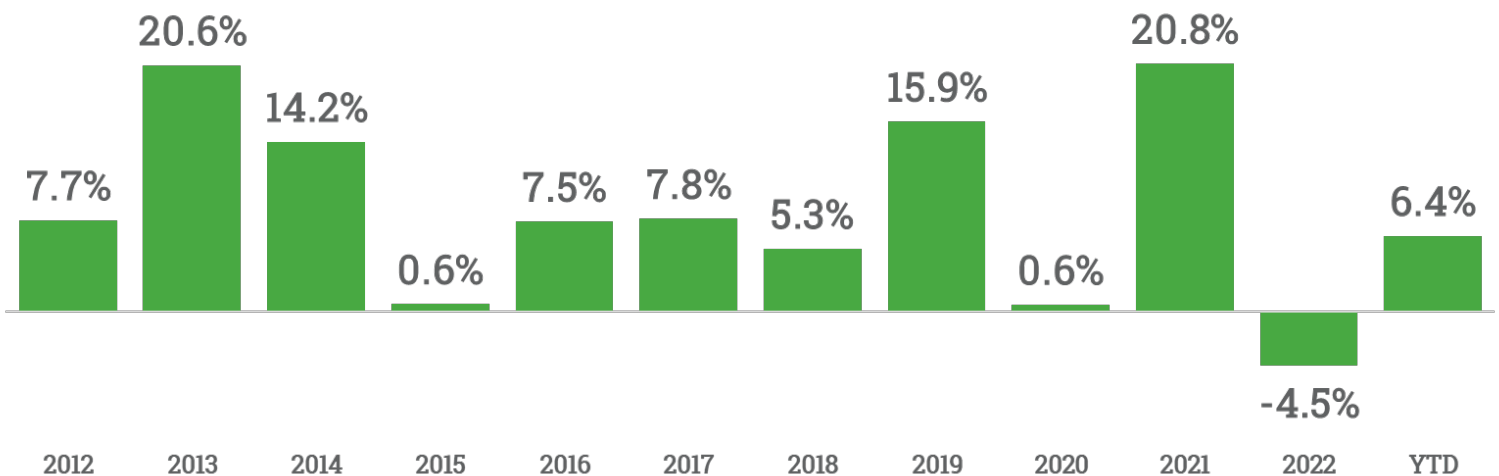


July 30, 2023

## Skinny Pop

The Value Fund was up +3.0% in Q2 and is up +6.4% year-to-date. The weakening US dollar lowered our returns by approximately -2.1% in H1. The broader markets are also up this year: S&P/TSX +5.7%, DJIA +2.7% and the S&P500 +14.4%.<sup>(1)</sup>

### Value Fund Calendar Year Returns



Index returns are discussed ad nauseam but rarely analyzed. The current market rally has been a narrow one and merits a deeper dive.

Most broadly-followed market indices—including the S&P500—are capitalization-weighted indices. Under this methodology, companies with a larger market capitalization will receive a greater weighting in the index. As a result, the more expensive a stock becomes, *ceteris paribus*, the *greater* its weighting in the index.

<sup>(1)</sup> Index returns are for the total return indexes which include dividends and are measured in Canadian dollars, the Value Fund's reporting currency.

