



## ADVISOR MANAGED ACCOUNTS: AUGUST 2020 COMMENTARY



### BLUE HERON CANADIAN ESG LEADER AND BLUE HERON BALANCED ESG LEADER

#### August Trade Notes:

We manage this portfolio with the aim of generating a superior total return combining capital growth and dividends while investing only in Canadian companies who score in the top 40% of their peer group based upon Environmental, Social, and Corporate Governance (ESG) considerations. Global companies, who also must score in the top 40% of their peer group, based upon ESG criteria, make up about 30% of the portfolio.

During the month we sold our positions in **Ballard Power Systems Inc** (Electrical Components & Equipment), **National Bank Of Canada** (Diversified Banks) and **Visa Inc.** (Data Processing & Outsourced Services).

We added new positions in **Canadian Pacific Railway Ltd** (Railroads), **Innergex Renewable Energy Inc** (Renewable Electricity) and **West Fraser Timber Co Ltd** (Forest Products).

A number of new 52-week highs were achieved in the portfolio including: **Lightspeed Pos Inc** (Application Software), **Tesla Inc** (Automobile Manufacturers), **Mastercard Incorporated** (Data Processing & Outsourced Services), **Ansys Inc** (Application Software), **Descartes Systems Group Inc** (Application Software), **Northland Power Inc** (Independent Power Producers & Energy Traders), **Lululemon Athletica Inc** (Apparel, Accessories & Luxury Goods), **Lowes Companies Inc** (Home Improvement Retail), **Microsoft Corp** (Systems Software), **Nice Ltd** (Application Software), **Trimble Inc.** (Electronic Equipment & Instruments), **West Fraser Timber Co Ltd** (Forest Products), **Mullen Group Ltd** (Trucking), **Apple Inc** (Technology Hardware, Storage & Peripherals), **Fastenal Co** (Trading Companies & Distributors), **Canadian Pacific Railway Ltd** (Railroads), **Sprott Inc.** (Asset Management & Custody Banks), **Rockwell Automation Inc** (Electrical Components & Equipment), **Canaccord Genuity Group Inc** (Investment Banking & Brokerage), **Kinaxis Inc** (Application Software), **Real Matters Inc** (Real Estate Services), **Innergex Renewable Energy Inc** (Renewable Electricity) and **Lam Research Corp** (Semiconductor Equipment).

### BLUE HERON DIVIDEND ESG LEADER AND BLUE HERON INCOME ESG LEADER

#### August Trade Notes:

We manage this portfolio with the aim of generating a superior total return combining capital growth and dividends while investing only in Canadian companies who score in the top 40% of their peer group based upon Environmental, Social, and Corporate Governance (ESG) considerations. Global companies, who also must score in the top 40% of their peer group, based upon ESG criteria, make up about 10% of the portfolio. There is an emphasis on generating dividend income. Blue Heron



**Neil Chappell, BCom, CIM, FCSI**  
Vice-President, Portfolio Manager,  
Investment Advisor  
neil.chappell@cibc.ca  
250 361-2258



**Graham Isenegger, BA, CIM, FCSI**  
Portfolio Manager, Investment Advisor  
graham.isenegger@cibc.ca  
250 361-2252

Income ESG Leader is the balanced version of Blue Heron Dividend ESG Leader.

During the month we sold our position in **Pembina Pipeline Corporation** (Oil & Gas Storage & Transportation) and reduced our positions in **Boralex Inc** (Renewable Electricity), **Magna International Incorporated** (Auto Parts & Equipment), **Northland Power Inc** (Independent Power Producers & Energy Traders), **West Fraser Timber Co Ltd** (Forest Products), **Fastenal Co** (Trading Companies & Distributors) and **Canaccord Genuity Group Inc** (Investment Banking & Brokerage).

We added new positions in **Transalta Renewables Inc** (Renewable Electricity) and **Sun Life Financial Inc** (Life & Health Insurance).

