

# 2023 ANNUAL MEETING

**Greenskeeper**  
ASSET MANAGEMENT INC.

# GREENSKEEPER ASSET MANAGEMENT

*“Value stocks are about as exciting as watching grass grow. But have you ever noticed just how much your grass grows in a week?”*

Christopher Browne  
Tweedy, Browne Company LLC



# PORTFOLIO MANAGER

**Michael McCloskey**

Founder, President &  
Chief Investment Officer  
B.Sc., JD, MBA, CIM, AR



Founded GreensKeeper (2010)

Former Partner & Investment Banker with  
Cormark Securities (2002-2010)

Former Partner & Lawyer (M&A, Corporate  
Finance) at Aird & Berlis LLP (1995-2002)

## **EDUCATION - PROFESSIONAL DESIGNATIONS:**

Advising Representative, 2014

Associate Advising Representative, 2011

Canadian Investment Manager, 2009

Admitted to the Ontario Bar, 1997

J.D., Osgoode Hall Law School, 1995

M.B.A. (Honours), Schulich School of Business, York University, 1995

B.Sc. (Honours), Mathematics, Western University, 1991



**Greenskeeper**  
ASSET MANAGEMENT INC.



# RAISON D'ÊTRE



Make money for our clients  
while prudently managing risk



# OUR TEAM



**James McCloskey**  
SVP Sales



**Michael Van Loon**  
Financial Analyst



**Michelle Tait**  
Executive Assistant

## SERVICE PROVIDERS:

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PRIME BROKERS  
AND CUSTODIANS



