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HILLSIDE'S COMMITMENT: PROVIDING CLEAR AND CANDID ADVICE

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At Hillside, our commitment to giving you **clear and candid advice** extends all areas of life, work, and beyond. For the past 30 years, Jason and I have not only been friends, business partners but also brothers-in-law who provide advice to one another.

Throughout the years, we have shared numerous experiences outside of work, often engaging in colourful exchanges. When it comes to fishing, I hold seniority and have always enjoyed offering Jason clear and candid advice. Now, when he hooks a nice fish, all I need to tell him is, "Don't screw it up."

Managing your wealth and retirement is a crucial aspect of your life, and it is our responsibility to do an exceptional job for you. To achieve this, we require the freedom to provide you with the advice you need to hear, even if it may not align with what you want to hear.

When it comes to retirement planning, our goal is to help you strike a healthy balance between enjoying life today and in your retirement years. In this context, there are several common pitfalls in retirement planning that we want to help you avoid:

- Spending too much or too little.
- Saving too little or too much.
- Taking on excessive debt.
- Holding an excessive amount of cash.
- Being under or over-insured.
- Not fully leveraging all available tax-saving opportunities.

The longer these issues go unaddressed, the more harm they can cause, making it increasingly challenging to get back on track. That's why we are committed to alerting you when we see you veering off course, doing so sooner rather than later.

Now, let's talk about managing your money. By now, you are aware that we take a different approach at Hillside, and we have our reasons for doing so. Instead of owning a broadly diversified portfolio that closely mirrors the benchmark or the broader market, we opt for a concentrated portfolio consisting of high-quality companies. While it would be easier for us to follow the herd and own what most others do, we choose a less-traveled path.

Why do we make this choice? The answer is simple—we genuinely care about your future and the future of your family. We firmly believe that the



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path we are leading you down will provide the wealth necessary for you to live the life you desire. Furthermore, we are confident that even when the world economy encounters significant challenges, we will guide you through those difficulties and thrive on the other side. Yes, Hillside's Factor(y) is powerful and resilient.

To help you better navigate the road ahead, there are a few key pieces of information we want to share with you:

Expect volatility. Volatility is commonly measured in the investment industry using a metric called Standard Deviation. While I won't delve into the technical details here, I encourage you to reach out to me directly if you would like to learn more. In essence, the higher the standard deviation, the greater the volatility. Here are the standard deviations of our Focused and Balanced models compared to their respective benchmarks:

Focused Growth	13.59%
Focused Growth Benchmark	11.99%
Balanced Growth	8.83%
Balanced Growth Benchmark	7.86%

Yes, we are slightly more volatile than our benchmarks. Knowing this information will help you prepare for bouts of volatility in the future, enabling you to either brace yourself or leverage it to your advantage.

We won't always mirror market trends. Our performance may not align with the market—sometimes we may be up when the market is down, and vice versa. For instance, let's take a look at the performance of our Balanced Growth model compared to its benchmark in 2015 and 2016:

	2015	2016
Balanced Growth	10.15%	4.29%
Balanced Growth Benchmark	0.95%	10.39%

As you can see, we outperformed the benchmark in 2015 but experienced a greater drop than the benchmark in 2016. This information provides valuable perspective, reminding us that performance can vary from year to year.

Your accounts mirror one of our model portfolios. This plays a significant role in driving overall performance; however, it's crucial to acknowledge that your actions also make a difference. Let's examine the performance of Mike and Becky's retirement portfolio compared to the Focused Growth model in 2022 (our retirement accounts are invested in the Focused Growth model):

	2022 Performance
Mike and Becky's portfolio	-12.04%
Focused Growth Model	-16.37%



Remarkably, our actual performance was approximately 4.3% better than the model portfolio's performance, despite paying fees (model portfolio performance is quoted before fees).

This outcome can be attributed to our strategic approach during the volatility experienced in early 2022. We were fortunate to make a lump sum contribution to our RRSPs and then maintained our monthly contributions throughout the year. By doing so, we had the opportunity to buy more when the model was down and adjust our contributions slightly during market upswings. These actions contributed to driving higher relative returns.

In summary, it's important to remember that our performance may not always align with market trends. However, your accounts are structured to mirror our model portfolios, and your actions can have a meaningful impact on your overall performance. By taking advantage of opportunities during market fluctuations and maintaining a disciplined approach, you can strive for higher returns. Our commitment to providing clear and candid advice ensures that we guide you towards making informed decisions that align with your long-term goals.

If you find yourself in a position to invest more during periods of negative volatility, we strongly encourage you to seize the opportunity. It is common for people to struggle psychologically when faced with investing more during tough times. However, if you can overcome this challenge, you can turn a perceived headwind into a powerful tailwind, propelling you towards even greater success.

Always remember the three golden rules:

- 1. Invest all your long-term money in your portfolio.*
- 2. Keep all your short-term money in cash.*
- 3. Avoid checking your portfolio too frequently.*

Following these rules will help you make sound financial decisions and avoid unnecessary stress. Rest assured that our commitment to providing clear and candid advice means we will be more compassionate to you than Jason and I are to each other on the water or tennis court. If ever we look you in the eyes and say, "Don't screw it up," it means we firmly believe that you possess all the tools necessary to make the right decisions.



PORTFOLIO UPDATE

Jason Del Vicario, CFA®

At Hillside, we firmly believe in delivering clear and candid advice to our clients. We want you to **focus your energy on the things you can control and influence in your life.**

By prioritizing what is within your power, you can make meaningful changes and achieve your goals effectively.



HILLSIDE IN THE NEWS!

