The Opportunity Update – Tuesday March 9th, 2021

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Track #1: Introduction – The Skinny

Hi, this is Chris Raper, Senior Wealth Advisor & Senior 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 Tuesday March 9th, 2021. 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 – Caveat Emptor, The Trend Has Shifted,** I am going to speak to further evidence, that the darling stocks of 2020 are increasingly looking like ugly ducklings. After that, I will follow our usual course and update you on our leading economic indicators where we are seeing a big moves north versus our last recording, then I will give you some thoughts on our $CAD versus the $USD and the wrap it up with some pertinent observations on the Canadian energy complex.

On **Track #3: Need & Opportunity - Our Strategies Expand**, we are going to take a breather from our usual tack of outlining new additions to **The Dividend Value Discipline™.** For this session, I am going to highlight the reminder of our "in-house" investment strategies, namely the **Tax Advantaged Preferred Share** strategy, the **Keep More Income** strategy, the **Global Active Macro ETF** strategy and the most recent addition, the **Next Cycle Resource Fund**. Yes, I did that back in January with our Q4 Update but I also realize that not everybody reads those reports. Furthermore, we have a number of clients who have a preference for listening versus reading. What the four strategies have in common they each got established at the intersection of client need and market opportunity.

On **Track #4: The Wrap Up – Rising Rates & Why They Matter**, I will give you the key takeaways from each track and speak to the rapid increase we have seen in longer term interest rates and why that matters.

Track #5: Postscript I – Our Approach is for the benefit of prospective clients. It will give you some insight on the new client process that we walk interested parties through. Spoiler alert, it starts with you and your story – our approach is tailored to your do, have and legacy ambitions.

Track #6: Postscript II is where I walk you through the methodology and return objectives of our core program, **The Dividend Value Discipline™**. If you have an interest in the specifics of our core investment process, you will probably get a lot out of it – if that's not you, you may want give it a pass.

In terms of legal requirements, there are three things to note:

1. The opinions that are expressed on this recording are mine. They may differ from those of Raymond James Ltd.

2. Raymond James Ltd. is a member of the Canadian Investor Protection Fund. That is a good thing. If you are interested in those details, please ask me or any one of our relationship managers the next time we speak.

3. The transcript of this recording provides links to other Internet sites for the convenience of users. Raymond James Ltd. is not responsible for the availability or content of these external sites, nor does Raymond James Ltd. endorse, warrant or guarantee the products, services or information described or offered at these other Internet sites. Users cannot assume that the external sites will abide by the same Privacy Policy which Raymond James Ltd. adheres to.

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 that 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.

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. You will also hear me using the term “disruptor”, which is our moniker for those companies that are disrupting or re-inventing the way business is done in their particular market and are thereby able to grow at rates far faster than those 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. That 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: The Markets – Caveat Emptor, The Trend Has Shifted

Caveat emptor being Latin for buyer beware, but I will put it in a Canadian context, skate to where the puck is going, not where it has been. For those that follow our regular communications, you will know that we have been vocal on what we see as a major secular shift in markets since we published this recording back on September 18th, last. We followed that up with a Chris's Special Market Dispatch on November 10th, then on the December 11th, 2020 recording, we dedicated two tracks to the shift, **From Beneficiaries to Victims** and **The Plausible Roaring 20's Redo**.

We again highlight it today, because it is really easy for investors, ourselves included, to gravitate/invest in what has worked in the recent past, without recognizing the seismic shift that has occurred, in what is rapidly becoming a post pandemic world. I reiterate, the market is a forward looking animal and it is saying things are getting better - a lot better. Put another way, when we go through major economic disruptions like we have experienced with COVID, one needs to be open to the idea that the future many look very different from the recent past. We saw that play out in the 2008/09 recession – banks and commodity producers were the stars going into the recession and they were dismal places to keep your money coming out of the recession. Roll the camera forward to today, and you can see that the top five leading sectors on a year to date basis are; energy which is up almost 40% – yes, energy, the most hated sector on the planet, followed by the financials at +15%, followed by Communications, Industrials and Materials. Believe me, these are not the sectors that led last March. Noticeably absent from the leaders group is the technology sector.