FUND AUDITOR



FUND  
ADMINISTRATOR



LEGAL



# HOW ARE WE DIFFERENT?

**100**

ALIGNMENT  
OF INTERESTS



DISCIPLINE



CONVICTION PORTFOLIO



# ALIGNMENT OF INTERESTS

Portfolio Manager has **100% of investible assets** alongside clients

View clients as **co-investors**

**Referral based growth**



# DISCIPLINE

Stay within **circle of competence**

Demand **margin of safety**

Low turnover and **long-term approach**

Comfortable being **contrarian**





# CONVICTION PORTFOLIO



A portfolio of **ONLY** our best ideas

# WIDE MOAT INVESTING

Finding companies that possess **sustainable competitive advantages**

Intangible Assets



Scale



Switching Costs



Network Effects

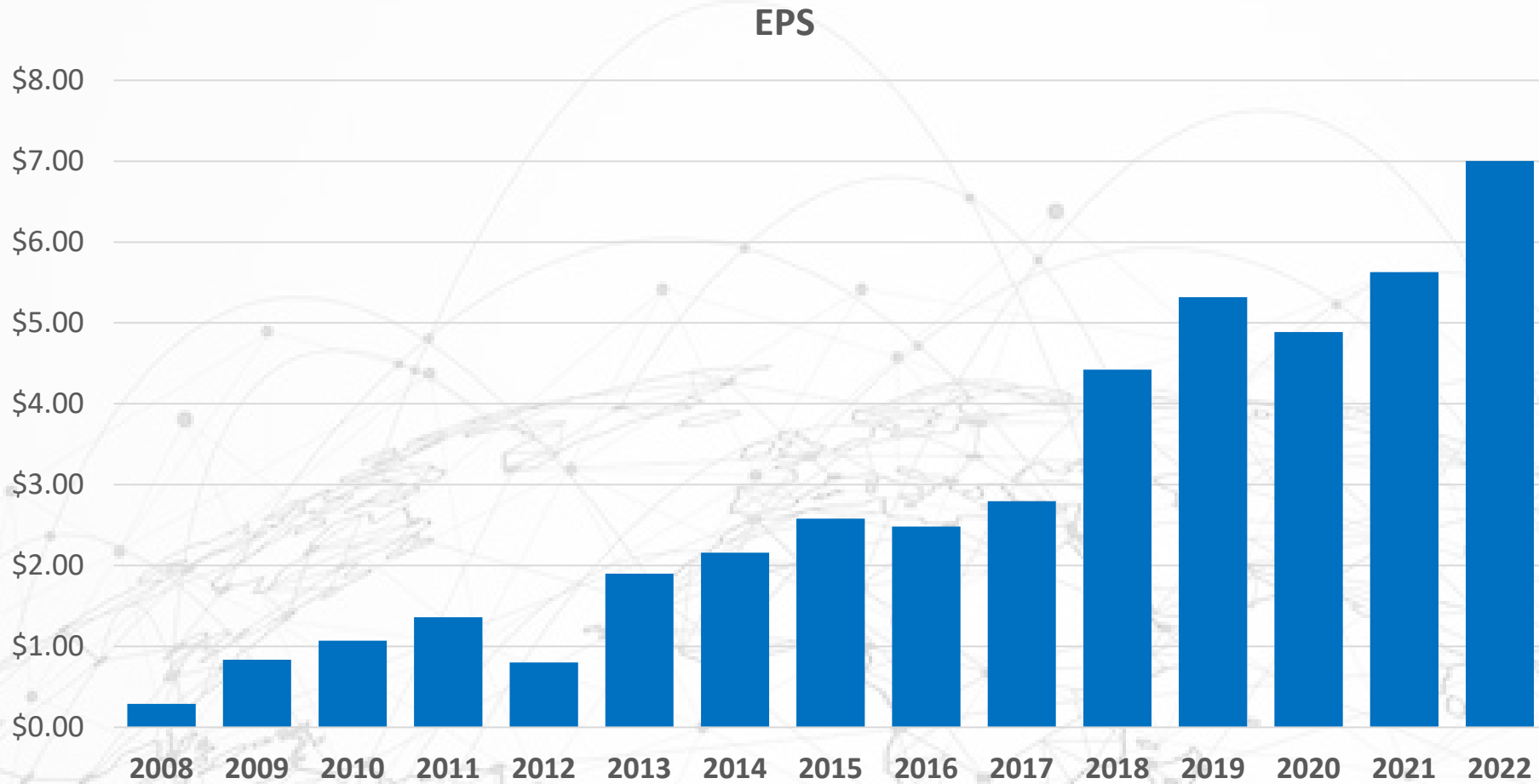


Multiple Moats

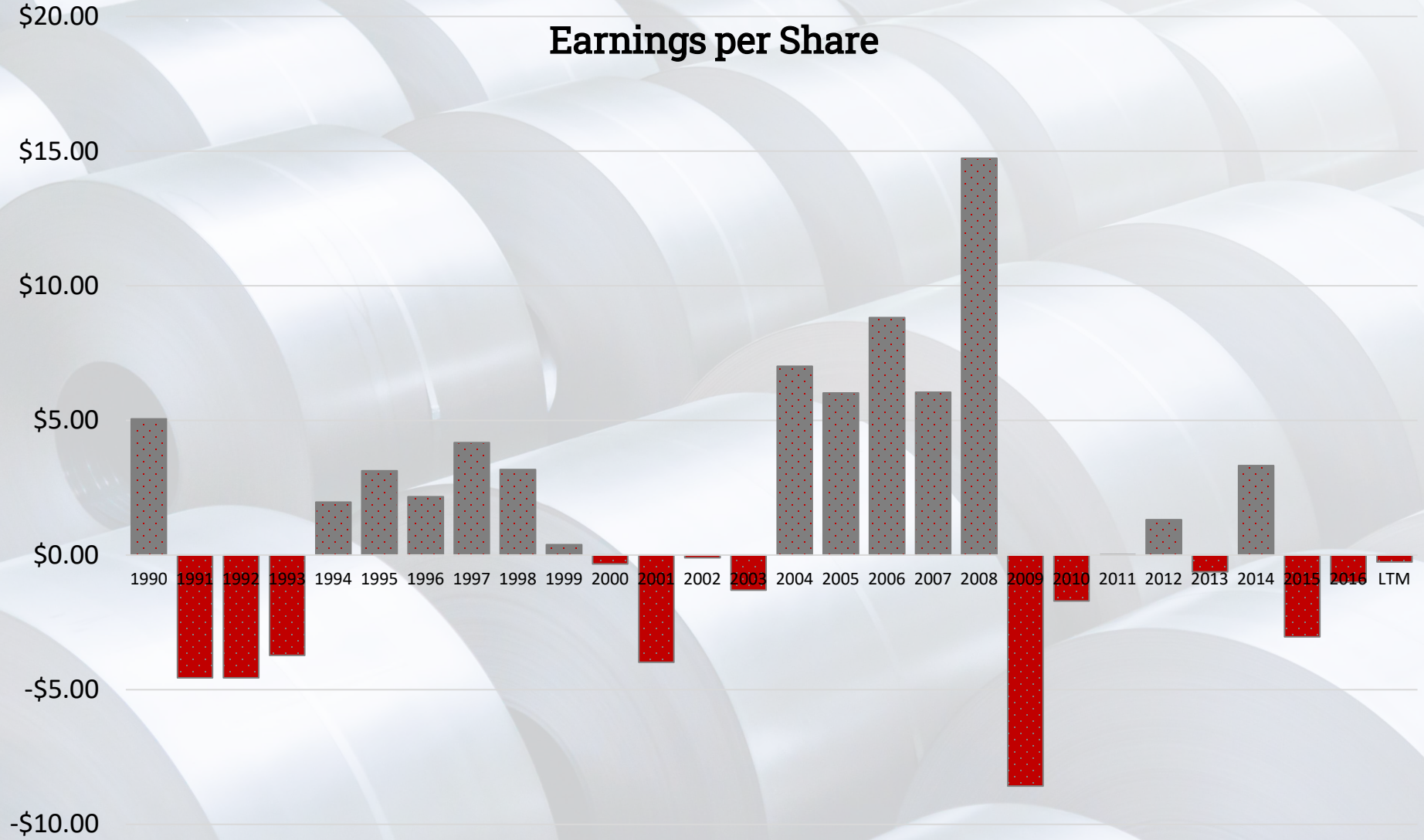




# GREAT BUSINESS



# NOT SO GREAT BUSINESS



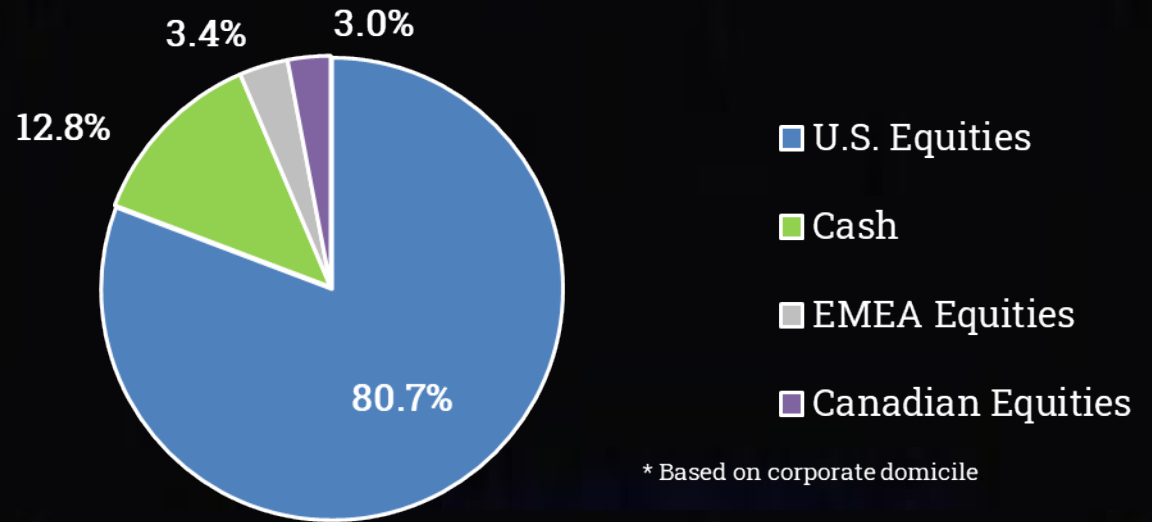


# LONG-TERM INVESTING



# PORTFOLIO SNAPSHOT (May 31, 2023)

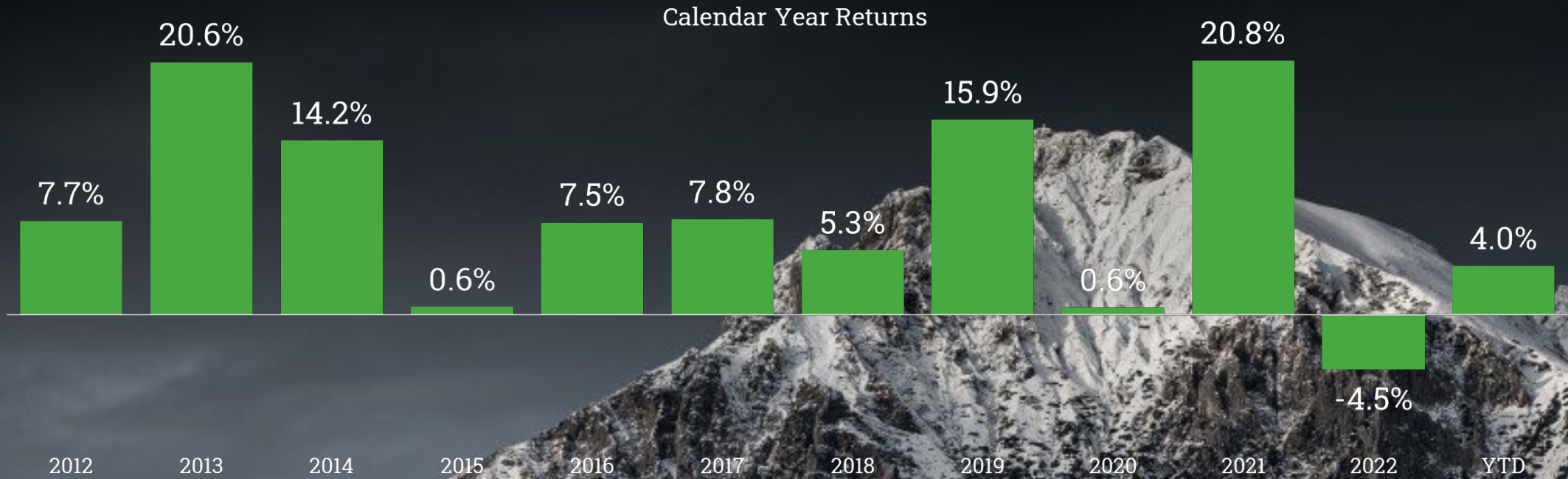
Technology	29.3%
Healthcare & Pharma	18.0%
Financial Services	16.0%
Insurance	15.5%
Cash & Equivalents	12.8%
Industrial	5.6%
Communication & Media	2.7%



