Perron & Partners
WEALTH MANAGEMENT

Interest Gained™

Our best insights and updates, every quarter.

June 2016 **Issue No. 07**

Featured Articles

"Summer is approaching and we are looking at some promising growth potential through the rest of the year. In this issue, we will also deconstruct behavioural finance and share the bare facts about the 2016 tax changes."

Managing Money - The Time-Tested Way

Gary Perron, CFA, Portfolio Manager, Founder

Welcome to our seventh newsletter. In the last two full years, the TSX 300 has produced negative returns, but, as indicated in the accompanying charts, its business valuations have dropped from 11x cash flow to between 7-8x cash flow.

In other words, during the last two years, TSX 300 companies have grown their cash flow generation, and in some cases earnings, but stock prices have not changed. The TSX suffered large negative returns in the resource sectors, which classify as cyclicals due to the ongoing changes in supply and demand for the underlying commodities. There can be no forgetting that Canada's economy is highly dependent on the production and price of commodities, which have direct and indirect consequences on the cash flow generation and earnings of Canada's public companies.

We are pleased to announce that our Kipling Monthly Income Pool, during its first year, delivered an 11% return.

The investment discipline of owning companies having free cash flow, after all company expenses, along with reasonable valuations, has delivered better risk-adjusted returns, relative to market indices.

The "Portfolio Management Commentary" on Page 9 speaks to our mandate and further shows that that, compared to traditional portfolio structure of 100% long positions, the Perron & Partners "enhanced" portfolio structure is proving the value of its construction by providing better returns with similar-to-less risk than the market.

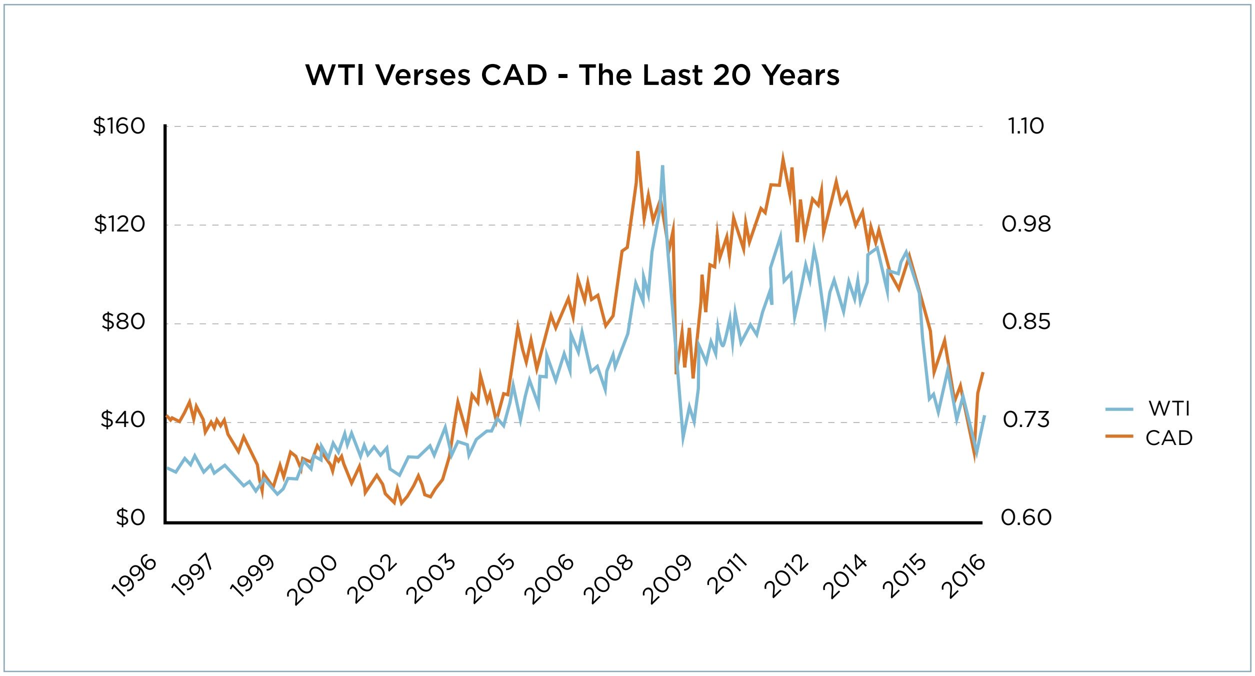
The history of the "enhanced" pool introduced first – the North American Enhanced Dividened Pool (NAEDP) – shows, in its historical numbers in the last year, an outperformance relative to benchmarks of 7% – and that result was achieved with less market risk than conventional industry measures; the "since inception" numbers

