



NORTH AMERICAN UPDATE

December 6th, 2018

INNOVATION | INSIGHT | GROWTH

SINCE 1968

PEMBROKE

PRIVATE WEALTH MANAGEMENT

TOUGH YEAR FOR RETURNS AROUND THE WORLD

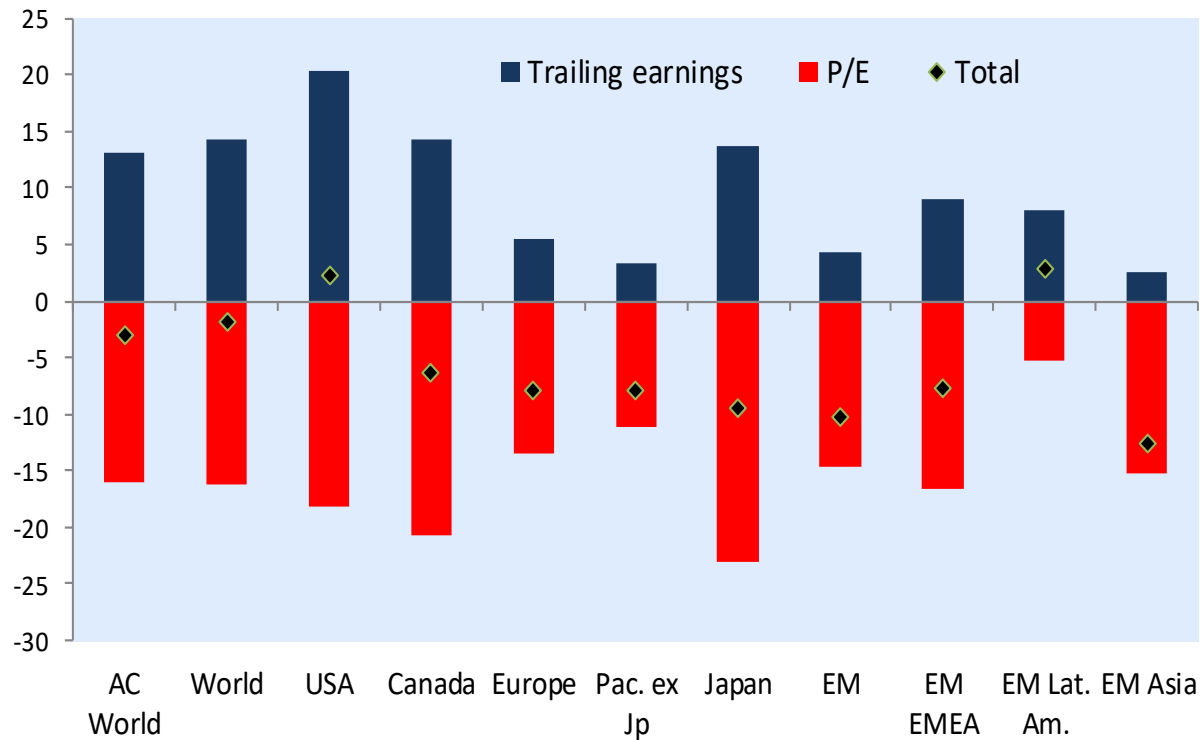
Index	Year-to-date Performance
MSCI World	-1.2%
MSCI USA	3.9%
MSCI Canada	-3.9%
MSCI Europe	-4.8%
MSCI Asia Pacific ex. Japan	-11.9%
MSCI Japan	-7.5%
MSCI Emerging Markets	-12.8%

Returns as of November 16, 2018

Source: Bloomberg

MULTIPLE COMPRESSION IS THE MAIN CULPRIT

Breakdown of world equity returns (year-to-date)



