



CANADIAN EQUITY REPORT

August 31, 2020

INVESTMENT STRATEGY AND PROCESS

Lester Asset Management Inc. ("LAM") launched an actively managed All-Cap Canadian Equity strategy for its segregated accounts in July 2006 and created a pooled version through the Lester Canadian Equity Fund (the "Fund") in January 2012. The strategy's aim is to be different from the S&P/TSX Composite Index and achieve higher returns than the market with lower risk as measured by low market correlation, low cyclical exposure, and better industry diversification. The portfolio is invested in 40 to 50 small, mid and large cap Canadian listed companies selected using a research process based on fundamental bottom-up analysis, strict quantitative and qualitative criteria, and a sound understanding of each company and the industry in which each operates, complemented by a macro-economic outlook. The investment style is value-driven and opportunistic, seeking to buy shares at a discount to a company's true worth, with the goal of maximizing shareholder value through dividend growth, share buybacks, spin-offs or an outright sale.

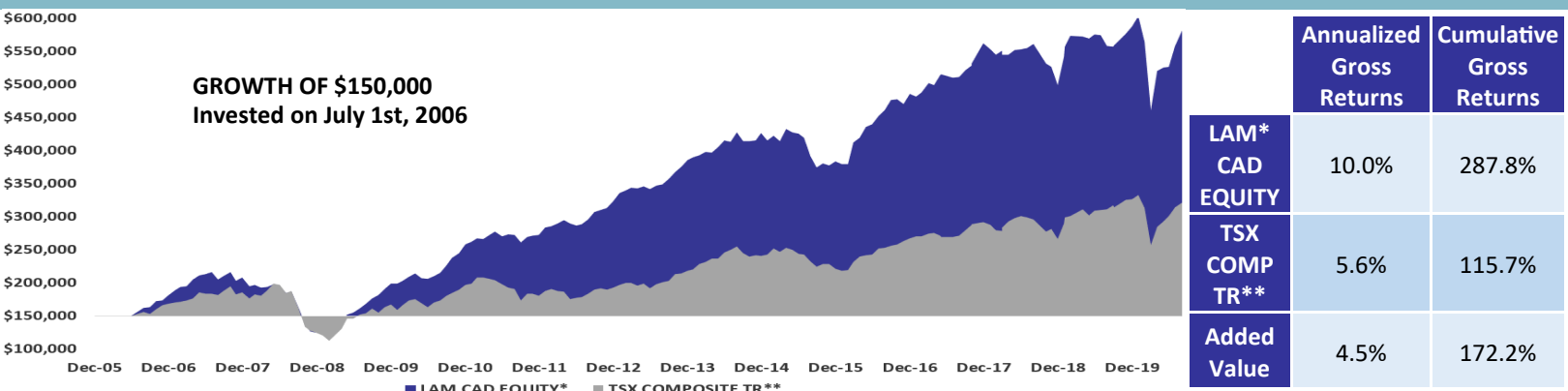
CALENDAR YEAR GROSS RETURNS (except for 2006 which is for 6 months)

	2020 YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
LAM CAD EQUITY*	-1.0%	18.0%	-11.9%	15.8%	26.6%	-9.6%	10.5%	19.3%	17.6%	5.8%	29.7%	60.2%	-40.0%	15.4%	20.7%
TSX COMPOSITE TR**	-1.1%	22.9%	-8.9%	9.1%	21.1%	-8.3%	10.5%	13.0%	7.2%	-8.7%	17.6%	35.1%	-33.0%	9.8%	12.5%

ANNUALIZED GROSS RETURNS (except for 1 month and 3 months returns)

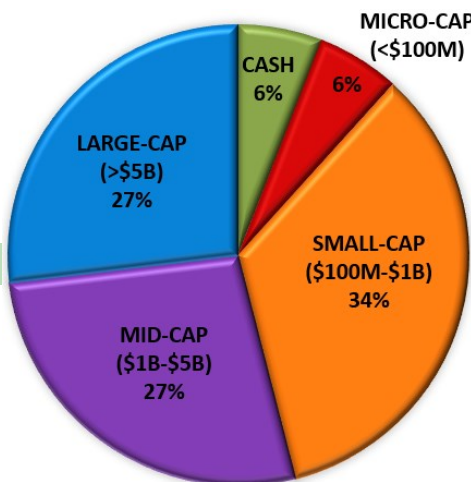
	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE JULY 1, 2006
LAM CAD EQUITY*	4.3%	10.6%	4.3%	4.1%	8.1%	10.5%	10.0%
TSX COMPOSITE TR**	2.4%	9.6%	3.8%	6.0%	6.8%	6.4%	5.6%

CUMULATIVE GROSS RETURNS VERSUS TSX COMPOSITE TR** SINCE JULY 1, 2006



FUND ALLOCATION BY SECTOR AND MARKET CAP

INDUSTRIALS	17.6%
TECHNOLOGY	15.3%
ENERGY	11.9%
UTILITIES	11.9%
DISCRETIONARY	9.5%
STAPLES	6.4%
CASH	6.2%
COMMUNICATIONS	5.7%
HEALTHCARE	5.6%
FINANCIALS	3.6%
MATERIALS	3.5%
REAL ESTATE	2.8%



