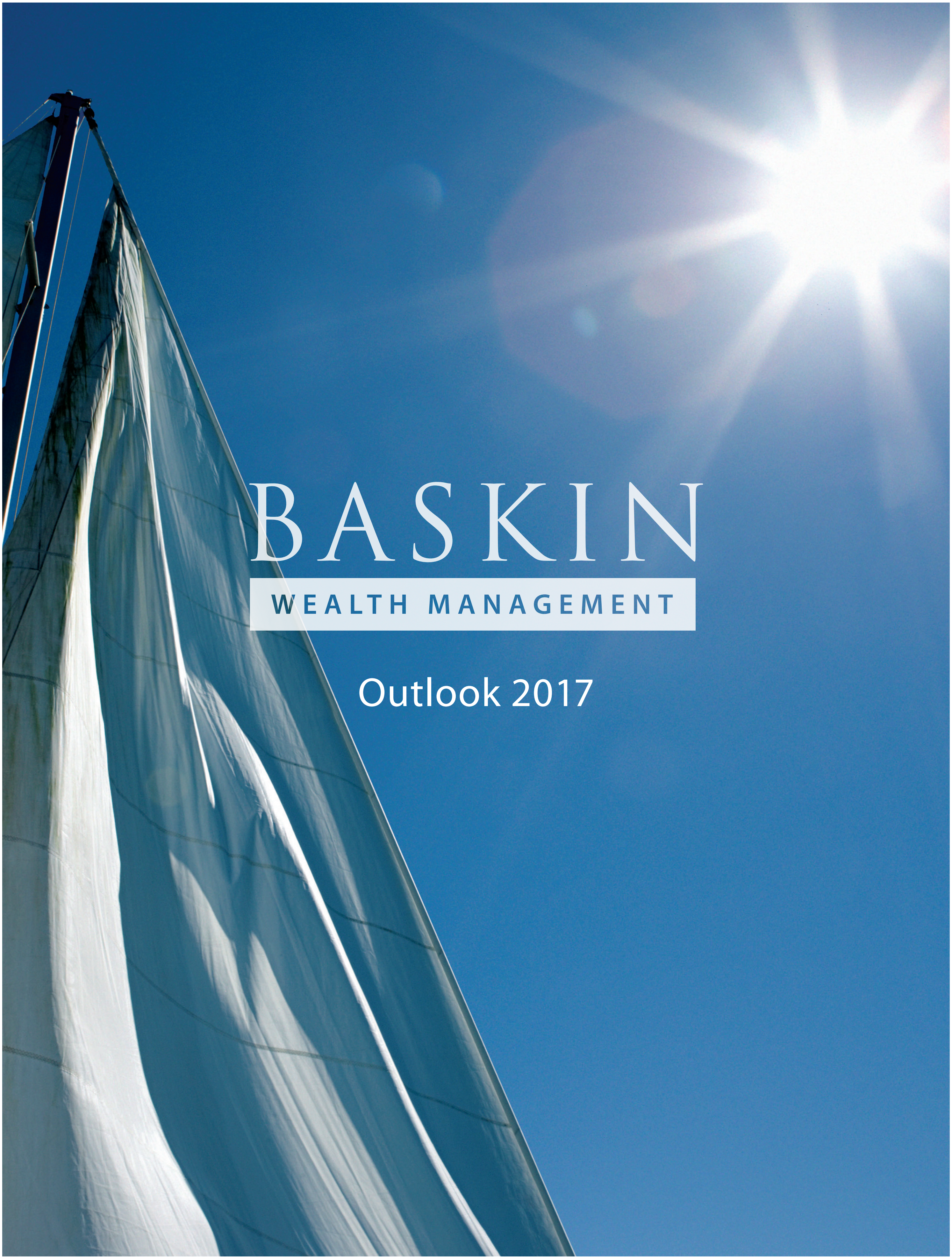


BASKIN

WEALTH MANAGEMENT

Outlook 2017

David Baskin, President

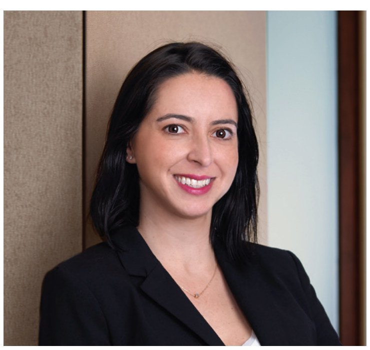
Following his early career as a lawyer and banker, David founded Baskin Financial Services Inc. in 1992. The firm, now operating as Baskin Wealth Management, has grown from assets under management of $25 million in 2000 to over $943 million today, with about 500 client families in seven provinces. David appears frequently on national television and radio as a commentator on the markets and is frequently quoted in the press. An enthusiastic sailor and traveller, David and his wife Joan Garson have two adult children. All are actively involved in community and charitable activities.

Barry Schwartz, Vice President, Chief Investment Officer

Barry has been with the firm since 2000 and became a partner in 2005. He spearheads the research on new investment opportunities and carefully monitors current ones. Barry is also a frequent commentator on the markets on national television, radio and in the press, and he provides insightful editorials regularly on Twitter and on the Baskin Wealth Management blog. Barry is currently involved in many community charitable organizations, and he is on the investment committee of Robbins Hebrew Academy. He and his wife live in Toronto with their two energetic boys.

Scott J. Mazi, Vice President, Portfolio Manager, Chief Compliance Officer

Scott joined Baskin Wealth Management in 2006 and became a partner in 2009. He has over twenty years of experience in wealth management and financial services and has held senior positions at KPMG, UBS (Cayman Islands) and TD Asset Management. With his large breadth of experience, he is involved in numerous aspects of portfolio and relationship management as well as business development and operations. Scott and his family live in Oakville, and he is involved in community and charitable activities as well as coaching.



Meghan McRae, Director of Operations

Meghan joined Baskin Wealth Management in 2015 as Director of Operations. She received her Executive MBA in 2009 and has extensive experience running the operations of small to mid-sized firms. Her range of experience includes specialization in project management, software conversions, HR, and streamlining operations. Meghan is actively involved in many charities, and is a committee member of Lymphoma Canada's annual event, Take it to the Mat: The Great Health & Wellness Revolution. Meghan lives in Toronto with her spirited two year old son and their many pets.

Benjamin R. Klein, Associate Portfolio Manager

Benjamin came to Baskin Wealth Management in 2013 and became an Associate Portfolio Manager in 2016. Benjamin works on a variety of projects, including investment research, tax reporting, portfolio analysis and compliance. He also fundraises for several charitable organizations and events, such as the annual bicycling Ride for Heart in support of the Heart and Stroke Foundation, and the Terry Fox Run in support of the Terry Fox Foundation.

Teaching an Old (and Tired) Economy New Tricks

Section 1:

Making Wealth Management Personal

In a world of "one size fits all" products, we work hard to make wealth management personal. We do not believe off the shelf automated solutions or robo-advisors can give our clients the results or the service that they deserve.

Our business is built upon three pillars:

Portfolio Management:
Building wealth and protecting capital
We create a customized stand-alone portfolio for each client, with asset allocation and security selection tailored to the particular circumstances of each family. As our clients' needs change, so too do their portfolios.

Service:
Working to serve you better by providing a superior client service experience
We strive to meet with every single client face to face at least once a year. We recognize our responsibility to the families we serve, and we take it very seriously.

Team Approach:
Taking a team approach to both portfolio management and to services
All security selection decisions are made by our Portfolio Management Committee, and no Portfolio Manager can buy a stock or a bond until it has been approved. Our Client Service Team works together to open accounts, transfer funds, report to our clients and ensure that we are meeting the highest ethical and legal standards at all times.

A team approach allows for consistent results and a consistent personalized experience for our clients.

Baskin Wealth
Portfolio Management
Investment Committee
Consistent application of philosophy
Consistent processes across the PM Team

Baskin Wealth
Service Delivery
Consistent culture throughout the firm
Direct access to the Portfolio Managers
Ongoing communication

Baskin Wealth
Client
Strong performance from a portfolio that is customized
for the client's specific circumstances
+
A high level of service
=
A high level of client satisfaction

How We Measure Our Success

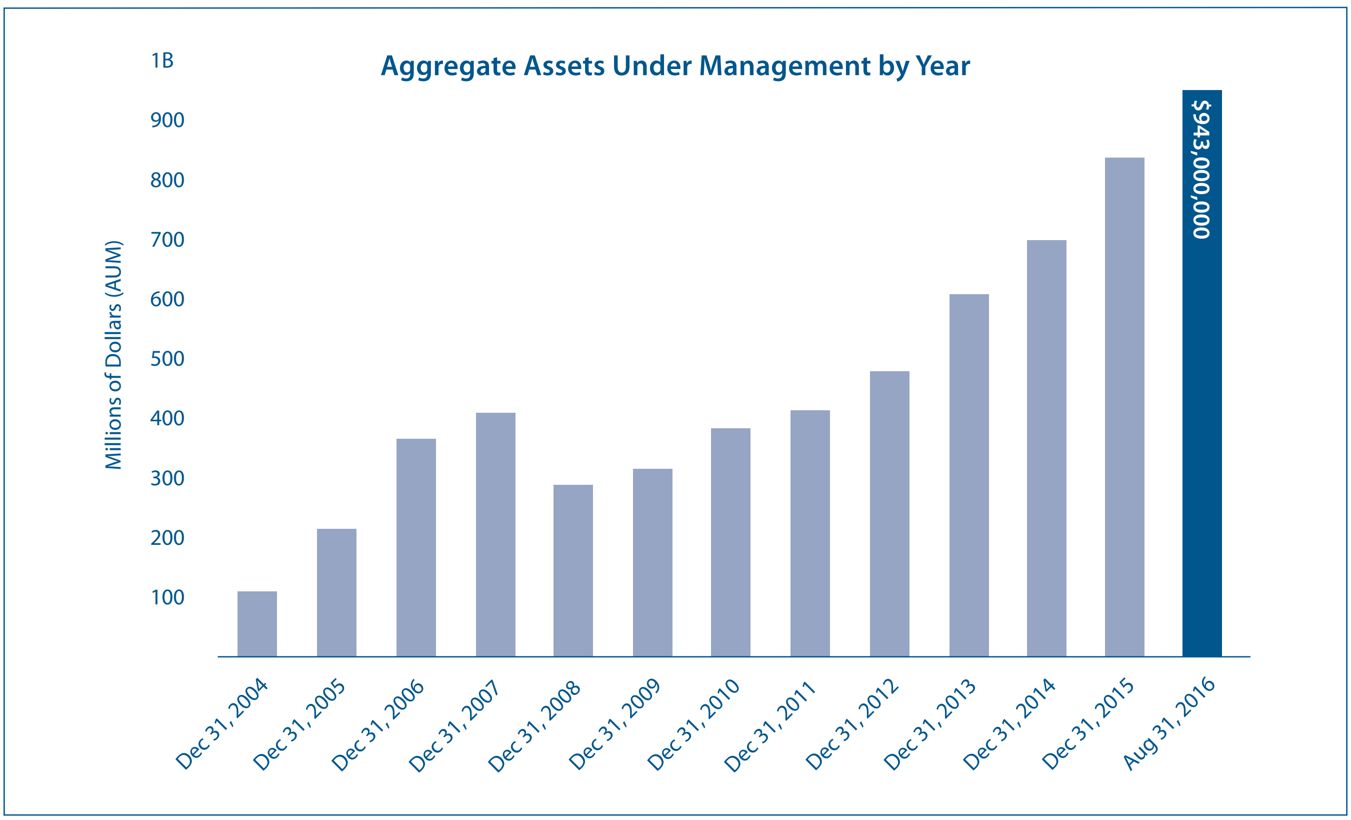
One way in which we gauge how we are succeeding in meeting our client's goals is by measuring our client retention. We know that if we fail in our service or in our investment performance, we will lose clients. Conversely, if our clients stay with us, it must be because we are meeting their expectations.