Managing Money - The Time-Tested Way *Cont'd*

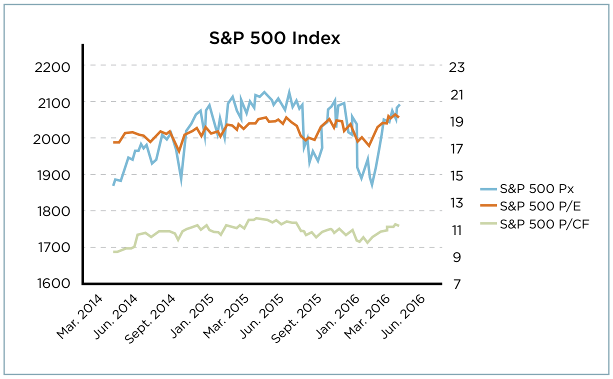
show an outperformance of 4%. In 2015, the carefully chosen dynamics of the "enhanced" portfolio structure contributed 70% of the total portfolio return. With this history, and several years of evidence prior to the launch of the "enhanced" pools, Perron & Partners feels strongly that the "enhanced" structure provides a significant, value-added investment process for our clients. We now have three pools with different pool mandates using the "enhanced" structure and following the similar investment selection parameters of reasonable valuations with strong growth in free cash flow. We believe that our focused effort, designed to reduce risk while creating better returns from the "enhanced" structure, serves to separate us and define us positively within a crowded investment industry. Detailed presentations from our portfolio managers, outlining the investment strategy and benefits of the "enhanced" structure, are available upon request.

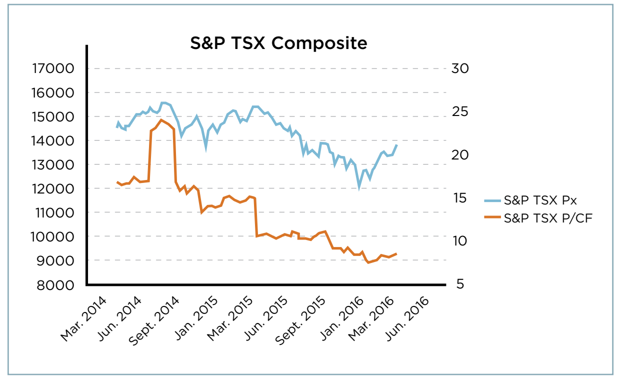
Our Investment Themes Monitor

The 20-year chart of the Canadian dollar is highly correlated, as indicated in the accompanying chart, to WTI crude oil. The value of the Canadian Dollar to the US dollar affects the majority of the public companies in Canada. The higher the dollar, the greater the negative impact on profit margins and revenue growth, of our major Canadian exporters. If you are correct as a crude price "bull", then the Canadian Dollar will track higher and vice versa if the "bears" are correct. We are in the camp of higher oil prices – meaning over the next year, a stronger Canadian Dollar will present a headwind for exporters and a tailwind for resource companies.