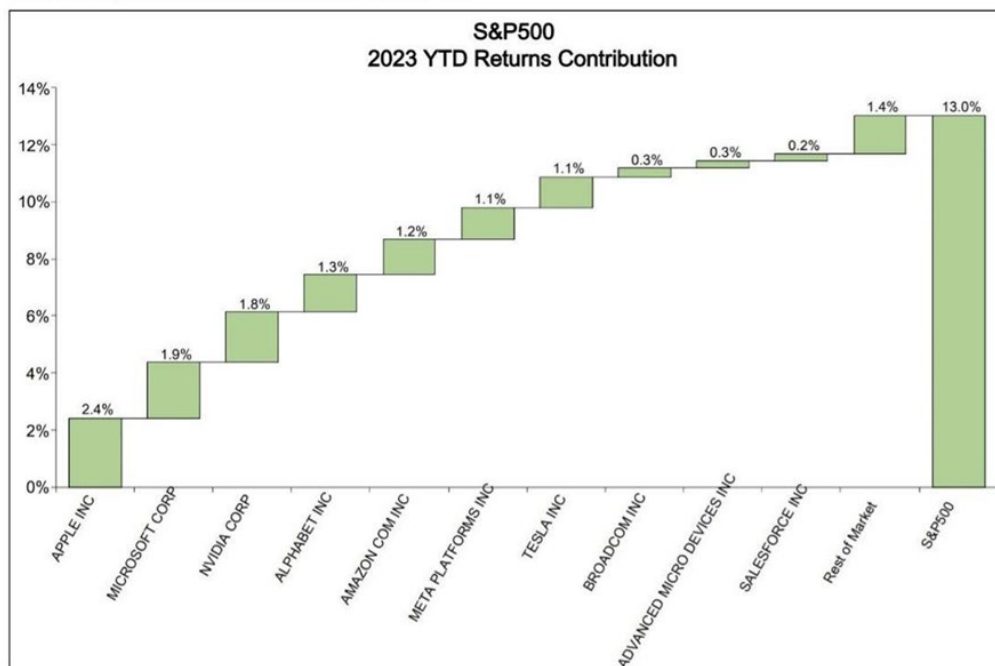
This quirk of most stock market indices is the exact *opposite* of our value investing approach. As a stock becomes more expensive, its future expected return decreases; it thus becomes riskier and less attractive. We would prefer to own less of it, not more.

Market-cap-weighted index construction can lead to extremes at times. For example, the Nasdaq 100 Index is currently being reconstituted via a special rebalancing as its top five stocks (**Microsoft** (MSFT), **Apple** (AAPL), **Nvidia** (NVDA), **Amazon** (AMZN) and **Tesla** (TSLA)) combined now account for approximately 44% of the entire index. Hardly a diversified measure of the broader tech market.

The S&P500 is a little better (its top five constitute 22% of the index), but the market-cap weighting has led to the odd result that the index’s year-to-date performance has been driven by only a handful of high-flying technology stocks. As the chart below illustrates, almost all the S&P500’s gains year-to-date can be attributed to just ten stocks. The remaining 490 stocks in the index are up a mere 1.4%.

Digging deeper, we highlight that four of these top contributing stocks—**Amazon** (AMZN), **Nvidia** (NVDA), **Tesla** (TSLA) and **Salesforce** (CRM)—sport trailing price-to-earnings (P/E) ratios over 100. These stocks may yet rally further (something that momentum investors are counting on). But the risk inherent in owning stocks that become untethered to fundamentals is that it only takes a minor hiccup or a change in the prevailing narrative to send them plunging. Our view is that owning them at their current valuations is imprudent.

EXHIBIT 2: Top 10 contributors to Returns in 2023 YTD



S&P 500 Universe  
Source: Factset, CRSP, Bernstein Analysis

Follow us:



Given our view that many of these stocks are overvalued—some absurdly so—it shouldn't surprise clients to know that we only own one of them: **Alphabet** (GOOG/GOOGL).

Over short periods, stock prices reflect their popularity with investors. At present, anything related to artificial intelligence (AI) is fueling another round of frenzied speculation. But over the long term, valuations are what determine stock prices.

As Benjamin Graham so beautifully put it, "Over the short-term, the market is a voting machine. Over the long term, it is a weighing machine".

The voting machine is currently running hot, and we are being cautious. We will remain disciplined and continue scouring the investment universe for high-quality businesses trading at levels that are more likely to deliver attractive long-term returns.

## Portfolio Update

The most significant contributor to the portfolio in H1 was our position in **Alphabet** (GOOG/GOOGL) +36.3%. Last year's selloff related to the launch of AI-powered chatbot ChatGPT is now in the rearview mirror. The company delivered decent Q2 results; as we suspected, its search dominance remains intact.

**Berkshire Hathaway** (BRK.A/B) +10.4% was the second-largest contributor YTD. Its collection of diversified businesses will continue to throw off a growing stream of cashflows for decades to come. We are in good hands.

Our third-largest winner YTD was **Fiserv** (FI) +24.8%. The company recently delivered another solid quarter and raised its full-year guidance. Competitor **Fidelity National** (FIS) continues to struggle and recently announced a sale of a majority stake in its merchant services business to private equity. This may create an opportunity for Fiserv to take market share from a distracted competitor.

