



April 2025

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## DEALING WITH UNCERTAINTY: THE HILLSIDE WAY

*Michael Preto, CFP®, CIM®*

Uncertainty is always present.

We don't know what's going to happen in the next minute, hour, day, week, or month. If you're trying to predict what life will look like in a year—or a decade from now—good luck.

And I'm not just talking about **markets or the economy**. I'm talking about **life**.

Over the years, I've had the pleasure of building deep relationships with many Hillside clients who've shared their unfolding life stories with me. These stories span everything from serendipity to tragedy, and everything in between—often sparked by events that came out of nowhere.

### THE KEY TAKEAWAY?

While we can't control what happens, **we can control how we prepare and respond**.

At Hillside, we apply the same approach to managing your money.

**So, how do we navigate uncertain times with calm and confidence?**

Here are a few reasons:

#### **1. We Know What You Own**

Every investment in your portfolio has been **hand-picked**.

You own **high-quality, operating businesses**—companies with:

- Low debt
- Strong cash flow
- Excellent management

These are businesses not only built to weather uncertainty, but to **capitalize on it**.



## 2. We've Done the Work

- We've pored over financial statements, quarterly releases, and annual letters.
- We've interviewed management teams, competitors, and industry colleagues.
- We've run the numbers and **stress-tested** them.
- We've talked to **you** about your life and your short-term needs—and set aside cash accordingly.

## 3. We've Been Here Before

With over **25 years of experience**, we've earned a few scars.

Each one has given us lessons and wisdom, which we've used to **prepare you for moments like this**.

### OUR CORE COMMITMENTS AT HILLSIDE

These philosophies guide us—especially in times of volatility:

#### ◆ Keep it Simple

Buy high-quality companies. Let them capitalize.

**You reap the rewards.**

#### ◆ Protect the Future

Hold your **short-term money in cash**.

Invest the rest.

#### ◆ Data Drives Decisions

We make decisions based on **data we trust and understand**—not headlines.

### WHAT CAN YOU DO RIGHT NOW?

Here are two simple ways to support your financial plan:

#### ☒ Check for Surplus Cash

If you have extra cash—**any amount**—this is a great time to put it to work.

Want help identifying your surplus?

Book some time with [Mike](#) or [Amanda](#).

(See *Jason's story* for a real example of how this can boost your portfolio.)

#### ☒ Leave the Portfolio Alone

Other than the regular **retirement** and **Dreampool** draws we've discussed, **stay the course**.

### THE MOST IMPORTANT PART?

Spend more time doing what brings you **joy**:

Your family, friends, passions, and hobbies.

We're always here for you and look forward to catching up soon.

Warmly,

Mike



## WALKING THE WALK: MY INVESTING JOURNEY THROUGH MARKET VOLATILITY

Jason Del Vicario, CFA®

As we move through another period of market volatility, I wanted to share a few personal reflections and actions. The goal? To show you that at Hillside, we don't just *talk the talk*—we *walk the walk*.

### WHERE IT ALL BEGAN

My investing journey started when I was just 15.

- My grandfather gifted me a few shares of **Trans Mountain Pipeline** (remember them?!).
- My uncle handed me a copy of *The Wealthy Barber*.

I vividly remember being *amazed* at the concept of compound interest—**Money makes more money?** Mind. Blown.

No wonder Albert Einstein called it the *8th wonder of the world*.

From that moment on, I knew: I wanted to ride the compound-interest train. I was hooked.

