

COMPASSIONATE LEADERSHIP BREEDS LOYALTY

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Our role at Hillside is to lead you and your family into your financial future. On this journey you are the passenger, and we are your guides. As your guides, we are well-equipped: we have the know-how to increase your wealth, and will encourage you to enjoy life along the way. Another goal is to keep you happy and comfortable. Interestingly, achieving one goal (attaining wealth) does not always result in accomplishing the other (keeping you happy).

Typically, this is because something might make you happy in the short term, but not wealthy in the long term. Over the years here are some of the requests that would fall into this category:

“Things have been really volatile, the news sounds worse and worse everyday, I think it’s time to buy GIC’s or sell to cash and wait it out!”

“I don’t recognize some of the names in the portfolio, can we just buy some dividend payers?”

“I know most of today’s technology companies don’t fit Hillside’s model because they don’t make any money, but I see them going up and up everyday and I don’t see how this will change. I’d like to buy x, y and z.”

These requests typically come at a time when we aren’t doing great. Either because:

1. Volatility is up and the portfolio is down.

or

2. Markets are “ripping” higher and we aren’t keeping pace.

These two situations have happened in the past and we guarantee they will happen in the future. This is a simple function of us not looking like the “market” or “benchmark”. During these times two things are true:

1. There’s an increased probability you are going to start questioning our leadership.



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2. This is when our leadership is the most important. Yes, this is when you need us the most.

Compassionate leadership breeds loyalty. We understand how hard it can be to do the right thing even when it seems so obvious in hindsight. It's easy to get caught up in how exciting a shiny new investment thesis can look and how alluring it can be. Your portfolio is tremendously important to you. Volatility can be the impetus to stories which can quickly seem like reality.

Understanding the above, we welcome you to bring your thoughts and perspectives to the table. We want to take the time to listen and understand where you're coming from. You will be heard. And ultimately, we will give you the advice you need to hear, even if it's not what you want to hear.

The more times we navigate these cycles, the easier they become to handle. Ultimately, you embrace the challenging times by turning them into opportunities and using them to your advantage. This takes time, there is no rush- we're here to guide you regardless.

The loyalty we have received back from you is very much appreciated. You have referred us to your parents, kids, cousins, brothers, sisters, aunts, uncles and friends. When you recommend us to your people, you are giving us the best vote of confidence ever. This is not taken lightly- we will make sure we're worthy of your word. We are grateful to do what we do, we thank you for your continued support and we will continue to lead you into your financial future with strength, confidence, and compassion.





THE HILLSIDE FACTOR^(Y) FOCUS: THE EMPLOYEE RELATIONSHIP

There is no secret that we, on the investment side, spend the majority of our time learning about and in deep-dive research mode on businesses we own, or are interested in owning. There are a few factors that particularly matter to us as investors: e.g., business model, competitive landscape, management team, industry prospect. **If we have to name one aspect which we find unjustifiably under-rated in the investment community, would be employee relationship.** In specific, we are keen on figuring out how much management cares about its employees and, in return, how committed employees are to their organization (and hence, to their customers as well). The rationale is straightforward. It is the employee (not the CEO office) who can directly delight the customer and contributes to the first line (i.e., revenue) on the income statement.

So where do we look for the clue? Let's take [Bouvet ASA](#), one of our portfolio holdings, as an example. One thing that astonishes us the most about the Norwegian consulting company is its extraordinarily high participation rate of employee share scheme. Our calculation indicates that roughly 85% of "Bouveteers" tie a portion of their future wealth to the company's prospect through the scheme, which is designed to be quite generous (we should note there has been no advertisement towards the employees, according to management). Additionally, we think the unique people-first culture led by the current and previous management teams has strengthened the economic moat around the business. Some indicators include: a below-industry-average employee turnover rate, a below-national-average percentage of sick leave, and the company being one of the most IT employers for university students. Then, what is in it for shareholders? Employee loyalty can easily translate into customer loyalty – in a typical year, 95% of Bouvet's total sales come from existing customers – that is, higher predictability of the business, and therefore, lower investment risk. In the end, happy employees, happy customers, and then, again, happy employees (as shareholders) – a virtuous cycle!