Managing Money - The Time-Tested Way *Cont'd*

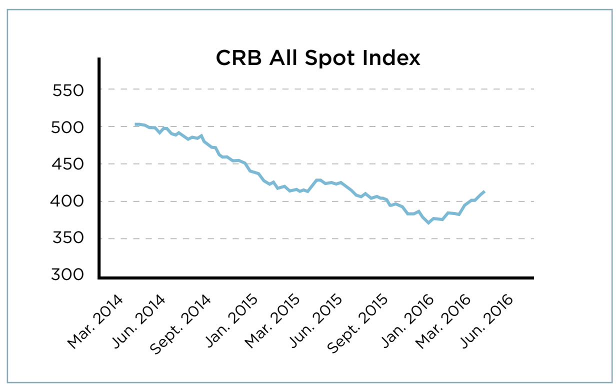




The US Political Year and Its Impact on the Marketplace

Obviously, as republican candidate, Trump will cause market instability; he is unpredictable and markets, by degree don't like heightened uncertainty. Meanwhile, as a democratic candidate, Clinton will be more predictable and will represent less uncertainty for the marketplace – but it will keep a very cautionary eye on left leaning policies including higher taxes and larger government services. Historically, the markets have done better after a presidential election; while we feel this will be the case, market downdrafts between now and then are to be expected. Another of our accompanying charts indicates that the valuations of the SPX 500 index are around the long-term averages and may be on the upper end; this may lead to us taking a more defensive portfolio position going into the summer/fall period.

Commodities show significant price increases from the bottom in February of this year. Crude oil is a big part of the recovery in commodities; agricultural prices have improved, and we have seen mixed price improvements on metal prices, with gold showing as the best performer. Commodity prices have always been good indicators of strength in world economic growth; indeed, we are encouraged by the February-to-May improvement in prices, and will continually look to add some companies benefiting from the specifics of higher commodity prices.



In closing, very best wishes for the summer months from everyone at Perron & Partners.

Gary Perron, CFA
Portfolio Manager, Founder

Campfire Discipline: Marshmallows, Bonfires & Delayed Gratification

Shawnalynn Perron, MBA, CIM, Portfolio Manager
Prepared by **Alex Crookes,** H.B.Comm, Associate

In the 1960s, a Stanford psychologist gave children an option: you can have one marshmallow now or two marshmallows later. Years later, those who had waited for two treats, proved a correlation between delayed gratification and achieving higher SATs and healthier BMIs.[1]

Investors' demand for short-term returns mirrors this study.

While it is easy to jump on a quick payout, there are fundamental advantages to being patient and waiting for two marshmallows.

North American shareholders' demand for short-term growth has confused the investors' subconscious, and conscious, management of time – human nature taking over the constant call for discipline and pragmatism. Headlines and media generally add to the distraction from the indisputable value of a "stay-the-course" investment philosophy. Even companies are not immune, and can fall prey to pressure to pay dividends when reinvestment opportunities could lead to better overall returns.

Behavioural finance addresses how complexity of investment analysis has outpaced our cognitive processing abilities. From an evolutionary perspective, it was not very long ago that our brains were concerned with hunter-gatherer survival, so it is no wonder that even the most sophisticated of investors make irrational decisions.

Our financial assets hold great emotional value. Volatile markets can lead our minds to a fight-or-flight response when renowned investors get excited about buying at sale prices, just as we all like to see big sale signs in the windows of our favourite stores.

Behavioural finance, studies investors' responses to markets and identifies common biases, with the intention of creating awareness about our thought processes in order to avoid or learn from our mistakes.[2] The disposition effect highlights an investor's

[1] Mischel, Walter. The Marshmallow Test
[2] Byrne, Alistair. Behavioral Finance: Theories and Evidence. The Research Foundation of CFA Institute Literature

Campfire Discipline *Cont'd*

desire to avoid actions that create regret and seek actions that cause pride; an investor might avoid selling a fund with great losses or sell a winner too early for the pride in the gain (pulling flowers instead of weeds).[3] Behavioural finance attributes volatility of markets to social forces (think speculative bubbles) not related to fundamental valuation or efficient markets.[4] Markets themselves have proven to be irrationally exuberant,[5] and can lead investors to build castles in the sky[6] (valuations that sit on clouds and not fundamental foundations), allowing over-optimistic inflation of P/Es and a flip-flop between fear and greed. Also, overconfidence can lead to excessive trading, which can decrease expected returns without decreasing variance (risk).[7]

Invariably, when Olympians are interviewed, they attribute their success to a pre-event focus on the process, not the outcome.

Perron & Partners provides the invaluable buffer zone of tried and true discipline, designed to best avoid the woes and pitfalls resulting from the unavoidable magnetism of behavioural investing.

We live on a "show me" world stage, and unless a company is commercial with enviable free cash flow, increasing dividends, strength in high investment returns and low price-to-earnings, we will not invest without very carefully considered reasons to make an exception. We do not seek immediate gratification, but instead focus on making sustainable risk-adjusted returns. Our portfolio and Private Pool managers have fiduciary duty at heart as they minimize investment biases and stay on track with long-term mandates.

