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## USING DATA TO NAVIGATE THE SEAS &amp; YOUR RETIREMENT

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I was born on the west coast and grew up on the water; I spent holidays sailing with my parents and siblings, worked summer jobs at fishing lodges during university and saved up for my own boat.

Boating, although a great way to become poorer, is a wonderful pastime. You need 2 things for a safe and enjoyable boating adventure: 1) a well-equipped boat with reliable propulsion, and 2) a plan.

Retirement planning is very similar to boating. The [Hillside's Factor<sup>\(V\)</sup>](#), our Portfolio Management process, is your boat. [Hillside's Navigator](#), our Retirement Planning process, is your plan. We are your captain and crew; **YOU** are the boat owner - the boss.

To do a great job for you, we need access to reliable data. **Data Drives Decisions** on everything we do here at Hillside. Within the Factor<sup>(V)</sup>, we are constantly pouring over key data points to decide whether we should buy, sell, or hold a particular business which will play a vital role in growing your portfolio. We continually monitor Government data for changes in tax policy, pension levels and other relevant data.

Finally, we need to collect data from you to help you perpetually make good financial decisions which are in line with your goals, values, and dreams. We need to know where you are now and where you want to end up:

1. Your current financial situation.
2. Future goals/retirement plans: where, when, lifestyle costs.
3. Dreams: what you'd really love to do for you and your family.

You, being a responsible and engaged Hillside Wealth Family member, have likely already provided us with your key data points. And we've therefore built you a plan. Now we're going to maintain it for you, so you always know exactly where you are, relative to your retirement plan.

This knowledge is power which very few others have. According to Fidelity Investments' 2022 retirement report, only 23% of pre-retired Canadians have a written retirement plan. People stress when they don't know what to expect. Not surprisingly, retirement holds the #10 spot in the most stressful life events (the holmes-rahe life stress inventory).



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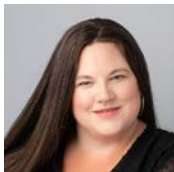
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Having and maintaining a plan is crucial to your future financial health. With the support of the entire Hillside team, the **data** in your plan allows you to make informed decisions surrounding some of the questions you need answered surrounding:

**Your current financial situation:**

- What resources do you have available today to help your kids get into the real estate market?
- Can you afford to work/save less and focus more on family/friends?
- How much should you be saving today to make sure you can afford your target retirement lifestyle?

**Your future goals:**

- When is a good time to upgrade/renovate your home?
- When can you afford to retire?
- How much should you target from a business sale or home downsize?

**Your future *Dreams*:**

- Can you “buy” your kids’ European Passports and give them more Freedom?
- How much can you afford to give back?
- Can you buy your boat 😊, cabin or build your outdoor kitchen?

We are grateful to be your crew. **We commit to continually gather the data we need to give you our best.** Our doors are open for clients who view Wealth Management through the same lens.

Please let the important people in your lives know we use **Data to Drives Decisions.**

Some final valuable lessons:

***You can’t steer a boat that isn’t moving. Just like a life.***

- Paul Lutus

***The sea finds out everything you did wrong.***

- Francis Stokes

And finally, what Jimmy Buffet said:

***Shells sink, dreams float. Life’s good on our boat.***



## PORTFOLIO UPDATE

Jason Del Vicario, CFA

We believe **Earned Success is Satisfying**. We apply this to our work at Hillside Wealth, and in May 2020, I had the opportunity to teach my kids about this philosophy. Here's how the conversation began:

Viktor (9 yrs old): Dad I want to buy stocks.

Me: That's great; do you know what you need to buy stocks?

Viktor: No.

Me: Money!

Viktor: How do I get money?

Me: That's a good question!

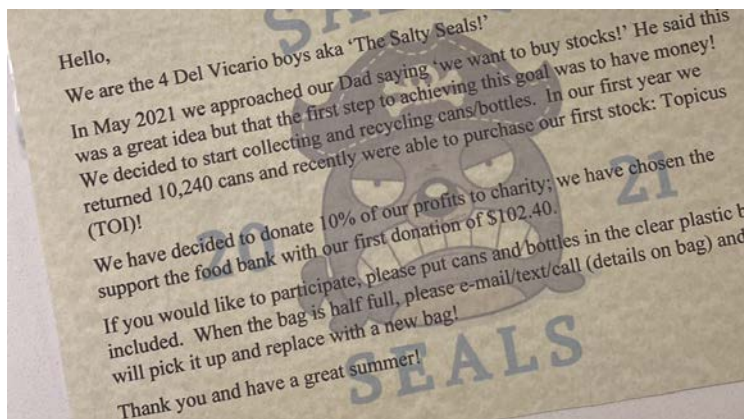
Given that Viktor and his brothers were too young to get real jobs, I recommended they start collecting bottles and cans as an age-appropriate start to earning money. And so this is how the Salty Seals launched their bottle and can collection empire!

