



# ALL-CAP CANADIAN EQUITY FUND December 2019

## INVESTMENT STRATEGY AND PROCESS

Launched in January 2012, the Lester Canadian Equity Fund (the "Fund") is managed by Lester Asset Management Inc. ("LAM") using the same strategy applied to segregated accounts since the strategy's inception in July 2006. The Fund's objective is to be different from the traditional Canadian Equity benchmarks and to achieve higher than market returns with lower risk. The Fund is invested in 40 to 50 small, mid and large cap Canadian listed companies selected using a disciplined long-term investment approach. Research is based on a sound understanding of each company and the industry in which each operates, complemented by our macro-economic outlook. Our investment philosophy is value-oriented, seeking to buy shares at a discount to a company's true worth, as well as event-driven with the goal of maximizing shareholder value either through dividend increases, share buybacks, spin-offs or an outright sale.

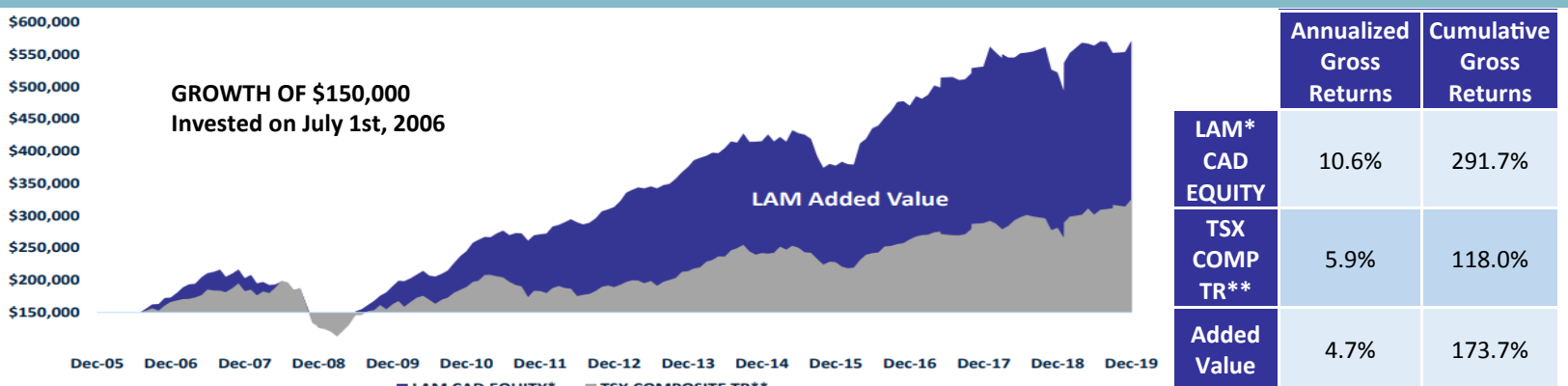
## GROSS CALENDAR RETURNS AS OF DECEMBER 31, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
LAM CAD EQUITY*	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**	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%

## GROSS ANNUALIZED RETURNS AS OF DECEMBER 31, 2019

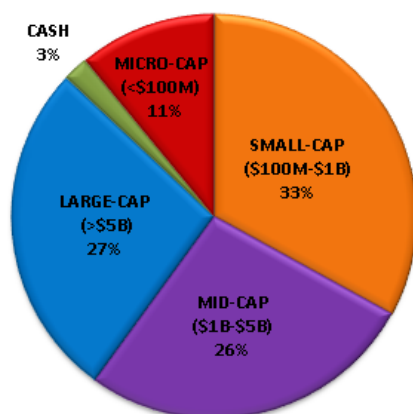
	1 MONTH	3 MONTHS	1 YEAR	3 YEARS	5 YEARS	10 YEARS	SINCE JULY 1, 2006
LAM CAD EQUITY*	1.9%	5.4%	18.0%	6.4%	6.6%	11.3%	10.6%
TSX COMPOSITE TR**	0.5%	3.2%	22.9%	6.9%	6.3%	6.9%	5.9%

## GROSS CUMULATIVE RETURNS VS TSX COMPOSITE TR\*- JULY 1, 2006 TO DECEMBER 31, 2019



## ALLOCATION BY SECTOR AND BY MARKET CAP

INDUSTRIALS	20.8%
TECHNOLOGY	14.7%
DISCRETIONARY	10.8%
UTILITIES	9.8%
ENERGY	9.5%
STAPLES	7.0%
HEALTHCARE	6.7%
COMMUNICATION	6.0%
REAL ESTATE	5.1%
MATERIALS	4.5%
CASH	2.7%
FINANCIALS	2.4%



