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## The 3 Pillars of Hillside Wealth's Foundation

The elements for success to which we are committed

I had the pleasure to travel throughout BC last month to visit clients in the Interior and the North. Every time I head out on the road I'm fascinated by how expansive and beautiful our province really is. British Columbia is just over 944,000 square kilometers – which does sound like a lot, but it's difficult to imagine. As they say, "a picture tells 1,000 words", and the one below gives a good perspective as to how big BC is:



At 232,000 sq kms, the UK is a quarter of the size of BC, yet it is home to more than 13 times as many people!

We are fortunate to live in such a beautiful part of the planet. It was great to see everyone, review where we've been, where we are and what we see ahead. Thanks to all of you for your warm hospitality.

Between the road trips, we also held an event at the Vancouver Lawn Tennis and Badminton Club. We were very pleased to have had a great turnout and enjoyed hosting. A special thank you to those of you who brought friends and family along to introduce us. We are passionate about our work and truly enjoy sharing our perspectives with new folks who want to learn.

Our event provided us with the opportunity to not only give an update on where we are with regards to performance, but to also discuss the three pillars that create the foundation of Hillside Wealth.

### 1. FREEDOM

Our role is to produce as much freedom as possible for our clients. Freedom means different things to different people, but we can all have more of it by ensuring our financial lives are in order.

At Hillside, we have the freedom from our firm to be able to provide you with our best ideas. There is zero interference from our head office in our work; we answer to our clients and each other. In turn, we have the freedom we need to deliver as much freedom as possible for our clients.

## 2. MEANING

We have never been as excited about our work as we are today for the simple reason that the opportunity for us to add meaning to our clients' lives has never been greater. As the economic environment becomes more challenging, having strong financial leadership from a team of people who are prepared to effectively manage the new landscape delivers meaning and stability in our clients' lives.

## 3. PERFORMANCE

Our clients can perform their best when they know that Hillside is working hard to deliver strong performance to their portfolios. We want to deliver you our best, so that you can perform at your best.

We know that money can't buy happiness, but by providing freedom, meaning and performance we are creating a strong foundation to foster happiness. We are thrilled to be contributing to a big piece of our clients' lives and welcome the responsibility of leading them into their financial future.

The best way for us to continue developing an environment for all three pillars to thrive, is to treat our clients and their money as if they were our family; we have our money invested alongside our clients'. Finally, we are discretionary portfolio managers that watch our clients' money daily and we take great pride in our work.

The road won't always be easy, but we'll communicate regularly regardless of how challenging or straightforward the journey is at that point in time and we'll be travelling the same road. Those are the higher-level themes that we wanted our clients' and their guests to walk away with after attending the event.

As always, we welcome your feedback and thoughts, and look forward to hearing from you soon.

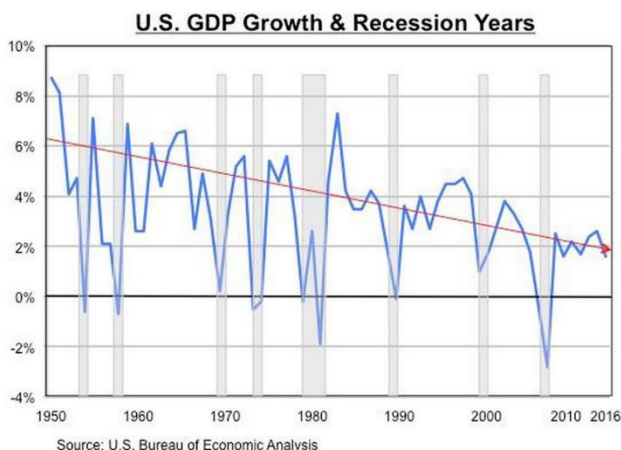
## Portfolio Update

This month's update reviews the key themes in our investment approach

Our model portfolios continued strong relative performance through the month of May. We're generally through Q1 earnings season and our companies for the most part reported at or above expectations.

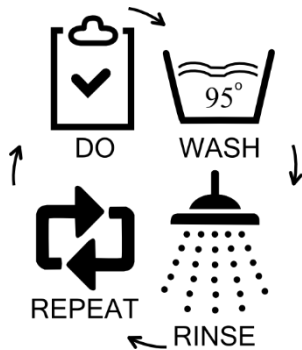
This month, we want to review the key themes we address in our investment approach.

