

Fundamental perspective



*Focused on growth
from the bottom up*

overview

PCJ Investment Counsel Ltd. provides discretionary investment management of Canadian equity securities. PCJ's distinctive growth-oriented approach enables clients to offset other investment styles, thereby reducing overall risk in their portfolios.

Features distinguishing PCJ from other managers include:

- *Focused on Canadian equities*
- *Fundamental bottom-up stock pickers seeking catalysts for growth*
- *Concentrated portfolios*
- *Focus on growth opportunities*
- *Effective style offset to core and value managers*
- *Partnered with the Connor, Clark & Lunn Financial Group Ltd.*

our investment philosophy

PCJ's investment philosophy is grounded in the belief that:

- *Market inefficiencies provide opportunities to add value*
- *Earnings growth ultimately drives stock prices*
- *Catalysts for organic growth are best identified through independent fundamental research*

Concentrated portfolios that combine thoughtful security selection with a prudent focus on risk management create the best environment from which to generate value for clients over the long term.

our company

PCJ Investment Counsel Ltd. was formed in August of 1996 to provide specialty Canadian equity management to pension fund sponsors, corporations and mutual funds.

The firm's current portfolio management team which includes Nereo Piticco, Heiki Altosaar, Adam Posman, Jenny Yan, Kevin Kingsley and Michiel Janssen has a strong history of managing Canadian equity portfolios. Nereo Piticco and the retired Jack Campbell, having worked together since 1993, were founding members of PCJ. In 1996 Heiki Altosaar joined the team, followed by Adam Posman in 2011, Jenny Yan in 2014, and Kevin Kingsley and Michiel Janssen in 2018.

Connor, Clark & Lunn Financial Group

PCJ has partnered with the Connor, Clark & Lunn Financial Group Ltd., who provides all non-investment management support, such as operations, compliance, sales and marketing.

Connor, Clark & Lunn Financial Group is one of Canada's largest multi-boutique investment services firms, whose affiliated investment managers collectively manage approximately \$79 billion in assets for institutional, private and retail investors.

By bringing scale and expertise to the delivery of non-investment management functions, provided by the Connor, Clark & Lunn Financial Group, PCJ is able to focus on what they do best — making sound investment decisions to create value for their clients.

Through this unique structure, we're creating conditions for success.

Assets Under Management

— \$540 million for a client

base that includes pension

funds, mutual funds,

individuals and institutions.

Creating conditions

for success.

our products

Canadian Large Cap Equity

The strategy typically includes 40-50 securities with market capitalizations exceeding \$1 billion. Launched in 1997, PCJ offers this investment management strategy through both segregated accounts and pooled funds. The strategy is well suited for clients seeking to achieve style diversification as part of a multi-manager structure.

Canadian Small Cap Equity

Launched in the summer of 2000, the PCJ Small Cap strategy focuses on companies whose float-adjusted market capitalizations range from \$100 million to \$3.5 billion. The strategy includes up to 85 securities.

Absolute Return Strategy

Launched at the end of 2011, the PCJ Absolute Return Strategy is a fundamental equity focused market neutral strategy investing in long and short Canadian and US listed securities. The strategy, diversified across sectors and market capitalization, utilizes a bottom-up process focused on high-conviction trade ideas which individually seek to isolate and extract alpha.

our team



Michiel Janssen, Heiki Altosaar, Nereo Piticco, Kevin Kingsley, Adam Posman, Jenny Yan

Nereo Piticco, CFA
President • 1996-Present

Responsible for Canadian equity strategy and fundamental research.

- 1993-96. Senior Vice-President, Elliott & Page Ltd. Responsible for Canadian equity strategy and fundamental research.
- 1989-93. Vice-President and Director, Barclays McConnell Limited
- 1977-89. Portfolio Manager, Royal Trust - Corporate Investment Associates
- BComm (1976) Concordia University
- CFA (1985) CFA Institute

Heiki Altosaar, CFA
Vice President • 1996-Present

Responsible for Canadian equity strategy and fundamental research.

- 1994-96. Elliott & Page Ltd.
- BA (1993) University of Toronto
- CFA (1998) CFA Institute

Adam Posman, MBA, CIM
Vice President • 2011-Present

Responsible for Canadian equity strategy and fundamental research.

- 2010-11. Vice President, Brookfield Investment Management (Canada) Inc.
- 2008-10. Portfolio Manager and Associate Portfolio Manager, National Bank of Canada
- 2005-08. Associate Director, Proprietary Trading and Canadian Equity Research Associate Analyst, UBS Securities Canada Inc.
- BComm (1999) McGill University
- MBA (2004) Richard Ivey School of Business, University of Western Ontario
- CIM (2009)

Jenny Yan, CFA
Vice President • 2014-Present

Responsible for Canadian equity strategy and fundamental research.