The biggest detractor from the portfolio in H1 was **Elevance Health** (ELV) -13.4%. Investors are less interested in defensive sectors like healthcare at the moment. Trading at a low teens forward earnings multiple and consistently delivering double-digit earnings growth, we are happy to own Elevance at these prices.

We made no significant portfolio moves in H1, only adding one new position after the quarter end. Our top-ten holdings remain unchanged. Additional portfolio disclosures, including performance statistics, can be found on the pages immediately following this letter.

Follow us:



**GreensKeeper Value Fund**

<b>Top 10 Holdings *</b>	<b>Sector</b>
Alphabet Inc.	Technology
American Express	Financial Services
Berkshire Hathaway Inc.	Insurance
Elevance Health	Healthcare & Pharma
Fiserv Inc.	Technology
Intercontinental Exchange, Inc.	Financial Services
Merck & Co., Inc.	Healthcare & Pharma
S&P Global Inc.	Technology
Vertex Pharmaceuticals	Healthcare & Pharma
Visa Inc.	Technology

\* As of June 30, 2023. The Value Fund's holdings are subject to change and are not recommendations to buy or sell any security.

**Firm Update**

It has been a busy quarter. I recently did a podcast with Scott Reardon of Dakota Value Funds, where we discussed the Berkshire Hathaway annual meeting, running an investment firm and many other topics. Links to the podcast can be found [here](#).

After a brief trip to Omaha in May, we hosted over 40 people at GreensKeeper's Annual Meeting in June. The research team is currently hard at work updating our models as reporting season is in full swing. We are constantly analyzing hundreds of companies, trying to uncover mispriced bargains.

For firm clients, our Six-Month report will be distributed next month after the finalization of our financial statements by our fund administrator.

Each of our employees has their entire investment portfolio invested at GreensKeeper. In my case, it represents the bulk of my household's net worth. We invest in the same stocks as our clients, and our approach is one of partnership. If you could use some help with your investments, please give us a call.

Michael P. McCloskey



President, Founder &  
Chief Investment Officer

Follow us:



**GreensKeeper Value Fund**

June 30, 2023

**Fund Details**

	Class A	Class F*	Class G**
Fund Codes	GRN 101	GRN 105	GRN 107
NAV	\$20.71	\$22.19	\$17.83
MER (%)	1.8%	1.3%	< 1.8%
Min. Initial Investment	\$150,000	\$150,000	\$1 million
Load Structure	No Load		
Performance Fee	20% over 6.0% annual hurdle. High-water mark (perpetual).		
Registered Plan Status	100% Eligible (RRSPs, TFSAs, RESPs, RDSPs, 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	2021 - \$0.0000
2014 - \$0.6542	2018 - \$0.5752	2022 - \$0.1440
2015 - \$0.2939	2019 - \$0.5626	

**Service Providers**

Investment Manager **GreensKeeper**  
ASSET MANAGEMENT

Administrator and Registrar **SGGG**  
FUND SERVICES INC.

Auditor **MNP**

Custodian **NATIONAL BANK**  
INDEPENDENT NETWORK

Legal Counsel **BLG**  
Borden Ladner Gervais

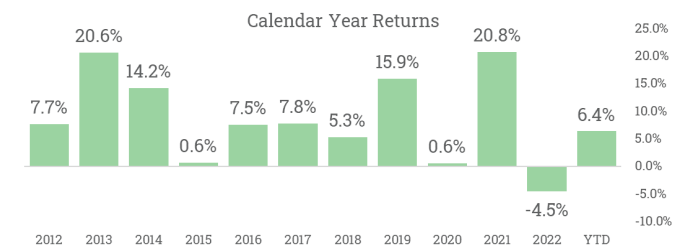
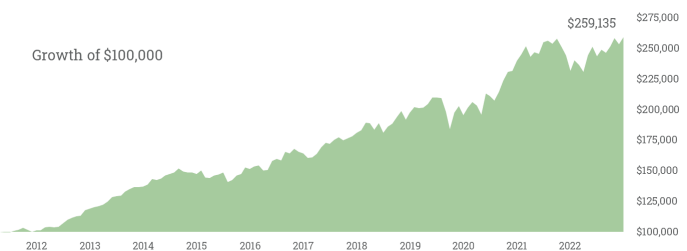
**Investment Objective**

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	10 YR	Inception
Value Fund	2.3%	6.4%	11.9%	9.9%	7.4%	8.1%	8.5%

**Portfolio Allocations**

**Asset Mix \***

U.S. Equities	80.9%
Cash	12.5%
EMEA Equities	3.3%
Canadian Equities	3.3%

\* Based on corporate domicile.