In each of the past five calendar years we have retained over 98% of our clients, measured by number of clients and by Assets Under Management. In each of 2014 and 2015 our retention rate was over 99%.

Not only have clients stayed with us, in many cases they have entrusted us with more of their wealth, and have trusted us enough to recommend us to their friends and family. A significant portion of our growth can be attributed to new deposits from long-time clients and to referrals from our existing clients.

A Growing Business

Baskin Wealth Management has experienced significant growth over the last 12 years. Since December 2004, our total fee-paying client Assets Under Management has grown by nearly 700% to $943 million as at August 31st 2016.



All amounts are in Canadian currency. For each year, all non-Canadian currency is converted to Canadian currency as of the close of business on the date appearing on the chart, or, if that date is not a business day, as at the close of business on the business day immediately preceding the date appearing on the chart, and all amounts are calculated as of the close of business on the date appearing on the chart, or, if that date is not a business day, as at the close of business on the business day immediately preceding the date appearing on the chart.

"Aggregate Assets Under Management by Year" represents the aggregate of all amounts under management by Baskin Wealth Management as at the end of the specified year, calculated as set out above, for fee paying clients only.

A Growing Team

We recognize the challenge presented by our growth: how can we maintain our high level of service and our style of close personal contact in this dynamic situation? We do so, by continuing to invest in our business in three ways:

Technology: We use technology to increase our efficiency in all areas of our business. In late 2016 and early 2017 we will be rolling out the following important improvements to our business:

New portfolio management / client relationship management software
This will provide our Portfolio Managers' with a better toolbox for the management and administration of client portfolios. In addition, our new software will improve our ability to deliver services to our clients.

Enhancing our electronic research capabilities
Our security and asset allocation decisions rely on our in-house research. We are always looking to upgrade our tools and access to information in order to improve our understanding of market forces.

Moving towards a paperless office and an online client portal
Soon our clients will be able to see their portfolios by visiting a Baskin Wealth portal. As we bring all of our files online in optical format, Portfolio Managers will have current client information at their fingertips, to provide faster and more complete answers to client questions.

Our Team: Technology has its purpose and allows us to do more in less time, but we believe that portfolio management is a human business, requiring personal contact. As we have added new clients, we have grown our staff to ensure that we can maintain service levels. Over the past five years we have made significant additions to our staff and we currently employ 21 people, a 75% increase since 2011.

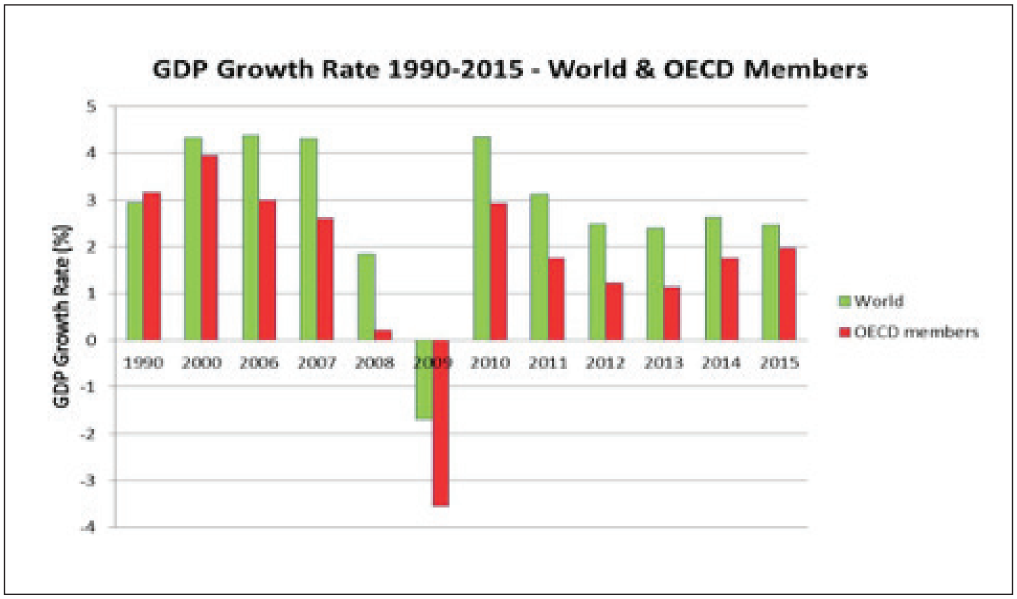
We have increased our depth and expertise by adding a Manager of Operations, a full-time Trader, a dedicated research analyst, and a fourth (associate) Portfolio Manager.

Our Space: In November we will be increasing our office space by 60%, and we will be adding new client meeting rooms, enhanced audio/visual capabilities and room to grow in the future.

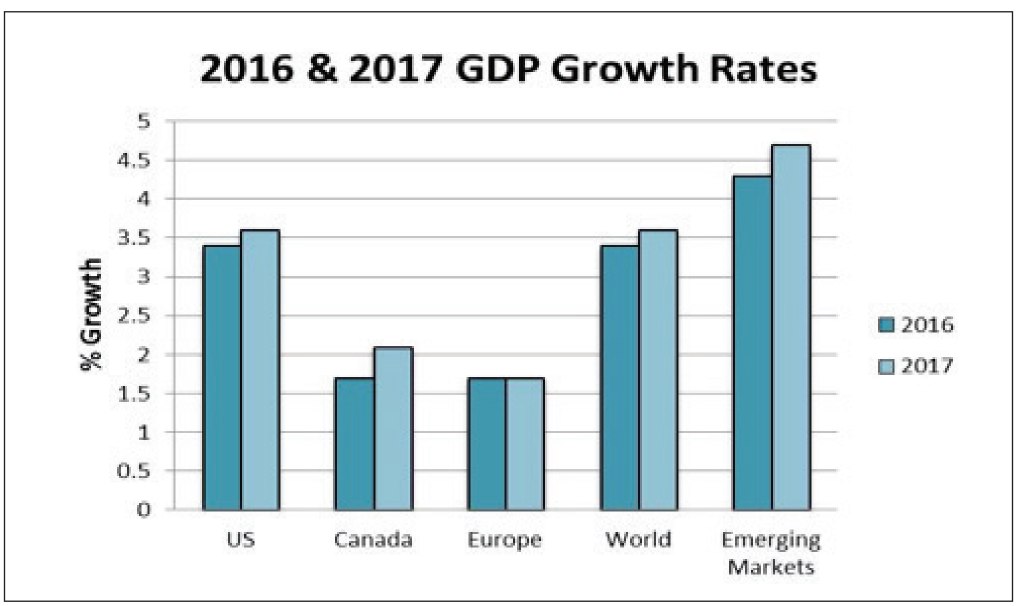
Section 2:

Secular Stagnation: Living in a Low-Growth World

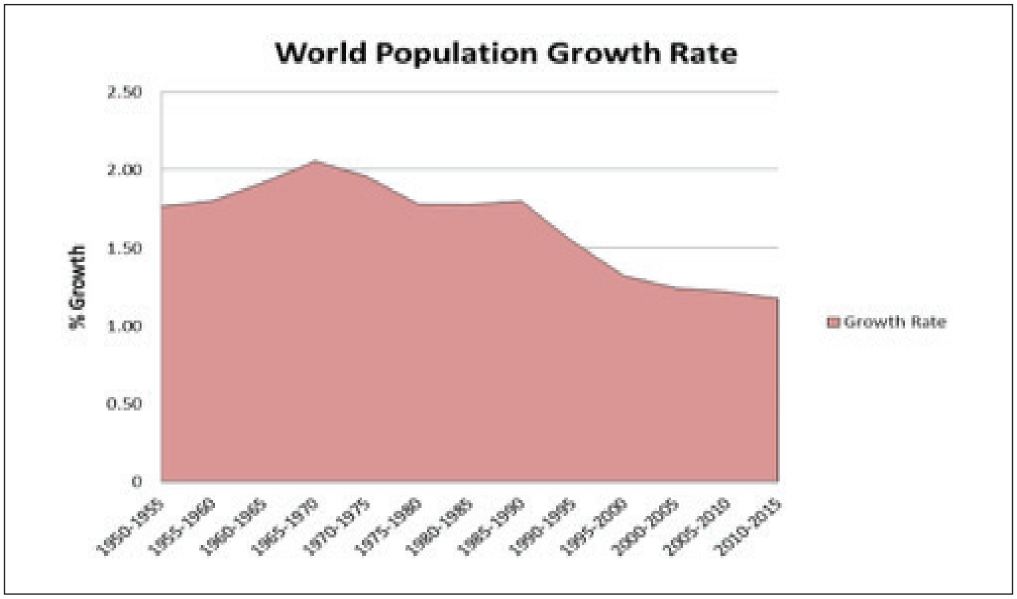
Coming out of the deepest recession of the past 70 years, economic growth in the developed world has been mediocre at best, averaging less than 2% annually after 2009. This is much less than the average rebound from a recession in the post-war period.



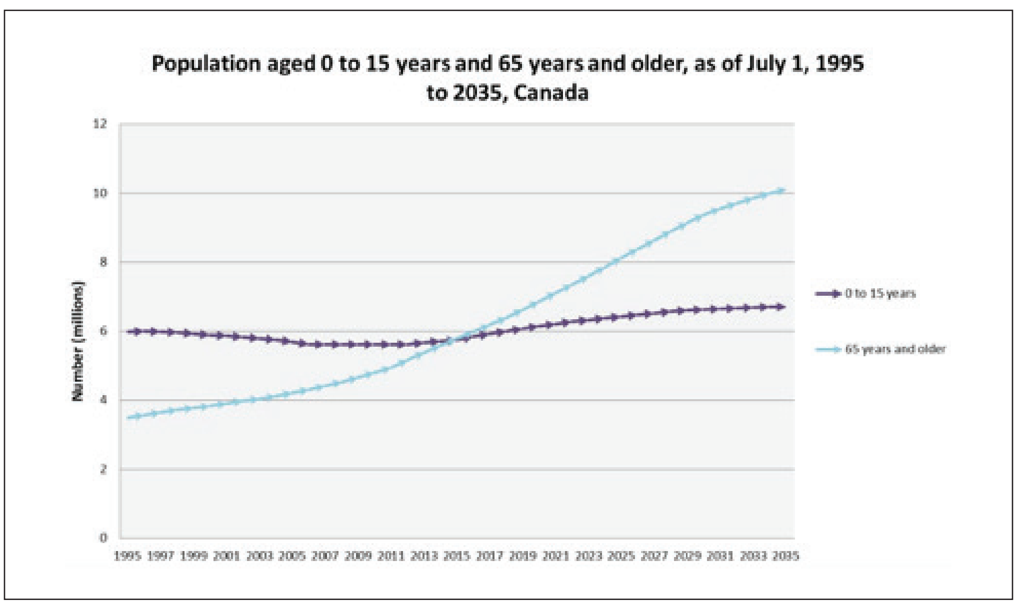
Projections for 2016 and 2017 are not encouraging, with Europe expected to grow at only 1.5% and North America at less than 3.5%. The only real growth will be in the emerging economies, and even here, increases to nominal GDP will be far below the 6% range seen in the first decade of this century.