\* Based on corporate domicile



# PERFORMANCE



\* See disclaimers in appendix

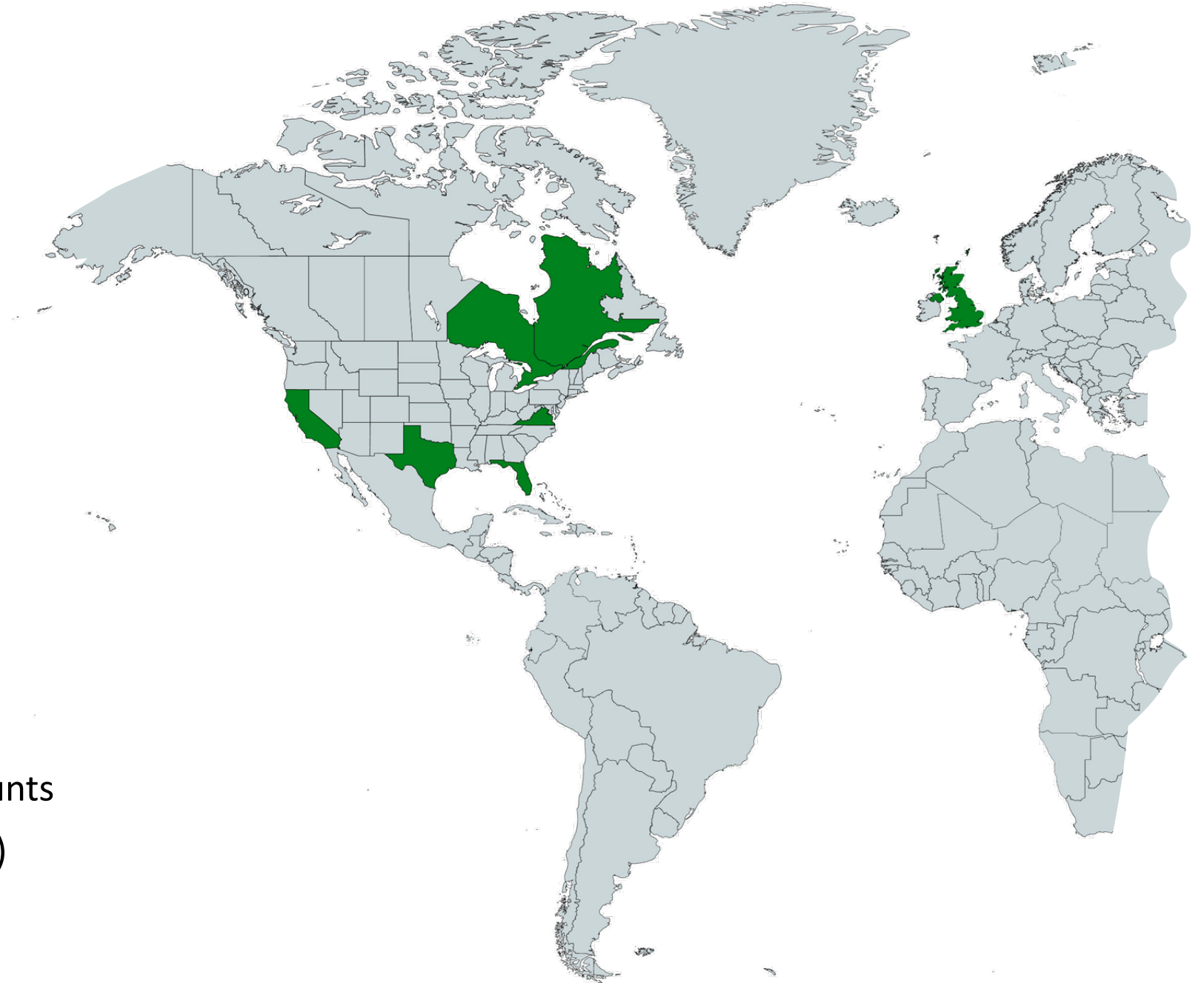
# EXPANSION

## Flagship Offering:

GreensKeeper Value Fund  
(launched Nov. 2011)

## Recent Initiatives:

Separately Managed Accounts  
Foreign Clients (US and UK)





# GREENSKEEPER VALUE FUND

MINIMUM INITIAL INVESTMENT	<b>\$150,000</b>
FUND CODES	<b>Class A – GRN101 Class G – GRN107</b>
ELIGIBLE FOR REGISTERED PLANS	<b>RRSPs, TFSAs, RESPs, etc.</b>
INCEPTION DATE	<b>November 1, 2011</b>
TYPE OF FUND	<b>Long equity, Long-term capital appreciation</b>
VALUATIONS	<b>Monthly</b>
REDEMPTIONS	<b>Monthly on 30 days' notice</b>
MGMT EXPENSE RATIO (MER)	<b>1.8% (A series)</b>
PERFORMANCE FEE	<b>20% over 6% annual hurdle (highwater mark)</b>

## SERVICE PROVIDERS:

INVESTMENT MANAGER 

PRIME BROKER AND CUSTODIAN 

AUDITOR



FUND ADMINISTRATOR



LEGAL



# MANAGED ACCOUNTS

<b>MINIMUM INITIAL INVESTMENT</b>	<b>\$150,000 (Canada) \$500,000 (United States)</b>
<b>ELIGIBLE FOR REGISTERED PLANS</b>	<b>RRSPs, TFSAs, RESPs IRAs / 401(k)s</b>
<b>MANAGEMENT STYLE</b>	<b>Portfolios managed similarly to the Value Fund</b>

## SERVICE PROVIDERS:

**INVESTMENT  
MANAGER**

**GreensKeeper**  
ASSET MANAGEMENT

**PRIME BROKER  
AND CUSTODIAN  
(CANADA)**

 **NATIONAL  
BANK**  
INDEPENDENT NETWORK

**CUSTODIAN (US)**

 **InteractiveBrokers**



# PORTFOLIO LOOK THROUGH



Equities that are:

- High quality (high ROE, margins, cash generative)
- more conservatively financed
- and cheaper than the market

		GreensKeeper Value Fund					S&P500
		2018	2019	2020	2021	2022	2022
Quality	Return on Equity	39%	39%	23%	29%	24%	18%
	Gross Margin	49%	53%	58%	57%	58%	45%
	Operating Margin	24%	30%	29%	33%	26%	18%
	Cash Conversion	109%	93%	120%	113%	118%	88%
Safety	Interest Coverage	14x	15x	22x	22x	17x	10x
Valuation	Free Cash Flow Yield	7.1%	5.0%	5.3%	6.1%	5.9%	3.4%

Source: Greenskeeper Asset Management/Bloomberg/S&P Capital IQ/Fundsmith LLP. Return on Equity, Gross Margin, Operating Margin, Cash Conversion and Free Cash Flow Yield are the weighted mean of the underlying companies invested in by the Greenskeeper Value Fund and the mean for the S&P 500 Index. BRK metrics are calculated based on operating earnings. The S&P 500 Index figures exclude financial stocks except for ROE which includes all sectors. Interest coverage figures are median and exclude financial stocks. Ratios are based on last reported fiscal year accounts as at the respective dates and as defined by S&P Capital IQ. Cash Conversion compares Free Cash Flow with Net Income. FCF Yield for the S&P500 uses the period-end median.