S&P Sectors — 8 Mar 2021, 4:00 PM

Period: YTD | Columns | Search Table

SYMBOL	NAME	% CHG
XLE	Energy Sector Fund	39.97
XLF	Financial Sector Fund	15.81
XLC	Communication Services Sector Fund	7.28
XLI	Industrial Sector Fund	6.63
XLB	Materials Sector Fund	5.43
XLRE	Real Estate Sector Fund	1.26
XLV	Health Care Sector Fund	-0.62
XLY	Consumer Discretionary Sector Fund	-2.34
XLK	Technology Sector Fund	-3.22
XLU	Utilities Sector Fund	-3.48
XLP	Consumer Staples Sector Fund	-3.66

Showing 1 to 11 of 11 entries

Chart courtesy of StockCharts.com

We can see further evidence of this shift in trend by looking at the ever popular FAANG stocks which, with the exception of Alphabet are pegging in with significant negative YTD returns. Even the mighty Tesla closed yesterday, down some 35% off its all time high, marked this past January.

Symbol	Name	Price	YTD return
FB	FACEBOOK INC (A)	$258.36	-5.42%
AAPL	APPLE INC	$117.20	-11.67%
AMZN	AMAZON.COM INC	$2,994.00	-8.07%
NFLX	NETFLIX INC	$498.98	-7.72%
GOOG	ALPHABET INC. (C)	$2,041.99	+16.56%
AVERAGE			**-3.27%**

Bottom line, we believe we are witnessing a secular shift in how investors are allocating their resources - what has worked for most of the last decade, is unlikely to be what drives returns in the decade ahead. Anybody that has studied markets, knows that there is considerable historical precedent for that claim.

Moving to our leading economic indicators, and starting with the red metal, on the December recording copper was trading at $3.58 per pound and as at yesterday's close it pegged in at $4.08 per pound. That is a level we have not seen since 2011 and we are nearing a 10 year high. Why is the price of copper so important? Because it goes into virtually every manufactured good you can think of – stronger prices point to stronger demand and a strengthening economy. That is why Dr. Copper is often touted as the world's best economic forecaster.

Turning to our other favourite leading indicator, the Philadelphia Semiconductor Index (symbol $SOX), it peaked back in February when we had companies like GM announcing slower car builds due to chip shortages. When I read that, the question that came to my mind, is how much better can it get for the chip companies? There is a global shortage amid incredible demand so presumably, their pricing power has got to be incredibly strong – can it get even stronger? While that verdict is still out, at the close of business yesterday the $SOX was off about 20% from its recent high. The semiconductor complex tends to be a great "tell" for our service/design based economies because much of our economic growth is fueled by human ingenuity and processing power. I do not believe the $SOX is forecasting an economic slowdown at this point, but if forced to choose between the two complexes, I would take copper.

Chart courtesy of StockCharts.com

Moving to what has been a cascading story of the $USD over the last 6 months, we have entered what I would call a counter trend rally when measured against the basket of global currencies and I do expect some near term strength but I am biased to the view that it will be short lived. Here's why - historically speaking, over the last 35 years, once the U.S. dollar has started a downtrend, defined as more than a 10% drop from its high water mark, the average time to the reversal has been 522 days. This downtrend started in July 2020.

Chart courtesy of [StockCharts.com]

More important to most Canadians is what it means for the loonie in the weeks ahead. In the very near term, I would expect the loonie to decline, but I don't expect it to be prolonged. Translation, if I needed US cash in the next 3 months, I would buy it now.

Chart courtesy of [StockCharts.com]

My take is that the strength of our Canadian $ can only be explained by the improving interest in our resource sector. I say that because our debt as a % of Gross Domestic Product – the total value of what we produce – now exceeds that of Greece and is second only to Japan.

That aside, institutional investors are returning to the Canadian energy space and why wouldn't they? I made this observation with our investment cohort last week – the price of oil is ~ 20% below its five year high – the price of Canada's energy complex is ~ 80% below its five year high. The flying under the radar part of the Canadian energy complex, are Canada's natural gas producers – they have been the Rodney Dangerfield, "can't get no respect" pariahs of the last decade. That is changing rapidly – producers can hedge production ~50% higher than they could have a year ago. As most listeners would know, we continue to have significant exposure in both camps.

We are now off to track # 3.

Track #3: Need & Opportunity – Our Strategies Expand

Regular listeners will recall that this track is usually devoted to our core investment strategy, **The Dividend Value Discipline™**. Today we take a different tact and unpack our expanded mandates. We operate same "in house" and our research team have been developed them to address a specific client need and or to exploit a specific opportunity.