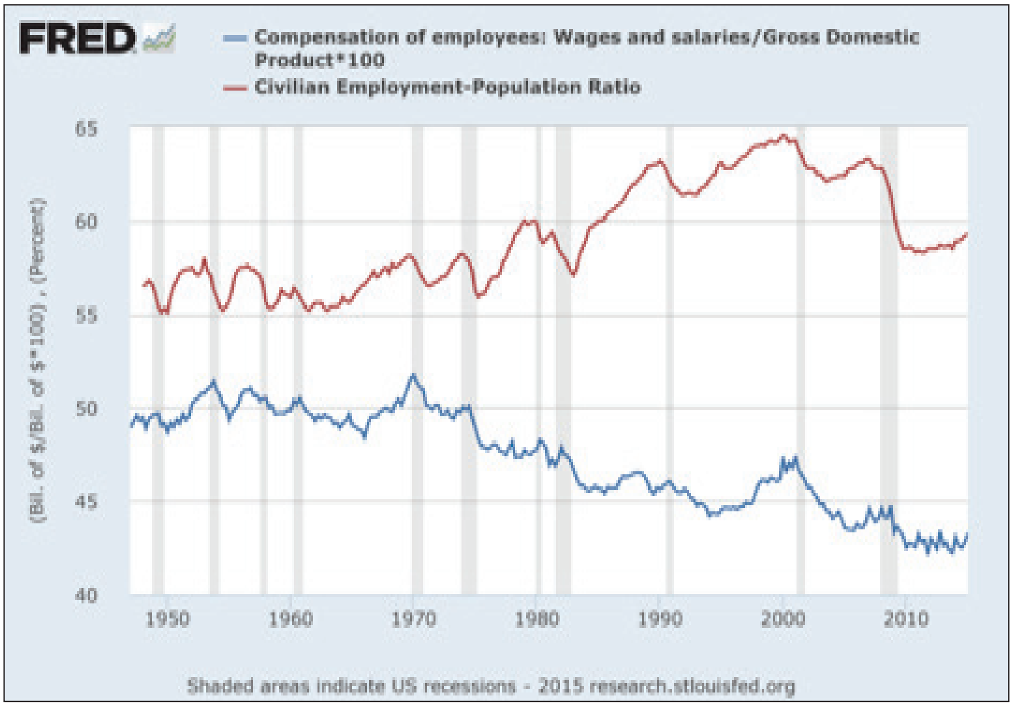
One of the obvious reasons for poor economic growth is the slowing of population growth, not just in the developed economies, but around the world. Increased education of women, easier access to effective birth c ontrol, China's one child policy, and urbanization in emerging economies have each contributed to reduce population growth rates by almost half in 50 years. U.S. fertility rates are at record lows.



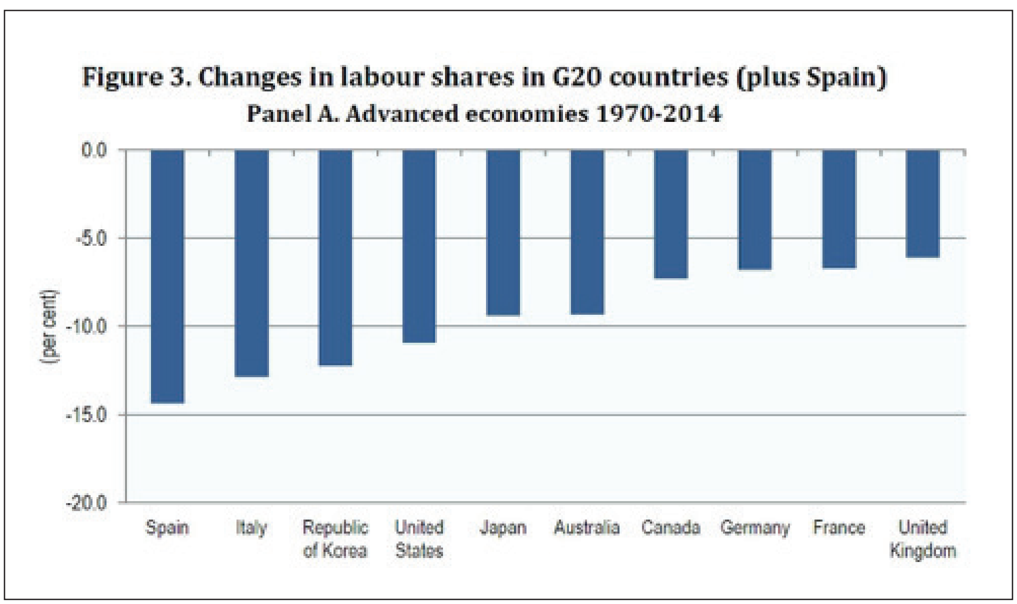
Canada's population is typical of that of other developed economies. In 2015, for the first time, the number of persons over 65 outnumbered those under 15. There is very strong evidence that for those who are over the age of 65, consumption of both durable and non-durable goods decreases.



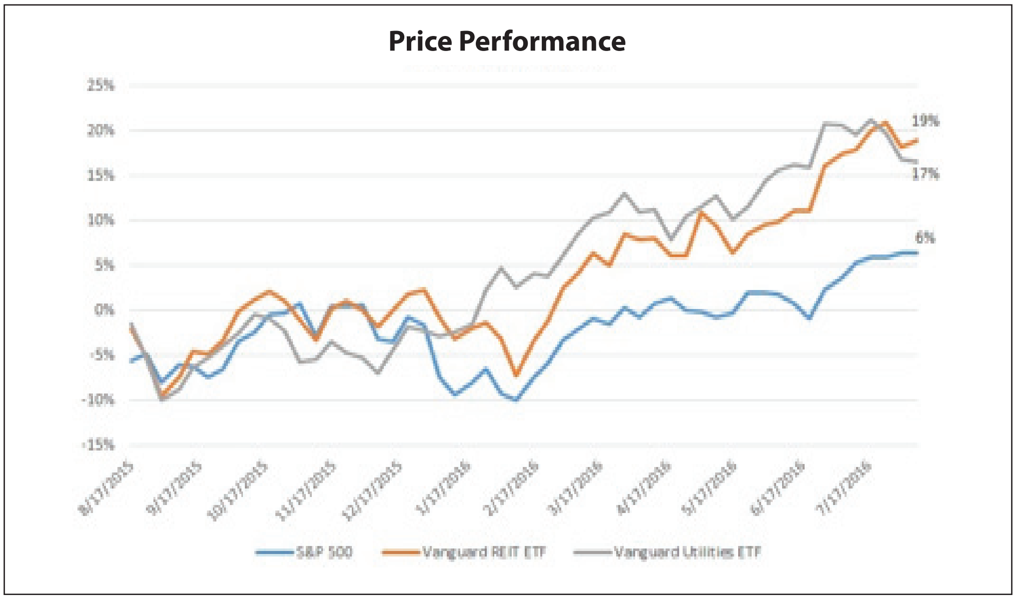
Many American workers who lost their jobs in the recession have not re-entered the labour force. Coupled with the aging population, this has dropped the labour participation rate in the U.S. from 64% to 59%. That is a loss of about 10 million labour force participants. As a result of stagnant wages and the reduced number of workers, the share of economic output claimed by labour has fallen to a post-war low of 43%, down from as high as 47% only 15 years earlier and far below the 52% share in 1970. Consumption and wages are directly linked and highly correlated.



The drop in labour's share of the economy has been seen in all the developed economies, most particularly in southern Europe, but also in Asia and northern Europe.

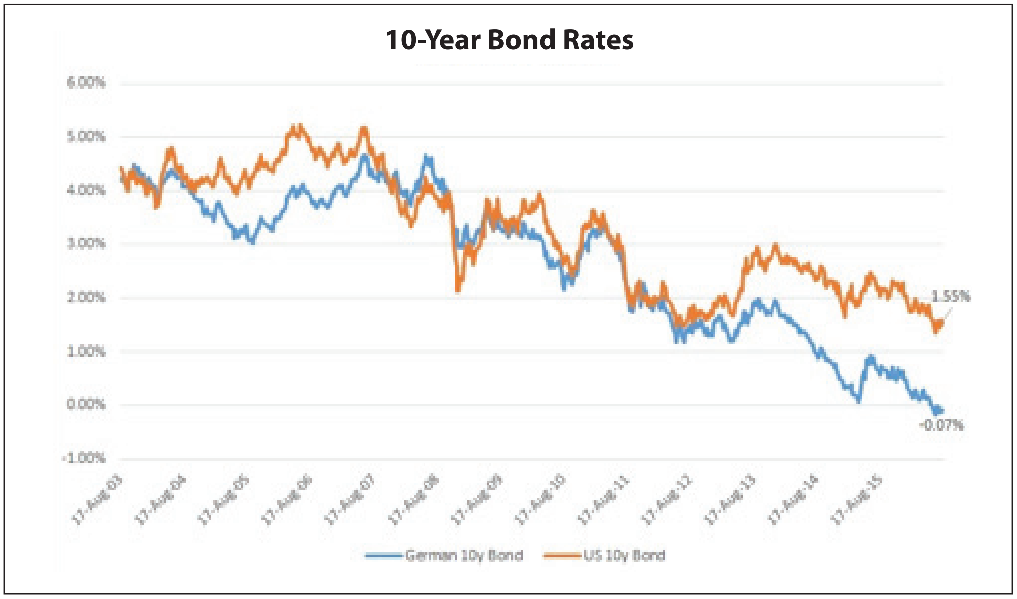


In the face of reduced consumer spending, governments in the developed world have attempted to stimulate their economies by Quantitative Easing (QE) and other measures. This has succeeded in driving interest rates down to levels never previously seen. Currently over $12 trillion of sovereign debt trades at yields to maturity below zero. The low interest rates have led to a search for yield, driving the prices of (for example) utility stocks and Real Estate Investment Trusts (REITs) up higher and faster than the overall indices. Similarly, high dividend stocks are gaining in popularity.

