

The Strategist

A Quarterly Report for Friends, Clients and Associates of Chris Raper



Chris Raper & Associates caters to the entrepreneurially-minded. We start by seeing the world as you see it – the things you want to do, the things you want to have, the legacy you want to leave. Our mission is to keep your most challenging financial decisions consistent with those goals. The result we seek is appreciative clients who are increasingly confident about their future.

The Dividend Value Discipline™, our core investment program, was founded in September of 2002, with the three-fold objectives of income every month, buying only those securities which become attractive on a go-forward basis, and an 8% net return each and every year. You will find the process innovative, rational and refreshingly transparent. Our fees are **“asset-based”**. Our research is **“in-house”**. **We own what our clients own.**

Our services will appeal to people who want to be involved from a **“big picture”** perspective and are prepared to delegate the day-to-day responsibilities.

New clients come almost exclusively by way of introduction from our existing great clients. Generally speaking, they will have in excess of \$1.0 million in investible assets or a credible plan to get there.

You can find a profile of our people and our processes at www.chrisraper.com.

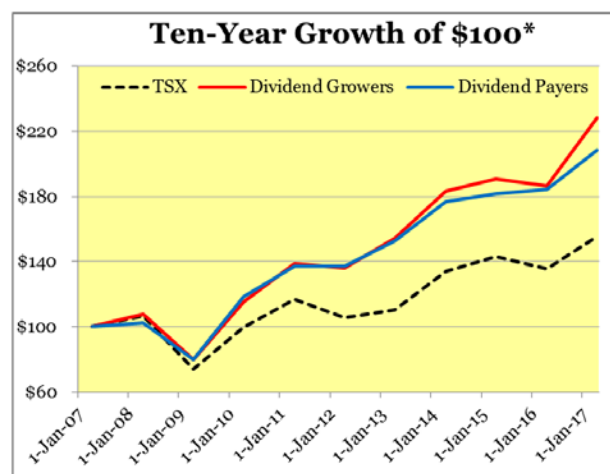
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May We Suggest a Different Path?

It has been an interesting month. Geopolitical concerns ground away at investor confidence, be it Trump's bombing of Syria, North Korea's chest pounding, or Turkey's move to a dictatorial regime. As you might expect, stocks got cheaper, but once again, markets crawled the “wall of worry”, moving to new all-time highs near month end (Canada's TSX Composite Index excepted). As I write, investors are putting “money to work”...after markets/prices have moved to record high levels! Clearly, something is amiss with that kind of behavior, and yet, that is how most of investors “invest”!

May we suggest a different path? Rather than making our decisions on the latest prognostications of economists, market pundits, or the next political U-turn, let's try our level best to stay focused on the **“rent cheque”** and more importantly, how fast it is growing (“rent cheques” being our parlance for dividends paid by our investee companies). Why? Because the evidence is overwhelming that it works! The chart (pictured right) is Canadian-focused, but we suspect it wouldn't matter which market you were looking at, the results would be much the same. In a nutshell, much better returns and less ups and downs aka: volatility. Who wouldn't want that?



*As of April 30, 2017.

Total returns are as follows: Dividend Growers: +128%; Dividend Payers: +108%; TSX Composite Index: +56%.

“Okay, how do we figure out who the dividend growers are and who they will be in the future?” As you might expect, the dividend growth track record is easily established, whereas knowing the future is a little more challenging. To grow your dividend at double-digit rates, you need to generate copious amounts of free cash flow and it must be sustainable, so you better have a business model that is difficult to compete with. That's why we like **disruptors**, i.e. Dollarama, Expedia and Intuit, which have a few things in common. They are reinventing the way business is done in their industry, they are tough to compete with, and they have huge markets in front of them. As long as that lasts, we believe they will continue to be **dividend growers**. Similarly, Constellation Software, CCL Industries and Amphenol continue **aggregating** multiple acquisitions which are accretive to free cash flow - the precursor to further dividend growth. Again, these companies are formidable competitors and have lots of runway to execute their growth plans on. As long as that remains the case, we are confident that they too will be **dividend growers**.

Looking back over the last 25 years, selling dividend growers over “valuation concerns” have been some of my (Chris) worst investment decisions. Our sense is that both Ryan and I are getting smarter. Certainly our conviction is growing with each successive dividend increase.

“If you mix your politics with your investment decisions, you're making a big mistake.”

- Warren Buffett, February 27, 2017

Do It For Dad This Father's Day - Sunday, June 18

By: Chris Raper



Wondering what to get dad this Father's Day? How about the gift of time...time with you. Raymond James Ltd. and the Vancouver Island Prostate Centre have teamed up again this year for the annual Raymond James Father's Day Walk/Run. Events are taking place in Vancouver, Kelowna, Kamloops and the Fraser Valley - so coordinating it should be easy.

This year's event at Vancouver Island Tech Park in Victoria promises to be the best yet. You can walk, run, or dance your way around the 5 or 10 km course. Dad can groove to the live bands playing music of his era...I know, he is likely to embarrass you, but that's what dads are for - just wait until you get to the photo booth! Make sure to check out the "Dads Lounge" for some relaxation, tasty treats, and the chance to win some great prizes.

While you're at it, how about gathering some pledges for the Island Prostate Center (Prostate Cancer Foundation BC for off-island)? Here's why it's important: over 25,000 Canadian men will be diagnosed with prostate cancer this year. Most won't experience any symptoms and unfortunately, some will have passed through the most treatable stage. You can change that and in doing so, you just might save your dad.

I am now at a stage of life where this starts to impact firsthand. My good friend and colleague, Paul Siluch (pictured right) is a prostate cancer "graduate" and I am so grateful he caught it early and has come through the treatment with flying colours. Unfortunately, that is not the outcome for all. To sum it up, tell your dad: "If you can't run from it, run for it!"



There will be special gifts for dad and at the time of writing, we are hopeful of having PSA tests on site...and just because it's Father's Day, we'll let him skip the digital exam! Sign up the whole family at www.thefathersdayrun.ca.

Update on the Team

By: Larissa Ruditsch

In early March, Chris and Arleen crossed the globe to Cape Town, South Africa where Chris was geared up and ready to ride in the [Cape Town Cycle Tour](#). Unfortunately for him and the 35,000 other cyclists, the 109 km event was cancelled last minute due to high winds (up to 100 kph!). The disappointment didn't last long however, as they enjoyed safaris through the beautiful African landscape, and were at times within feet of the world's most dangerous wildlife - be sure to ask him about some of their encounters!

In April, we were happy to host a special out-of-town guest. Artiom Dicov has been conducting preliminary research on a contract basis for our team since January 2015, and last month he made the 30+ hour trip from Moldova. During his week-long visit, he joined us at the office and worked alongside our investment team. We also made sure he had a chance to do some Victoria sightseeing and experience a taste of Canadian culture (including a team BBQ at Chris'). We hope to see him again soon!



You may recall from February's issue of *The Strategist* that Erika is expecting baby Kuzio in early July. If all goes according to plan, her last day before maternity leave will be Friday, June 16. As a reminder, myself along with Ryan will be stepping in to fill her shoes while she's away, and we're dedicated to ensuring you are well taken care of in her absence. That being said, our team is still looking to hire an administrator - so if you know anyone looking to get into the financial services industry, we would be pleased to receive your referral.

For more updates on the team and other exciting news, follow us on Twitter:  @ChrisRaperAssoc or like us on Facebook:  Chris Raper & Associates

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