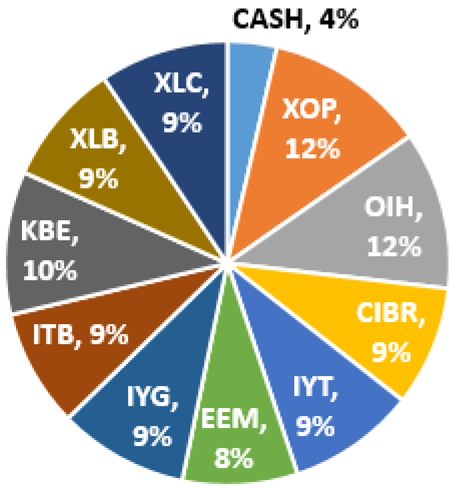
Whether or not these mandates are present as a sleeve of your overall investment allocation will depend on your current circumstances, your do/have/legacy ambitions and your risk/reward appetite in both bull and bear markets. For prospective clients being introduced to us by way of this recording, please note these are discretionary programs – we make all of the buys and sells and we report to you after the fact. With that out of the way, the first out of the gate is:

TAPS - The Tax Advantaged Preferred Share Strategy – where we did a soft launch this past summer. In short, we needed a program to take advantage of the high income yields available in Canada's preferred share market and we could see the coming scarcity factor after the Office of the Superintendent of Financial Institutions approved the use of Limited Recourse Capital Notes. They are known as LRCNs and they effectively gave Canada's financial institutions a cheaper source of capital. As anticipated, Canada's banks are calling in their most expensive preferred share issues and the scarcity of supply is driving prices north. The good news is that tax preferred dividend yields of say ~4.5% today are still available. Adding fuel to the fire, are the fixed reset issues which rally with the increasing interest rates because they are tied to the yield on the five year Government of Canada bond yield and rates are going up. Who is this strategy for? The person who's primary concern is income and they have non-registered capital available, so they can maximize the tax advantage. Please note that these securities are higher risk than a GIC but the pretax interest equivalent is like 7% (at the highest tax bracket) versus say 1.5% for a 5 year term.

KMI – The Keep More Income Strategy – is another strategy that was developed because of client need crossed with opportunity. As alluded to earlier, there is no question that the U.S. markets have been the place to be for most of the last decade, in fact since 2009. What most people forget is that the U.S.'s S&P 500 Index was actually negative to the tune of ~2% per annum for the ten years ended March 31st, 2009. Anyone who has studied history, recognizes that this is the norm. I did an extensive piece on this back in the September 2019 edition of this recording - there is a link to that on the transcript of this recording - website. Suffice to say, it is highly unlikely that the U.S. will be the place to be in the next ten years. We are seeing that play out as the $USD continues to weaken and commodity prices rally due to years of underinvestment. The pursuit of the green agenda requires tremendous amounts of copper, nickel and lithium, all of which require fossil fuels to produce as we rip up the earth's crust to build out the renewable infrastructure. This rally in commodities instantly makes Canada a more attractive place to invest as we have the world's second largest land mass and we are arguably better at producing commodities than anybody else in the world. Bottom line, we see the next 10 years for investing Canada as being much better than the last 10 years. Back to KMI – it is all Canadian, everything that we buy pays a dividend and those dividends are eligible for the dividend tax credit. The objective is tax preferred income with some growth. It will be more volatile and has more short term risk than the TAPS strategy noted above. That said, five years from now, I believe it will have outperformed TAPS.

GAME – The Global Active Macro ETF Strategy – is a program that I had on the back burner of my mind since the 2008/09 recession and it was a U.S. citizen/Canadian resident need that actually got it launched back in 2016. Our objective was to create a system that forces you into what is working and forces you out when it stops working. The thesis is that money flows "push" asset class/sector performance and believe me, that phenomena was clearly demonstrated to me during financial debacle. Money flowed into government bonds and it stayed there for months on end. In essence, we believe that buying begets buying and selling begets selling and those trends tend to go on for far longer than you think they can. The result is prolonged periods of outperformance or underperformance and when things finally do reverse, it tends to be powerful. You can see that demonstrated today with our current GAME holdings – they are dominated by X-USA, commodities and pro growth exposure, whereas the tech related ETFs have been dropping like flies. We control the risk by limiting exposure to any one ETF to a maximum of 10%. The most exciting thing for me with this program is that last August, our sleuth analyst, Alex Vozian, tweaked the process after some deep back testing and the reality is that the short term results have noticeably improved. Who is it for? The strategy allows us to gain some exposure outside of North America when it is warranted and we have the ability to go to essentially all bonds or all equities and everything in-between – there are no geographic limitations. All of that said, there will be times in a sideways or churning market that it does not do well – we expect it to do well in trending markets. As there is a fair bit of turnover in the program it is best suited to registered/tax free/tax deferred accounts.