# MARGIN OF SAFETY

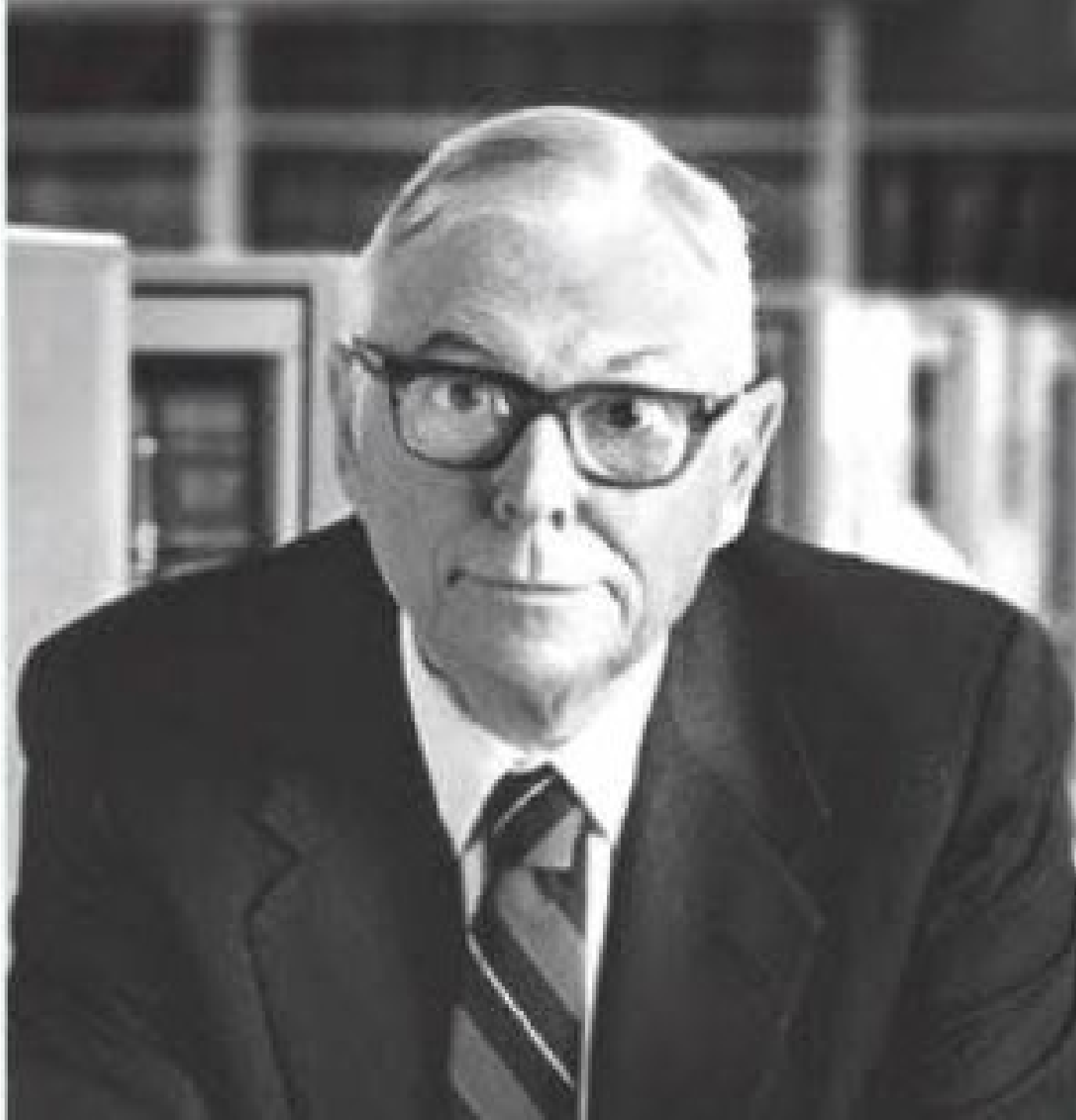




# AVOID STUPIDITY

“It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent.”

**Charlie Munger**



# REALLY?



## CryptoKitties

Collectible.  
Breedable.  
Adorable.

Collect and breed digital cats.