### GROWTH SLOWS...



- The world is awash in debt.
- As debt rises, all things being equal, this starts to crimp growth as there are fewer and lesser productive projects to make with incremental borrowed funds.
- Low growth generally corresponds with low interest rates and low inflation.
- Risk asset prices are relatively high.
- Given these factors, how do we generate meaningful returns going forward?

**STRATEGIES FOR INVESTMENT SUCCESS**

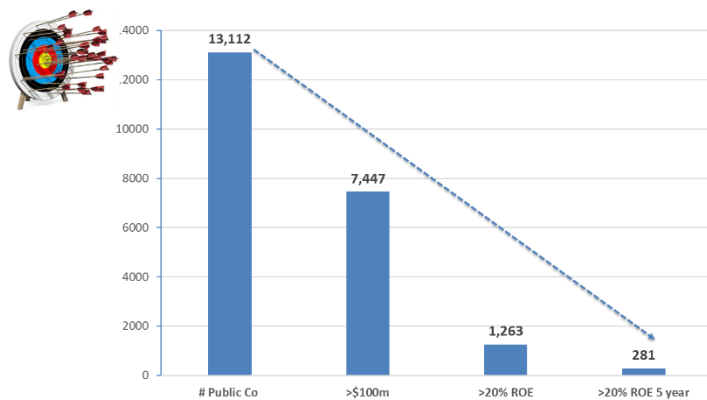


- DISCIPLINED process.
- Owning HIGH QUALITY companies with excellent management teams.
- Own them in CONCENTRATION.
- Downside PROTECTION plan.
- Rinse, wash, repeat.
- We maintain that no matter the macro backdrop, there will always be companies generating outsized returns for their shareholders by offering ‘sticky’ products & services.

**HOW DO WE FIND THESE COMPANIES?**

It is our job to source the companies. Our current database in North America contains ~200 such companies; we are interested in less than 4% of investable options.

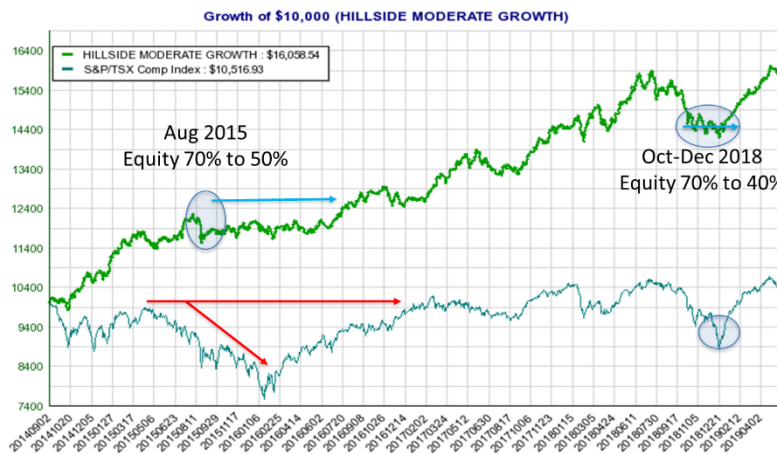
Once found, we want to own these companies in concentration accepting that the ideal number of securities in a diversified portfolio is 15-25. This also means we can focus on the very best and ignore average and below average securities.



We are interested in less than 4% of investable options!

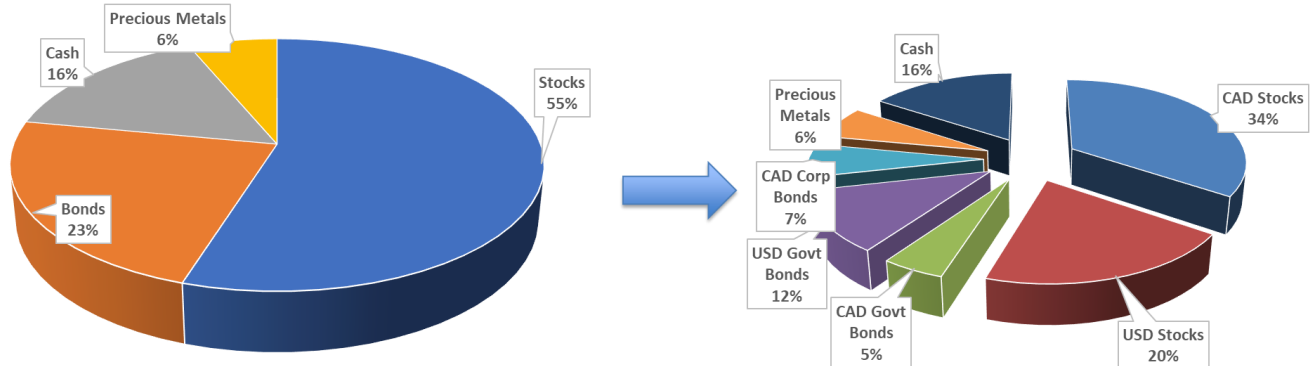
**DOWNSIDE PROTECTION IN ACTION**

We also believe that it’s important to employ a ‘downside protection’ system as part of our strategy and we saw how this worked to our benefit in the summer of 2015 and fall of 2018.