Our "growth at a reasonable price" strategy succeeds over time. Thankfully, investor mindset is moving closer to the stay-the-course rigour, which sound investment managers have long advocated, but emotion won't go to zero (how could it?), and the strategic focus on long-term growth is critical. It has also merited great emphasis recently when emphasized by Larry Fink's (Chairman of Blackrock) letter to CEOs urging long-term value creation.

Waiting for a cycle to turn over is gut wrenching, but for those who are willing to wait, there is a chance for a bonfire where premium marshmallows (bought earlier at a reasonable price), will be passed generously around the fire. Strong return opportunities come once every cycle, and the Perron team is familiar with the return opportunities it presents. If we wait patiently, it is possible that we will reap the benefits – yummy!

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[3] The Disposition to Sell Winners Too Early and Ride Losers Too Long: The Journal of Finance, vol. 40, no. 3, July 1985
[4] Shiller, R. Behavioral Finance: The Role of Psychology. Lecture ECON 252: Financial Markets, Open Yale Courses
[5] Shiller, R. Irrational Exuberance
[6] Malkiel, B. G. A Random Walk down Wall Street
[7] Barber, Brad. Trading Is Hazardous to Your Wealth. The Journal of Finance, vol. 55, no. 2, April 2000

Family Continuity Planning: Brand, Ethos or Both?

Shawnalynn Perron, MBA, CIM, Portfolio Manager,
Co-Portfolio Manager of the Kipling Monthly Income Pool

A continuity plan is not easily defined, has numerous variables and never ends. Sounds like fun, doesn't it? It is a dynamic process that takes effort, time, and continuous commitment/learning/iteration to establish and keep current.

It is also multi-generational, which means preparation, education and mentorship are key to ensuring the current and next generations are ready for a successful transition of family wealth.

Most importantly, continuity planning is not an event, but a process.

What are you planning for? You are planning for the continuity of your family enterprise, which is made up by the business(es) you own or operate, the real estate you own or manage, the financial assets you have invested and will further accumulate, the heirlooms and art you have acquired or inherited, and the philanthropy that you wish to carry on beyond your time. Breaking down the planning process into the following three components can help create some clarity around the process that respects previous generations and provides for current and future generations:

1. Family Continuity Planning

This component centres on the individuals who make up the family and some of the drivers of the original wealth creator or entrepreneur of the previous and/or current generations. Understanding whether you are creating a legacy, developing leadership, looking for liquidity, or wanting a lifestyle, is imperative when planning for a transition. Once this is understood, you can work on defining the shared vision and values of the family that will create a cornerstone durable in all tests of time. In addition, family governance and decision-making processes will need to be well developed. Finding a balance between the needs of the family and the needs of the business is critical in determining the cornerstone of family ethos, as a combination of business personality and practice, along with the personalities, contributions and strengths of family members.

Family Continuity Planning *Cont'd*

2. Operating Business Continuity Planning

Business continuity is mainly about establishing the mindset of individuals that are currently involved in the business and who in future will think strategically to help grow and create corporate strength and future wealth. It will be important for the business to continue to evolve, find opportunities to be sustainable, and to work through, and hopefully capitalize on, tougher economic times or industry changes. The decision of leadership succession is essential and carries importance that can never be underestimated – longevity of business success and, by extension, orderly maintenance and growth of family wealth, will always require expertise that fits current and future challenges.

This is achievable through only the best management by family or through outside skill and expertise.

3. Family Wealth Continuity Planning

There is a common expression used to explain the avoidable cycle of family wealth creation and destruction: "shirtsleeves to shirtsleeves in three generations." What we are trying to do is break this vicious cycle, so that family wealth and enterprises can continue to be a strong source of economic growth and innovation that lives way beyond the shirtsleeves to shirtsleeves scenario to which no family is automatically immune.

Moreover, wealth must not only be measured in material assets and possessions, however modest or expansive.

Indeed, what value is material wealth without its partnerships – without interweaving with the human, intellectual and social sides of family wealth?