Source: NBF Economics and Strategy

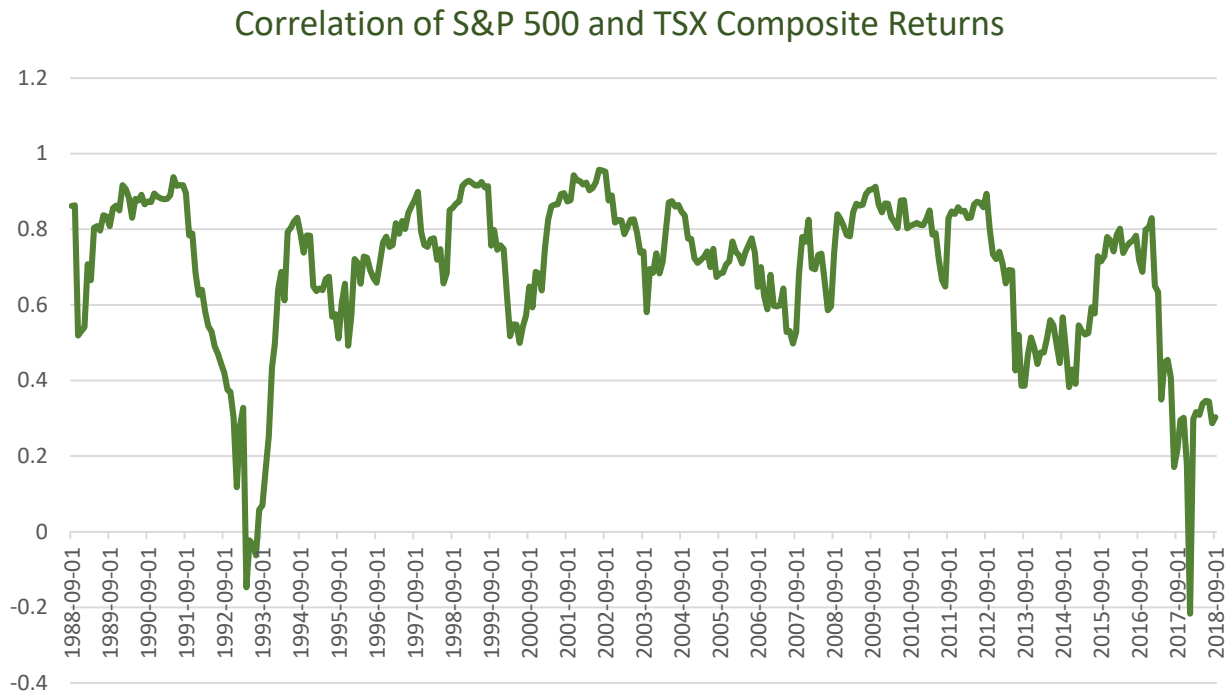
COMPELLING VALUATION VS. HISTORICAL LEVELS

MSCI composite index: Valuation metrics (PE)

	11/13/2018	A year ago	10 year ave.	5 year average
MSCI AC World	13.9	16.3	13.7	15.2
MSCI World	14.6	17.0	14.1	15.8
MSCI USA	16.1	18.3	14.9	16.8
MSCI Canada	12.5	16.0	14.1	15.2
MSCI Europe	12.6	15.2	12.7	14.5
MSCI Pacific ex Jp	13.6	15.9	14.0	14.9
MSCI Japan	12.0	15.1	14.7	13.8
MSCI EM	10.3	12.7	11.1	11.5
MSCI EM EMEA	8.3	10.9	9.0	9.8
MSCI EM Latin America	11.3	13.6	12.2	13.1
MSCI EM Asia	10.6	13.0	11.6	11.7