- 2012-13. Investment Banking Analyst, J.P. Morgan (London, UK)
- 2011-12. Equity Research Analyst, J.P. Morgan (London, UK)
- BComm (2011) University of British Columbia
- University of British Columbia Management Foundation (PMF) program
- CFA (2017) CFA Institute

Kevin Kingsley, MSc, CFA
Vice President • 2018-Present

Responsible for Canadian equity strategy and fundamental research.

- 2014-18. Private Investor, Self Employed
- 2010-14. Co-founder, Managing Partner, Seven Seas Capital Mangement Inc.
- 2002-10. Executive Director - Fundamental Investment Group, UBS Securities Canada Inc.
- 2000-02. Equities Research Analyst and Director - Energy & Pipelines, UBS Securities Canada Inc.
- 1997-2000. Equities Research Associate - Energy, UBS Securities Canada Inc.
- BComm (1996) University of Ottawa
- MSc (1997) University of London, Birbeck College, UK
- CFA (2000) CFA Institute

Michiel Janssen, MSc, CIM
Vice President • 2018-Present

Responsible for client service and portfolio management support.

- 2013-18. Private Client Services Associate, Connor, Clark & Lunn Private Capital Ltd.
- 2012. Assistant Asset Manager, UBS Asset Management (Netherlands)
- BSc, Architecture, Building and Planning (2012) Eindhoven University of Technology
- MSc, Real Estate Management & Development (2013) Eindhoven University of Technology
- CIM (2016)

our process

PCJ's investment process is best described as "bottom-up, fundamental" reflecting the high degree of importance placed on security selection supported by independent research. Their objective is to identify high quality companies with superior opportunities for organic growth of earnings.

The team begins by screening the universe of securities (S&P/TSX Composite) to identify potentially attractive securities based on a number of growth variables, such as ROE and earnings momentum. Earnings announcements, corporate restructuring, changes in business plans and significant price movements are monitored to identify potential catalysts for future growth.

Research

Investment research is a team effort. Independent fundamental analysis and regular company visits are used to assess critical factors such as quality of management and earnings growth, impact of new products or services and margin expansion.

These efforts are supplemented by external research that is primarily quantitative and focused on macroeconomic themes. PCJ's economic and business cycle analysis is derived from consensus decisions reached from ongoing inputs from respected economists, strategists and sector analysts.

Current and historical relative valuations, together with PCJ's assessment of a company's prospects for sustained earnings growth, are used to gauge the relative attractiveness of each investment opportunity.

Portfolio Construction

Portfolios are constructed with a goal of achieving the optimal reward (returns) for the risks taken. The largest relative overweights are given to investment opportunities about which PCJ has the greatest conviction. Concentrating up to 30% of the portfolio on these ideas affords PCJ the greatest opportunity to generate alpha. The balance of the portfolio is invested according to PCJ's assessment of organic growth opportunities while seeking prudent diversification.

Stock selection is the most important part of the PCJ process. The firm believes that a concentrated portfolio is best suited to deliver added value.

Risk Management

Risk management is an integral part of PCJ's process and is key to delivering optimal long-term results for clients. PCJ monitors the risk profile of its portfolios on a continual basis, looking at individual impact risks and total portfolio risk. Risk is managed by adhering to multiple disciplines including:

Exposure Limits:

Absolute and relative stock & sector limits

Quantitative:

Exposures align with convictions,

Tracking error,

Impact risk

Dynamic Risk Allocation:

Lock in profits

Reduce risk

accountability

Corporate Governance

PCJ believes transparency is an integral part of the investment management process. A written corporate governance policy is reviewed and approved annually by PCJ's board of directors.

Compliance: To ensure that specific client objectives are met, it is essential that a clear mandate be established through consultation with the client. Compliance with investment policy statements is ensured by disciplines which include a daily portfolio review and a client guideline database. In this system, portfolio guidelines and performance benchmarks are monitored.

CFA Institute Code of Ethics: PCJ Investment Counsel Ltd. adheres to the Code of Ethics as prescribed by the CFA Institute. Each year the investment professionals who hold the CFA designation sign a declaration upholding the Code. The firm is in compliance with the CFA Institute's ethical investment management standards and subscribes to full disclosure.

Communication

Client Meetings: The designated portfolio manager meets with the client on a regular basis and reviews past economic and financial market developments. Investment strategies and past results are compared with the previous quarter's forecast and strategy. Current economic and capital market forecasts are then presented with accompanying strategy.

Quarterly Reports: Quarterly reports are forwarded to clients within 15 business days after quarter end. Investment returns are compared to a benchmark, if specified, and to the appropriate market index. A financial markets summary, portfolio review and investment strategy are provided.

contact us

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