- Human wealth = is about how the family interacts, the relationships created within and the values that surround the bonds the family shares as a basis of healthy evolution
- Intellectual wealth = is about the importance of education, the diversity of skills, mentorship and the building of intellect through sharing of intellectual strengths
- Social wealth = is about the quality and quantity of relationships the family values, enjoys and shares, throughout the diversity of their broader community

Balancing the different aspects of family wealth contributes enormously in continuously enhancing the depth, breadth and strength designed to avoid weakening during the stewardship by one generation, intergenerational friction and the possibility of family failure. It provides the best opportunity for successful continuity, strengthening and longevity in all aspects of wealth – human, intellectual, social and material.

If this topic interests you and you would like more information, please do not hesitate to contact us.

Portfolio Management Commentary

Jason Isaac, CFA, CAIA, Portfolio Manager
Chris Bolton, CFA, Portfolio Manager
Shawnalynn Perron, MBA, CIM, Portfolio Manager
Darrin Erickson, MBA, CFA, Portfolio Manager

Your Portfolio Managers have individual specializations while operating as a close-knit team in all aspects of investment selection, in the continuing management of our Private Pools, and in the selection of individual holdings. We optimize our bench strength by continuing our detailed assessment of global economic conditions, market conditions and ultimate selection of individual investments.

Here is a "birds-eye-view" commentary by Portfolio Managers Jason Isaac, Chris Bolton, Shawnalynn Perron and Darrin Erickson, as they boil down team views and individual comments that demonstrate our overall strength as your Portfolio Management team. These comments are set against the ever-present vagaries of investment markets, which characterized April as a period when lower quality stocks outperformed higher quality stocks – it is a scenario that inevitably presents itself intermittently, and will always demonstrate why we stay focused on "fortification" by continuously reinforcing commitment to our strategy.

Portfolio Manager: Jason Isaac

Stocks that had been terrible to own over the previous 365 days have been the leaders since the market bottom in February. This is known as the "Pain Trade", and for any investment program that is based on quality, namely balance sheet strength, asset quality and dividend growth, the month of April served to remind us all about the merits of our strategy. Put simply, April witnessed high-risk stocks drastically outperforming lower risk stocks, as the 'risk-on' sentiment sent low quality equities bouncing vigorously off the bottom. Months like April tend to happen once or twice a year, yielding some ground over the short term, however in our favour are numerous empirical findings which indicate that strategies such as ours, focused on lower volatility portfolios, produce higher risk-adjusted returns than higher-risk, high-volatility portfolios.

Portfolio Management Commentary *Cont'd*

With this in mind we will continue to shun "short-termism" by staying steadfast in looking for lower-risk, higher quality stocks with a long and steady history of consistent capital distributions. It is likely that 2016 will come to be characterized as a year that witnessed significant "whipsaw" price swings (i.e. volatility) and is exactly what our strategy is designed to insulate against.

Clearly, markets remain fixated on the challenges to global growth, and are not missing any hint of action by the Fed. Meanwhile, recent economic data contends that developed economies are doing fine and progressing well along the path to growth. With the rebound in commodities and drop in the US dollar, attitudes towards revenue growth and current forward earnings are now trending upwards. To be fair, macro top line growth has been very elusive since the Credit Crisis of 2008/9 but it does seem that the table is being set for a real earnings growth rebound in the second half of 2016.

Something tangible such as earnings growth, is exactly what markets need in order to boost investor confidence.

This will ultimately be based on a string of "good news" headlines that are actually derived from fundamentals rather than cost cutting, or merely the absence of bad news.

Portfolio Managers:
Chris Bolton and Shawnalynn Perron

April was generally a stronger month in Canadian equity markets, with the S&P/TSX Composite up 3.7% on a total return basis. Materials were up over 20% alongside big upswings such as the S&P/TSX Gold Sub Index, which rose over 29% in value with some gold stocks up massively for investors choosing the wild swings of that risk level.

In the United States, April markets were characterized by volatility. On the Clinton/Trump front, Mrs. Clinton is more the 'establishment' type; a Clinton presidency would likely result in a relatively muted response by the market compared with a Trump presidency, which is far more likely to incite volatility as his policies and demeanour would emerge from the 'reality' of candidacy to the 'reality' of presidency.

