

Q2.17

Cidel Canadian Equity

Cidel

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The Canadian Equity strategy is designed for medium- to long-term investors as a core holding in Canadian equities. Investors benefit from a diversified fund that seeks long-term capital gains.

Overview

The Investment is a core equity portfolio consisting of Canadian mainly large-cap companies.

The Objective is to outperform the TSX by 1%-3% annually over an equity-market cycle.

The Investment Philosophy focuses on buying undervalued companies with improving fundamentals. Our experience demonstrates that market outperformance is achieved through disciplined bottom-up research and stock valuation.

Market Commentary

Over the second quarter of 2017, the Bank of Canada clearly signalled its intention to move to a tightening stance and around the world sentiment shifted to anticipate a broad shift to tighter monetary policy. At the same time, investors took comfort from a generally favourable corporate earnings season. The S&P TSX Composite Index suffered a modest loss of 1.6%. The Healthcare sector was the strongest, up 13%, as Valeant began to show some signs of revenue stabilization. The Energy sector was the weakest, as U.S. producers increased output more rapidly than expected which led to a less supportive supply and demand picture. The Materials sector also underperformed in the face of lacklustre gold prices and some uncertainty over the outlook for Chinese metal demand. The Financial sector was an area of focus as Home Capital, a second-tier lender, suffered some liquidity issues that posed a potential threat to the availability of certain niche mortgage products. The portfolio modestly outperformed the market with a -1.5% return, as good stock selection in Materials was offset by poor selection in Energy.

The Process

Company Fundamentals. Bottom-up research to thoroughly understand the comparative risks and opportunities of companies.

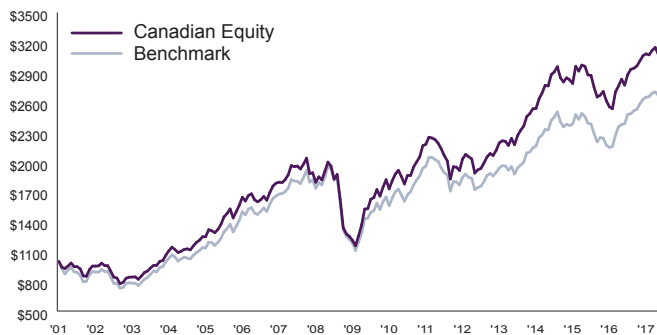
Company Valuation. Quantitative and qualitative research to set target price and returns on stocks undervalued by the market.

Portfolio Construction. Stocks chosen to form a diversified portfolio that produces superior relative returns.

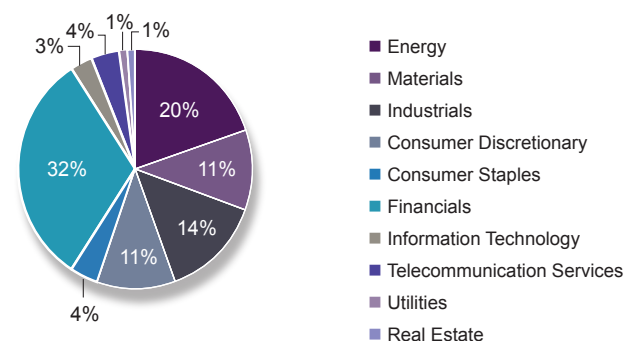
KEY CHARACTERISTICS	Portfolio	Benchmark
Q2 Return	-1.5%	-1.6%
YTD	0.2%	0.7%
1 Year Return	10.9%	11.0%
3 Year Return (Annualized)	2.2%	3.1%
5 Year Return (Annualized)	9.9%	8.7%
Return Since Inception (Annualized)	7.1%	6.1%
Standard Deviation - 5 Years	8.3%	7.6%
Current Yield	2.7%	2.9%

NOTABLE HOLDINGS	
TORONTO DOMINION BK	6.8%
BANK OF NOVA SCOTIA	6.4%
ROYAL BANK CDA	5.5%
ENBRIDGE INC	4.9%
MANULIFE FINCL CORP	3.9%
SUNCOR ENERGY INC	3.9%
CDN PACIFIC RAILWAY	3.9%
BANK OF MONTREAL	3.4%
CDN NATURAL RES	3.3%
MAGNA INTL INC	3.0%

GROWTH OF \$1,000 VS. BENCHMARK



SECTOR ALLOCATION



ANNUAL PERFORMANCE (%)	YTD	2016	2015	2014	2013	2012	2011	2010	2009	2008	Inception
Toron AMI	0.2%	17.3%	-7.4%	11.5%	19.7%	10.6%	-11.5%	18.8%	45.6%	-33.8%	7.1%
Benchmark	0.7%	21.1%	-8.3%	10.5%	13.0%	7.2%	-8.7%	17.6%	35.1%	-33.0%	6.1%

Toron AMI Canadian Equity Fund

*Historic performance should not be interpreted as a guarantee of future results. Performance figures are based on total returns which are time-weighted and geometrically linked (meaning that performance is not influenced by the timing of portfolio additions or withdrawals and is calculated on a compounded basis). Toron AMI and Benchmark performance is gross of applicable management fees. For distribution only to accredited investors as defined by regulatory authorities in your resident jurisdiction. Benchmark displayed is the S&P TSX Capped Composite Index. Toron Asset Management International and Cidel Financial Group are operating names of Cidel Asset Management Inc.