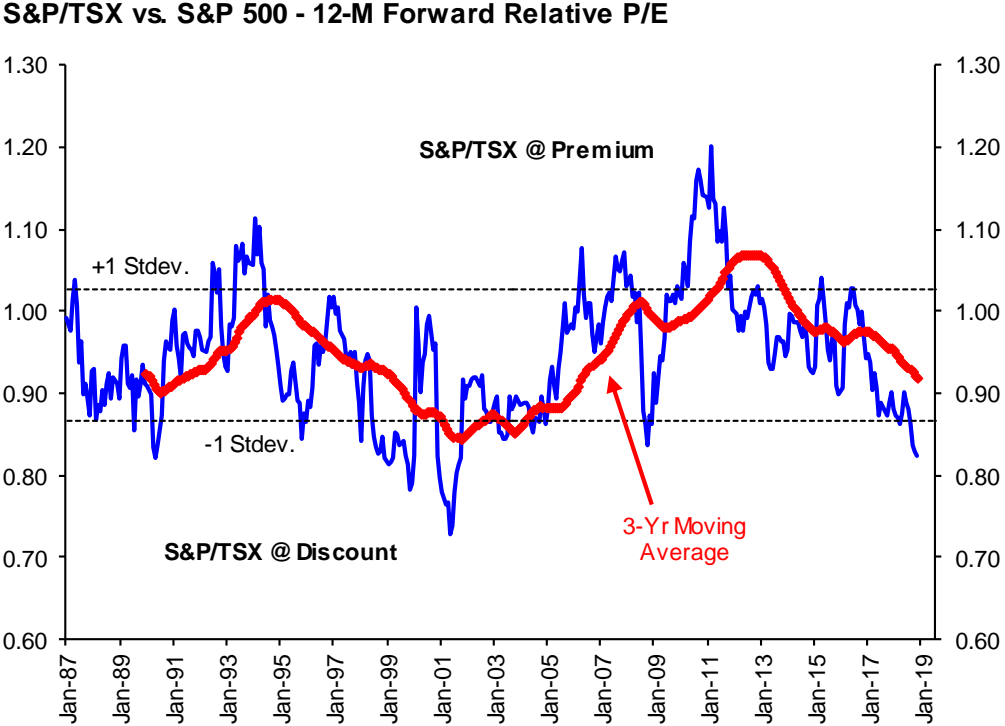
NBF Economics and Strategy (data via Datastream)

DISLOCATION IN HISTORICAL CORRELATIONS...