From a fiscal policy perspective, speculation continues on whether the US will raise rates this year.

Indeed as we were going to press, Federal Reserve Chair Janet Yellen had spoken to Harvard and mentioned that an upcoming rate hike would be appropriate "in the coming month." An interest rate hike will create refreshed support for the US Dollar that has weakened compared to the Euro, Pound and other currencies.

Thus far, May has unfolded as a classic example of the merits of a consistent approach and long-term pursuit of enhanced returns from our steadfast, risk-adjusted approach.

Portfolio Manager: Darrin Erickson

Post-rally "flatness" in the US market through April saw the market ending the month

Portfolio Management Commentary *Cont'd*

positive by 0.4% in US dollars. The Canadian dollar strengthened during the month and so, in CAD terms, the S&P 500 fell by 2.7%.

Relative sector performance was driven by continued outperformance of oversold segments of the market. Energy and material stocks led the way higher, while defensive sectors like Utilities and Staples lagged the broader market. Technology was particularly weak in the quarter. By comparison to other markets' best and worst performers: Energy +5.3%, Materials +1.7%, Technology -8.3% and Utilities -5.4%.

With the US economy remaining in relatively strong condition, there is little risk of a recession at this time, however we continue to believe that the markets will retest January/February lows before resuming their uptrends.

This leads us to believe that the so-called "sell in May and go away" phenomenon that last occurred in 2012 could re-emerge in 2016. In an election year, this trading pattern is also typical in the US equity market. Risks to US equity investors are weighted toward the next four or five months, but we envision weakness over the summer presenting a good buying opportunity.

Below the surface, it is important for us to find "factors" that are performing well. These factors represent certain equity characteristics, such as earnings growth, return on equity (ROE) or valuation (such as Price/Earnings), and they will out-perform and then under-perform in cyclical fashion. This is most easily seen when we speak of value outperforming growth, or vice versa.

Overview

With central banks around the world taking an active stance to help their struggling economies, and the US Federal Reserve surprising the market in March with a more dovish stance on interest rate hikes, the equity and commodity markets strengthened and we began to see the early signs of a sector rotation away from the US market, (which has outperformed for the past five years) towards commodity-centric countries, such as Canada, where we are well positioned to benefit. The rebound in commodity prices has resulted in the outperformance of the Energy and Materials segments in 2016, two sectors that performed very poorly over the past few years.

The outlook for the global economy continues to improve as the fears that existed at the beginning of the year have subsided. Additionally, the economic data released in April, albeit soft, is still showing signs of moderate growth. Another healthy sign we saw in April was the stabilization of commodity prices, particularly with oil and precious metals.

Tax Changes in the 2015 Federal Budget: The 60-Second Version

Chris Woodward, CA, Vice President Finance

Canada Child Benefit ("CCB")

- New, July 2016, and will cost $23 billion per year
- Old system (UCCB and CCTB) used to cost around $17 billion
- Non-taxable, but has complicated new means test. Refer to your accountant for details

Income Splitting Credit for parents with minor children

- Eliminated, effective January 1, 2016

Labour Sponsored Venture Capital Corporations

- Reinstated in 2016 with 15% credit

Mineral Exploration Tax Credit

- Extended to 2017 for flow-through share investors

Education and Text Book Tax Credits

- Eliminated after 2016
- The tuition tax credit stays

Children's Fitness and Arts Tax Credits

- Phased out during 2016

Top federal marginal Income Tax Rate (33%)

- Affected provisions aligned (foreign affiliate income, charitable donations tax credit and personal services businesses)

Corporate Class Mutual Funds

- Switching funds will (typically) be taxed as capital gains after September 30, 2016

Small Business Tax Rate

- Federal rate frozen at current levels (10.5%)
- Reverses Conservative legislated reduction to 9%
- Combined Alberta small business rate now 13.5%
- Regular corporate rate 27%

Multiplication of the small business deduction

- Further restrictions to combat "offensive" structures

Eligible Capital Property ("ECP")

- ECP tax rules will be replaced by a capital cost allowance ("CCA") regime
- Tax rate increases greatly on gains (in excess of cost)

Dropped, cancelled or did not materialize:

- The capital gains inclusion rate remained unchanged
- Threatened curtailment of the stock option deduction did not materialize
- Tax exemption for capital gains on donation of real property or private company shares to charities cancelled
- No change to activities eligible for the small business tax rate

Post Script

The recent Alberta budget had one piece of good news – a reduction in the small business rate from 3% to 2% starting in 2017. This will lower the combined federal/Alberta rate to 12.5% from 13.5%.