Start meow



BORED APE #39



BORED APE #40



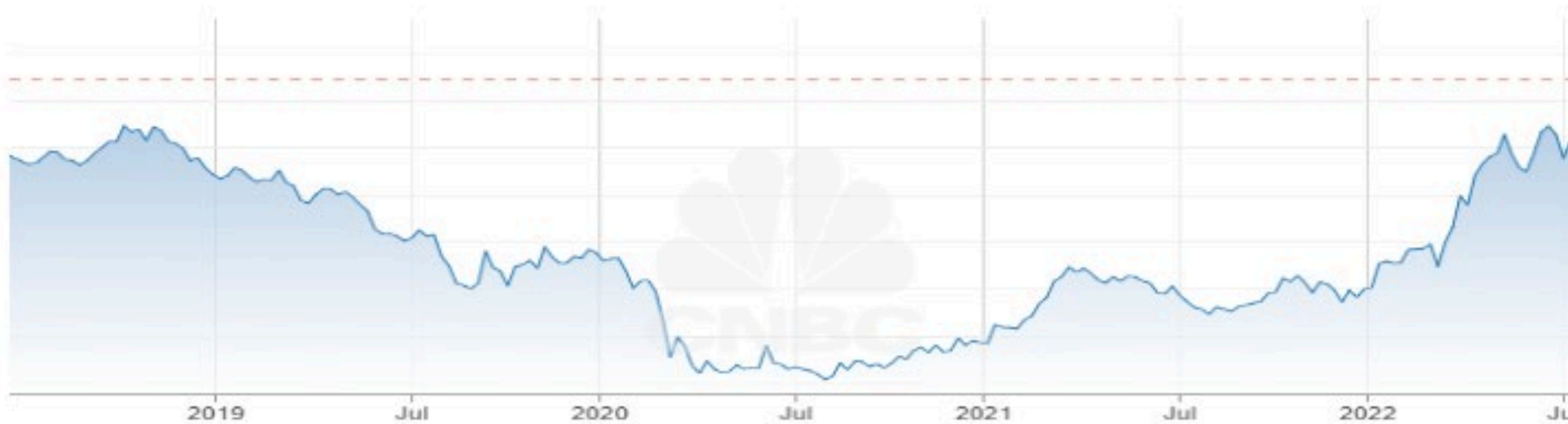
BORED APE #41



# EVEN "SAFE" ASSETS CAN BE FOOLISH

U.S. 10 Year Treasury (US10Y:Tradeweb)

undefined  
Last | 5:05 PM EDT  
**3.719%** -0.05 (0.00%  
5 Year



# CASE STUDY – VRTX VERTEX PHARMACEUTICALS





# VERTEX PHARMACEUTICALS INC (NASDAQ: VRTX)



2021: trading at a discount to projected cash flow stream on Cystic Fibrosis (CF) treatment alone.

Patent protection until 2037.

97% market share.

Why so cheap?: Abbvie (ABBV) hinted that its Phase 2 CF candidate might be better



# VERTEX PHARMACEUTICALS INC (NASDAQ: VRTX)



Trikafta/Kaftrio Sales: BI Scenario (\$ Millions)					
	2021E	2022E	2023E	2024E	2025E
U.S.	\$ 3,978	\$ 4,134	\$ 4,478	\$ 4,622	\$ 4,678
EU	\$ 970	\$ 1,498	\$ 1,993	\$ 2,385	\$ 2,829
ROW	\$ 50	\$ 75	\$ 125	\$ 175	\$ 200
<b>Total WW revenue</b>	<b>\$4,997</b>	<b>\$5,707</b>	<b>\$6,596</b>	<b>\$7,182</b>	<b>\$7,706</b>

Source: Bloomberg Intelligence Research, Aug. 2021.

2023E Revenue: \$9.6 billion. 89% Gross Margin.

Pipeline looks interesting. But we didn't pay anything for it.



# VERTEX PHARMACEUTICALS INC (NASDAQ: VRTX)



**Cost (ACB)  
\$194.20**

**Unrealized  
gain: 76%**



Source: CNBC



“Is now a good time to invest?”