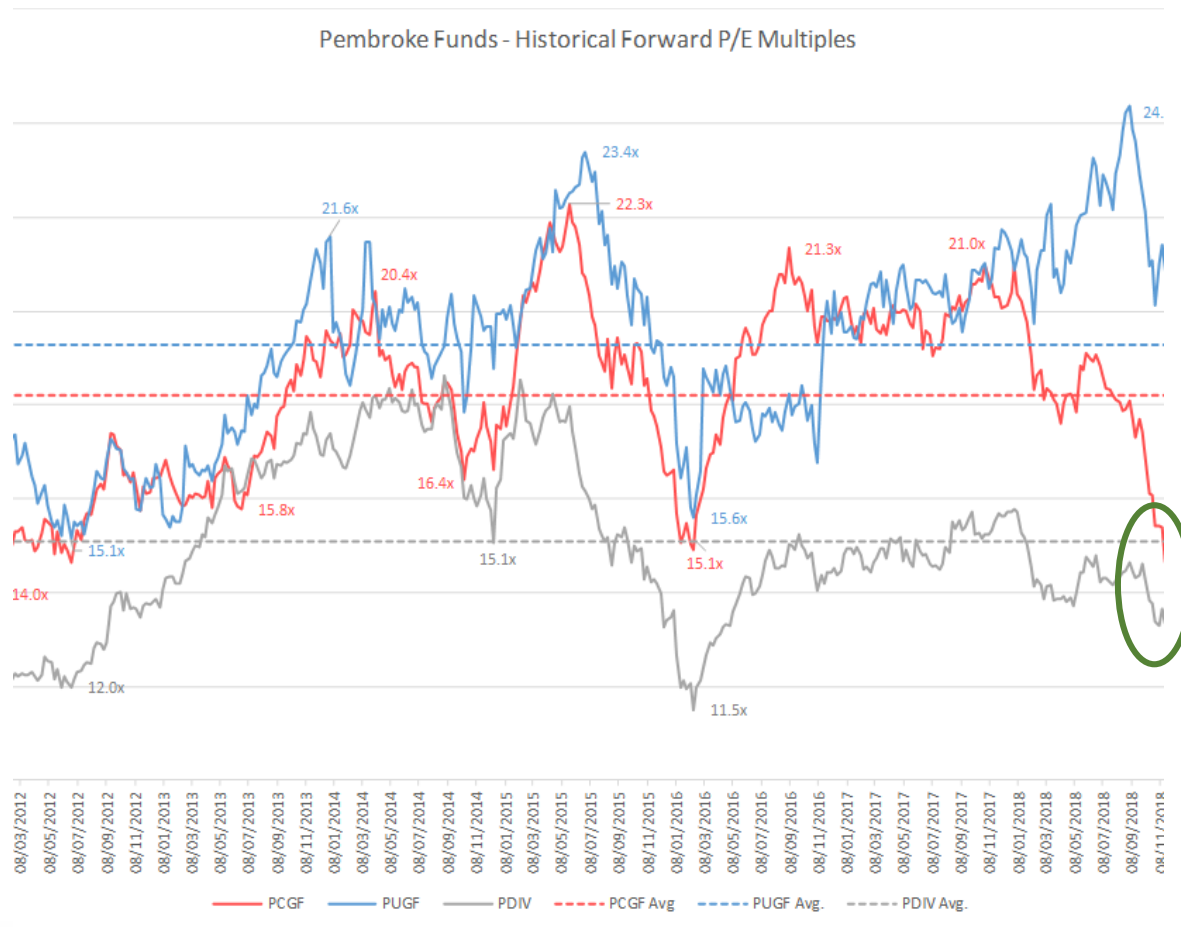
Source: Bloomberg

... LEADING TO ATTRACTIVE 18% DISCOUNT OF TSX vs. S&P 500



Source: Scotiabank GBM Portfolio Strategy, Thomson Financial.

PEMBROKE CANADIAN PORTFOLIOS SELLING AT LOW LEVELS RELATIVE TO RECENT HISTORY



GBC CANADIAN GROWTH FUND

Looking Forward – Top 20 Positions

Holding	Weight	Est. Revenue Growth	Est. EBITDA Growth	EV / Est. EBITDA	Net debt / NTM EBITDA	Inside Ownership	Upside to 1-Year Target	L-T Upside CAGR
Company A	5.21%	19.6%	12.5%	6.6x	0.4x	2.7%	45.2%	18.4%
Company B	4.89%	22.4%	68.4%	18.0x	-3.4x	22.7%	9.1%	12.2%
Company C	3.46%	29.2%	30.3%	29.4x	-3.0x	1.6%	24.1%	12.6%
Company D	3.32%	10.0%	NA	NM	NM	0.8%	32.7%	17.8%
Company E	3.08%	NA	NA	NM	NM	9.1%	44.6%	24.5%
Company F	3.03%	5.5%	16.1%	12.0x	1.7x	38.8%	39.6%	13.2%
Company G	3.01%	9.0%	NA	NM	NM	1.9%	1.4%	14.2%
Company H	2.97%	14.9%	14.7%	23.3x	0.2x	0.7%	14.7%	4.8%
Company I	2.77%	6.0%	19.0%	6.8x	1.8x	4.4%	31.7%	20.1%
Company J	2.76%	2.6%	4.8%	15.5x	1.9x	17.3%	29.9%	17.4%
Company K	2.65%	12.7%	10.3%	10.0x	-0.9x	65.0%	27.1%	20.0%
Company L	2.61%	0.4%	7.9%	14.3x	1.1x	11.8%	11.1%	15.9%
Company M	2.57%	10.2%	9.4%	14.8x	-1.5x	6.6%	1.8%	6.4%
Company N	2.33%	8.3%	7.5%	8.0x	0.6x	3.7%	53.1%	17.9%
Company O	2.28%	8.2%	4.8%	16.8x	-1.6x	24.5%	21.2%	12.4%
Company P	2.24%	16.6%	29.2%	9.9x	-0.8x	1.2%	22.5%	12.9%
Company Q	2.23%	54.8%	NA	2.6x	-0.5x	3.0%	40.1%	28.9%
Company R	2.19%	14.7%	22.1%	6.5x	0.7x	0.7%	28.0%	24.6%
Company S	2.18%	19.1%	16.4%	12.5x	0.9x	1.5%	21.6%	12.8%
Company T	2.01%	36.4%	90.8%	7.0x	0.4x	1.7%	17.1%	15.9%
Total	57.79%							
Median	2.71%	12.69%	15.39%	12.0x	0.4x	3.34%	25.61%	15.94%
Average	2.89%	15.84%	22.76%	12.6x	-0.1x	10.99%	25.84%	16.16%
Vs. S&P/TSX Composite	N/A	6.45%	N/A	9.4x	1.7x	N/A	N/A	N/A

