



Monthly Update North American Equity Mandate

September, 2013

Portfolio Additions

We did not add any new positions to the portfolio this month. We did, however, use the pull back in the market to add to positions we already own.

Portfolio Deletions

BCE While the threat of Verizon's entry into the Canadian market seems to have disappeared, the recent pullback in the market provided good entry points to add to some of our other holdings. We feel that these stocks offer greater upside potential versus continuing to own BCE.

Management Commentary

Syria – How are you Protected from Global Shocks?

The uncertainty around U.S. intervention in Syria has caused stocks to sell off over the last few weeks. We continue to use events that cause markets to sell off as buying opportunities as valuations in the stocks we own remain attractive. Paying reasonable valuations for companies that have prudent management teams, operate in favorable longer term environments and are backed by strong balance sheets naturally protects investors from external shocks. These companies are able to weather challenging environments better than weaker competitors, and often come out of difficult environments in an even stronger position.

Company Updates

Cisco – While Cisco reported a great quarter with 6% revenue growth and expanding margins, the stock sold off sharply based on what many viewed to be cautious guidance. Cisco commented that the global economic recovery is more selective geographically and not as strong as previous cycles – this should not have come as a surprise to anyone! They also said they are eliminating 4000 jobs. While this can certainly be seen as a warning sign, we like the fact that Cisco is staying nimble by becoming more efficient in their legacy businesses while hiring more people and focusing resources on faster growing businesses. We used the opportunity to buy shares for clients on the dip.

Onex – Onex continued to show good progress this past quarter and book value per share is now up 18% over the last year. They have made 6 acquisitions over the last twelve months and are now raising money for a new fund, which is targeting \$3.3 billion of investor capital. This will generate additional revenue from management fees, as well as provide future carried interest (i.e. performance bonus) potential.

ANN – ANN had a very strong quarter with revenue up 8% on higher margins. The company seems well positioned for the fall season with healthy levels of fresh inventory, which should drive continued revenue growth and keep margins high.

Meet our portfolio managers for lunch and hear more about their Equity Strategy on Thursday, October 3rd, 12:15 pm

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