For the first time since the pandemic, Jason was back IN PERSON for *Market Call* with host-extraordinaire, Andrew Bell. [Watch the full episode here.](#)

And read why Hillside is "looking at the big picture" when it comes to [forecasting TSX performance in this BNN Bloomberg article.](#)

UPCOMING EVENTS

June 28th - Our NEXT Mind Your Bu\$iness Webinar: *From the Corp. to Your Pocket - tax strategies with Capital Gains* [learn more here.](#)

If you have any questions, please feel free to [get in touch.](#)

Spend Less Than What You Make: Maintaining a healthy financial lifestyle involves spending less money than you earn. By practicing financial discipline and managing your expenses wisely, you can build a solid foundation for financial stability and future success.

Collaborate with Experts: Working with professionals like Mike and Amanda allows you to benefit from their expertise and guidance. Together, you can assess your dreams and goals, determine the necessary resources, and develop a strategic plan to achieve them.

Our Commitment to You: We are fully committed to helping you identify and realize your big, meaningful dreams. With our unwavering dedication, we aim to provide you with the guidance, support, and advice needed to navigate your financial journey and make your aspirations a reality.

By embracing these principles and partnering with us, you can gain clarity, make informed decisions, and embark on a path towards achieving your most significant dreams. Our commitment to delivering clear and candid advice ensures that you receive the guidance you need to succeed.

THE HILLSIDE FACTOR^(Y) FOCUS: SOME FAREWELLS, SOME WELCOMES

At HillsideCo., we believe in delivering clear and candid advice, even when it comes to portfolio changes. Recently, there have been some adjustments within our holdings that we would like to discuss. Let's take a closer look:

Farewells:

We made the decision to part ways with Check Point and A2 Milk after providing ample time for both companies and their management teams to prove themselves. It's important to remember that selling can be riskier than buying. Check Point, despite maintaining industry-leading profitability, has been losing market share to its competitors consistently. Additionally, we have reservations about the increasingly aggressive and competitive landscape filled with loss-leading players.

As for A2 Milk, its story is primarily focused on infant formula sales to parents in China, rather than liquid milk, which accounts for a small portion of the company's total sales. Although the company experienced a successful turnaround, cumulative evidence suggests a diminished ability for A2 Milk to deliver superior returns on capital in the post-COVID era. Furthermore, we are cautious when it comes to companies with no significant insider ownership or a high exposure to the less predictable Chinese market.



Welcomes:

We are pleased to introduce four new additions to our portfolio. RH (formerly known as Restoration Hardware), based in the US, is a unique upscale home-furnishings brand that stands out in our view. It is likely the only brand of its kind, operating at scale on a global level. Germany-based Endor, the company behind Fanatec, is often referred to as the "Apple" of sim racing, dominating the high-end segment with its technology and quality leadership.

The remaining two additions are both Hong Kong-based companies. Kato, the most profitable publicly-traded elderly-home operator globally, is set to become the largest market participant in Hong Kong, a region known for having the world's highest life expectancy. With recent acquisitions, Kato is poised for significant growth. Bamboos Healthcare, the number one healthcare staffing solution provider in the region, boasts the largest and expanding database of registered healthcare personnel. This presents an excellent opportunity for the network effect to create value.

It's worth mentioning that our portfolio turnover remains low. None of the four new additions represents more than 1% of the total equity portfolio individually, and collectively, they account for less than 3%. We manage individual exposure primarily based on our risk management disciplines while also considering market conditions such as low trading volume.

In line with our commitment to delivering clear and candid advice, we believe transparency is essential in discussing portfolio changes. Our careful approach ensures that we maintain a balanced and strategic investment approach while seeking opportunities that align with our long-term goals.

SUMMERTIME SALAD

This Watermelon Feta Salad with Mint is perfect for summer gatherings, picnics, or as a light and refreshing side dish. The combination of juicy watermelon, tangy feta cheese, and fresh mint creates a delightful balance of flavors. It's a simple yet impressive recipe that captures the essence of summer.

[Send us a photo](#) when you get a chance to make this dish!

Serves 4-6

- 4 cups cubed watermelon
- 1 cup crumbled feta cheese
- 1/2 cup fresh mint leaves, chopped
- 1/4 cup red onion, thinly sliced
- 1/4 cup extra-virgin olive oil
- 2 tablespoons balsamic glaze
- Salt and pepper to taste

Instructions:

1. In a large serving bowl, combine the cubed watermelon, crumbled feta cheese, chopped mint leaves, and sliced red onion.
2. Drizzle the extra-virgin olive oil over the salad and toss gently to coat.
3. Season with salt and pepper to taste.
4. Drizzle the balsamic glaze over the salad just before serving.
5. Toss lightly once again to ensure all ingredients are evenly coated.
6. Serve chilled and enjoy!

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

MAY 2023 PERFORMANCE RESULTS

An overview of our three portfolios to date.

Performance to May 31, 2023	YTD	1 Mo	6 Mo	1 Yr	3 Yr**	5 Yr**	Inception**
Hillside Conservative Growth*	10.44%	-0.30%	10.52%	10.59%	5.77%	5.88%	7.01%
HCG Benchmark ¹	3.58%	-1.33%	1.12%	1.28%	1.72%	2.96%	3.51%
Hillside Balanced Growth*	13.87%	0.08%	14.30%	14.04%	9.10%	7.29%	9.33%
HBG Benchmark ²	4.67%	-1.69%	1.39%	2.71%	4.53%	4.41%	4.65%
Hillside Focused Growth*	18.46%	0.48%	18.61%	19.71%	14.38%	7.31%	9.66%
HFG Benchmark ³	5.92%	-2.07%	1.70%	4.77%	10.14%	6.83%	6.95%

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: 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.