* Adjusted for divestitures

† Based on Gross Performance Data

Source: Bloomberg

Last updated

08/11/2018

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To be read in conjunction with the disclosures and disclaimers statements on the last page.

PEMBROKE DIVIDEND GROWTH FUND

Looking Forward – Top 20 Positions

Holding	Weight	Est. Revenue Growth	Est. EBITDA Growth	EV / Est. EBITDA	Net debt / NTM EBITDA	Inside Ownership	Dividend Yield	Upside to 1-Year Target	L-T Upside CAGR
Company A	4.73%	10.2%	9.4%	14.8x	-1.5x	6.6%	2.2%	1.8%	6.4%
Company B	3.92%	12.7%	10.3%	10.0x	-0.9x	65.0%	4.4%	27.1%	20.0%
Company C	3.79%	NA	NA	NM	NM	33.1%	3.3%	9.3%	8.6%
Company D	3.74%	6.1%	8.2%	9.8x	2.0x	1.1%	4.9%	9.7%	13.7%
Company E	3.42%	10.0%	NA	NM	NM	0.8%	3.2%	32.7%	17.8%
Company F	3.40%	2.6%	4.8%	15.5x	1.9x	17.3%	2.1%	29.9%	17.4%
Company G	3.31%	21.3%	6.0%	20.5x	15.3x	18.8%	8.1%	42.7%	24.1%
Company H	3.09%	32.5%	18.4%	6.5x	2.8x	0.3%	3.8%	48.6%	21.2%
Company I	3.06%	6.0%	19.0%	6.8x	1.8x	4.4%	2.6%	31.7%	20.1%
Company J	3.04%	7.5%	17.6%	5.1x	0.7x	21.6%	5.3%	64.8%	23.6%
Company K	2.82%	21.2%	22.5%	13.9x	2.8x	1.4%	2.7%	-3.7%	6.5%
Company L	2.81%	20.6%	15.6%	12.0x	NM	0.1%	7.8%	29.9%	16.2%
Company M	2.64%	8.3%	7.5%	8.0x	0.6x	3.7%	3.3%	53.1%	17.9%
Company N	2.49%	107.0%	56.1%	6.2x	0.4x	46.8%	3.0%	48.2%	18.7%
Company O	2.47%	18.0%	17.3%	11.4x	1.1x	68.1%	0.5%	4.2%	5.7%
Company P	2.43%	14.7%	22.1%	6.5x	0.7x	0.7%	2.3%	28.0%	24.6%
Company Q	2.40%	2.5%	NA	NM	NM	3.6%	3.2%	23.5%	14.9%
Company R	2.26%	82.4%	17.8%	11.8x	6.6x	3.0%	9.5%	29.4%	17.6%
Company S	2.26%	6.2%	3.8%	8.7x	0.4x	37.3%	6.9%	33.9%	15.3%
Company T	2.26%	13.8%	9.0%	11.3x	2.6x	41.1%	1.9%	15.2%	10.4%
Total	60.34%								
Median	2.93%	12.69%	15.59%	10.0x	1.4x	5.50%	3.21%	29.65%	17.49%
Average	3.02%	21.25%	15.61%	10.5x	2.3x	18.74%	4.04%	27.99%	16.03%
Vs. S&P/TSX Composite	N/A	6.45%	N/A	9.4x	1.7x	N/A	3.02%	N/A	N/A