# House Edge:

Blackjack	0.3%
Craps	1.4%
Slots	2%-15%
Roulette	5.2%

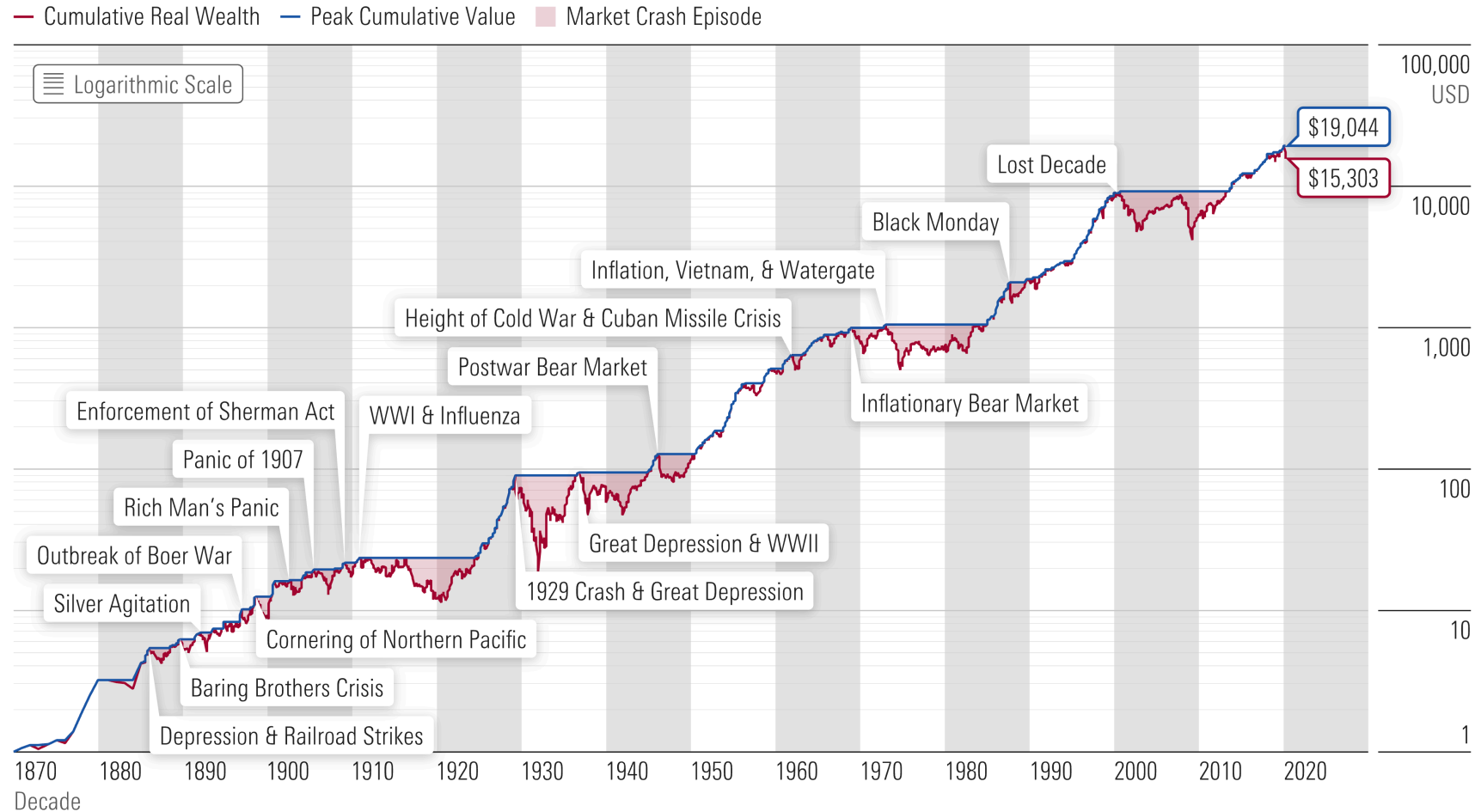




# STOCK MARKET

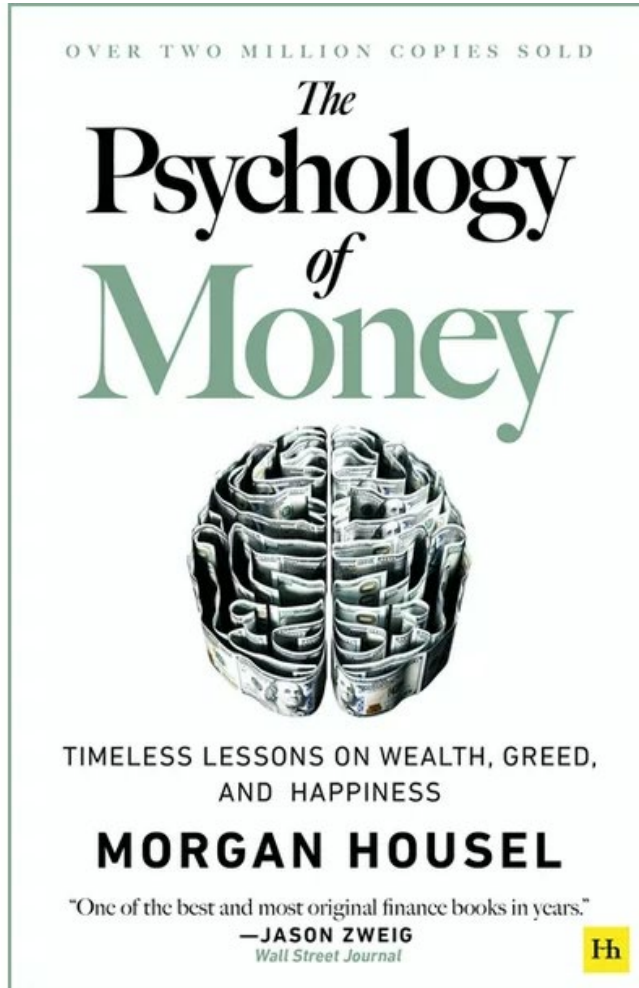
Up 78% of the time over the past century - implied edge: 56%! <sup>(1)</sup>

Market Crash Timeline: Growth of \$1 and the U.S. Stock Market's Real Peak Values



(1) Source: Tsai Capital and Ned Davis Research

# BOOK PICK: THE PSYCHOLOGY OF MONEY



Doing well with money isn't necessarily about what you know. It's about how you behave.

**And behavior is hard to teach, even to really smart people.**

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There are a million ways to get wealthy.

