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Success at Work/Life Balance “Off the Grid”

As the kids went back to school last month sharing stories of their holidays, Jason writes about time with his family, an essence of **Hillside Wealth**, and his best summer ever.

As you probably remember, last month’s 5-year anniversary newsletter was **L-O-N-G**. We received a lot of positive feedback; which is encouraging and for which we thank you, but I doubt this would be the case if we wrote 16 pages every month outlining all the minutia of how we run money!

We would be remiss to not at least point out that September was a down month for our three model portfolios. This comes after an unprecedented run where the Moderate Growth portfolio was up 9 of the last 10 months, and the Income & Growth portfolio was up 9 months in a row. We trailed our benchmarks during September after producing very nice outperformance during the previously noted runs.

It’s worth reminding our readers that this is par for the course. We do not look like the market for reasons discussed in detail during our last newsletter. There will therefore by definition be periods when we zag and the markets zig but the fundamental purpose/thesis of our strategy remains: **We will own concentrated positions of companies that possess above average financial metrics and carry little or no debt. We will then balance off the models with assets that do well when stock markets are struggling. Our strategy aims to deliver strong relative performance over the long run when compared to our benchmarks.**

This month, we’re going to pivot the theme of our article from technical to personal, and talk about family: an essence of Hillside Wealth. As many of you know, Sabrina and I are lucky to have 4 young boys ranging from 1 to 8 years old. Our household is busy and chaotic, but we know time flies and we see our little boys growing up quickly. We have made active choices to prioritize our lives in such a way that we can spend as much quality time with them as possible. One of the vehicles that we lean on a lot in this endeavor is by spending quality time together at our family cabin.

After owning the cabin for 4 years and learning that Baby #4 was on board, we decided (actually – our roof decided) that it was time to do some extensive



renovations in 2018 while we had the chance, as we knew that we would not be spending a lot of time at the cabin that year – and things would just get busier soon!

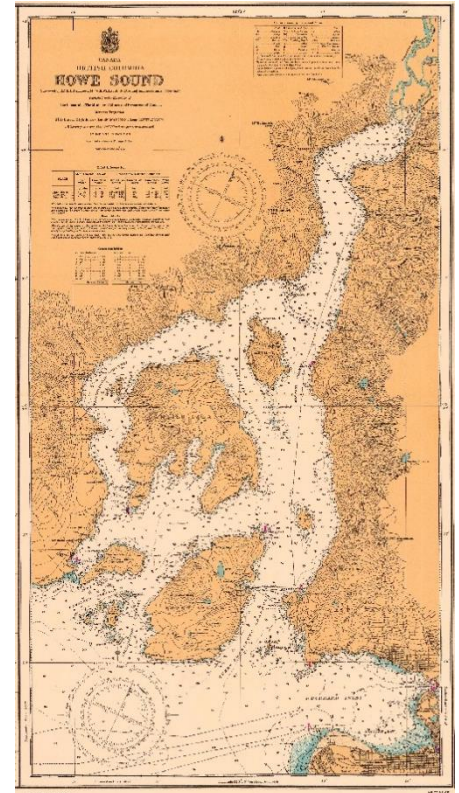
We welcomed baby Henry in July 2018 and continued the work on the cabin. Viktor and Danny were both in school that fall, and also busy with extra curricular activities such as soccer, swimming, hockey and baseball. Time was passing quickly; the boys were growing up faster than we could have ever imagined. We wanted to spend as much time at the cabin as possible the following summer and figured we'd jump in with both feet! We made the decision to move our family to the island for July and August, and made arrangements for guests to stay at our home in East Vancouver for the entire summer - we were committed and there was no turning back!

We have been grateful to have clients, friends and family share their interest in how our family is doing and what we do outside of our working life, and wanted to share this little look and answer some of the most common questions I'm asked.

Below is an account of what was, for me, the best summer of my life.

Life "Off the Grid"

Our cabin is located on a small island in Howe Sound, and is 'boat-access only'. We keep a boat in Horseshoe Bay while some of our neighbours have their boats kept at Lions Bay or Sunset marinas. While there is no BC Ferry access, there are water taxis that leave regularly as well as 'on-call' in the summer and some of our neighbours who don't own boats access their cabins this way.



Above: Map of Howe Sound (source: [City of Vancouver Archives](#))



Viktor (8) beat Jason and won the community fishing derby with this catch!

Our boat is in the water year-round at [Sewell's Marina](#) which allows us easy access to and from the island. During 'normal' weather conditions, the crossing takes ~8 minutes. It takes us approximately 50 minutes door to door from our house in East Van to the dock (and that's with the whole family and gear in tow!). Very close but we feel miles away.

The island has no services. No electricity, running water or sewage treatment. We are completely off the grid and left to fend for ourselves. We have, however, created a cabin that has all the comforts of modern living. Below is a list of the systems we have employed (please note that we are not affiliated with the products mentioned):

Electricity

Power is supplied by the 15 solar panels we installed on our roof. We have 8 batteries that store the power. In the event we go 'low' we have a gas-powered generator that we can run to charge our batteries; we ran it for a combined 5 hours this summer. Details and specs of our panels/inverter/charger can be found [here](#) and batteries [here](#).

Water

There is a shared water system with our neighbours, but it is ground water collected and not suitable for drinking. We installed a metal roof on our cabin and now collect rainwater. We have three 1200G tanks that store the water. We have three filters at various stages of the system with the last being a solution my parents found in Guatemala called an [Eco filtro](#). We now have plenty of clean safe drinking water.