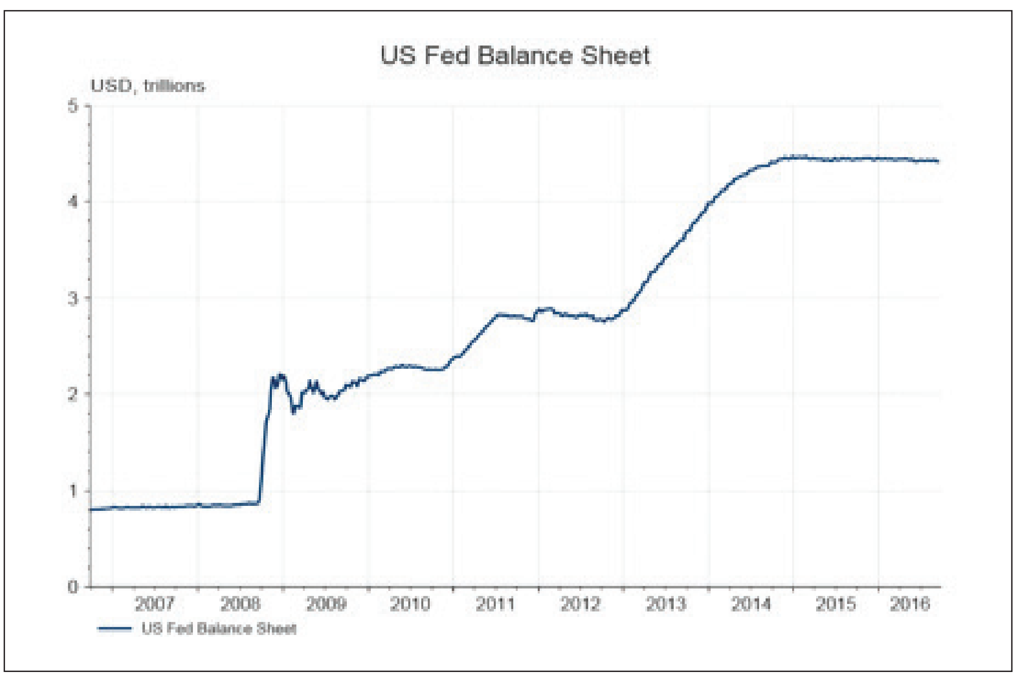


Attempts to increase portfolio yield by lengthening the duration of bond portfolios have not worked, but instead, have compressed the yield differential between 10 year notes and 3 months notes to levels normally seen only in or before recessions. Duration risk, even out to 30 years, is not being rewarded through yield.

U.S. ten year Treasury notes now yield about 1.6%, compared to 4.5% in 2003 and 4% in 2010. At the same time the German 10 year note yield fell from 4.5% in 2003 to 3% in 2010 and to -0.07% now.



Through QE programs, the U.S. Federal Reserve has increased its holdings of bonds from $800 million in 2007 to $4.4 trillion today. This has released cash of about $3.6 trillion into the economy and reduced the supply of trading securities by the same amount. As all levels of government have reduced deficits, the supply of newly issued bonds has been reduced. This, coupled with the extra demand from the Federal Reserve, has contributed to the dramatic decline in interest rates.



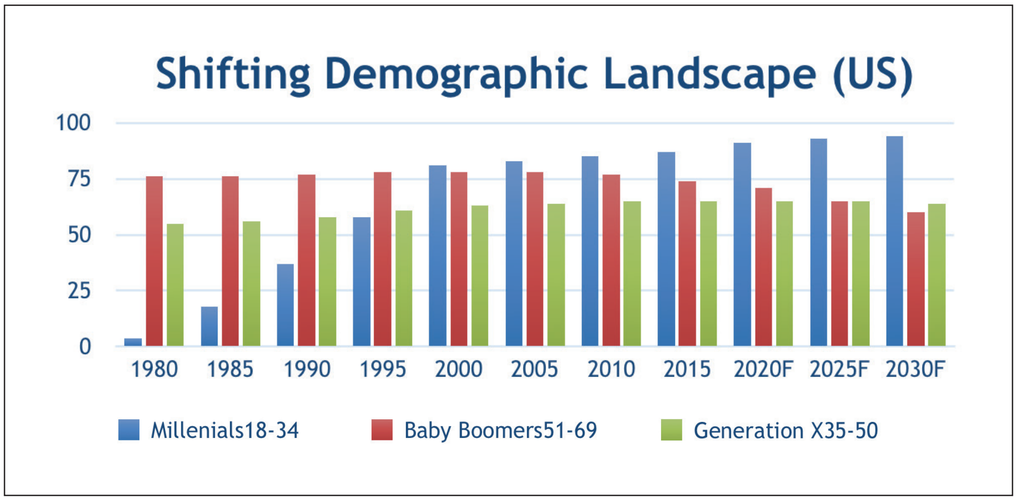
The pattern is similar in the Euro zone, with purchases of $2.4 trillion of bonds in the same period.

Section 3:

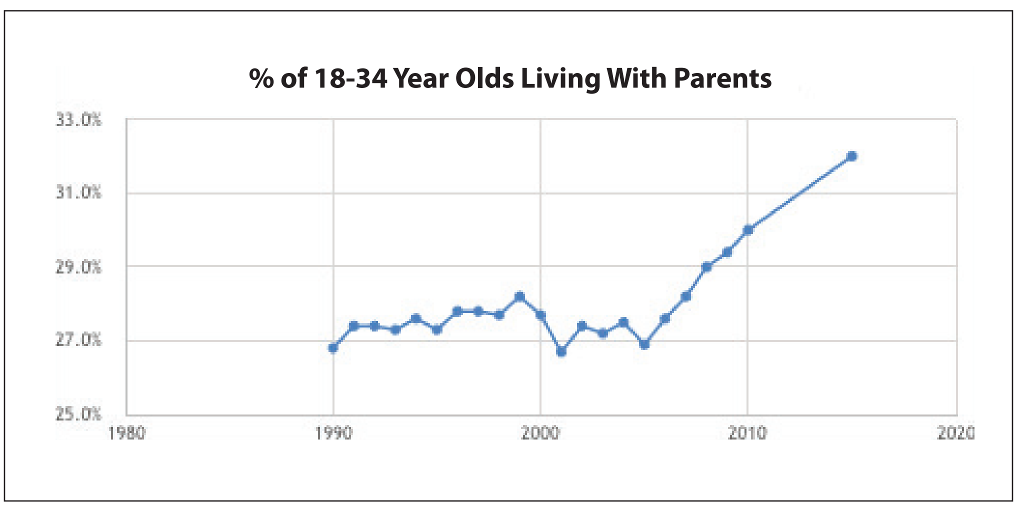
Three Investment Themes for a Stagnant Economy

Experiential Consumerism: The Growing Trend in Discretionary Purchases

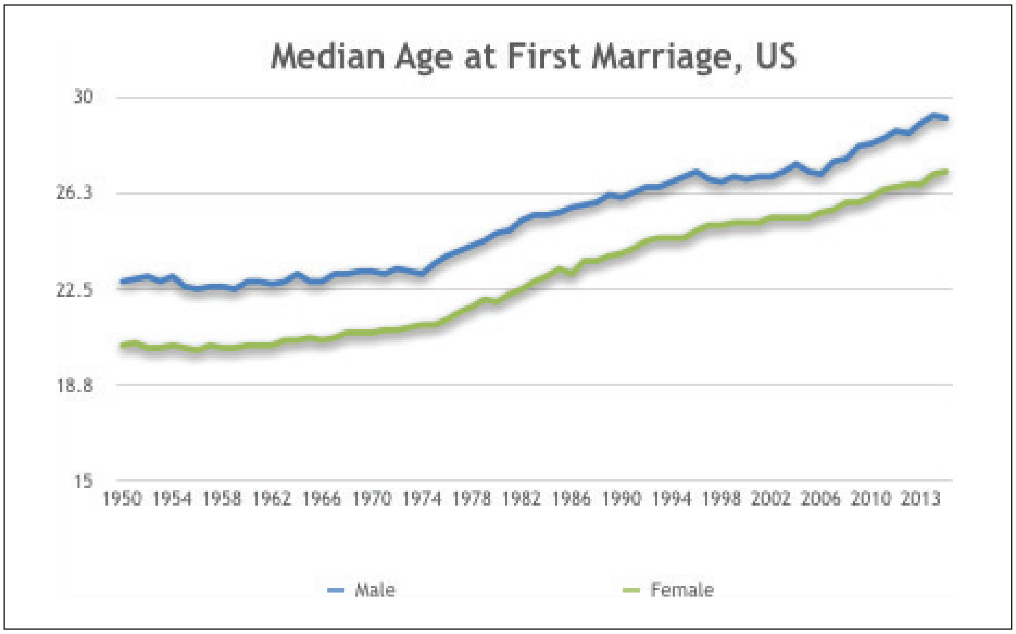
The Millenial generation, those born between 1980 and 2000, is now the largest age cohort in North America, having overtaken the Baby Boomers around 2000. The spending habits of this group have a large and growing impact on overall consumer spending and consumption habits.



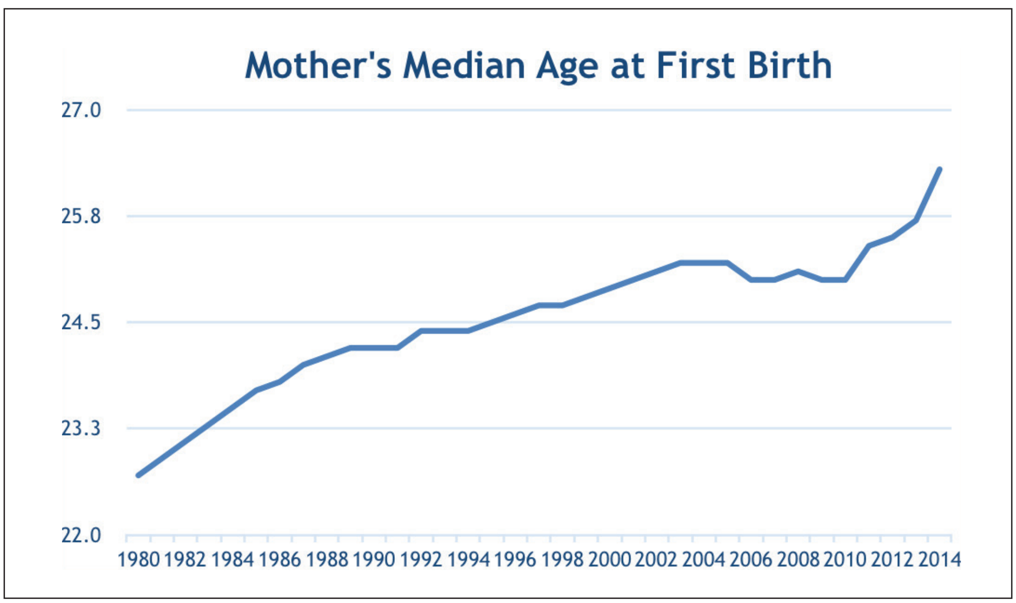
Millennials live with their parents for longer than young adults of earlier generations. This reflects the high cost of home ownership, longer educational tracks, and later marriages.