**Sector**

Technology	28.9%
Healthcare & Pharma	17.9%
Financial Services	16.4%
Insurance	15.7%
Cash & Equivalents	12.5%
Industrial	5.6%
Communication & Media	3.1%

## GreensKeeper Value Fund

### Leadership Team



Michael McCloskey  
B Sc, JD, MBA, CIM, AR  
Founder, President &  
Chief Investment Officer  
905.827.1179  
michael@greenskeeper.ca



James McCloskey  
BA, CSC, DR  
Senior Vice President -  
Sales  
416.996.9970  
james@greenskeeper.ca

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

	Value Fund	S&P/TSX	S&P500 (CAD\$)
Fund Beta vs. Selected Index	n/a	0.53	0.59
Standard Deviation	8.4%	11.9%	11.9%
Sharpe Ratio	0.89	0.60	1.24
Best Month	8.7%	10.8%	11.6%
Worst Month	-7.1%	-17.4%	-8.1%
Percentage Positive Months	67.9%	65.0%	70.7%
Maximum Drawdown	-12.3%	-22.3%	-18.5%
CAGR Since Inception	8.5%	7.6%	16.5%

### 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.



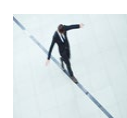
#### Aversion to Leverage

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

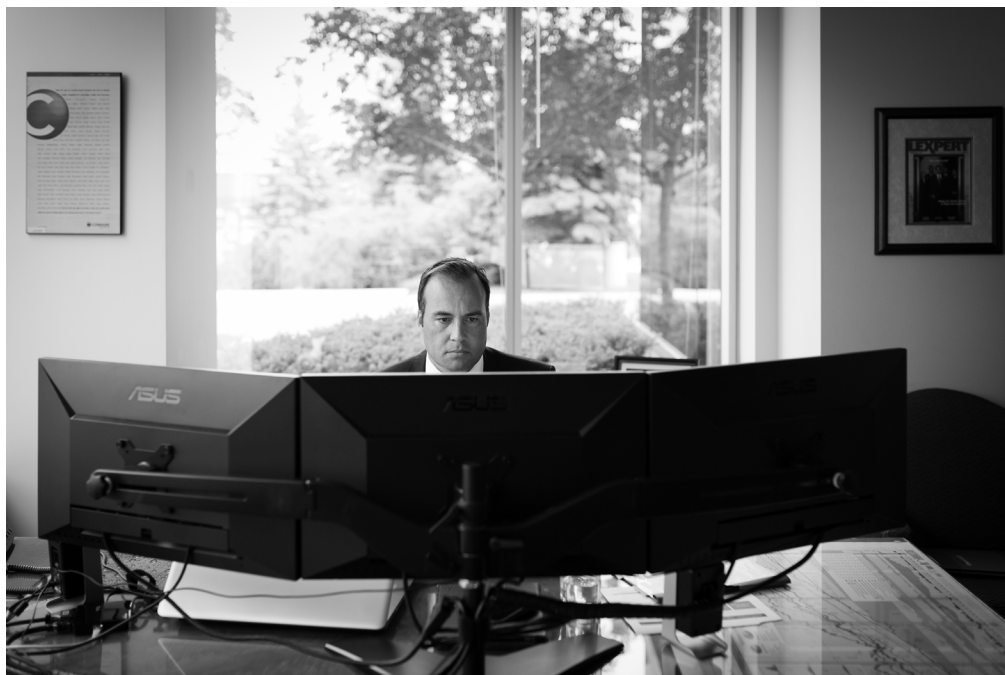
<sup>(1)</sup> All returns are as at June 30, 2023, for Class A Units. <sup>(2)</sup> GreensKeeper Asset Management Inc. (GKAM) assumed the investment management responsibilities of the Value Fund on January 17, 2014. Prior to that date, the Value Fund was managed by Lightwater Partners Ltd. while Mr. 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 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.

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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

*"I originally invested with GreensKeeper because I trusted Michael, felt that his strategy was right for me and his fee structure was very appropriate. The results to date have more than validated this decision."*

**Gary Webb**  
client since 2015

*"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.