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## HILLSIDE WEALTH MANAGEMENT | FREEDOM | FAMILY | PERFORMANCE



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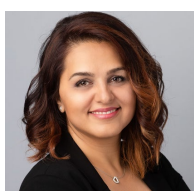
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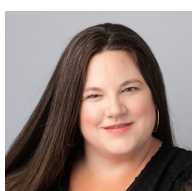
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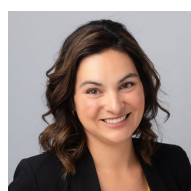
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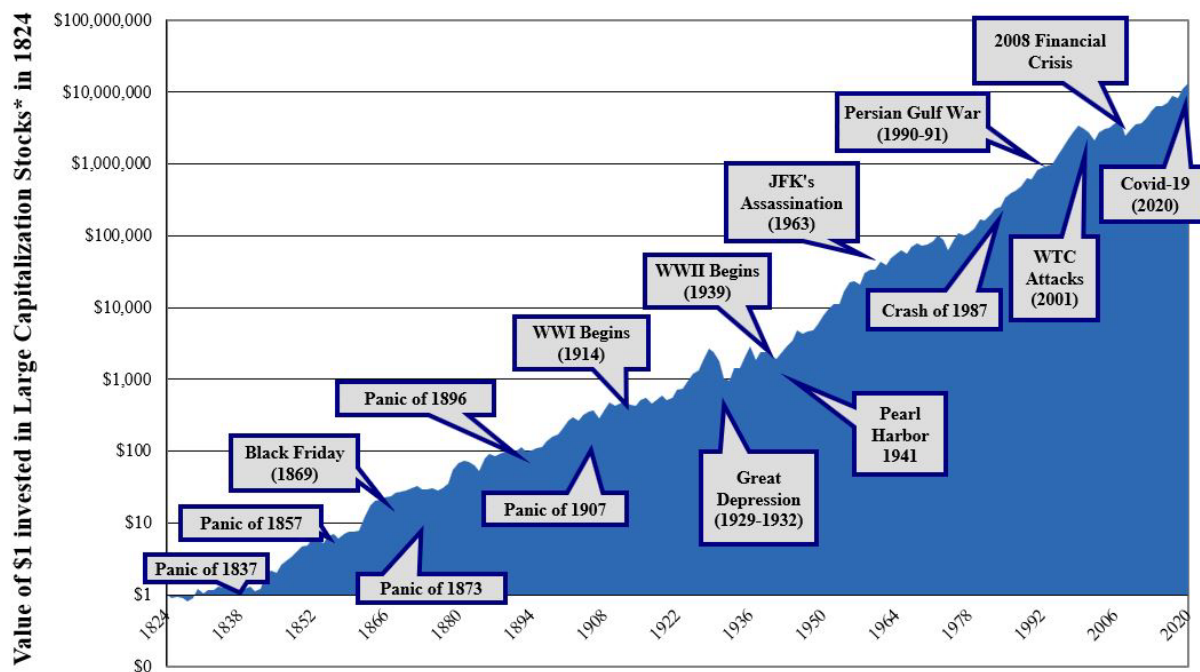


## THE UPS AND DOWNS (AND UPS AGAIN)

Over time, I've experienced both the **rewards** of long-term investing and the **gut-wrenching drawdowns** that come with it:

- The **Tech Bubble** (1998–2000)
- The **Global Financial Crisis** (2008–2009)
- The **COVID Crash** (2020)
- The **Rate-Driven Drawdown** (2022)

And yes, I even remember the **crash of 1987**—I was 11 years old. The market fell **23% in ONE DAY**.



Source: Haverford, Ibbotson Associates

\* Large Capitalization Stocks represented by NYSE exchange data from 1824 to 1925, S&P 90 from 1926 to 1957, and S&P 500 after 1957. The S&P 500 is a broad representative index of large capitalization U.S. stocks. It is not possible to invest directly in an index. Past performance is no guarantee of future results. The Panics of 1837, 1857, 1873, 1896 & 1907 were periods of financial crisis and extreme market volatility that resulted in deep economic downturns.

## WHY STOCKS OVER GICs?

So why not just invest in **GICs or term deposits**? No volatility, guaranteed returns, known timelines. Sounds good, right?