**But there is only one way to stay wealthy: some combination of frugality and paranoia.**

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**The highest form of wealth: the freedom to do what you want with your time.**

# WOMEN IN FINANCE



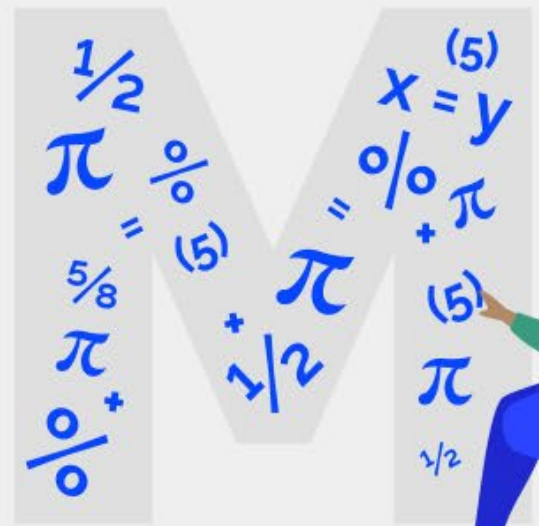
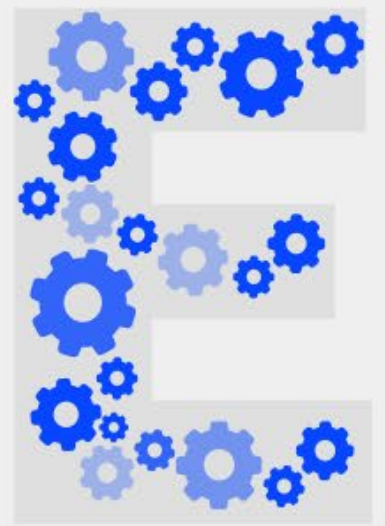
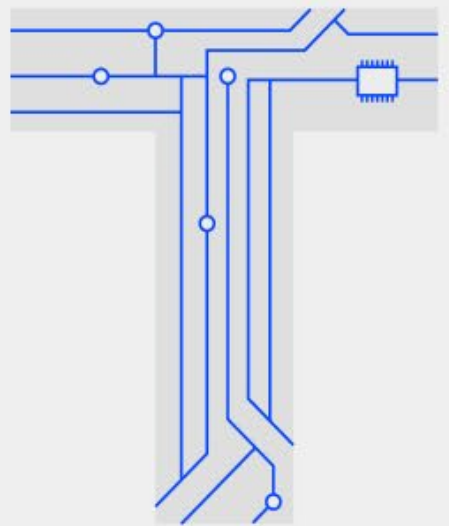












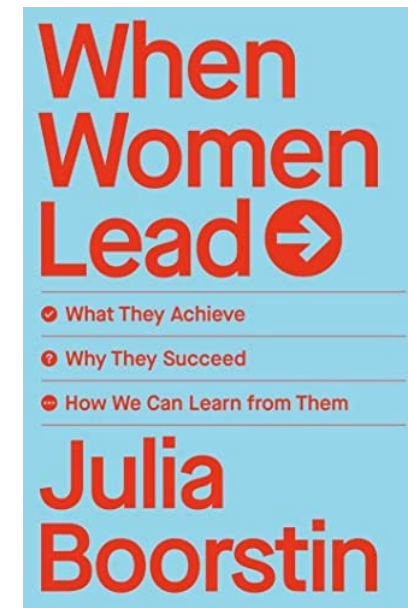
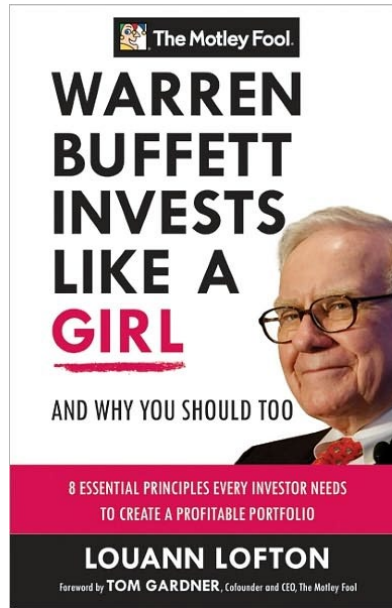
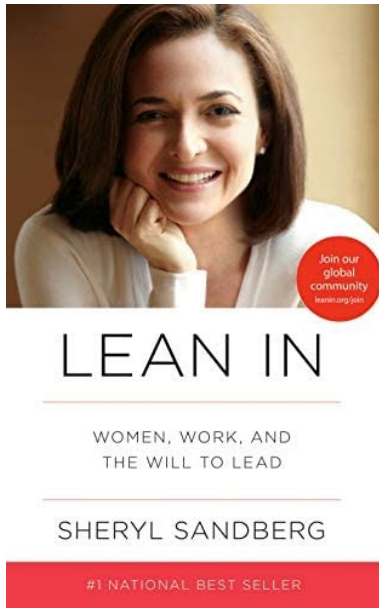


# WHAT YOU CAN DO TO DRIVE CHANGE

- Identify, encourage and mentor
- Hire talent that is being overlooked/undervalued
- Educate yourself ...



# SUGGESTED FURTHER READING



QUESTIONS?





# LEGAL DISCLAIMERS

GreensKeeper Asset Management Inc. is the investment manager to the GreensKeeper Value Fund (the "Value Fund"). Important information about the Value Fund, including its investment objective and strategies, applicable management fees, performance fees, and expenses is contained in its offering memorandum. The offering of units of the Value Fund is made pursuant to offering memorandum and only to those investors in jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Please read the offering memorandum carefully before investing. Commissions, trailing commissions, management fees, performance fees, other charges and expenses all may be associated with investing in the Value Fund. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. This communication does not constitute an offer to sell or solicitation to purchase securities of the Value Fund. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Value Fund may be lawfully sold in their jurisdiction.

All returns are as at May 31, 2023, and for Class A units. 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. 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.