

# DM Foreign Equity Portfolio

## 4th QUARTER 2018 REPORT

### MANDATE

The DM Foreign Equity Portfolio comprises shares of US-listed stocks selected on the basis of valuation, consistent free cash flow generation, and management strength. Particular attention is paid to each management team's history of capital deployment.

### REVIEW & OUTLOOK

During a very difficult fourth quarter, DM Foreign Equity performed significantly better than the broad S&P 500 and the portfolio exceeded the index by nearly 7% for the full year. The three largest sector contributors to our performance in 2018 were Financials, Health Care, and Information Technology, while our top performing stocks were HCA, Merck & Co and CME Group, which generated total returns of between 32% and 43%. Within Information Technology our positions in Visa and MasterCard performed well, with annual gains of 17% and 25%, respectively.

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

|                                | Q4-18        | 1 year       | 3 year       | 5 year       | 10 year      | Inception*  |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| <b>DM Foreign Equity (CAD)</b> | <b>-5.6%</b> | <b>10.9%</b> | <b>10.0%</b> | <b>12.9%</b> | <b>13.0%</b> | <b>8.8%</b> |
| S&P 500 Total Return (CAD)     | -9.0%        | 4.0%         | 8.7%         | 14.0%        | 14.4%        | 8.7%        |

\* inception date is 31-Mar-07; returns are annualized for periods > one year and reported in Canadian dollar terms.

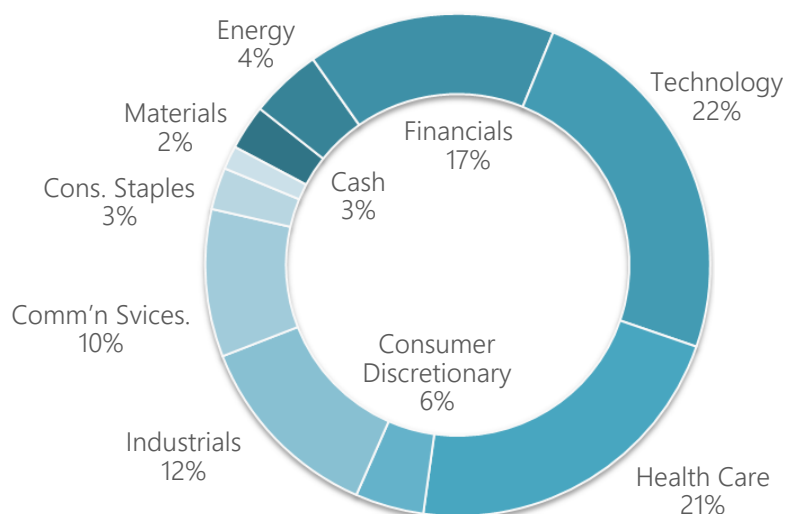
### PORTFOLIO ATTRIBUTES

|                | DM Foreign Equity | S&P 500 |
|----------------|-------------------|---------|
| Dividend Yield | <b>1.5%</b>       | 2.2%    |
| Fwd. P/E Ratio | <b>15.6x</b>      | 14.5x   |
| # of Holdings  | <b>36</b>         |         |

#### Top 10 Holdings

|                      |                 |
|----------------------|-----------------|
| Berkshire Hathaway   | Oracle Corp.    |
| Visa Inc.            | Danaher Corp.   |
| Alphabet Inc.        | Microsoft Corp. |
| Comcast Corp.        | JP Morgan Chase |
| Thermo-Fisher Scien. | Apple. Inc.     |

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



The information above compares the performance of the DM Foreign Equity Portfolio ("the Composite") with the S&P 500 Total Return Index. Composite 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.