

April 22, 2021

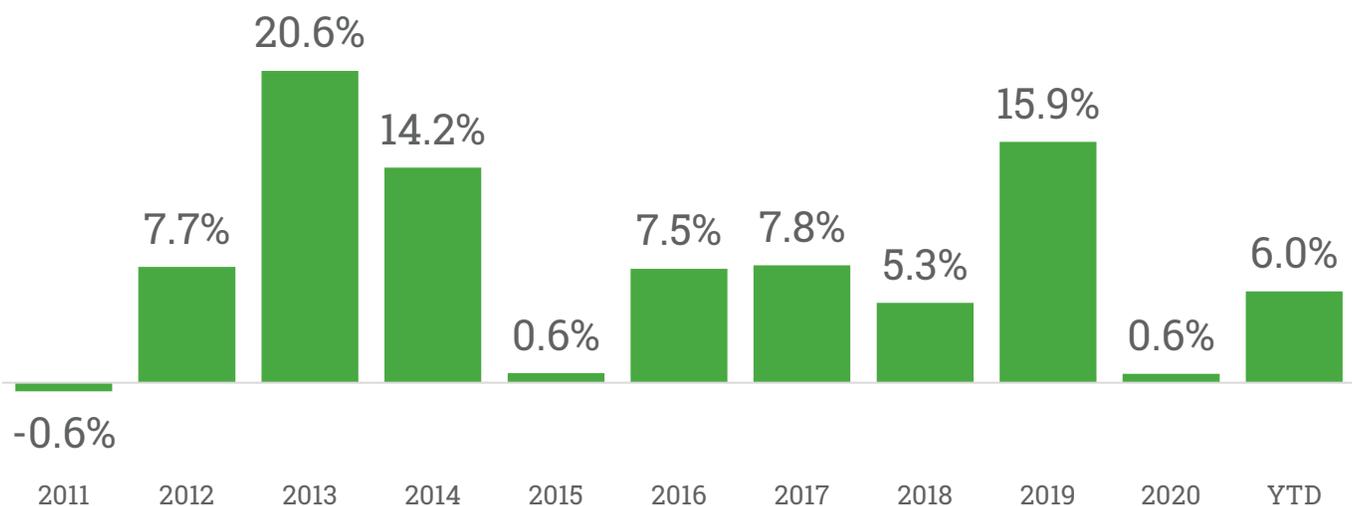
## Value Returns

The Value Fund was up +6.0% in Q1. The weakening US dollar lowered our returns by approximately (1.2%) for the quarter. We lagged the S&P/TSX Total Return Index which was up +8.1% but beat the S&P500 Total Return Index (\$CAD) which was up +4.8%.

Value stocks are once again in vogue as eight of our holdings were up double-digits for the quarter. It was only one quarter ago that I wrote “...Value Investing may be out of step with the markets at present, but history teaches that in the long run, valuations matter.” To paraphrase Benjamin Graham, in the short term the market price of a stock is a popularity contest. Over the long-term, it is a company’s future earnings power (intrinsic value) that determines its stock price.

As value investors, the true cost for buying cheap is short-term unpopularity. We hunt for and purchase bargains that others have abandoned. But what attracts the attention of the market at any given moment is forever in flux. Sentiment constantly changes. What was unloved can suddenly become popular again sparking a swift share price increase.

While we may not be able to precisely predict the timing of that shift in popularity, provided that our analysis is sound, we know that it will come. Just as important, value investing (buying cheap) provides a margin of safety which reduces risk along the way. Our approach has served us well when markets crater. We believe that it will again when history repeats itself.



## Portfolio Review

The Value Fund's best-performing stocks for the quarter were **Intel** (INTC) +28.5%, **General Dynamics** (GD) +22.0%, **Alphabet** (GOOG) +18.1%, **American Express** (AXP) +17.0%, **Anthem** (ANTM) +11.8%, and **Berkshire Hathaway** (BRK.A/B) +10.2%. These are all high-quality names trading at reasonable valuations and demonstrate our commitment to growing your capital (and ours) prudently by mitigating risk.

Our laggards for the quarter were **Check Point Software** (CHKP) -15.8%, **Visa** (V) -3.2% and our pharmaceutical holdings consisting of **Merck** (MRK) -5.8% and **Pfizer** (PFE) -1.6%. Big pharma is currently busy saving the world, but you wouldn't know it by looking at their stock prices. With Merck and Pfizer trading at low-double-digit earnings multiples we are happy to own them and collect 3-4% dividend yields while waiting for a rerating.

