

# DM Balanced Portfolio

## 4th QUARTER 2018 REPORT

### MANDATE

DM Balanced Portfolios are composed of N. American listed stocks and investment grade corporate and government bonds. Equities are evaluated for valuation and cash flow generation, while bonds are selected based on credit analysis and yield curve considerations.

### REVIEW & OUTLOOK

Bond prices recovered sharply in Q4, as investors fled to safety in the wake of the equity market's retreat and began to reconsider the probability of policy rate hikes in the year to come. On the equity side of DM Balanced, stocks were dragged down by the weight of the broad market, with our energy holdings and position in Apple Inc. bearing the brunt of the pressure. Though gains in the past three months were scant, all of Diageo PLC, Berkshire-Hathaway Inc., and Badger Daylighting Ltd. made position contributions to performance.

### PORTFOLIO PERFORMANCE (to 31-Dec-18)

	Q4-18	1 year	3 year	5 year	10 year	Inception*
<b>DM Balanced Portfolio</b>	<b>-5.4%</b>	<b>0.6%</b>	<b>6.5%</b>	<b>6.5%</b>	<b>8.6%</b>	<b>6.6%</b>
Blended Index*	-5.8%	-2.3%	5.4%	6.2%	8.2%	5.1%

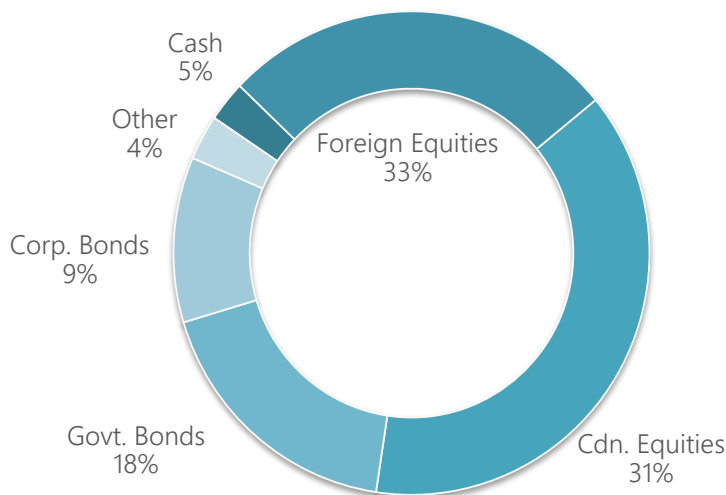
\* inception date is 30-Jun-00; returns are annualized for periods > one year; Blended Index = 42.25% S&P/TSX Total Return Index, 22.75% S&P 500 (\$C) TR Index, 35% FTSE TMX Canadian Universe Bond Index.

### PORTFOLIO ATTRIBUTES

	DM Balanced	Blended Index
Dividend Yield	2.4%	3.0%
Fwd. P/E Ratio	13.1x	12.8x
# of stocks	33	

Top 10 Stocks	Top 10 Bonds
Berkshire-Hath.	Prov. of Alta. 3.10% (01Jun24)
TD Bank	PSP Capital 3.29% (04Apr24)
Microsoft	Cda. Hsg. Tst. 2.55% (15Mar25)
Visa Inc.	Prov. of Alta. 2.90% (20Sep29)
Bank of NS	GofC inflation linked (01Dec36)

### Asset Allocation (31-Dec-18)



The information above compares the performance of the DM Balanced Portfolio ("the Portfolio") with a 42.25%/22.75%/35% blend of the S&P/TSX Total Return Index, the S&P 500 Total Return Index, and the FTSE TMX Canadian Univ. Bond Index. Portfolio and benchmark performance is calculated using time-weighted rates of return. Composite performance is calculated prior to the deduction of investment management fees, but after the deduction of all trading costs. The performance presented above is historical and may vary from account to account. DM does not guarantee any rates of return and past returns do not indicate future performance. Certain non fee paying accounts may be included in this composite. Future rates of return could be positive or negative.