Current GAME Holdings as of Monday, March 8, 2021



CIBR	FIRST TR II NASD CYBERSEC ETF
EEM	ISHARES MSCI EMRG MKT ETF
ITB	ISHARES US HOME CNSTR ETF
IYG	ISHARES US FINL SVCS ETF
IYT	ISHARES TRANS AVG ETF
KBE	SPDR SER TR S&P BANK ETF
OIH	VANECK VECTORS ETF TR OIL ETF
XLB	SECTOR SPDR FD MTRL
XLC	SELECT SECTOR SPDR TRUST ETF
XOP	SPDR S&P OIL & GAS EXP ETF

NCRF – The Next Cycle Resource Fund got kicked off in early January of 2020 because I was seeing evidence that next commodity boom was coming and I wanted to a program that took advantage of the opportunity. Of course COVID promptly cratered that thesis in the near term. The good news is that the only money in the program at that time was mine – it was under beta test. Bottom line, as markets collapsed, the NCRF went into ignore mode because I had much bigger fish to fry – namely, coaching our clients and making the tough investment calls as the market panic ensued. The interesting thing was when I got back to the NCRF in August, the strategy was inching its way back to breakeven and by the end of last year, it had actually made money. Again, our sleuth, Alex Vozian, helped me refine the program and we opened it up for client participation in the new year – thus far the results have been encouraging. That said, it is early days for both the NCRF and in my view at least, the coming commodities boom. Who's it for – those clients that have specific interest in resources and that have higher risk/volatility tolerance. To be clear, if we get into a 3rd wave of COVID and or the economy stumbles, there will be some painful months with this strategy.

DVD – The Dividend Value Discipline™ needs little in the way of introduction for most listeners. If you are new to the recording then Track # 6 is for you and it deals with the philosophy and modus operandi of our core program. It remains by far, the biggest mandate that we operate and it has been existence since the fall of 2002. On that track, you will note that we have a big focus on companies that can sustainably grow their dividends at rates far faster than the economy. In our language, those are growing rent cheques and on that front, we have had the following increases announced since our last recording:

TSC TRACTOR SUPPLY CO	Microsoft	ThermoFisher SCIENTIFIC
+30%	+18%	+18%
NIKE	ANALOG DEVICES AHEAD OF WHAT'S POSSIBLE™	MarketAxess
+12%	+11%	+10%
DOLLARAMA	CINTAS	CN
+7%	+7%	+7%
	Rockwell Automation	
	+5%	

That leads me to my age old question, “If you owned an apartment block and you were getting those kinds of rent cheque increases, would you be tempted to sell just because the real estate market took a downturn?” Unlikely, is my answer.

That’s a wrap and we are off Track #4.

Track #4: The Wrap Up – Rising Rates & Why They Matter

First, the takeaways:

A reminder that the opinions expressed on this recording are mine. They may differ from those of Raymond James Ltd. Please recognize that some of what I told you is going to turn out to be wrong.

On **Track #2: The Markets – Caveat Emptor, The Trend Has Shifted**, we talked about the continued and I would argue, increasing evidence that the rotation out of the technology into other pro-growth sectors of the economy is clearly in play. Our intent is to skate to where the puck is going not where it has been. Last year's darlings are struggling whereas last year's ugly ducklings are starting to look like soaring eagles. Copper at close to 10 year highs is nothing short of phenomenal if you think about where we were at this time last year – years of under-investment in the resources sector speaks to the staying power of this rally. From there we covered off the foreign exchange issues, where I do expect some near term Canadian $ weakness, albeit short lived. We closed that track out with some comments on the Canadian energy complex, where it is not hard to make the value proposition case and the institutional crowd is returning to the space providing the catalyst.

On **Track #3: Need & Opportunity – Our Strategies Expand,** we covered of our expanded in house mandates, TAPS, KMI, GAME and NCRF, all of which were developed in response to client needs and or to exploit a specific market opportunity. If you are a client and you are wondering if any of those mandates are fit for you, please reach out to your relationship manager as the starting point. Otherwise, we will cover that off during your next review.