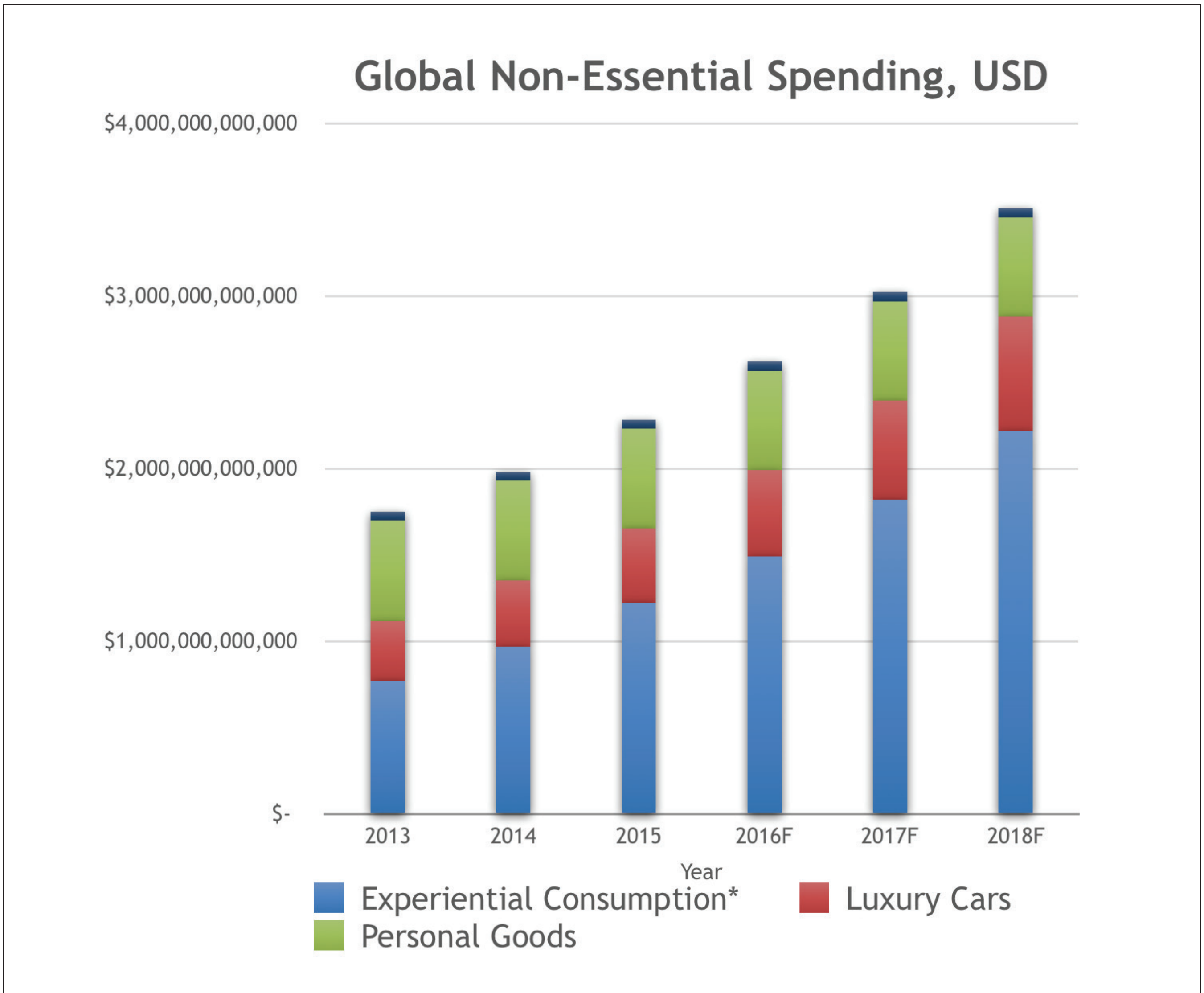
Since 1976 (forty years) the median age of first marriages has increased by six years for both men and women. Late marriages slow the rate of household formation which in turn affects consumption of consumer durables such as appliances, home furnishings and motor vehicles.



A similar but less pronounced effect is seen in the age of mothers at the time of their first birth. This age is now at a record high and is directly linked with the lowest fertility rates on record.

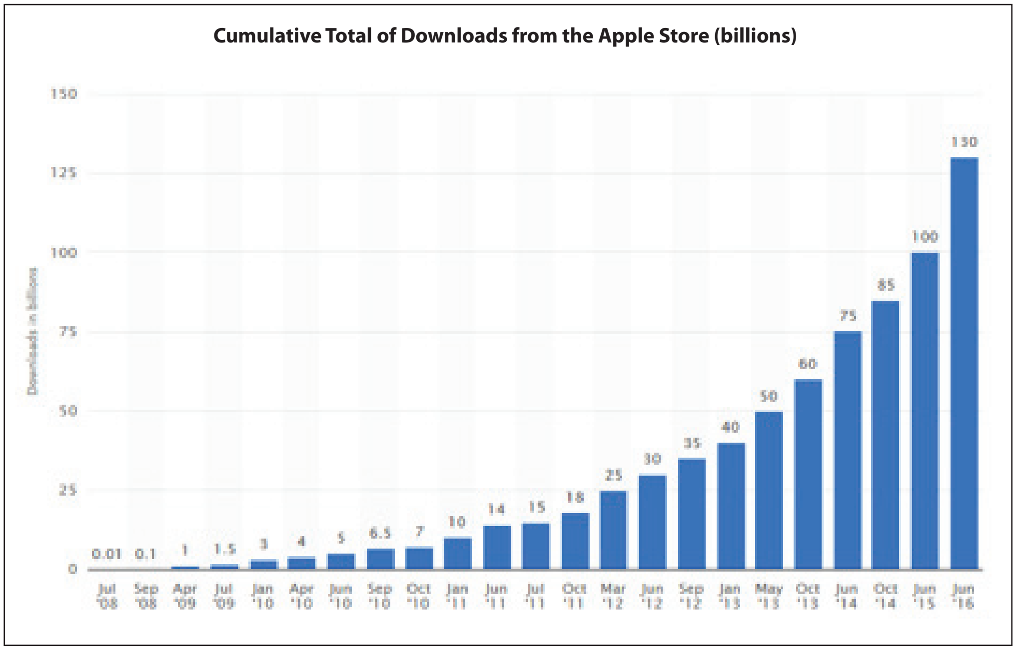


Since they are not spending money on all the consumer goods necessary to start a household, Millennials have extra money to spend on "experiences" including travel, adventure tourism, live music, sporting events and other non-durables. Experiential consumption is forecasted to triple in the five year period between 2013 and 2018. Providers of experiences are in a $1.5 trillion growth market, and have pricing power since, by definition, many experiences are non-generic and highly differentiated.



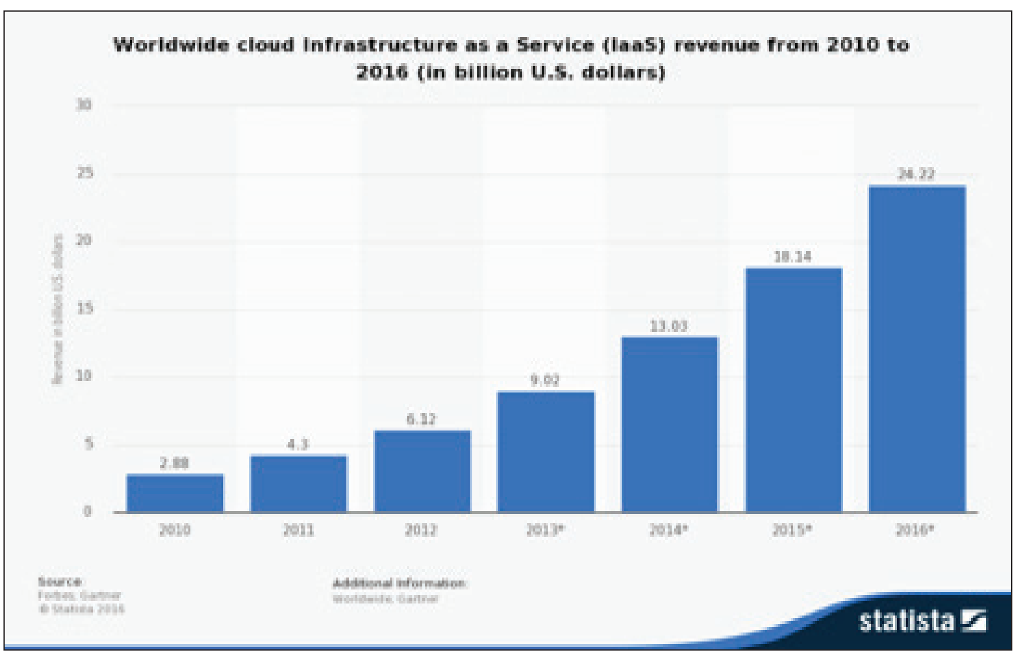
Big Technology and Living Digitally: Opportunities in the Online World

By June 2016, Apple users had downloaded 130 billion applications, songs or other items equal to about 40 downloads for every adult between 15 and 40 on the planet. No company in history has had such a central place in the lives of so many people. The rate of downloads has tripled in the past three years, and now amounts to about 82 million downloads per day or 2.5 billion per month.

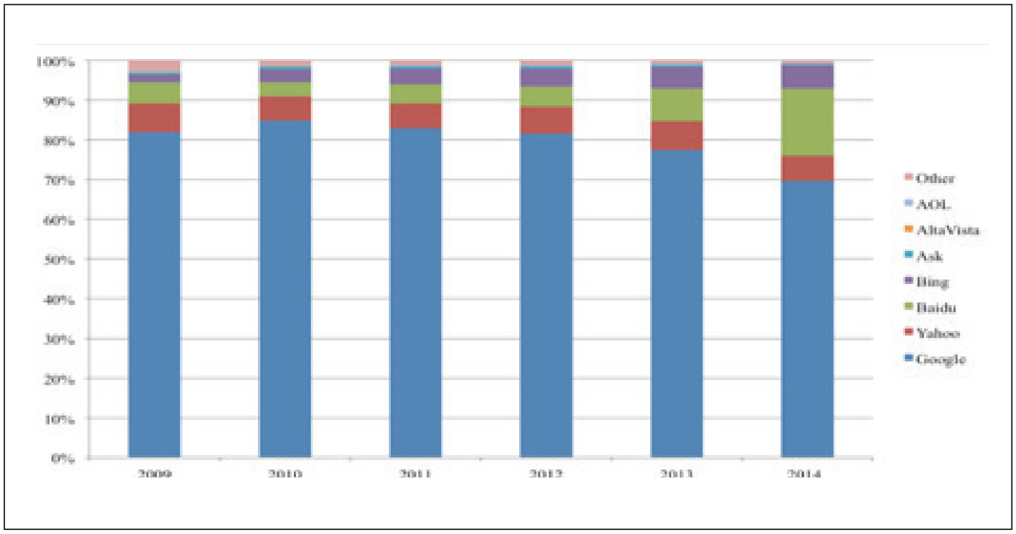


Cumulative Total of Downloads from the Apple Store (billions)

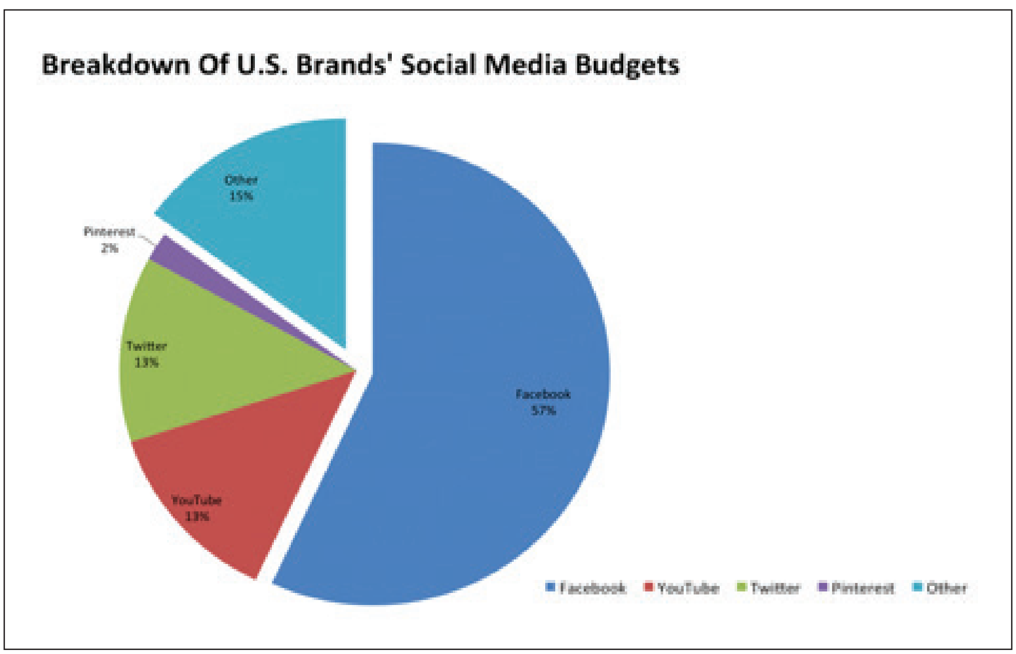
At the same time, consumers and businesses are increasingly accessing a wide range of services that exist in digital storage – in the "cloud". Cloud infrastructure revenues have increased by about 1,000% in the past seven years and are projected to continue growing at a high rate.



