FOYSTON, GORDON & PAYNE INC.
INVESTMENT COUNSEL

Why Invest in Canadian Equities?

Canadian equities are relatively inexpensive compared with their U.S. peers when measured by price-to-book and price-to-sales ratios. Our Canadian equity strategy is meant to provide investors with long-term capital growth by investing primarily in equity securities of major Canadian companies in order to provide broad exposure to economic growth opportunities in Canada.

Philosophy

We believe that superior investment returns are achieved by taking a long-term, bottom-up, value-oriented approach to investing based on detailed fundamental research and analysis. Our proven philosophy revolves around two long-standing core concepts:

Understanding Quality

- Focus on key business drivers (competitive advantage, pricing, cost structure, growth etc.) and the predictability of those drivers
- Assessing business performance in the last downturn and subsequent changes to business model
- Analyzing true free cash flow conversion of the business
- Assessing capital allocation history and balance sheet strength
- Track record on governance and shareholder alignment

Disciplined on Valuation

- Wait until expectations are low and risk/return more attractive
- Assess value relative to:
  - The company's historic valuation
  - The broader market and its global peers
  - The quality of the company
- Understand changes in the market and/or business and their structural impact on valuation
- Apply absolute valuation cap to reduce downside risk

Investment Process



Investment Grade Rating (IGR) Checklist Summary

	1	3	5	RATING
Business Fundamentals				
Growth (past 10 years)				
Financial Strength				
Profitability				
Corporate Governance				
Share Liquidity				
Overall Investment Grade				

FGP ranks the quality of a company from 1 to 5

1 - Highest Quality

5 - Acceptable Quality

Inception Date	Benchmark	Currency
January 31, 1993	S&P/TSX Composite Index (TR)	CAD

PERFORMANCE (%)



Please click here to request a copy

**Investment returns are gross of investment management fees and include reinvestment of dividends and income. Values change frequently and past investment performance may not be repeated. Performance inception date: January 31, 1993. S&P/TSX Index Data. Source: TSX Copyright (2024) TSX Inc. All rights reserved.*