We remain cautious given lofty market valuations and sold several of our holdings during the quarter. In January we fully exited our longstanding position in diabetes specialist **Novo Nordisk** (NVO). We still love the business and hope to get the opportunity to own it again some day. But with the stock selling north of \$70 we think it is more than fully valued (versus our purchase price of \$36.31). Even the best of businesses are not worth an infinite price.

We also sold our position in **United Health Group** (UNH) in Q1 at a decent profit. We still like the US health insurance sector, but with United Health Group trading at 21.5x forward earnings and competitor **Anthem** (ANTM) trading at 14.7x, we believe that the latter is the more attractive stock to own at present.

Finally, we sold out of our position in **Diageo** (DEO). Headquartered in the UK, Diageo is one of the world's largest distillers of spirits and producers of beer (brands include Johnnie Walker, Guinness, Crown Royal, etc.). While they are well positioned as economies start to reopen and on-trade consumption resumes, we believe that the market has already priced most of that into the stock.

Despite our cautiousness in this market environment, we are still finding a few attractive situations. During the quarter we initiated a position in **TVA Group** (TSX:TVA.B). Based in Quebec, the company is a leading broadcaster and owner of specialty channels targeting the French-Canadian audience.

We were attracted to the company's leading 40% market share with its core audience. The pandemic has challenged certain segments of TVA Group's operations; however, management has done a very good job of controlling costs and delivering results. The company is controlled by Quebecor Media and thinly traded. As a result, this investment will most likely be volatile and take time to show promise. But at our average purchase price of \$2.22 we paid less than three-times [Owner Earnings](#) for a decent business with a solid balance sheet. Long-term, we like our odds of a good outcome.

**GreensKeeper Value Fund**

<u>Top 10 Holdings *</u>	<u>Sector</u>
Alphabet Inc.	Technology
American Express Company	Financial Services
Anthem, Inc.	Healthcare & Pharma
Berkshire Hathaway Inc.	Insurance
Cisco Systems, Inc.	Technology
Facebook, Inc.	Technology
Merck & Co., Inc.	Healthcare & Pharma
Pfizer Inc.	Healthcare & Pharma
TVA Group Inc.	Communication & Media
Visa Inc.	Financial Services

*As of March 31, 2021. The Value Fund's holdings are subject to change and are not recommendations to buy or sell any security.*

During the quarter we also initiated a position in **Lockheed Martin** (LMT) to compliment our holding in **General Dynamics** (GD). Both are major defense contractors with longstanding ties to—and security clearances with—the US government. With the shift to the new Biden administration, the market has been worried about defense budget cuts posing headwinds for both companies.

Our investment thesis is straightforward. Major defense contractors are attractive businesses with high returns on capital and captive customers. A new company is not going to suddenly invent an alternative to the F-35 Joint Strike Fighter. Defense contractors have historically demonstrated their ability to manage through a variety of defense budget environments. Both companies successfully grew their earnings during the budget downcycle of the Obama era. Lockheed Martin's order backlog currently sits at \$147 billion or more than two years' worth of revenue. Unexpected geopolitical events can also swiftly cause a change in investor sentiment and product orders. We suspect that both companies will continue to thrive and at current prices, the sector offers below-market valuations and above-market dividend yields.

At quarter end, US-based equities comprised 81% of the portfolio, Canadian Equities 5% and EMEA equities another 2%. We finished Q1 with a cash position of 12% and are continuing to scour the markets for sensible places to put it.

Although frustratingly slow at times, the world is making meaningful progress in our collective fight against COVID-19. We humans are a resilient species due to our ability to successfully adapt. The fight against this virus will be no different. We should be getting back to a 'new normal' over the next twelve months and are positioning the portfolio accordingly.

### New Video Series

My love of the printed word naturally led me to use the Scorecard as GreensKeeper's primary communication tool. My brother James (SVP Sales), on the other hand, is more of a video person. If you are like James and prefer videos, we think that you will enjoy our series of introductory videos that can be found [here](#).

Spring is here and summer just around the corner. Hang in there – things will get better soon.