HILLSIDE CO. OWNERS' GUIDE

Amanda Baxter, BA



THE FEES AT HILLSIDE

SIMPLE SYSTEMS THAT ESTABLISH ACCOUNTABILITY

At Hillside we have a set of fees you will see appear on your statements. Let's go through what these are.

Advisory fee: A % of your total portfolio value charged monthly to your accounts. The more money invested with Hillside, the lower the percentage.

Performance bonus: An incentive-based fee charged to your accounts when they surpass your previous all-time year end high by a set hurdle rate. For this to be charged multiple times your portfolio value needs to climb like a staircase.



REFERRALS: THE HIGHEST COMPLIMENT

At Hillside Wealth, we take referrals from existing clients as one of the highest compliments. The responsibility of knowing you can recommend us to family and friends is one we don't take lightly.

We are currently accepting new clients primarily by referral from existing clients. If you have family or friends who would be a good fit for our specialized wealth management services, please feel free to [get in touch](#).

Embedded fees: Because we conduct all our own research and own individual securities we keep these to an absolute bare minimum if not 0.

[Please see our Fee Infographic](#) for a more detailed look into Hillside's fee structure.

SMOKED SALMON CHOWDER

Not only is this chowder recipe delicious, but it's also very easy! Keep a piece of salmon in the freezer and the other ingredients in your pantry for a quick weeknight, 1-pot dinner. [Send us a photo](#) when you get a chance to make this dish!

Serves 4

- 4 slices thick-cut back, sliced
- 2 tbsp (30 ml) salted butter
- 4 stalks celery, diced
- 1 medium onion, diced
- 3 garlic cloves, minced
- 2 medium russet potatoes, peeled and cubed
- 4 cups (1L) stock (vegetable, fish or chicken)
- 1 x 14 oz (398 ml) can creamed corn
- 1 cup (250 ml) half-and-half cream
- 1 tsp (5 ml) dried tarragon
- 1 lb (500 g) salmon, skin removed, cubed
- 1/2 cup (125) chopped dill
- 1/2 jalapeno, thinly sliced

1. In a large saucepan with a lid, over medium-high, render bacon until crispy, about 8 minutes. Set bacon aside and discard any leftover oil.
2. In the same saucepan, heat butter over medium-high. Add celery, onion, garlic and potatoes. Sauté until just soft, about 8 minutes. Add stock, corn, half-and-half cream and tarragon. Reduce heat to low and cook until potatoes are soft, about 15 to 20 minutes. Add salmon, dill and jalapeno. Cook over low until salmon is cooked through, about 5 minutes, then add reserved bacon to heat through and serve.
3. Keeps in refrigerator for up to 4 days.

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

FEBRUARY 2023 PERFORMANCE RESULTS

An overview of our three portfolios to date.

Performance to February 28, 2023	YTD	1 Mo	6 Mo	1 Yr	3 Yr**	5 Yr**	Inception**
Hillside Conservative Growth*	5.36%	1.18%	6.11%	0.01%	4.41%	5.47%	6.62%
HCG Benchmark ¹	3.36%	-1.39%	4.13%	-3.97%	4.32%	4.38%	4.37%
Hillside Balanced Growth*	7.04%	2.17%	8.32%	1.41%	6.81%	6.65%	8.82%
HBG Benchmark ²	3.36%	-1.39%	4.13%	-3.97%	4.32%	4.38%	4.63%
Hillside Focused Growth*	10.31%	3.76%	14.05%	5.50%	12.71%	7.02%	9.04%
HFG Benchmark ³	4.92%	-1.12%	7.24%	-1.29%	10.05%	6.92%	7.04%

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 Hillside Conservative Growth Benchmark: 100% Vanguard Conservative ETF

² Hillside Balanced Growth Benchmark: 100% Vanguard Balanced ETF

³ Hillside Focused Growth Benchmark: 100% Vanguard All-Equity ETF

Source: SIACcharts.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.