That takes us to **Rising Rates & Why They Matter –** for your awareness the yield on the 10 year US treasury (US government guaranteed bond) pegged 1.60% yesterday, whereas it bottomed at close to .5% last August. That's a big move and it is important, because the yield on the 10 year US treasury is the yardstick by which all alternative investments tend to get measured by. By way of example, today's dividend yield of say 2.5% on Johnson & Johnson is obviously a lot more attractive in a .5% environment than a 1.6% environment, all other things being equal. So what is the key message that we need to take away when both interest rates and the stock market are rallying at the same time? For me, it is to understand that these two phenomena's cannot go co-exist for long periods of time – I am talking years not months. Higher long term interest rates eventually lure equity investors away from stocks as they seek to protect gains. While I have no such concerns today, in large part because it is early days coming out of the Covid induced recession, it is something that we must continue to factor into our decision making process. At a practical level, if you or someone you love is looking for a mortgage, I would bias the fixed term as opposed to floating. Central banks have printed copious quantities of money and the prospect of inflation is rearing its head, yet few believe it can happen. I am less convinced - if it does become a problem, they will try to cool it as they have in the past, with higher short tem rates.

That brings us to a close for this edition of **The Opportunity Update**. A reminder, if you are being introduced to us by way of this recording, then Tracks #5 and #6 are for you.

Thank you for taking the time to listen - I trust it has been insightful. If you have people in your life who you think might benefit from these missives, please forward them as you see fit. Alternatively, they can sign up through our website, where all that is required is a first name and email address.

This is Chris Raper, bidding you good day and may God bless, from Victoria BC on Tuesday, March 9th, 2021.

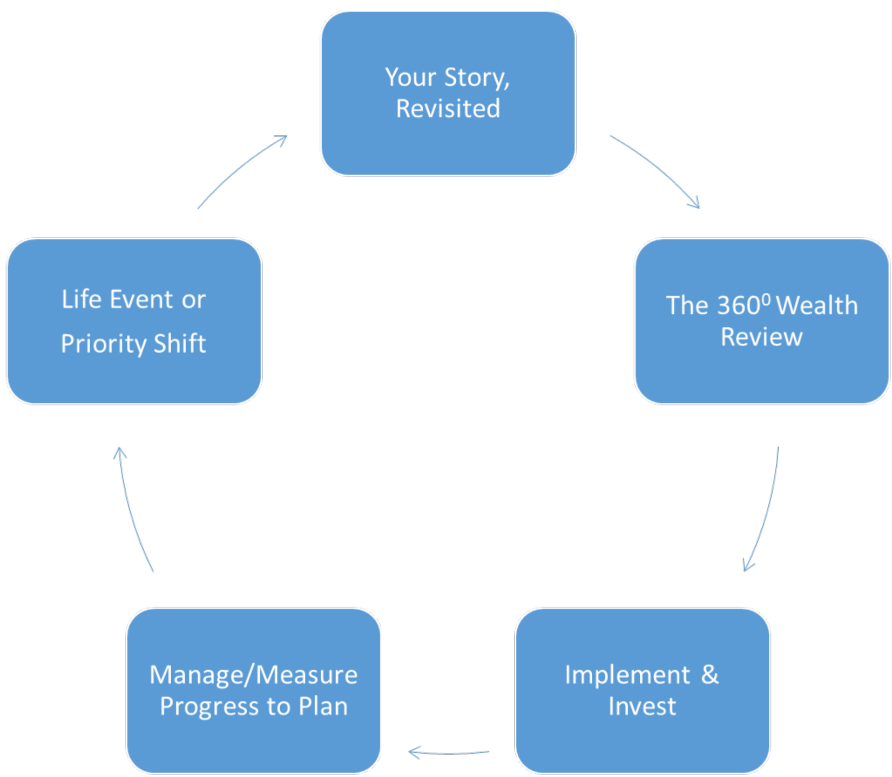
Track #5: Postscript I – Our Approach

While this recording has been focused on investments that is not where we start with new relationships. We start with your story, and we revisit it often. Knowing where you came from and what you want the future to look like – your do, have and legacy ambitions – is the foundation for building a solid client/wealth advisory relationship. Our first order of business is to listen, seek clarity and then document your ambitions for the future – we call it, **Your Story, Revisited**.

From there, we complete a 360° review of all relevant investment, tax/estate and insurance documents in an effort to identify gaps/risks to the future you envision. When we identify holes, we have a discussion about how we might fill those holes.

Then and only then do we get into a discussion on the investment allocation. We will address your liquidity, income and growth requirements/desires and introduce you to the tax smart investment strategies to meet those needs.