A number of new 52-week highs were achieved in the portfolio including: **Northland Power Inc** (Independent Power Producers & Energy Traders), **Home Depot Inc** (Home Improvement Retail), **Microsoft Corp** (Systems Software), **West Fraser Timber Co Ltd** (Forest Products), **Canadian National Railway** (Railroads), **Fastenal Co** (Trading Companies & Distributors), **Canadian Pacific Railway Ltd** (Railroads), **Sprott Inc.** (Asset Management & Custody Banks), **Canaccord Genuity Group Inc** (Investment Banking & Brokerage), **Open Text Corp** (Application Software) and **Innergex Renewable Energy Inc** (Renewable Electricity).

## BLUE HERON GLOBAL ESG LEADER

### August Trade Notes:

We manage this portfolio with the aim of generating a superior total return combining capital growth and dividends while investing in global companies, who also must score in the top 40% of their peer group based upon ESG criteria.

During the month we sold our positions in **Humana Inc** (Managed Health Care), **Nike Inc** (Footwear), **Parker Hannifin Corp** (Industrial Machinery) and **Visa Inc.** (Data Processing & Outsourced Services).

We added new positions in **Paypal Holdings Inc** (Data Processing & Outsourced Services), **Thermo Fisher Scientific Inc** (Life Sciences Tools & Services) and **United Parcel Service Inc** (Air Freight & Logistics).

A number of new 52-week highs were achieved in the portfolio including: **Tesla Inc** (Automobile Manufacturers), **Nvidia Corp** (Semiconductors), **Ansys Inc** (Application Software), **Accenture Plc** (IT Consulting & Other Services), **Lululemon Athletica Inc** (Apparel, Accessories & Luxury Goods), **Paypal Holdings Inc** (Data Processing & Outsourced Services), **Lowe's Companies Inc** (Home Improvement Retail), **Amazon.Com Inc** (Internet & Direct Marketing Retail), **S&P Global Inc** (Financial Exchanges & Data), **Home Depot Inc** (Home Improvement Retail), **Microsoft Corp** (Systems Software), **Nice Ltd** (Application Software), **Trimble Inc.** (Electronic Equipment & Instruments), **Apple Inc** (Technology Hardware, Storage & Peripherals), **Best Buy Co Inc** (Computer & Electronics Retail), **Fastenal Co** (Trading Companies & Distributors), **Thermo Fisher Scientific Inc** (Life Sciences Tools & Services), **Abb Ltd** (Electrical Components & Equipment), **Rockwell Automation Inc** (Electrical Components & Equipment), **United Parcel Service Inc** (Air Freight & Logistics), **Zoetis Inc** (Pharmaceuticals) and **Lam Research Corp** (Semiconductor Equipment).

### We highlight one ESG screened company each month from our Blue Heron Portfolios:

**TransAlta Renewables Inc.** (Ticker **RNW**) is a Canada-based company that owns a portfolio of renewable and natural gas power generation facilities and other infrastructure assets. The Company owns and operates approximately 13 hydro facilities, 20 wind farms and seven gas facilities. It has interests in Wyoming Wind farm, Lakes wind farm, Mass Solar projects, the Australian Assets, and the Big Level and Antrim United States wind development projects. It owns, directly or through economic interests, an aggregate of approximately of 2,443 MW of gross generating capacity.

(Thomson One. (2020). Retrieved from <https://www.thomsonone.com/>)

TransAlta Renewables' rating is unchanged at 'AA'. The rating is underpinned by the company's capacity to monetize on opportunities in renewable energy as it is well-positioned as the renewable energy subsidiary of TransAlta

Corporation. The company's operations are distributed across Australia, Canada, and the United States, where 62.5% of its 2,527 MW installed capacity are from wind, solar, and hydro power. The remaining is natural gas. Compared to power generating peers utilizing fossil fuels, the company has a lower carbon emissions risk profile. TransAlta Renewables' hydro power assets are primarily in Canada, where water resource management is well-regulated. Its gas power plants in Australia may, however, undertake water-intensive activities. While TransAlta Corporation has initiated group-wide water management policies, more information is needed to assess the performance of TransAlta Renewables' programs.

(MSCI ESG Manager. (2020). Retrieved from <https://esgmanager.msci.com/esgmanager/>)

## GROWTH PORTFOLIOS

**BLUE HERON BALANCED**

**BLUE HERON GROWTH**

### August Trade Notes:

We manage these portfolios with the aim of generating a superior total return combining capital growth and dividends.