Propane

We have a large propane tank that we lease from [Mercury Transport](#) (out of Horseshoe Bay). They come around with a propane truck on a barge and fill it up annually (the boys love watching it!). The propane powers our hot water on demand as well as our range/oven and old fridge/freezer that originally came with the cabin. We have found that turning off our electric fridge over the winter allows us to maintain sufficient battery power while the old propane fridge/freezer provides us adequate cooling.



Heat

Prior to the renovation, our only source of heat was the wood burning stove. This is still our preferred source of heat but it takes ~2 hours to heat in the dead of winter and this poses some challenges with young kids! We designed a neat work around by installing a propane powered wall mounted [heater](#) and combined it with a made in Canada smart thermostat by [Ecobee](#). We are now able to monitor and control the heat of our cabin from our smart phones in Vancouver.



Internet

This was tricky but the federal government has mandated that service providers (Telus, Bell, Rogers, etc.) must provide internet access to rural residents. This was tricky because Telus refused to believe that our location is rural as we were pinging off nearby cell towers. After much convincing and back and forth I was able to secure [reliable high-speed internet](#). Having high speed internet opens up a whole new realm of possibilities for cabin living. We have a wifi module on our solar system where I can now monitor the system remotely from my phone. We could install water tank sensors, security cameras, wifi doorbells, wifi controlled lights... the list is endless. The internet of things (IoT) is a 'thing' and very exciting.

Weather

As some of you know, I'm a weather nerd. I have installed a solar wifi weather station from [Acurite](#). I have synched

the station with Wunderground, an established weather website. If you'd like to see our station in action, click [here](#). This helps especially in the winter as there is a bit of a void of weather data in Howe Sound. The only Environment Canada station is at [Pam Rock](#) and only reads hourly; the weather is often different at our cabin. I will likely install a webcam so we can see the water conditions when making travel decisions.

The "Facilities"

We "rough it" with an outhouse and also have an indoor option with a composting toilet.

At some point we will install a septic tank and regular toilet, as the composting loo requires quite a bit of maintenance when used frequently in the summer.

We have also installed many of the comforts of home such as a dishwasher, washer/dryer, smart TV, Roomba Vacuum (we can vacuum our cabin from our iPhones in Vancouver; brilliant!) taking care to use Energy Star appliances and minimize electrical/water draws wherever possible.

Work "Off the Grid"

While I was on an island for 2 months, I was still very much switched onto the markets and doing everything I needed to do to keep tabs on our holdings and responding to the money in/out demands of our clients. The markets don't sleep but for on weekends; whether I'm in Vancouver, Toronto, New York or Howe Sound, I am constantly in touch. If I wasn't doing this professionally, I'd be acting the same way with my personal funds. This is not a burden but the life I've chosen and enjoy.



I found it useful being away from the ‘noise’ especially given all the geopolitical and macroeconomic changes we experienced over the summer. I found I could spend a lot of time analyzing the companies we own or would like to own without the noise of analysts, BNN, CNBC or colleagues. I don’t mean any disrespect to these folks, heck I appear on BNN frequently, but perhaps Warren Buffett said it best in 1994: “You really should not make decisions in securities based on what other people think.” Let me tell you, there is not a lot of outside investment/security advice to be found on a cabin in the middle of Howe Sound! I was also able to spend time putting the finishing touches on a custom piece of software that I had built that helps automate a lot of the monotonous analytical work I had previously been doing manually. More on this in future letters.

So, what did we spend the summer doing when not working? They say a picture is worth a thousand words and I’ve certainly written enough so please [click here \(may require download\)](#) for a brief photo journal of our activities.

“Family” is an essence of what we value at **Hillside Wealth Management**. We care for our immediate family, our Hillside family, and the well-being of your family. Our work supports a variety of goals and dreams.

September Performance Results

An overview of our three portfolios to date.

Performance to September 30 th , 2019	YTD	1 Mo	6 Mo	1 Yr	3 Yr**	5 Yr**	Inception**	Added Value vs. Benchmark**
HILLSIDE MODERATE GROWTH*	14.01%	-1.64%	7.13%	8.42%	9%	10.40%	10.47%	+5.41%
<i>MG Benchmark¹</i>	<i>11.69%</i>	<i>0.43%</i>	<i>3.93%</i>	<i>6.01%</i>	<i>5.61%</i>	<i>5.06%</i>	<i>5.06%</i>	
HILLSIDE GROWTH*	16.64%	-1.37%	8.08%	0.58%	7.91%	8.62 %	9.28%	+3.03%
<i>HG Benchmark²</i>	<i>15.29%</i>	<i>1.7%</i>	<i>3.15%</i>	<i>2.39%</i>	<i>8.26%</i>	<i>6.95%</i>	<i>6.25%</i>	
HILLSIDE INCOME & GROWTH*	12.61%	-1.73%	7.5%	9.43%	7.3%	8.15%	8.09%	+3.41%
<i>IG Benchmark³</i>	<i>10.65%</i>	<i>0.21%</i>	<i>3.82%</i>	<i>6.64%</i>	<i>4.84%</i>	<i>5.01%</i>	<i>4.68%</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.

¹ MG Benchmark: 100% Vanguard Balanced ETF

² HG Benchmark: 100% Vanguard All-Equity ETF

³ IG Benchmark: 100% Vanguard Conservative ETF

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.

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.