the meeting and quite frankly, we don't want to be pressed for a decision that day either. We'll schedule a meeting of the minds call, say a week out, and then mutually agree on the best course of action from there.

At the end of the day, we are in the business of keeping our clients' most challenging financial decisions consistent with their life goals. Our mission is ongoing progress towards those goals, and the result we seek is appreciative clients who are increasingly confident about their future.

So...if that process sounds engaging, I invite you to call and book some time. If you'd like further information, including access to our quarterly communication pieces, you can check us out on the web at www.chrisraper.com and send us an email from there.

This concludes "Is There a Fit".