

# BEST IDEAS EQUITY

## FACTOR-BASED MODEL PORTFOLIO STRATEGY

FACTOR-BASED

### STRATEGY

In seeking to pursue its investment objective, the portfolio is designed to provide exposure to high quality companies (10 Canadian, 10 US and 10 International stocks) across all our universes that consistently generate shareholder wealth, while trading at attractive price. This strategy is based on our proprietary multi-factor quantitative models.

### OBJECTIVES

1. Target long term capital appreciation among the best opportunities available.
2. Consistently deliver performance over a custom blended benchmark.
3. Maximize tax efficiency by having a low portfolio turnover ratio.

### RISK RATING



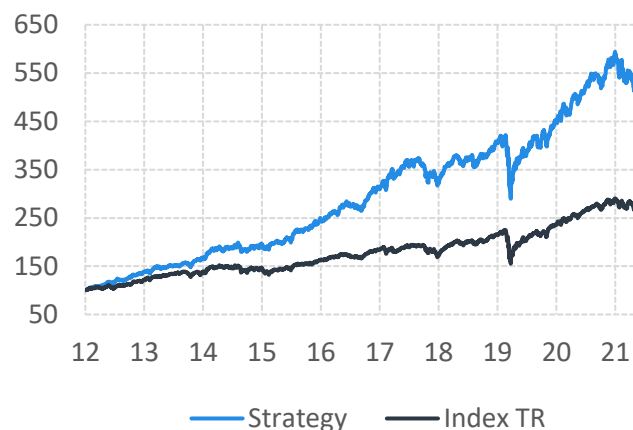
### REASONS TO INVEST

- ❖ Historically outperformed benchmark.
- ❖ Risk-adjusted return performance.
- ❖ Consistent investment process.

### INVESTMENT PROCESS



### AS OF MAY 31<sup>ST</sup>, 2022



Custom TR = 1/3 S&P/TSX + 1/3 S&P 500 + 1/3 MSCI ACWI Ex US

### PERFORMANCE

Annualized (%)	1M	3M	1Y	5Y	INC.
Strategy	-0.7	-6.2	1.6	13.0	17.5
Index TR	-0.7	-3.6	2.7	8.8	5.7
Difference	0.0	-2.6	-1.1	4.2	11.8
Yearly (%)	17	18	19	20	22
Strategy	26.8	7.9	21.5	11.0	-13.2
Index TR	13.2	-4.3	22.0	10.1	-7.7
Difference	13.6	12.1	-0.4	0.9	-5.5
Monthly (%)	Jan	Feb	Mar	Apr	May
Strategy	-4.5	-3.1	-0.5	-5.1	-0.7
Index TR	-2.6	-1.6	2.3	-5.1	-0.7
Difference	-1.9	-1.5	-2.8	0.0	0.0

### TOP HOLDINGS

Ticker	Companies	Weight (%)
HSY	Hershey	5.7
ABBV	AbbVie	4.5
ZIM	ZIM Integrated Shipping	4.0
MSFT	Microsoft	3.9
KLAC	KLA	3.8
BMO:CAN	Bank of Montreal	3.7
BCE:CAN	BCE	3.6
EQNR	Equinor	3.5
UMC	United Microelectronics	3.5
TD:CAN	Toronto-Dominion Bank	3.5

# BEST IDEAS EQUITY

## FACTOR-BASED MODEL PORTFOLIO STRATEGY



### RISK STATISTICS

Since Inception	Strategy	Index TR
Ann. Return (%)	17.5	5.7
Standard Dev. (%)	11.3	11.9
Max Drawdown (%)	-31.3	-45.9
Portfolio Turnover	62.6	6.0
Sharpe Ratio	1.4	0.4
Sortino Ratio	1.9	0.5
Index Correlation	0.7	1.0
R-Squared	0.5	1.0
Beta	0.7	1.0
Alpha (%)	11.8	0.0

### SECTOR ALLOCATION

Weight (%)	Strategy	Index TR	Deviations
Info Tech	30.2	17.8	12.3
Staples	11.0	6.1	4.9
Financials	26.2	23.4	2.8
Health Care	7.3	7.8	-0.6
Materials	6.4	7.4	-0.9
Industrials	9.7	10.6	-1.0
Utilities	0.0	3.4	-3.4
Telecom	3.6	7.1	-3.5
Energy	3.5	6.8	-3.3
Discretionary	0.0	9.6	-9.6

### CHARACTERISTICS

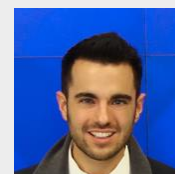
Median	Strategy	Index TR
Market Cap (\$B)	217.2	14.3
Price / Earnings	12.1	14.0
Price / Book	3.0	2.5
Price / Sales	2.8	2.3
Price / Cash Flow	15.8	10.6
Return on Equity	24.4	14.2
Dividend Yield	4.3	1.8
5Y EPS Growth	15.7	14.3
Debt / Equity	0.9	0.7
5Y Beta	0.91	1.00

### PORTFOLIO FACTS

Number of Securities	30
Currency	CAD
Benchmark	Custom TR
Inception Date	January 1 <sup>st</sup> , 2000
Strategy Fees	Contact Us
Rebalancing Frequency	Quarterly

### PORTFOLIO MANAGER

François Soto CFA, MBA, FRM, CIM  
Founder, Portfolio Manager



With more than 15 years of experience in the financial services industry, Francois brings extensive background and innovation in the field of quantitative finance to the firm. He holds both a BBA and MBA from HEC Montreal.

### CONTACT

Phone	(514) 700-1989
Email	info@factorbased.com
Website	www.factorbased.com

### DISCLAIMER

The term Model Portfolio Strategy (Strategy) is a non-registered trademark of Factor-Based (FB) Inc. S&P/TSX Total Return and S&P 500 Total Return are trademarks of S&P Global Inc. and MSCI ACWI Ex US Total Return is a trademark of MSCI Inc. This Strategy is not sponsored, endorsed, sold or promoted by any of its aforementioned trademark owners or their respective affiliates make no representation, warranty or condition regarding the advisability of buying, selling or holding shares in this Strategy.

This report is prepared solely for information purposes in connection with this Strategy. Historical returns shown are simulated. They are gross of management fees and do not consider brokerage commissions. They are calculated on a total return basis and annualized for all periods greater than one year. Past performance is not necessarily an indicator of future performance. The performance shown as indicated above and may not reflect the actual performance of clients following the Strategy.

FB makes every effort to ensure that the contents have been compiled or derived from sources believed reliable. However, FB makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions which may be contained herein and accepts no liability whatsoever for any loss arising from any use of or reliance on this report or its contents. Additional information may be available to FB or its affiliates, which is not reflected herein.

This report is not to be construed as an offer to sell, or solicitation for, or an offer to buy, any securities. FB, its affiliates and/ or their respective officers, directors or employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent. This communication does not constitute any offer or solicitation to residents of the U.S. or to anyone in a jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such a solicitation.