TOP 20 FUND HOLDINGS

LARGE CAP	%	SMALL/MID CAP	%
CN RAILWAY	3.2	TECSYS	4.1
ALGONQUIN POWER	2.9	INNERGEX RENEWABLE	3.6
TELUS	2.7	BORALEX	3.5
PEMBINA PIPELINE	2.6	STELLA JONES	3.3
BCE	2.5	ALTUS GROUP	2.8
ENBRIDGE	2.5	CALIAN GROUP	2.8
CGI GROUP	2.4	MEDIAGRIF	2.8
KEYERA	2.3	ALTAGAS	2.6
LOBLAW COMPANIES	2.0	GOODFOOD	2.6
TD BANK	1.6	BADGER DAYLIGHTING	2.3

MONTHLY COMMENTARY

The Canadian Equity Fund rose **+4.3%** on a gross basis during the month versus +2.4% for the TSX Composite Total Return (including dividends) as global stock markets continued to recover from their March lows on better than expected corporate earnings. Year-to-date, the Fund is down -1% versus -1.1% for the TSX. While we are underweight the Financial and Energy sectors which were the main drivers of the TSX during the month, we still handily outperformed the index thanks to solid second quarter earnings from many of our small and mid cap holdings. These included Badger Daylighting, Altus Group, Stella Jones, Keyera, Guardian Capital, K-Bro Linen, Savaria, Park Lawn, Pollard Banknote and Calian Group. Our slight outperformance year-to-date versus the TSX is particularly satisfying given that we do not own any gold stocks or Shopify, without which the TSX would be down over -8% in 2020. Record low interest rates, government stimulus, and the re-opening of most businesses continue to buoy markets. While corporate earnings have been better than expected, many were bolstered by wage subsidies and massive cost cutting which has resulted in high unemployment. We therefore continue to take a cautious approach by holding more defensive names and a higher cash balance in case the economic recovery stalls or there is a second wave of the virus resulting in further lock-downs.

PORTFOLIO MANAGERS



Stephen Takacsy – CEO, Chief Investment Officer and Lead Manager Canadian Equity

Stephen joined the firm in 2006 as Chief Investment Officer and developed its Canadian Equity and Fixed Income strategies. He became Chief Executive Officer in 2017. Stephen's diverse career in finance spans over 30 years, including roles in corporate lending, investment banking, and managing the cash proceeds from the sale of a publicly traded company where he was Chief Financial Officer. His extensive experience in corporate finance, mergers & acquisitions, valuation analysis and investments has added value to client returns.

Co-Manager: Martin Gagné, CFA, CPA

STRATEGY CHARACTERISTICS

Inception Date	July 1st, 2006
Strategy AUM	\$178 million
Style	All-Cap, value-driven and opportunistic
Process	Fundamental bottom-up analysis
Portfolio	40 to 50 diversified holdings
Risk Metrics (since inception)	Low cyclical exposure Low market correlation Beta: 0.81 Upside capture: 88% Downside capture: 62% Portfolio turnover (5 year): 25% Maximum position size: 5% Maximum sector weight: 25%

POOLED FUND TERMS

Inception Date	January 3rd, 2012																
Fund AUM	\$68 million																
Minimum Investment	\$150,000 (or less for accredited investors)																
Eligible Accounts	Non-Registered and Registered (RRSP, RESP, TFSA...)																
Distribution	AB, BC, MB, ON, QC, by way of Offering Memorandum																
Management Expense Ratio (MER)	Management Fee (as listed below) + approximately 0.1% for trading and custodial charges																
Fund Units***	<table border="1"> <thead> <tr> <th>SERIES</th> <th>FUNDSERV CODE</th> <th>NAV</th> <th>MGMT. FEE</th> </tr> </thead> <tbody> <tr> <td>F</td> <td>LAF100</td> <td>\$18.48</td> <td>1.5%</td> </tr> <tr> <td>I</td> <td>LAF101</td> <td>\$13.87</td> <td>1.0%</td> </tr> <tr> <td>O</td> <td>LAF102</td> <td>\$10.34</td> <td>TBD</td> </tr> </tbody> </table>	SERIES	FUNDSERV CODE	NAV	MGMT. FEE	F	LAF100	\$18.48	1.5%	I	LAF101	\$13.87	1.0%	O	LAF102	\$10.34	TBD
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ABOUT THE FIRM

Lester Asset Management is an independent discretionary portfolio management firm serving private clients, family offices, charitable foundations and institutional investors, while exercising a fiduciary duty to always act in its clients' best interest. The Firm is committed to preserving and growing the financial wealth of its clients through responsible and ethical investing while also providing a high level of personalized service to meet its clients' evolving needs. The Firm is focused on actively managing two core strategies: Canadian Equity and Canadian Fixed Income, aiming to outperform the main indices over the long term and to add value by achieving higher returns than the market with lower risk. In 2019, the Firm was selected by the Quebec Emerging Managers Program to manage a pooled Canadian Bond fund for a group of institutional investors.

FOR MORE INFORMATION:

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FREQUENT CONTRIBUTOR ON



*Returns for LAM's Canadian Equity strategy are gross of management fees and based on dollar-weighted gross returns for the Canadian Equity composite of segregated portfolios managed by LAM using the same strategy from July 2006 until the launch of the Fund in January 2012 and on gross returns of the Lester Canadian Equity Fund thereafter. **The S&P/TSX Composite Total Return Index is the benchmark that has been used since the inception of LAM's Canadian Equity strategy in July 2006 and the Fund in January 2012, and reflects the policy of investing only in Canadian Equity securities. *** Returns on the different unit series of the Fund will vary due to applicable management fees as well as trading and custodial charges. Note that the Fund does not incur operating costs which are typically associated with pooled fund investments, as these are assumed directly by LAM. Please read the Offering Memorandum before investing in the Fund. Pooled fund returns are not guaranteed as unit values change frequently and past performance may not be repeated.