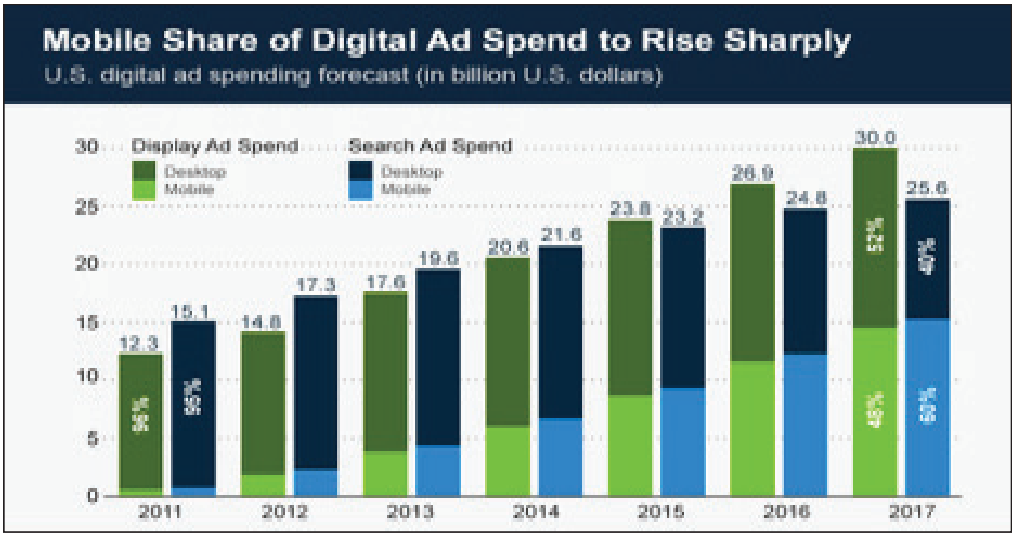
Technology is increasingly a "winner take all" arena. The big companies are dominant and have built very significant barriers to entry. Google, for example, controls over 70% of the Internet search market. When a company name becomes an everyday verb, competitors are at a huge disadvantage.



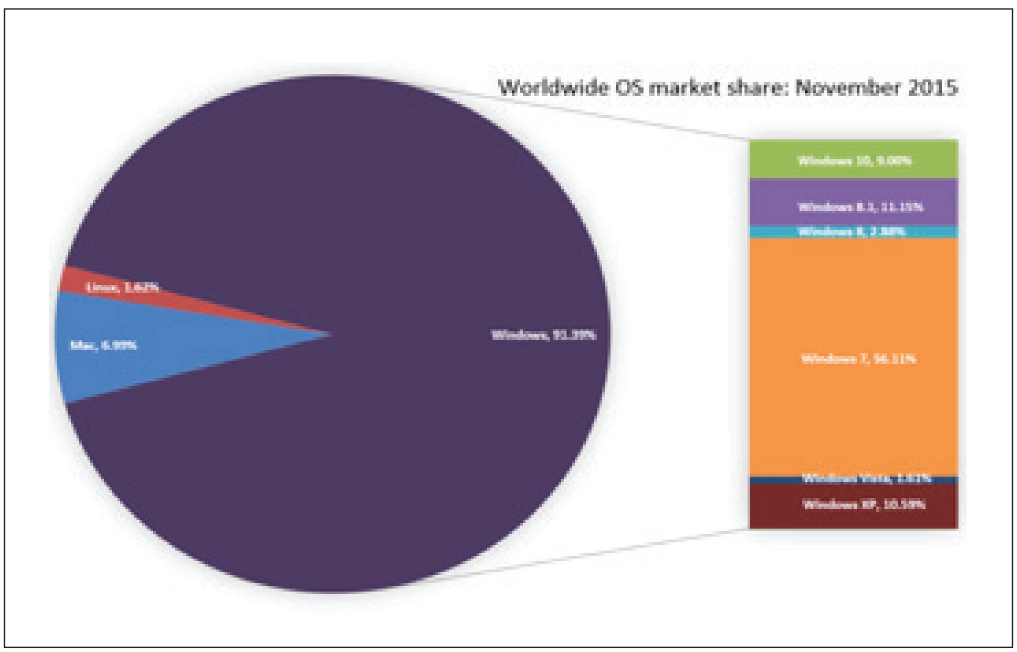
Similarly, Facebook dominates the social network advertising space, generating 57% of all revenue, and dwarfing YouTube, its nearest competitor. YouTube is owned by Google – an example of an increasing trend. Digital giants are using their market dominance to move into all areas where they see opportunities to broaden their revenue base.



Total advertising revenue for social media companies will reach about $55 billion in 2017 in the U.S. alone. Mobile devices such as smart phones are now owned by close to 70% of Canadians and the share of total advertising designated for this market continues to rise.



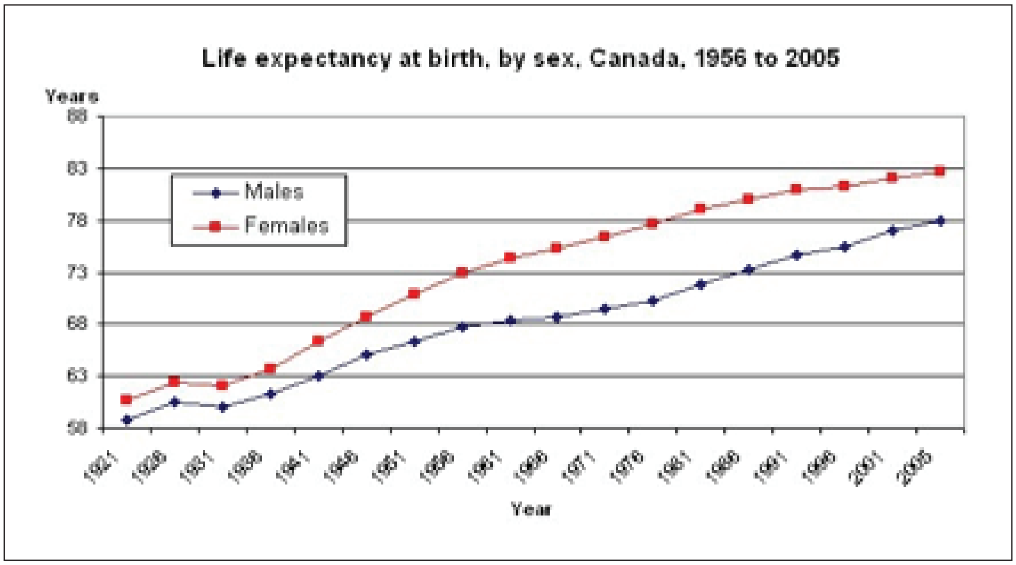
Microsoft continues to enjoy overwhelming dominance in the desktop operating system market with a market share of over 91%, about 13 times larger than the share commanded by Apple systems.



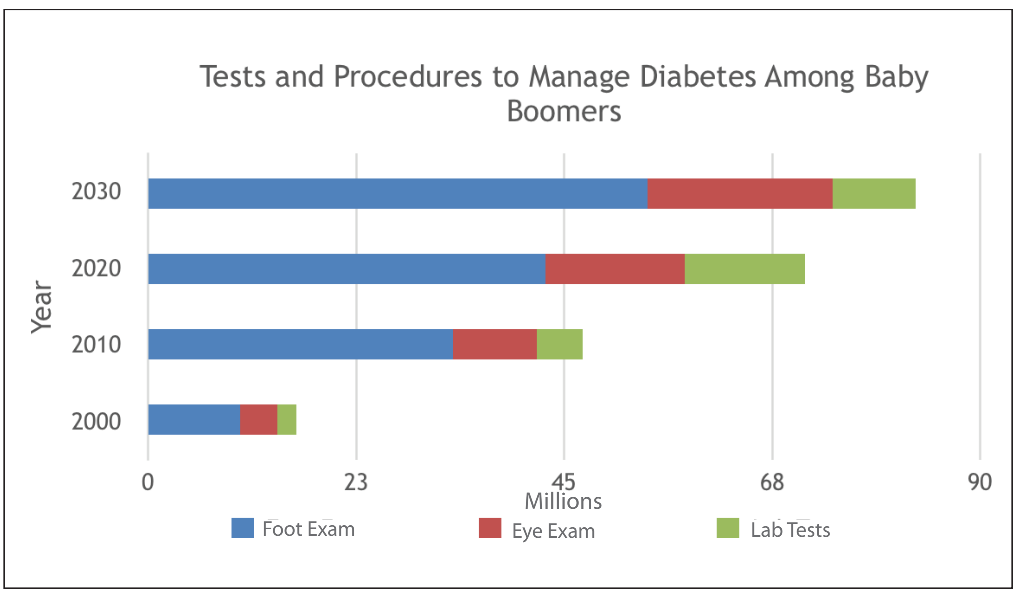
While it is tempting to swing for homeruns in the technology space, the odds favour sticking with the deeply entrenched giants. These companies continue to demonstrate innovation and fierce reaction to competitors. They have two of the salient characteristics we look for in portfolio companies: a deep and wide moat to keep competitors away and persistent pricing power over long time periods.

Healthcare: Treating the Aging Boomers

It is hardly news that the baby boomers are no longer babies. What was once the biggest generation has now become the oldest generation, with people living longer than ever. Life expectancy in Canada has increased by 10 years for both men and women in the last fifty years.