The above is a brief summary of certain, but not all of the 2016 federal or Alberta budget proposals. You should not act or rely on the above without reviewing the matter with your tax advisor.

The Outlook for Growth

Chris Bolton, CFA, Portfolio Manager,
Co-Portfolio Manager of Kipling Monthly Income Private Pool

In January and February of this year, lower expectations for short-term economic growth led to the re-pricing of long-duration investments (both equities and long-term bonds).

We believe investors were correctly discounting the short-term prospects of their investments, but were too pessimistic about the longer term.

In Canada, it appears 2016 will be a better year than initially feared. On January 20th, the Bank of Canada Monetary Policy Report reduced expectations for 2016 GDP growth to 1.4%. At that point, the Canadian dollar was near 13-year lows of US$0.68/Canadian Dollar, WTI oil hit US$27.56/bbl and the S&P/TSX Composite was at a three-year low. Approximately three months later, oil prices are up nearly 50%, the Canadian dollar was flirting with a nine-month high, and the S&P/TSX Composite was over 13,700. BMO Capital Markets Economics Department forecasted a Q1/16 real GDP growth in Canada of 3.3%.

Despite the strong start, we expect Canadian GDP growth to decelerate from 3.3% during the remainder of 2016. Activity in household expenditures and exports has recently slowed. Excess capacity in the economy remains between 0.5% and 1.5%. To quote the Bank of Canada, "Canada's unemployment rate was 7.1% in March; and the prevalence of involuntary part-time employment, long-term unemployment and the absence of wage pressures, all suggest that labour is being underutilized."

We note that the Government of Canada's budget included a $6 billion contingency fund and was based on real GDP growth of 1.3%. If growth is 0.5% higher, the government would have approximately $3 billion in additional revenue. When combined with the contingency fund, there is potential for additional spending and/or a lower deficit.

GDP growth in the U.S. is likely to be lower than in Canada during Q1/16. BMO Capital Market's Economics Department also forecast Q1/16 real GDP growth in the U.S. of 1%. However, we expect U.S. growth to accelerate during the last three quarters of the year. Since 2009, Q1 real GDP has averaged 0.8%. However, growth during the remaining nine months of each year has averaged 2.6%. We expect a similar pattern to play out in 2016. There are various theories as to why this has been the case.

In Q1/16, U.S. consumer spending on non-durable goods pointed towards being flat and spending on durable goods were looking towards a modest decline. Given improving employment and the strength of the U.S. consumer, we expect spending increases in the final nine months of the year. Additionally, business investment in both non-residential construction and equipment will likely show a decline of approximately 4%. Again, we expect business investment to improve during the final nine months of the year.

In conclusion, while the Canadian stock market has recovered significantly from the January lows, we continue to believe that in 2016, the U.S. economy will outperform the Canadian economy. We would encourage investors not to be "head-faked" by Q1/16 GDP numbers showing faster growth in Canada. We believe investors who ignore the U.S. do so at their peril.

Did Somebody Say "Communication?"

Cory Jackson, B.Sc., J.D., Investment Counsellor

Raise your hand if you can explain the term "wealth management," while also believing that anyone else would explain it in the same way. We hardly open a newspaper or magazine without "wealth management" ads staring back at us in all their "glossy glory," but what do the buzz words mean, who does what and can you rely on anyone to do it all?

For example, is "wealth management" one thing or many things? Well, it's both and that's confusing – and we all know, "you confuse, you lose!"

At Perron & Partners, we are ambitiously attempting to prove ourselves as the stand-out best communicator in this confused arena.

Communication adds value, and we know that communicating well is an invaluable catalyst to doing well.

Communication cannot be optimized simply by flow of information, because it is so much more than that – communication is the constant pursuit of mutual understanding, even when everything around us is in a natural and inevitable state of change. So, is there a constant to rely on?