They started small. Their first 'customers' were immediate neighbours at our cabin in Howe Sound as well as the marinas (which are a gold mine, by the way!). They continued to collect bottles from our friends in the city throughout the school year of 2021/2022 and started calling their little venture "The Salty Seals".

Things really took off in the summer 2022. Not only were they collecting from marinas and immediate neighbours but they also cast their net wider by dropping off this note (see below) to include all cabins in our bay. For convenience, the note was attached to a plastic bag to hold the recyclables, and it didn't take long for the text and phone calls to start coming in. The Salty Seals would pick up the bags, and we would take them into the city to be recycled. Since the pandemic, recycling is very easy now - there is no sorting required - you simply drop off your bottles and cans with a pre-printed label and your account is credited a few days later.

The best part of this experience has been watching them go off on their own and have meaningful conversations with our neighbours about everything from how school is going to what stocks they own!

At this time, the boys own one stock: Topicus ([TOI.V](https://www.TOI.V)) and they have saved ~\$2400 so far with 10% donated to the Food Bank. We are proud of our little dumpster divers who have learned earned success IS satisfying!



L: A copy of the letter the Salty Seals wrote for their neighbours R: Dropping off (many!) bags at the recycling depot.



## THE HILLSIDE FACTOR<sup>(Y)</sup> FOCUS: THE OWNER MINDSET

What makes corporate managers tick for their shareholders? In our experience, nothing drives long-lasting superior performances better than an owner mindset. What exactly does that look like on the ground? Common traits include thinking long-term, willingness to take short-term risks, being purpose-led, cost consciousness, customer centricity, discipline, conservatism, and consistent lookout for innovation. All of these factors contribute to value-generative capital allocation, which stock performance tends to follow. Historical data shows that owner-operated companies outperform others by a wide margin in terms of total stock returns.

It is not difficult for attentive readers to find many examples of owner mindset across the Hillside equity portfolio. A few of them have their unique missions to pursue: for example, Singapore-based Snack Empire brings iconic Taiwanese street snacks to foodies worldwide, from California to Indonesia; Egypt-based Integrated Diagnostics aims to improve the quality of healthcare services in the Middle East and Africa. Some, such as Jobindex (the no. 1 job portal in Denmark), often zig when others zag, embracing short-term headwinds for long-term gains. Others demonstrate a thrift culture - sometime to the extreme: at the Hong Kong headquarter of Plover Bay (a global leader in high-performance wireless networking), we found no reception desk, no office decoration, and even no passenger elevator (a cargo elevator is the way to go).

It is worth mentioning that an owner mindset is not the exclusive label for founders. Companies like Kakaku.com (the operator of two leading internet platforms in Japan), Credit Acceptance (US subprime auto loan underwriter), Games Workshop (the UK-based company behind Warhammer), although no longer seeing their founders around, still maintain a return-focused, disciplined, prudent capital-allocation approach. Evidently, the owner mindset is inheritable, and hence, could be part of the durable competitive edge that guards the long-term prosperity of the business.

## HILLSIDE CO. OWNERS' GUIDE

*Amanda Baxter, BA*

TARGET PRACTICE: Be accountable and the *earned success is satisfying*.

As part of [Hillside's Navigator](#) (our retirement planning process), there are three critical targets we set with you:

### 1. Savings Target

### 2. Retirement Date

### 3. Retirement Lifestyle

These three measures are needed to properly construct your retirement plan.

**Savings target** is the amount per year you will put into your investment vehicles until retirement.

**Retirement date** is the year you plan to stop working and need to start drawing from your investments.

**Retirement lifestyle** is the annual amount after taxes you need to live in today's dollars.

Then every year we update your plan and calculate your sustainable retirement lifestyle; the amount you could afford to spend annually in retirement.