Michael P. McCloskey

President, Founder &  
Chief Investment Officer

## GreensKeeper Value Fund

As at March 31, 2021

### Fund Details

	Class A	Class D*	Class F*	Class G**
Fund Codes	GRN 101	GRN 103	GRN 105	GRN 107
NAV	\$18.03	\$10.00	\$19.08	\$14.74
MER (%)	1.8%	2.3%	1.3%	< 1.8%
Min. Initial Investment	\$50,000	\$25,000	\$25,000	\$1 million
Load Structure	No Load			
Performance Fee	20% over 6.0% annual hurdle. High-water mark (perpetual).			
Registered Plan Status	100% Eligible (RRSPs, TFSA's, RESP's, RDSP's, LIRAs, RIFs, etc.)			
Inception Date	November 1, 2011			
Type of Fund	Long equity, Long-term capital appreciation			
Fund Category	Global Equity			
Currency	CAD			
Valuations	Monthly			
Redemptions	Monthly on 30 days' notice			
Distribution Frequency	Annually (December)			

#### Fund Distributions - \$/Unit (Class A)

2012 - \$0.2318	2016 - \$0.5416	2020 - \$0.0000
2013 - \$0.2147	2017 - \$0.0000	
2014 - \$0.6542	2018 - \$0.5752	
2015 - \$0.2939	2019 - \$0.5626	

### Service Providers

Investment Manager



Administrator and Registrar



Auditor



Custodian



Legal Counsel



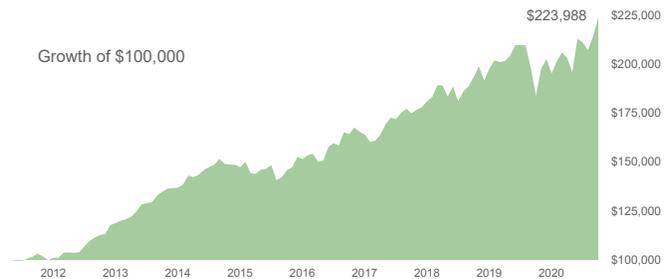
### Investment Objective

To deliver absolute returns to unitholders (net of all fees) in excess of both the S&P/TSX Index and the S&P500 Index (measured in Canadian dollars) over the long term. The Fund seeks to accomplish its set objective through investments in a concentrated portfolio, primarily in equities from any sector and market capitalization.

### Investment Eligibility

Accredited Investors including Investment Advisors (IAs) with long-term time horizons seeking to better protect and diversify their clients' equity portfolios.

### Portfolio Performance (Class A)



Compound Returns <sup>(1)(2)</sup>	Annualized					
	1 MO	YTD	1 YR	3 YR	5 YR	Inception
Value Fund	4.5%	6.0%	21.7%	8.6%	8.9%	8.9%

### Portfolio Allocations

#### Asset Mix \*

U.S. Equities	81.3%
Cash	12.2%
Canadian Equities	4.8%
EMEA Equities	1.7%

#### Sector

Technology	32.7%
Healthcare & Pharma	15.7%
Financial Services	15.4%
Insurance	14.5%
Cash & Equivalents	12.2%
Industrial	5.0%
Communication & Media	4.5%

\* Based on corporate domicile.

## GreensKeeper Value Fund

### Leadership Team



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### Statistical Analysis <sup>(3)</sup>

	Value Fund	S&P/TSX	S&P500 (\$CAD)
Fund Beta vs. Selected Index	n/a	0.50	0.60
Standard Deviation	8.1%	11.5%	11.2%
Sharpe Ratio	1.00	0.64	1.47
Best Month	8.7%	10.8%	11.6%
Worst Month	-7.1%	-17.4%	-8.1%
Percentage Positive Months	69.9%	66.4%	72.6%
Maximum Drawdown	-12.3%	-22.3%	-14.5%
CAGR Since Inception	8.9%	7.8%	18.3%

### Investment Philosophy

We follow a time-tested value investing process and conduct bottom-up fundamental research to identify attractive and underpriced equity investments for the portfolio. GreensKeeper believes in buying an interest in a quality business for less than its true worth or *intrinsic value*. That discount provides us with our *margin of safety* to safeguard our clients' investments.



#### Aversion to Leverage

Aversion To Leverage : We avoid the use of leverage. As a result, we are never forced to sell when market conditions are difficult (and stocks are undervalued).



#### Our Best Ideas

Only our best ~20 ideas find their way into the Value Fund. We prefer to assume shorter term volatility in exchange for what we expect will be longer-term outperformance.



#### How We View Risk

We reject the premise that volatility is the proper way to define and measure risk. Instead we believe that risk is best defined as the risk of a permanent loss of our clients' capital.

### Disclosures

<sup>(1)</sup> All returns are as at March 31, 2021 for Class A Units. <sup>(2)</sup> GreensKeeper Asset Management Inc. (GKAM) assumed the investment management responsibilities of the Value Fund on January 17, 2014. Prior to that date, the Value Fund was managed by Lightwater Partners Ltd. while Mr. McCloskey was employed by that firm. <sup>(3)</sup> Where applicable, all figures are annualized and based on Class A monthly returns since inception. Risk-free rate calculated using 90-day CDN T-bill rate. \* Class D Units are available to purchasers who acquire their Units through another eligible registered dealer. Class F Units are available to purchasers who participate in fee-based programs through eligible registered dealers. \*\* Class G Units are for purchasers who have greater than \$1 million managed by GreensKeeper and who enter into a Class G Agreement with us. Class G Units are not charged a management fee or performance fee by the Fund as Fees are paid directly to the Manager pursuant to the Class G Agreement.