After we invest, it is a matter of manage and measure – we report regularly and when life throws you the inevitable curve ball or your priorities change, it is back to revisiting your story.



In summary, we learn about you, your family, your finances and what your ideal future looks like – the things you want to do, the things you want to have and the legacy you want to leave. We identify the structural risks and how we see mitigating them. We paint a go forward picture with a worst case analysis of the costs involved.

Generally speaking, we are looking to establish relationships with new clients that have north of $1 million in investable assets, but please understand that we are 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.

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.

Track #6: Postscript II – The Dividend Value Discipline™ Methodology

The first thing I want to share with you is that **The Dividend Value Discipline™** is our core mandate – essentially, all of our clients have a slice of their portfolio allocated to it. For your awareness, we currently have several strategies that we manage in house, in addition to a short list of 3rd party money managers. Structurally, most clients have three buckets of money with us – a safe money bucket, an income bucket and a growth bucket. **The Dividend Value Discipline**™ straddles the latter two and depending on your needs, we augment it with other strategies. The program continues to be a large slice of our client assets under management and in my case, it is by far the largest.

The process is discretionary, meaning we make all of the buy and sell decisions and report to you after the fact.

Our objectives for the program are:

1. Income every month – that can be paid out or reinvested;

2. An acquisition process where we buy only those securities which become attractive on a "go forward" basis;

3. Absolute returns of 8%+ over any investment cycle, which we would describe as peak to peak or trough to trough. If you are looking for a time frame in terms of years, think 5+ years, but please understand investment cycles have a wide range of timeframes.

The program operates with three key elements and I will walk you through them using the illustration of a three legged stool.

The First Leg is Dividends

With few exceptions, 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 on to an 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. When we launched the program back in September of 2002, 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. We spend an inordinate amount of time studying the corporate culture of potential investee companies. If you are interested in what great corporate culture looks like, I encourage you to 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 – the things that make the company tough to compete with. We want to own companies that the end client can't live without – great examples might be Microsoft or Intuit, both long term holdings of ours. We believe that the focus on great corporate culture and wide economic moats gives us an edge, and while I can't prove it you I can certainly give you lots of anecdotal evidence to support that thesis.

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 roughly 5% and much better economic growth, whereas today we have 5-year GICs yielding of ~ 1.5% and much slower economic growth. In short, the 8% is tougher to come by.

Accordingly, we spent late 2015 and 2016 tackling the "growth problem". We needed to find companies that were growing far faster than the economy. As you would expect, we started 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 (moat) that makes the company difficult to compete with". We then focused on those companies that have demonstrated their ability to grow their earnings/dividends at double-digit rates as a primary indicator of income growth and capital gain potential. As we searched, we found that most such companies fell into one of two themes. They tended to be disrupting the existing marketplace (think Wal-Mart 20 years ago or Amazon today) with a better way of doing things, and/or they tended to be aggregating their way to growth by buying smaller tuck-in acquisitions, much like Constellation Software Inc.

The Third Leg is Discipline

Here I refer to the buy/sell decisions.

On the buy side, I would sum it up as “do your homework, be ready,be patient”. Over the years our absolute best buys have been when we have done our homework on the company, perhaps months before, and then some untoward event happens that gives you opportunity to buy in size. The Euro debt crisis in 2011 is a great example that enabled us to buy Nike at a terrific price because we were ready and we had conviction. More recently, I would put he world’s # 3 french fry maker, Lamb Weston in that category.

Sell decisions are getting increasingly tougher because the quality of our companies just keeps going up and with their rent cheques (dividends) growing at double-digit rates, our history tells us more often than not that we are better off holding than chasing shiny baubles. That said, new competitors with disruptive technologies can wreak havoc on a company’s growth prospects – back to the Amazon/Wal-Mart example. Transition periods of senior management teams can be risky, especially when there is no hire-from-within bias. Then there are times when the price of a stock just gets so far in front of its growth prospects that the only reasonable thing to do is sell. As Buffett likes to say, “you pay a high price for a rosy consensus”. When things are universally rosy we try to be sellers, not buyers.

Perhaps the most important part of the buy/sell discipline is the way we operate the program for new entrants – we call it “The Buys Only Mandate”. Unlike most of 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. Who buys 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. The buys only mandate was designed to protect your hard earned money.

Other key points to the program: a fully invested account would normally have 20 to 25 positions in it, so we are relatively concentrated. You should also know that you and I buy at the same time, same price. The converse is also true.

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™** with at least a portion of your investable assets, then I suggest a virtual or face to face meeting is in order.