* Adjusted for divestitures

† Based on Gross Performance Data

Source: Bloomberg

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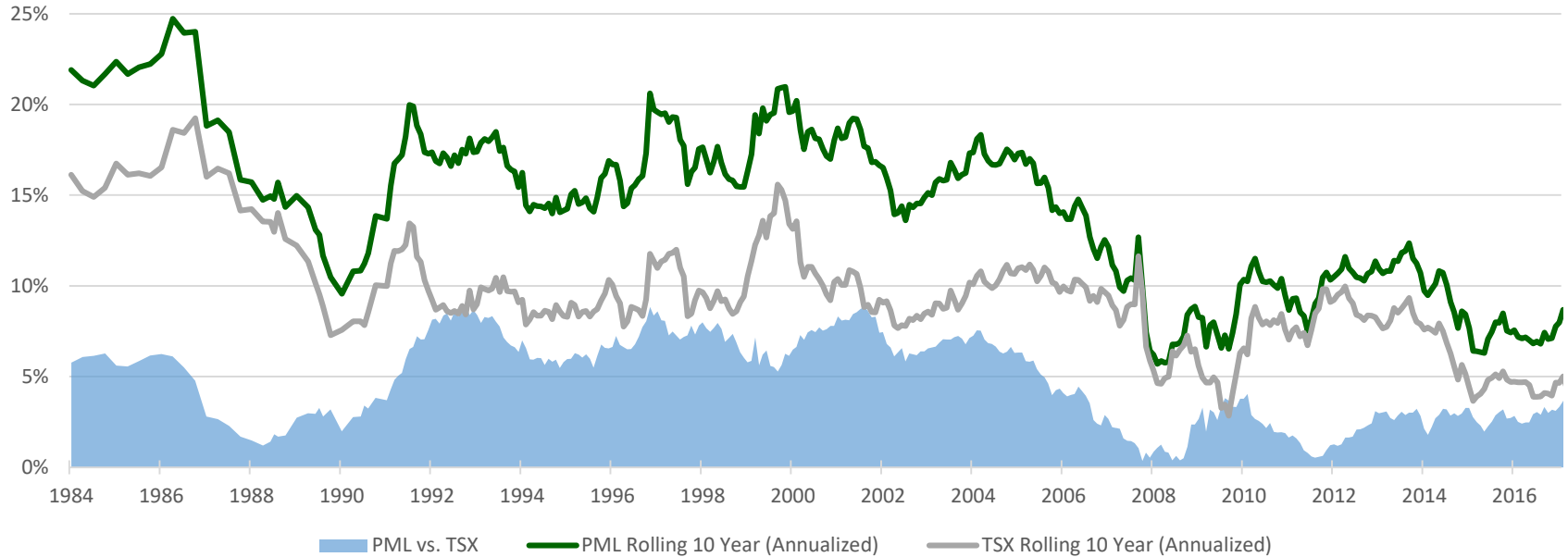
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PEMBROKE CANADIAN GROWTH STRATEGY

Pembroke Valued-Added relative to the S&P/TSX Composite



- Since inception and through 396 monthly rolling 10-year periods, returns consistently above the index.
- On average 4.84% of incremental performance annually over many cycles and markets, before fees.

CONCLUSION

- Disappointing Canadian returns are not unique: world markets are down
- Multiple compression has been severe
- Markets selling at low multiples vs. historical levels
- Canadian stock market attractively priced vs. U.S. market
- Strong fundamental progression of Pembroke Canadian portfolios
- Continued fundamental progression expected
- Canadian portfolios selling at discount relative to recent history
- Pembroke: strong history of providing added value to clients

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