This document is intended for informational purposes and should not be construed as an offering or the solicitation of an offer to purchase an interest in the GreensKeeper Value Fund or any other GreensKeeper Funds (collectively, the "Funds"). Any such offer or solicitation will be made to qualified investors only by means of an offering memorandum and only in those jurisdictions where permitted by law. GKAM is registered in Ontario, Canada under the categories of Portfolio Manager, Investment Fund Manager, and Exempt Market Dealer. An investment in the GreensKeeper Value Fund is speculative and involves a high degree of risk. Opportunities for withdrawal, redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed. There is no secondary market for the interests, and none is expected to develop. Investments should be evaluated relative to an individual's investment objectives. The information contained in this document is not, and should not be construed as, legal, accounting, investment or tax advice. You should not act or rely on the information contained in this document without seeking the advice of an appropriate professional advisor. Please read the Fund offering memorandum before investing.

The Funds are offered by GKAM and distributed through authorized dealers. Trailing commissions, management fees, performance fees and expenses all may be associated with an investment in the Funds. The fees and expenses charged in connection with this investment may be higher than the fees and expenses of other investment alternatives and may reduce returns. There is no guarantee that the investment objective will be achieved. Past performance should not be mistaken for, and should not be construed as, an indicator of future performance. The performance figures for the GreensKeeper Value Fund include actual or estimated performance or management fees and are presented for information purposes only. This document has been compiled by GKAM from sources believed to be reliable, but no representations or warranty, express or implied, are made as to its accuracy, completeness or correctness. All opinions and estimates constitute GKAM's judgment as of the date of this document, are subject to change without notice. GKAM assumes no responsibility for any losses, whether direct, special or consequential, that arise out of the use of this information. Certain statements contained in this presentation are based on, *inter alia*, forward looking information that are subject to risks and uncertainties. All statements herein, other than statements of historical fact, are to be considered forward looking. Such forward-looking information and statements are based on current expectations, estimates and projections about global and regional economic conditions. There can be no assurance that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. Further, to the best of GKAM's knowledge the information throughout the presentation is current as of the date of the presentation, but we specifically disclaim any duty to update any forward-looking information. The GreensKeeper Value Fund strategy in no way attempts to mirror the S&P/TSX or the S&P500. The S&P/TSX Composite Index and the S&P500 Index are provided for information purposes only as widely followed indices and have different compositions and risk profiles than the GreensKeeper Value Fund.

## GreensKeeper Value Fund

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### Disciplined

Value Investing is simple, but not easy. At GreensKeeper we put in the work and have the proper temperament to succeed in the stock market.

### Alignment of Interests

Our founder is among our largest investors and has over 70% of his family's net worth invested alongside our clients. Does your investment manager have any of his/her own money invested alongside yours?

### Owner Managed

Our clients deal directly with the people actually making the investment decisions. Do you know who is managing your money?

**#DemandMore**

## GreensKeeper Value Fund

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### Testimonials

Don't just take our word for it. See what our clients are saying :

*"My family has known Michael for over 20 years and we have invested in the Value Fund. He has a track record of success and we sleep soundly at night knowing that he is growing our investments safely."*

**Dr. Erin Ray,**  
Anesthesiologist  
Royal Victoria Hospital

*"Michael has a conservative yet productive approach to selecting companies to invest one's hard earned cash. I will be increasing my level of funds with Michael."*

**Peter McDonnell**  
Retired, Former President  
Adcom Inc

*"I have known Michael for over 15 years and consider him a valued and trusted adviser. His prudent investment approach for the long term that ignores the short term market volatility is the reason we have invested much of our long term savings with him."*

**Erik de Witte**  
Entrepreneur, Former President  
TD Financing Services

*"We began investing with GreensKeeper in 2013. A large portion of our three grandchildren's education money is guided by Michael McCloskey and his patient advice. We have a long-term view towards investing and trust in the fund's risk aversion strategy for preservation of capital. I recommend GreensKeeper to my friends and family."*

**Timothy A. Brown**  
President & CEO  
ROI Corporation

The foregoing testimonials are from existing GreensKeeper client families and may not be representative of the views of all people or investors. Certain testimonials were provided unsolicited and others were provided by request.