

## SSQ Beutel Goodman U.S. Equity GIF

# About the fund manager

Established in 1967, **Beutel, Goodman & Company Ltd.** is a private Canadian investment management firm focused on value investing. Majority owned by its employees, Beutel Goodman specializes in the management of Canadian and foreign equities in addition to fixed income and balanced mandates for institutional and individual investors.

# A management style focused on value

## Manager's philosophy

The investment management team at Beutel Goodman focuses their efforts on value oriented investments identified through comprehensive internally generated research. These standards are the foundation from which the firm has grown through three generations of operating principals.

## Portfolio management team

The success of the fund has been achieved through an experienced team of professionals with strong internal research capabilities. Beutel Goodman believes that **strong investment performance** can be achieved by the efforts of well-educated and trained individuals, who are motivated by the desire to succeed.

## Investment objective and approach

The fund aims to grow capital over the long term through the application of a **highly disciplined value investing approach emphasizing capital preservation**, and a focus on absolute return and risk. The approach is based on a fundamental bottom-up value selection process focussed on building wealth over the long term by preserving capital and providing a margin of safety in weak financial markets. This results in a fund that performs defensively in volatile markets, while aiming to capture a significant portion of the market's upside.

## Beutel Goodman's disciplined security selection process

Beutel Goodman's investment results stem from the consistent application of a value philosophy supported by a strong internal **research capability**. This is achieved by investing in a **concentrated portfolio of carefully researched securities** issued by U.S. based companies that are leaders in their field. Beutel Goodman focuses on the fundamentals of each company and on identifying those companies that are most appropriate for meeting the objectives of the fund. Companies must have recurring and dependable earnings, free cash flow, competitive advantages in their industry/sector, and be priced at compelling valuations.

## Bottom-up selection process for a portfolio of 25 to 35 securities

- Identify the competitive advantages of the company
- Meet the management team to better understand its long-term objectives
- Evaluate the strengths and weaknesses of the company and its competitors
- Perform a thorough financial assessment, including an analysis of free cash flow

## Low valuations outperform high valuations

As a value manager, Beutel Goodman buys good companies that they also consider good investments. Beutel Goodman believes that good companies are good investments if they can be bought at attractive prices. Well-managed companies with solid financial positions are often overlooked and undervalued opportunities that can offer solid total return potential.

Each investment needs to show that it is significantly undervalued and has the ability to appreciate to its true value within an investment time frame of 3 years, which provides a margin of safety in weak financial markets. The business value is determined by the present value of sustainable free cash flow. Free cash flow is important because it allows a company to pursue opportunities that enhance shareholder value. Without free cash flow, it's more difficult to support organic growth, make acquisitions, pay dividends, buy back shares and reduce debts.

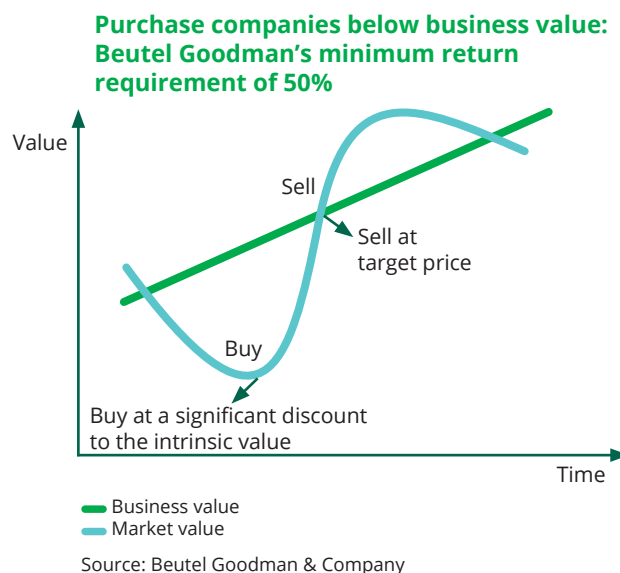
When the time comes to sell a position, the manager also has a disciplined process. As soon as the target price of a security is reached, one third of the position is automatically sold. The remainder will be retained only if the business value has increased upon subsequent review.

This rigorous approach to buying and selling based on a target price does not lead to drastic changes in the composition of the fund, but rather to a gradual transition where the **most expensive stocks are reduced in favor of undervalued stocks**.

## Why invest in this fund?

The investment manager advocates a management style particularly suitable for investors who focus on capital preservation and long-term performance of investments with lower than benchmark volatility levels over time.

- Suitable as the core equity holding of a portfolio
- Access to the world's largest stock market (U.S.)
- Contributes to geographical diversification that can significantly reduce the risk of a portfolio



# Advantages of the SSQ Beutel Goodman U.S. Equity GIF

## Highly disciplined investment approach

Performs defensively in volatile markets, while aiming to capture a significant portion of the market's upside.

## Strong research capability

Aims to produce superior investment results that stem from the consistent application of a value philosophy supported by a strong internal research capability.

## Value investment style

Offers total return potential thanks to the selection of companies with solid financial positions trading at a discount to their intrinsic value at purchase.

## Strong equity team

Driven by the efforts of well-educated and trained individuals, who are motivated by the desire to succeed.

## Concentrated, high conviction portfolio

Invests in a small number of U.S. companies priced at compelling valuations and with dependable earnings, sustainable free cash flow, and competitive advantages in their industry/sector.



**For further details, please refer to the  
“Fund Facts” available on [ssq.ca](http://ssq.ca)**