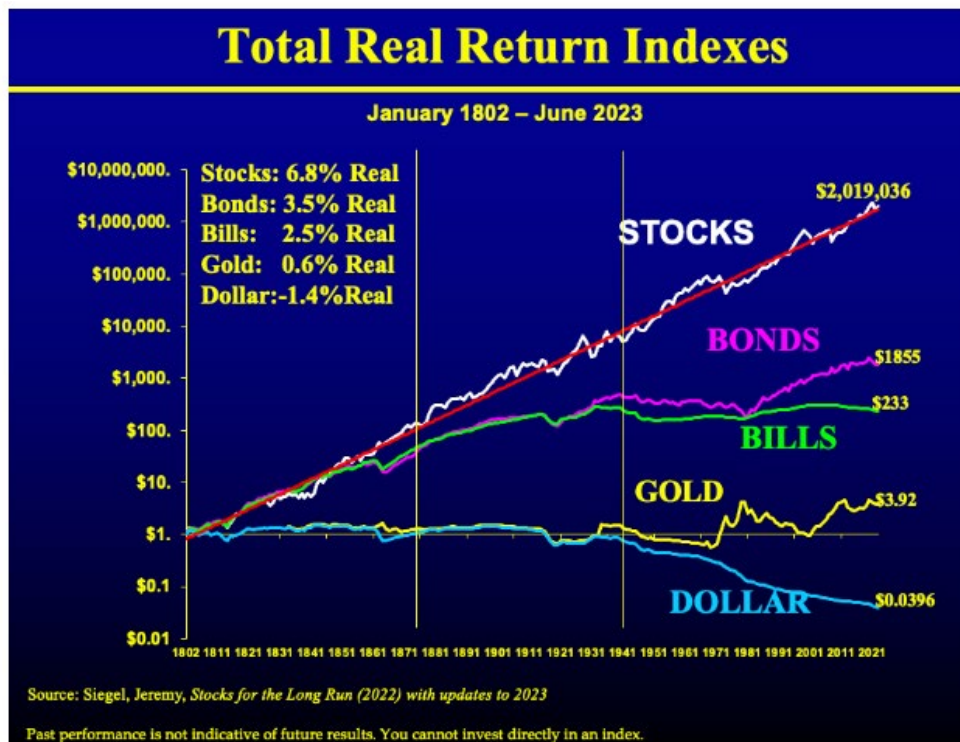
**WRONG.**

Even with all the ups and downs, history shows that in **real (inflation-adjusted)** terms, investors have been **much better off owning businesses** rather than lending to them.

## Why?

Because businesses have two major advantages:

1. They can grow their customer base
2. They can raise their prices



## THE HILLSIDE PHILOSOPHY IN ACTION

At Hillside, we have 3 simple rules for investing long-term wealth:

1. **Invest for the Long Term:**  
If you don't need the money in the next 5 years, own great businesses (aka stocks).
2. **Control What You Can:**  
We focus on what we can control—researching businesses. We don't obsess over interest rates, inflation, or geopolitics.
3. **Trust the Process:**  
Market volatility isn't new. Since the 1800s, there have always been challenges—many far worse than today's headlines.

## So What Do We Do During Market Volatility?

- Do we panic?
- Do we binge BNN or doom-scroll Twitter?
- Do we pretend it's not happening?



I'd suggest none of the above.

Instead, accept that volatility is **a feature, not a flaw**, of long-term investing.  
We can't control the markets. **But we can control our behaviour.**

### HOW I PERSONALLY INVEST

Clients often ask me, "What are other clients doing?" or "What are *you* doing with your money?"

While it's socially taboo to talk money—let's get real.

We ask you about your financial behaviours. It's only fair we share ours.

Here's what my family and I are doing:

#### 1. We Invest in the Focus Model

We're right alongside you—**owning exactly what you own.**

#### 2. We Maximize RSPs & TFSAs (Every February)

Yes, we *should* do it monthly... but we've made February our autopilot month and we don't fuss over timing.

#### 3. We Invest Extra Capital During Tough Times

We invested heavily in **2022** and started again **last week.**

I don't know how long this downturn will last. I just know I'd rather buy **high-quality businesses at marked-down prices.**

And if the downturn continues, we'll keep allocating capital through 2025.

### DOES IT WORK? LET'S LOOK AT THE NUMBERS

In 2022:

- Our **money-weighted return** (which reflects the impact of deposits/withdrawals): -**10%**
- If we hadn't added new capital, our **time-weighted return** would've been -**17%**

Relationship Performance: DEL VICARIO JS, 03TDP

Performance					
Period	Accounts converted to	Method			
Fixed	CAD Default : CAD	Money-Weighted Return			
	Year to Date	2024	2023	2022	Other
From:	01/01/2025	01/01/2024	01/01/2023	01/01/2022	01/01/2022
To:	04/07/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2022
<b>Net of Fees Return:</b>					
IRR (%)	(8.525)	23.381	27.039	(10.117)	(10.117)



# Relationship Performance: DEL VICARIO JS, 03TJP

Performance					
Period	Accounts converted to		Method		
Fixed	CAD	Default : CAD	Time-Weighted Return		
	Year to Date	2024	2023	2022	Other
From:	01/01/2025	01/01/2024	01/01/2023	01/01/2022	01/01/2022
To:	04/07/2025	12/31/2024	12/31/2023	12/31/2022	12/31/2022
<b>Net of Fees Return:</b>					
ROI (%)	(8.038)	23.612	24.734	(16.830)	(16.830)
Standard Deviation (%)	10.517	11.578	13.158	19.458	19.458
Sharpe Index	(0.791)	1.950	1.801	(0.918)	(0.918)

Since 2018:

- Money-weighted CAGR: 12.3%
- Time-weighted return: 7.7%

# Relationship Performance: DEL VICARIO JS, 03TJP

Performance				
Period	Accounts converted to		Method	
Cumulative	CAD	Default : CAD	Money-Weighted Return	
	3 Months	6 Months	1 Year	Since Inception
From:	01/01/2025	10/01/2024	04/01/2024	03/05/2018
To:	03/31/2025	03/31/2025	03/31/2025	03/31/2025
<b>Net of Fees Return:</b>				
IRR (%)	0.893	4.068	13.823	12.291
Standard Deviation (%)				

# Relationship Performance: DEL VICARIO JS, 03TJP

Performance				
Period	Accounts converted to		Method	
Cumulative	CAD	Default : CAD	Time-Weighted Return	
	3 Months	6 Months	1 Year	Since Inception
From:	01/01/2025	10/01/2024	04/01/2024	03/05/2018
To:	03/31/2025	03/31/2025	03/31/2025	03/31/2025
<b>Net of Fees Return:</b>				
ROI (%)	1.243	4.475	14.330	7.665
Standard Deviation (%)	6.323	8.827	11.709	15.378
Sharpe Index	0.156	0.448	1.135	0.431



Investing during downturns makes a **real difference**.

### A WORD FROM UNCLE WARREN

Warren Buffett said it best back in 2001:

*To refer to a personal taste of mine, I'm going to buy hamburgers the rest of my life.*

*When hamburgers go down in price, we sing the 'Hallelujah Chorus' in the Buffett household.*

*When hamburgers go up in price, we weep.*

*For most people, it's the same with everything in life they will be buying—except stocks.*

When stocks go on sale, we should be celebrating.  
But human nature? It tells us to run.

### YOUR BLUEPRINT: THE HILLSIDE OWNER'S MANUAL

We created the **Hillside Owner's Manual** as a **timeless resource**—for you, and for me.

Whenever the noise gets loud or doubt creeps in, come back to it.  
It's your **anchor** during turbulent times.

I *love* this document.

And I think the next slide is especially relevant to the moment we're in right now. [Reach out today](#) If you want to learn more about our manual and process.

## A disciplined approach to volatility

#### WAYS TO TAKE ADVANTAGE OF DOWNSIDE VOLATILITY:

- 1) Do nothing:** HillsideCo\*. produces free cash flow which can be used to buyback shares at attractive valuations thereby increasing your ownership stake.
- 2) Do nothing:** We will use any available cash to add to HillsideCo. (or new ones we've had our eye on) when prices fall below our fair value estimate.
- 3) Do something:** When HillsideCo. is on sale, invest additional cash to your portfolio. When (not if!) the market is down, these businesses go on sale representing the best time to add to your portfolio.

#### WAYS TO TAKE ADVANTAGE OF UPSIDE VOLATILITY:

- 1) Do nothing:** When markets are up, don't get excited- stay the course.
- 2) Do something:** Use your *Dreampool* to achieve your big meaningful dreams!



\* Hillside Co. is a notional company comprising of the weighted average of the businesses (stocks) that represent the stock portion of our 3 Hillside flagship portfolios (Conservative, Balanced & Focus). We think and behave like business owners.



## MARCH 2025 PERFORMANCE RESULTS

An overview of our three portfolios to date.

Performance to March 31, 2025	YTD	6 Mo	1 Yr	3 Yr**	5 Yr**	10 Yr**	Inception **
Hillside Conservative Growth*	<b>2.20%</b>	<b>5.07%</b>	<b>14.48%</b>	<b>10.30%</b>	<b>9.41%</b>	<b>7.43%</b>	<b>8.09%</b>
HCG Benchmark <sup>1</sup>	0.57%	1.87%	7.68%	4.23%	5.74%	4.16%	4.40%
Hillside Balanced Growth*	<b>1.92%</b>	<b>5.12%</b>	<b>14.44%</b>	<b>11.85%</b>	<b>11.95%</b>	<b>8.93%</b>	<b>10.17%</b>
HBG Benchmark <sup>2</sup>	0.14%	3.23%	11.42%	7.71%	11.04%	6.71%	6.76%
Hillside Focused Growth*	<b>1.28%</b>	<b>5.93%</b>	<b>17.11%</b>	<b>16.47%</b>	<b>18.64%</b>	<b>10.12%</b>	<b>11.25%</b>
HFG Benchmark <sup>3</sup>	-0.42%	4.40%	13.94%	10.47%	15.90%	9.02%	8.91%

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: 75% Vanguard Balanced ETF & 25% Vanguard All-Equity ETF

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

Source: SIACHarts.com

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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.