During the month we sold our positions in **Canadian National Railway** (Railroads), **Restaurant Brands International Inc** (Restaurants), **Brookfield Renewable Corp** (Spin Off) and **Autocanada Inc** (Automotive Retail).

We added new positions in **Tourmaline Oil Corp** (Oil & Gas Exploration & Production), **Seven Generations Energy Ltd** (Oil & Gas Exploration & Production) and **Docebo Inc** (Application Software).

A number of new 52-week highs were achieved in the portfolio including: **Lightspeed Pos Inc** (Application Software), **Tesla Inc** (Automobile Manufacturers), **Nvidia Corp** (Semiconductors), **Descartes Systems Group Inc** (Application Software), **Northland Power Inc** (Independent Power Producers & Energy Traders), **Brookfield Renewable Partners Lp** (Renewable Electricity), **Lululemon Athletica Inc** (Apparel, Accessories & Luxury Goods), **Amazon.Com Inc** (Internet & Direct Marketing Retail), **Microsoft Corp** (Systems Software), **Nice Ltd** (Application Software), **Tourmaline Oil Corp** (Oil & Gas Exploration & Production), **Apple Inc** (Technology Hardware, Storage & Peripherals), **Canadian Pacific Railway Ltd** (Railroads), **Sprott Inc.** (Asset Management & Custody Banks), **Applied Materials Inc** (Semiconductor Equipment), **Rockwell Automation Inc** (Electrical Components & Equipment), **Docebo Inc** (Application Software), **Cargojet Inc** (Air Freight & Logistics), **Canaccord Genuity Group Inc** (Investment Banking & Brokerage), **Enghouse Systems Ltd** (Application Software), **Kinaxis Inc** (Application Software), **Granite Real Estate Investment Trust** (Industrial REITs), **Real Matters Inc** (Real Estate Services), **Taiwan Semiconductor Mfg Co** (Semiconductors), **Innergex Renewable Energy Inc** (Renewable Electricity) and **Lam Research Corp** (Semiconductor Equipment).

## INCOME PORTFOLIOS

**BLUE HERON CANADIAN DIVIDEND**

**BLUE HERON CANADIAN INCOME**

### August Trade Notes:

We manage these portfolios with the aim of generating an above average stream of dividend income and providing, over time, a superior total return combining dividends with capital growth. The portfolio currently has a dividend yield of ~3.09%, versus 3.3% for the TSX Composite.

During the month we sold our positions in **European Residential REIT** (Residential REITs), **Pembina Pipeline Corporation** (Oil & Gas Storage & Transportation), **Brookfield Renewable Corp** (Spin Off)

We added a new position in **Sun Life Financial Inc** (Life & Health Insurance).

A number of new 52-week highs were achieved in the portfolio including: **Northland Power Inc** (Independent Power Producers & Energy Traders), **Brookfield Renewable Partners Lp** (Renewable Electricity), **Home Depot Inc** (Home Improvement Retail), **Microsoft Corp** (Systems Software), **West Fraser Timber Co Ltd** (Forest Products), **Canadian National Railway** (Railroads), **Canadian Pacific Railway Ltd** (Railroads), **Sprott Inc.** (Asset Management & Custody Banks), **Canaccord Genuity Group Inc** (Investment Banking & Brokerage), **Open Text Corp** (Application Software), **Enghouse Systems Ltd** (Application Software), **Granite Real Estate Investment Trust** (Industrial REITs) and **Innergex Renewable Energy Inc** (Renewable Electricity).

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#### Securities

Borex Inc.	C1
BRP Inc.	12,7
Canadian National Railway Co.	7
Granite REIT	7
Magna International Inc.	7
Mullen Group Ltd.	2g
Open Text Corporation	7
Pembina Pipeline Corporation	7
Sun Life Financial Inc.	7

#### Disclaimers

2g CIBC World Markets Inc. expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

7 CIBC World Markets Corp., CIBC World Markets Inc., and their affiliates, in the aggregate, beneficially own 1% or more of a class of equity securities issued by this company.

12 The equity securities of this company are subordinate voting shares.

C1 CIBC World Markets Inc. is connected to this company because CIBC World Markets Inc. is acting as underwriter for this company and it or one of its affiliates is part of a lending syndicate that has made credit facilities available to this company.