



A NOTE FROM DAVID ATKINS

PORTFOLIO MANAGER OF THE VPI CANADIAN EQUITY POOL

BUILDING OWNERSHIP WHEN OTHERS ARE FEARFUL

The Coronavirus has presented a fair number of uncertainties and the stock market hates uncertainty. In order to contain the virus countries have implemented quarantines and companies have shut down manufacturing and have disrupted supply chains at an alarming speed. The full impact of these circumstances on global growth and businesses will not be fully understood until time has passed. The markets are not waiting to see what happens. Investors are choosing to sell good businesses at any price.

Everyone understands the rules of successful investing, that they should be buying stocks in great businesses when the market is down. However, when the markets act suddenly, unexpectedly, or violently it can be difficult for most investors to follow the rules. The catalyst for each market downturn is often different, the outcome has always been the same. The best time to invest is when others are fearful.

We will continue to invest in great businesses that are durable, have the financial capacity to succeed and we will pay reasonable prices in relation to what we expect to receive in return. We have increased the ownership in great businesses by purchasing \$111 million in shares since February 26. This downturn provided the opportunity for us to add two new businesses into the VPI Canadian Equity Pool that we are excited about. We were not expecting to pay so little to receive so much.

Imagine your life without banks to provide the financial services and resources to live a better life. Imagine your life without energy companies to heat your home, provide the electricity you are accustomed to, and all the other benefits energy provides. FedEx, UPS, and Disney provide services and entertainment we will surely require in a world where no one wants to leave their home to avoid the flu. Consider that if all of these businesses were to fail, we would likely be facing much more significant problems than our financial plans.

SUSTAINABLY PROFITABLE



Durable businesses that will be around years from now making more money

- i) Difficult to live without
- ii) Difficult to replicate
- iii) Difficult to compete with

+ 01

FINANCIAL CAPACITY



Meet their debt obligations

Strengthen themselves through reinvestment

Pay their owners a growing dividend stream

+ 02

PRICE



Must be reasonable in relation to what we expect to receive in return

+ 03

David Atkins
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The complete holdings of the Pool are disclosed in its Statement of Investment Portfolio semi-annually. On a quarterly basis, the Pool discloses its top 25 holdings in its Summary of Investment Portfolio. Both these documents are available on our website at www.valuepartnersinvestments.ca. Value Partners is the portfolio manager of the Pool and is responsible for making decisions about the investments in the Pool.

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