**When your Sustainable Retirement Lifestyle > Target Retirement Lifestyle, you have a *Dreampool* - surplus investments which are available today to put towards your big, meaningful dreams.**



## LEARN MORE!

Don't miss our series of [Hillside's Factor<sup>\(v\)</sup> Focus Videos](#) where we highlight some of the companies mentioned in our newsletters.

## ONE POT CHICKEN AND RICE

This is a great comfort food recipe to keep you warm on a cold February day (but it's also delicious the rest of the year). [Send us a photo](#) when you get a chance to make this dish!

*Serves 8*

### MARINADE:

- 1 tsp salt
- 1 tsp garlic powder
- 1 1/2 tsp paprika
- 1/2 tsp pepper
- 1/2 tsp dried minced onion
- 1/2 tsp cayenne pepper
- 1/2 tsp oregano
- 1/4 tsp red pepper flakes
- 1 tsp lemon juice
- 1 tbsp olive oil (or enough to make a paste)

### REST OF DISH:

- 2 Tbsp Olive oil
- 1 link of andouille sausage sliced into 1/4" slices
- 4 bone-in skin on chicken thighs
- 1 medium yellow onion diced
- 1 jalapeno pepper seeded and diced
- 2 celery stalks diced
- 1/4 tsp cayenne pepper
- pinch of red pepper flakes
- salt and pepper to taste
- 1 cup DRY long-grain rice
- 2 1/4 cup chicken stock or broth
- Sliced green onions for garnish
- Minced fresh parsley for garnish

1. Combine all marinade ingredients in a medium sized mixing bowl. Add chicken thighs and turn to coat. Set aside.
2. Preheat oven to 350 degrees F.
3. Add drizzle of olive oil to dutch oven and heat over MED-HIGH heat. Brown andouille sausage on both sides, then transfer sausage to a plate.
4. Add chicken thighs, skin side down, and sear for 2-3 minutes per side, to develop a nice crispy skin.
5. Transfer chicken to plate with the sausage, and use a paper towel to wipe out any black bits from the pan. Brown bits and pan drippings are good to leave in though.
6. Lower heat to MED-LOW and add in chopped onion, jalapeno and celery. Sauté for about 2-3 minutes, until softened.
7. Add cayenne, red pepper flakes and salt and pepper and stir.
8. Add rice and chicken stock, give it a stir, and let simmer for 1 minute.
9. Nestle chicken thighs and sausage on top of the rice (pour in the juices that are left on the plate as well). Return to a simmer, then cover.
10. Bake at 350 degrees for 35 minutes (covered).
11. Remove cover and bake another 10-15 minutes, until liquid is absorbed into the rice.
12. Garnish with sliced green onions and minced parsley!

[Download a print-friendly version of this recipe WITH EXTRA TIPS here](#)

## JANUARY 2023 PERFORMANCE RESULTS

An overview of our three portfolios to date.

Performance to January 31, 2023	YTD	1 Mo	6 Mo	1 Yr	3 Yr**	5 Yr**	Inception**
Hillside Conservative Growth*	<b>4.05%</b>	<b>4.05%</b>	<b>4.17%</b>	<b>-3.00%</b>	<b>3.83%</b>	<b>5.58%</b>	<b>6.70%</b>
HCG Benchmark <sup>1</sup>	4.81%	4.81%	3.33%	-4.25%	3.69%	4.46%	4.58%
Hillside Balanced Growth*	<b>4.63%</b>	<b>4.63%</b>	<b>6.11%</b>	<b>-2.82%</b>	<b>5.63%</b>	<b>6.75%</b>	<b>8.88%</b>
HBG Benchmark <sup>2</sup>	4.81%	4.81%	3.33%	-4.25%	3.69%	4.46%	4.85%
Hillside Focused Growth*	<b>6.12%</b>	<b>6.12%</b>	<b>10.17%</b>	<b>-2.55%</b>	<b>8.98%</b>	<b>6.85%</b>	<b>8.93%</b>
HFG Benchmark <sup>3</sup>	6.11%	6.11%	6.79%	-2.25%	7.83%	6.57%	7.25%

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> Hillside Conservative Growth Benchmark: 100% Vanguard Conservative ETF

<sup>2</sup> Hillside Balanced Growth Benchmark: 100% Vanguard Balanced ETF

<sup>3</sup> Hillside Focused Growth Benchmark: 100% Vanguard All-Equity 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.

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Hillside Wealth Management is a personal trade name of Michael Preto and Jason Del Vicario.

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.