## TOP 20 HOLDINGS

LARGE CAP	%	SMALL/MID CAP	%
PEMBINA PIPELINE	3.6%	TECSYS	3.5%
ALGONQUIN POWER	3.5%	BORALEX	3.5%
BCE	3.0%	LOGISTEC	3.3%
TELUS	3.0%	ALTUS GROUP	3.2%
ENBRIDGE	3.0%	SIENNA SENIOR LIVING	3.1%
KEYERA	3.0%	K-BRO LINEN	3.0%
CN RAILWAY	2.5%	PARK LAWN	3.0%
BLACKBERRY	2.3%	INNERGEX RENEWABLE	2.8%
CGI GROUP	2.2%	GOODFOOD MARKET	2.6%
CCL INDUSTRIES	2.1%	GUARDIAN CAPITAL	2.4%

## MONTHLY COMMENTARY

During the month, the Canadian Equity Fund rose +1.9% on a gross basis versus +0.5% for the TSX Composite TR\*\* while global equity markets rallied as US-China trade tensions eased. Our outperformance was mainly due to our low weighting in the Financial sector which declined -2.7% and strong returns from several of our technology holdings including recent additions to our portfolio. Top contributors included Tecsys (+26%), Quorum Information Technologies (+22%), Velan (+21%), Mediagrif Interactive (+15%), Blackberry (+14%), Baylin Technologies (+14%) and ATS Automation (+9%). For the year, the Fund was up +18% on a gross basis versus +22.9% for the TSX Composite TR\*\*. A 40% surge in the gold sector contributed around 2.5% to the TSX's rise during the year. Our investment process avoids volatile and unpredictable sectors such as precious metals and mining, so we did not participate in this speculative trade. We also took a conservative stance in light of the US-China trade wars by maintaining a high average cash balance of 8% which cost us around 1.5% for the year. While we lagged the TSX, it is important to note that our still high return was achieved with less risk than the market. As valuations are stretched, we continue to exercise caution in seeking attractively priced stocks with low exposure to economically sensitive sectors, and remain confident that our portfolio is well positioned for strong long term returns.

## PORTFOLIO MANAGERS



### Stephen Takacsy – CEO, Chief Investment Officer & 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-Managers: Jordan Steiner, CFA and Martin Gagné, CFA, CPA**

## INVESTMENT TERMS AND FUND CHARACTERISTICS

<b>Fund Type</b>	All-Cap Canadian Equity Strategy	<b>Fund Units***</b>	<b>SERIES</b>	<b>FUNDSERV CODE</b>	<b>NAV</b>	<b>MGMT. FEE</b>
<b>Inception Date</b>	January 3rd, 2012		F	LAF100	\$18.90	1.5%
<b>Fund AUM/Firm AUM</b>	\$60 million/\$323 million		I	LAF101	\$14.12	1.0%
<b>Provinces of Distribution</b>	AB, BC, MB, ON, QC		O	LAF102	\$10.45	TBD
<b>Eligible Accounts</b>	Non-Registered and Registered (RRSP, RESP, TSFA...)	<b>Management Expense Ratio (MER)</b>	Management Fee (as listed above) + approximately 0.1% trading and custodial charges			
<b>Minimum Investment</b>	\$150,000 (or less for accredited investors)	<b>Fund Administrator</b>	The Investment Administration Solution Inc.			
<b>Documentation</b>	Offering Memorandum	<b>Custodian</b>	National Bank Independent Network			
<b>Characteristics (5 Years)</b>	Low cyclical exposure Low market correlation (Beta of 0.81) Upside Capture of 78%, Downside Capture of 65% Average annual portfolio turnover of 25%	<b>Trustee</b>	Computershare Trust Company of Canada			
		<b>Auditors</b>	KBHNS			

## ABOUT THE FIRM

Lester Asset Management is an independent discretionary portfolio management firm serving private clients, foundations and institutional investors, and exercising a fiduciary duty to always act in its clients' best interest. We are committed to preserving and growing the financial wealth of our clients through responsible and ethical investing while also providing a high level of personalized service to meet our clients' evolving needs. The Firm is mainly 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 than market returns with lower risk.

### FOR MORE INFORMATION:

TEL: 514-849-5566

TOLL FREE: 1-866-849-5566

EMAIL: [reception@lesterasset.com](mailto:reception@lesterasset.com)

### HEAD OFFICE:

1800 McGill College Avenue, Suite 2102

Montreal, QC H3A 3J6

[www.lesterasset.com](http://www.lesterasset.com)

\*Gross returns for LAM's Canadian Equity Strategy are 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 based 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 of 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. The indicated returns are based on the historical compound total returns including changes in the value of units of the Fund, the underlying securities and reinvestment of all distributions, and do not take into account any third party charges or income taxes payable by a unitholder that would have reduced returns.



FREQUENT  
CONTRIBUTOR ON

**BNN  
Bloomberg**