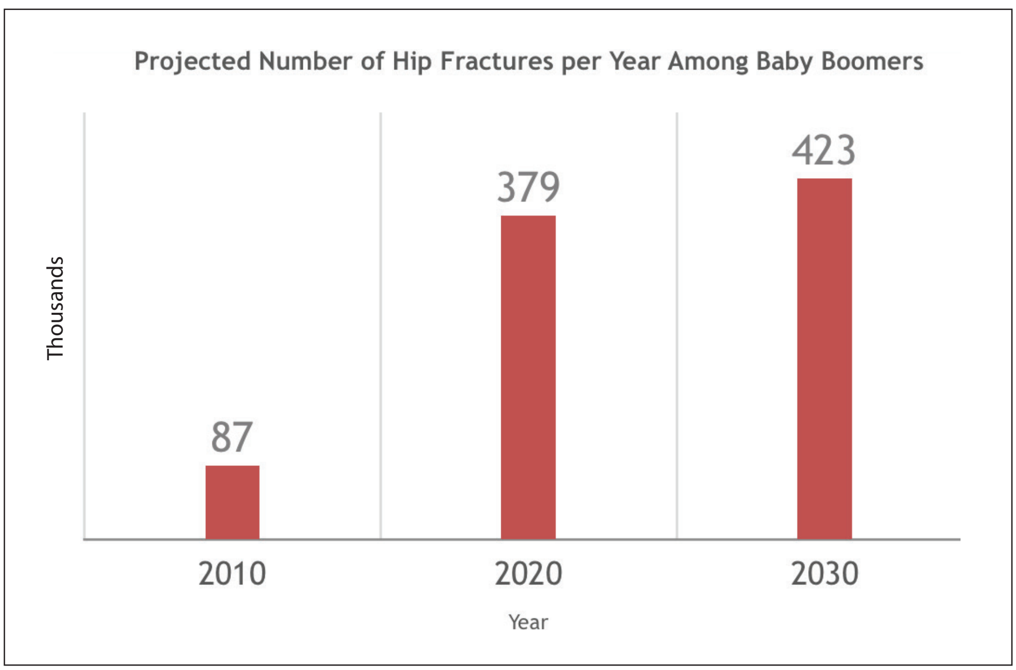


It is also not news that older people consume more health care than younger people. For example, tests and procedures for diabetes, only one example of a chronic disease of the elderly, tripled between 2000 and 2016, and will continue to rise.



Even more than lab procedures and tests, medical costs will be driven higher by prescription drugs. In the U.S., speciality drug costs rose by 121% between 2012 and 2016, or 22% per year compounded.

Many baby boomers are living much more active lives than those of earlier generations. This has exposed them to a number of risks, and has led to increased wear and tear on joints. Products for replacement of knees and hips, spinal stabilization and other prosthetics are rapidly growing segments.



The combination of increased life expectancy, a larger cohort of old and very old citizens and rising cost of treatment means that healthcare costs will continue to rise in spite of government containment efforts. Investment opportunities will be present in areas such as devices, pharmaceuticals and cost management.

Section 4:

Asset Class Expectations for 2017

Our Return Expectations for Fixed Income Securities

For the last six years we have expected longer-term interest rates to rise. So far we have been wrong, and never more so than the past twelve months. At the time of writing the 5 year Canada bond yields about 0.58%, close to the lowest rate on record and down from about 0.80% a year ago. The 10 year bond yield has fallen from 1.30% to 0.97%. As low as rates are in Canada, those in Europe are now in previously untested territory with negative yields on maturities out as long as twenty years.

Considering the poor economic conditions in Canada, particularly in Alberta, the Bank of Canada has indicated that short term rates will not be increased in the near future. Given their very low yields, Canada government bonds out to twenty years remain an unattractive investment, yielding about zero or less after inflation, and with real negative yields after taxes on all maturities.

Canada Benchmark Government Bonds

Corporate bonds are only somewhat more attractive. Yields out to 5 years for issues rated as low as BBB are only in the range of 2.3% to 3%. Bonds of longer duration are, in our view, too risky, as rates will rise sooner or later, and the yield curve is very flat.

During 2017 we expect:

The Federal Reserve Bank in the U.S. will likely raise short term rates at least twice, but will ensure that short term rates remain very low, with cash and money market accounts yielding less than 1% on average for the year.

Longer term rates will likely rise somewhat but 10 year bonds in the U.S. will probably stay below 2.5% during 2017 and below 1.5% in Canada.

Corporate bonds rated as low as BBB will continue to offer better risk-adjusted returns than Government bonds, particularly for durations over two years, but these yields will still offer, at best, only very modest real returns after taxes.

Preferred shares have been good performers in the past year. New issues with higher reset spreads and some with guaranteed minimum yields (often over 5%) overcame market scepticism and some now trade at healthy premiums to issue price. We see good value in preferred share for taxable accounts as cash on cash yields are much more attractive than those on bonds of comparable risk, and come with an added tax advantage.

Our Expectations Regarding Currencies

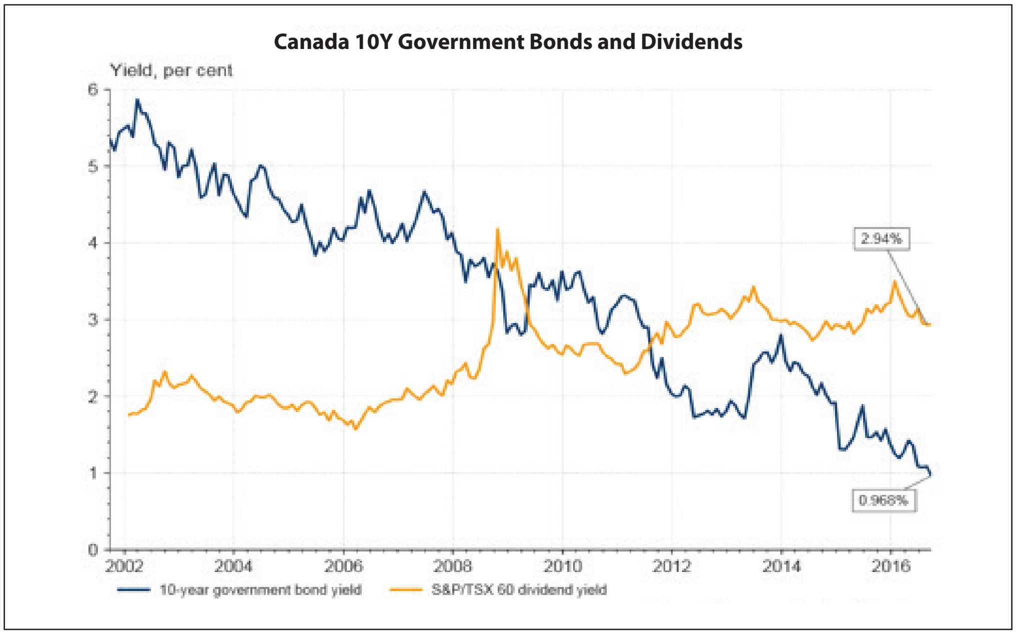
Exchange rates are notoriously difficult to forecast, and no one has a particularly good track record. This is therefore our best estimate, but like all currency forecasts, it is very far from certain and will undoubtedly be affected by changes in Government policies and economic conditions.

During 2016 the Canadian dollar went on a wild ride, falling to about US$0.68 at the start of the year and rising to over US$0.80 only four months later. We foresee a calmer environment in 2017, with the loonie averaging about US$0.73 for the year, or about 5% less than its current value. However, most of the risks to the loonie are to the downside. It is likely that the U.S. Federal Reserve Bank will hike rates more quickly than the Bank of Canada and that commodity prices will remain low. It is possible to imagine the CDN$ falling below US$0.70 if U.S. rates rise more than expected.

The Euro was quite stable against the US$ in 2016 and we believe this trend will continue through 2017. Events surrounding Brexit and the U.S. presidential election could have unpredictable impacts.

Our Expectations in Regard to Returns on Canadian Stocks

High quality Canadian stocks are now paying dividends which are, in many cases, five to six times higher than the interest paid on 5 year Canada bonds. In the past it was unusual for dividends to be as much as 75% of the yield on the 5 year bond. This yield differential is unprecedented.

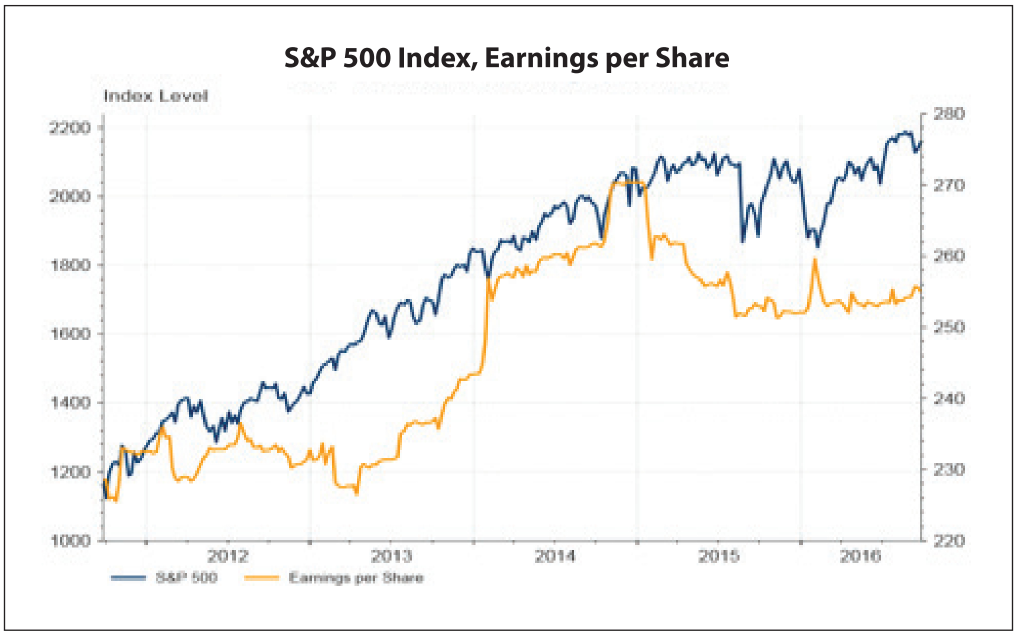


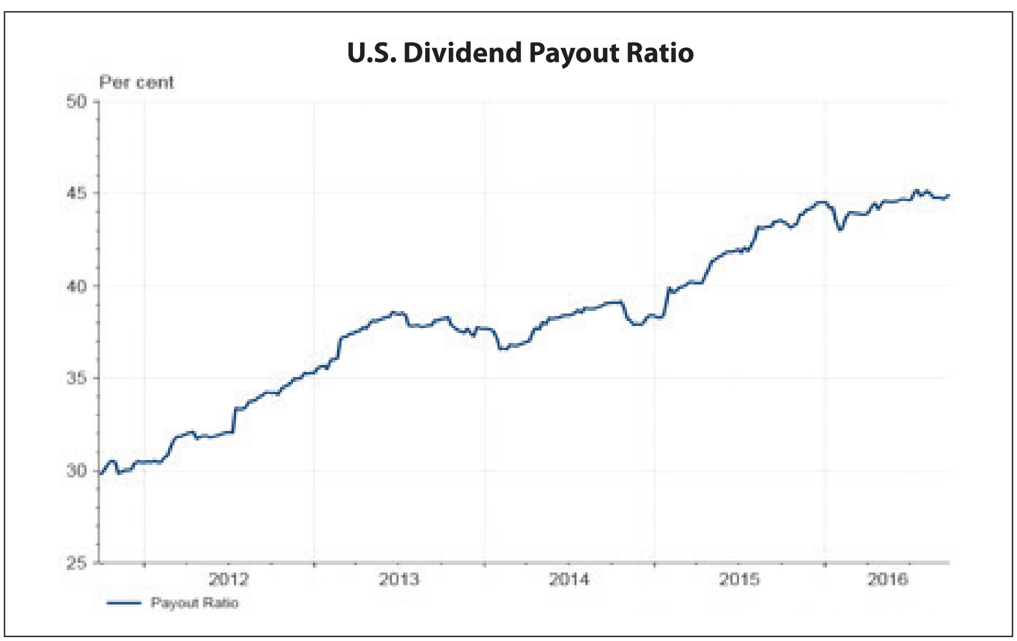
This unusual situation makes stocks very attractive compared to fixed income, and has led us to commit most of our clients to higher asset allocations to stocks. We believe that dividend yields over 4% more than compensate investors for the volatility inherent in the stock market, and that high quality dividend growers offer the best trade-off of risk and return available in today's markets. Accordingly, our Canadian sector allocation continues to favour banks, telecoms, REITs, utilities and pipelines due to their high and growing dividends. We do not expect this to change significantly in 2017. In addition to these areas, we will continue to seek out good growth stories and value stocks in other sectors to diversify portfolios and achieve better returns.