Constant is embedded in our ethos – in our belief that every single piece of what we do in pursuit of fulfilling your needs and goals, will create the mirror image that brands our success, growth and reputation.

Now back to "wealth management" and an attempt at finding an elusive definition. Wealth in family values and investment education, wealth in dollars and cents, wealth in real estate and business, wealth in stocks and bonds, wealth as beneficiaries of trusts, wealth in collections – and so the list goes on. We believe that definition, and therefore understanding, is achieved best by agreeing that, while paying attention to family standards and well-being, "wealth management is the care and organization of material wealth that respects previous generations, while optimizing benefit for the current generation and leading the way for future generations." Try putting that under a corporate logo! Hopefully some uniformity in definition and articulation is becoming more clear, but don't make the mistake that it is about size of wealth; to one family, $1 million

Did Somebody Say "Communication?" *Cont'd*

can mean more than $10 or $20 million to another – it is all relative and the constant is the need for proper care and organization.

If an individual or family fails to look in some detail at the future of the various forms of accumulated assets, there might be missed opportunities: are we walking into taxation and estate nightmares? How do we provide (now and in the future) for children and grandchildren in Canada and those on the other side of the world living in a country we have only visited? Is the creation of necessary income streams in good shape? Does our international orientation suggest the need for a legitimate international trust? Who's taking over our business and – best not forget – the inheritance from England going to three grandchildren on two different continents?

There might be minimal need for specific planning; there may be one item that needs attention or maybe a list that is seemingly endless, but big or small, one matter or various complicated matters, we have the ability to help you embrace these questions and benefit from ready access to specialization and expertise.

If this puts wealth management in perspective, what specifically, in the context of back to basics, is the forte and focus at Perron & Partners? Are we:

i) money managers,

ii) portfolio managers,

iii) investment managers,

iv) asset managers or

v) conversationally, "the people who manage your money."

Five different terms and each adequately, but confusingly, describing what we do. Yes, we are the people who manage your money. From a truly global perspective, we provide "investment management" of your stock and bond market holdings, creating a balance designed to meet growth and income objectives. We are the independent investment managers representing the core of your wealth management and we set our strategy against a constant that balances protection of current value with a risk profile seeking increase in value. In future editions of Back Page Basics, we will talk more about investment management and the role of Perron & Partners as your investment manager.

Meanwhile, is Perron & Partners at the heart and core of wealth management? Yes, absolutely. Do we do it all or profess to do it all? Absolutely not – nobody can, but we can certainly be your guiding light.

Next time in Back Page Basics, we will discuss our brand along with the "win-win" of security and objectivity inherent in our invaluable independence.

Gary's footnote

It won't be long before we celebrate the third anniversary of Perron & Partners. In the ever-lasting pursuit of maintaining leadership in what we do, we have been looking closely at the value and meaning of communication. Communication is much more than a flow of information; communication fails without mutual and rewarding understanding. In this 7th issue of our quarterly newsletter, we hope you will see a special emphasis, not just on supply of information or informed opinions, but the added focus on understanding and communicating in a way that adds value for all readers.

> "Our services reward families who expect wealth management that is both custom and independent."
>
> **Gary Perron,** CFA
> Portfolio Manager, Founder

- **Truly Independent:** As an independent practice, we have no restrictions, directives or corporate incentives. We are in this business with one agenda: to preserve and enhance our clients' wealth.
- **Flexibility and Tailored Service:** With an open architecture, we have the flexibility to find the lowest costs, best platforms, and latest innovative ideas to meet your specific needs for risk, preservation and growth.
- **100+ Years:** Our core team is guided by over 100 years of combined industry experience.
- **Superior Due Diligence:** Our independence provides us the freedom to explore a variety of resources before selecting the appropriate investments and strategies for you.
- **Risk-Adjusted Investing:** We are experts in generating risk-adjusted returns. We also work to maximize results by controlling tax and identifying low-cost investment options.
- **Business Expertise:** We work with business owners to develop succession strategies, identify taxation opportunities and implement complex investment plans.
- **Family Wealth Guidance:** Through simplified guidance and a personalized approach, we work with families to grow, preserve, plan and transfer wealth.

IIROC Investment Industry Regulatory Organization of Canada

CIPF Canadian Investor Protection Fund MEMBER

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