## CURRENT POSITIONING

We are conservatively positioned as we feel the spectrum of outcomes from this point forward is wide.



## May Performance Results

An overview of our three portfolios to date.

Performance to May 31 <sup>st</sup> 2019	YTD	1 Mo	6 Mo	1 Yr	3 Yr**	Inception**	Added Value vs. Benchmark**
<b>HILLSIDE MODERATE GROWTH*</b>	<b>9.92%</b>	<b>0.13%</b>	<b>9.62%</b>	<b>5.09%</b>	<b>9.83%</b>	<b>10.39%</b>	<b>+8.74%</b>
<i>MG Benchmark<sup>1</sup></i>	<i>5.6%</i>	<i>-0.92%</i>	<i>3.85%</i>	<i>1.16%</i>	<i>4.69%</i>	<i>1.92%</i>	
<b>HILLSIDE GROWTH*</b>	<b>12.36%</b>	<b>-1.93%</b>	<b>9.11%</b>	<b>-3.88%</b>	<b>8.97%</b>	<b>9.1%</b>	<b>+3.85%</b>
<i>HG Benchmark<sup>2</sup></i>	<i>8.93%</i>	<i>-2.93%</i>	<i>4.18%</i>	<i>4.3%</i>	<i>8.48%</i>	<i>5.25%</i>	
<b>HILLSIDE INCOME &amp; GROWTH*</b>	<b>9.19%</b>	<b>1.84%</b>	<b>9.51%</b>	<b>6.23%</b>	<b>8.11%</b>	<b>7.99%</b>	<b>+6.25%</b>
<i>IG Benchmark<sup>3</sup></i>	<i>5.6%</i>	<i>-0.49%</i>	<i>4.39%</i>	<i>1.82%</i>	<i>3.42%</i>	<i>1.74%</i>	

Past performance is not an indication of future returns.

\* Performance is presented gross of fees.

\*\*Inception: Sept 2, 2014. Results beyond 1 year are annualized.

<sup>1</sup> MG Benchmark: 30% TSX | 35% Universe Bond | 20% S&P Pref | 15% TSX Small Cap

<sup>2</sup> HG Benchmark: 50% TSX | 25% S&P500 | 25% TSX Small Cap

<sup>3</sup> IG Benchmark: 25% TSX | 55% Universe Bond | 20% S&P Pref

Source: SIACHarts.com

The performance presented in this portfolio report is hypothetical and does not represent a specific client account. Details regarding actual returns of an investment account are available from the client's advisor.

This information has been prepared by Michael Preto who is an Investment Advisor, and Jason Del Vicario, who is a Portfolio Manager for HollisWealth® and does not necessarily reflect the opinion of HollisWealth. HollisWealth® is a division of Industrial Alliance Securities Inc., a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. The information contained in this newsletter comes from sources we believe reliable, but we cannot guarantee its accuracy or reliability. The opinions expressed are based on an analysis and interpretation dating from the date of publication and are subject to change without notice. Furthermore, they do not constitute an offer or solicitation to buy or sell any of the securities mentioned. The information contained herein may not apply to all types of investors. The Investment Advisor can open accounts only in the provinces in which they are registered. Hillside Wealth Management is a personal trade name of Michael Preto and Jason Del Vicario. For more information about HollisWealth, please consult the official website at [www.holliswealth.com](http://www.holliswealth.com).

Insurance products provided through Hollis Insurance Agency.

Performance is calculated using month-end market values of the model portfolio. Since we use a model portfolio to calculate performance there are no client-initiated cash flows (deposits/withdrawals) to account for. Performance is calculated by dividing the change in the model portfolio's market value by the model portfolio's market value at the beginning of the performance period. Also, all income generated by the portfolio's holdings are held within the model portfolio in cash and is accounted for in the portfolio's month-end market value - this results in a total return measure of the model's performance.

Returns for periods less than 1 year are shown as periodic returns while returns for periods greater than 1 year are annualized. Returns do not include fees and actual returns experienced by an investor may differ from those shown. Past performance is not a guarantee of future results.