The first three quarters of 2016 have been quite rewarding for investors in Canadian equities due largely to a sharp recovery in beaten-down commodity stocks. We expect returns in 2017 to be more in keeping with long-term norms. Holders of high quality dividend paying stocks should see returns in the area of 6% to 10% during 2017.

Our Expectations in Regard to Returns on U.S. Stocks

In the past four years the S&P 500 has risen about 50%, and in the past twelve months, about 11%. Over the same period, corporate earnings have been largely static, and as a result, buyers are paying considerably more for the same earnings. This phenomenon has been explained by the acronym du jour, "TINA", or "There Is No Alternative". With interest rates on cash near zero and the 10 year U.S. treasury bond yielding well under 2%, stocks have simply been more attractive, even at higher prices, than anything else. At the same time as earnings have shown very slow to no growth, many companies have increased dividends and devoted capital to share buy-backs. On average, S&P companies have increased the ratio of dividends paid to earnings by 50% in the past five years.





During 2017 we expect to be aggressive buyers of U.S. stocks when the CDN$ is above US$0.75. While owning U.S. stocks has several disadvantages for Canadian investors, we believe the larger selection of leading companies and more diverse opportunities compensate for this. In addition, we believe that Canadians buying at the right time may also pick up a currency gain.

Areas of focus for us are the following:

In Canada

- High quality dividend growers in stable industries such as banking, real estate, utilities
- Selected growth companies trading at a discount to our calculated value
- Companies in which we expect a catalyst will cause value to be recognized
- Special situations arising due to changes in market conditions

In the U.S.

- Large technology firms which have significant barriers to competition
- Selected names in the healthcare industry where value is not currently being recognized
- Companies catering to the experiential consumer
- Special situations arising due to changes in market conditions

Sectors in which we do not expect to own stocks

- Metals and particularly precious metals
- Fossil fuels and companies serving the fossil fuel industry
- Junior technology companies
- Junior bio-technology companies

A Special Note on Risk

All investment decisions involve balancing potential return against the amount of risk assumed. When we buy government bonds we know they are risk free, but we also know that the return in today's low-yield world is very low. When we purchase stocks, we recognize that the market value of shares will fluctuate unpredictably. For this reason, return is uncertain, and so is risk. While many market commentators identify price volatility as being a good measure of risk, we take a different view. We are more concerned with the risk of permanent loss of capital arising from a drop in price which cannot be recouped – for example, when a company goes bankrupt, or is taken over by another company. Those who mistake price volatility for risk make the mistake of trying to time the market, something we have always opposed. We believe that risk is best confronted through an ongoing analysis and conscientious monitoring of the securities our clients own.

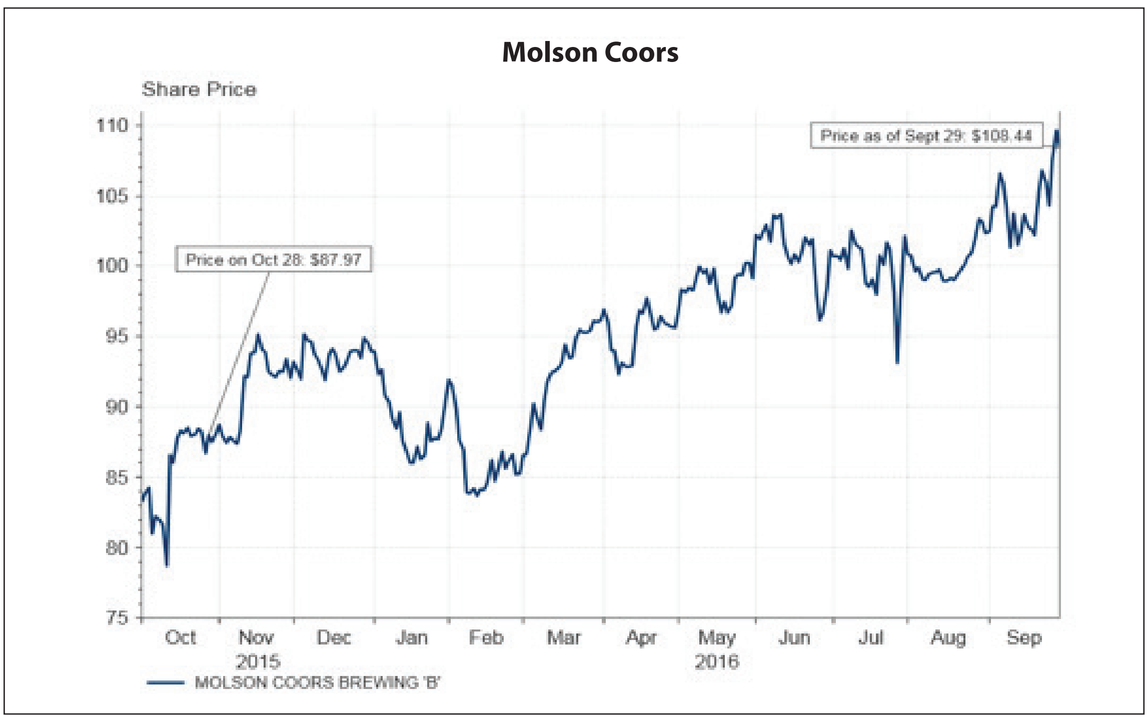
Purchasing securities denominated in currencies other than Canadian dollars adds a new layer of risk, since we know that the value of our dollar will likely change in a fairly wide range from year to year. We remain conscious of this risk and seek to take advantage of conditions in the currency markets to buy good quality non-Canadian stocks when our dollar is relatively highly valued.

Section 5:

Patience is Our Competitive Advantage

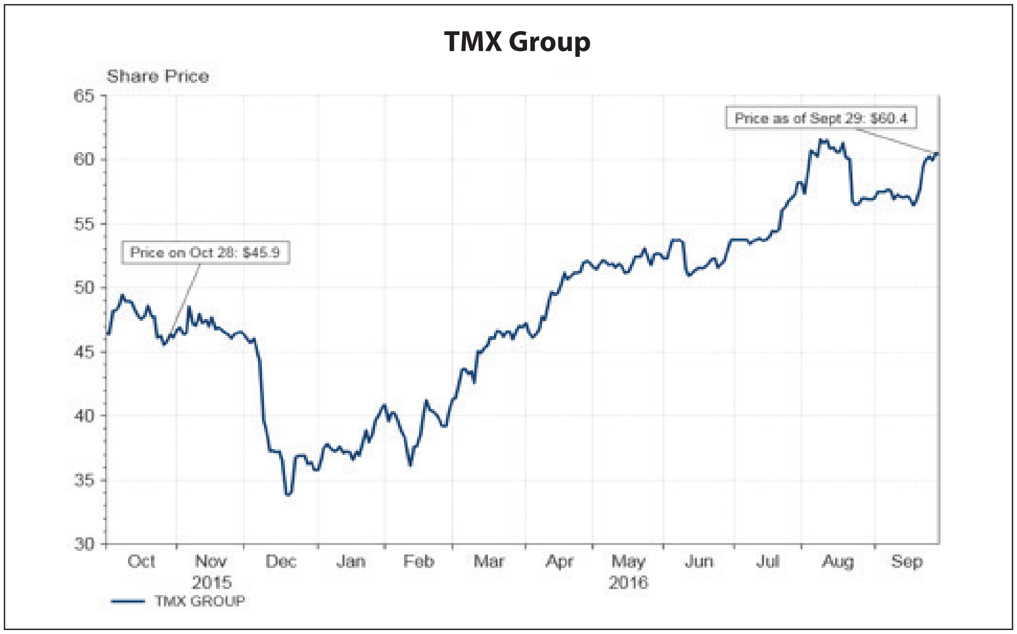
We live in an era of immediacy, with many people demanding instant gratification. The behaviour of investors has not been immune to this trend with the result that the average holding period of a stock on the NYSE has shortened from 7 years in the 1960s to 2 years in the 1990s, to now less than 1 year. News providers covering the market cater to the culture of short term thinking with hourly updates and new ideas and themes on a daily basis. In this kind of environment, something wise investors can do is to trust in their own research, ignore the noise, and hold on until an investment thesis is validated (or disproved).

In our Outlook presentation last year we discussed how we had waited for over three years for our thesis regarding beer maker Molson Coors to be validated by the market. Molson Coors has continued to do well this year, reaching new highs at the time this was prepared.



Molson Coors

Last year, we also discussed TMX Group as a stock grossly misvalued by the market. Since then, the stock has risen by over 20%, and we believe TMX is not done yet. We must continue to be patient.



How do we identify ideas?

Warren Buffett, among the most successful investors in history, has famously observed that time is your friend when you are investing in great companies and your enemy when you are investing in mediocre companies. Given that our investing time horizon is long, we logically want to invest in great companies. A great company (as defined by Buffett) is simply one that can generate excellent returns on capital over long periods. With this in mind, we created a checklist of things we want to find in our investments:

- ✓ History of profitability
- ✓ Reasonable valuation
- ✓ Runway for growth
- ✓ Conservative capital structure
- ✓ Smart capital allocation

With this checklist in hand, we search for ideas wherever they can be found.

Reading: Books, blogs, annual reports, quarterly reports, conference call transcripts, analyst reports, trade magazines, twitter feeds. For example, the idea spark for our investment in KAR Auction Services came from a Wall Street Journal article.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MARKETS

Car Crashes Are on the Rise, and Warren Buffett Blames Texting

A sudden rise in traffic deaths in 2015 has surprised car insurers and prompted questions

Screening: Using quantitative filters to identify companies that appear to be great businesses. This may involve looking at metrics such as return on equity, revenue growth, profit margins, dividend payout ratio, and valuation compared to similar companies and the overall market.

Cloning: Review what other great investors are buying and selling; there is nothing wrong with copying other investors as long as we do our own homework. Why wouldn't we want to own what other smart investors have found? Some investors we admire include Christopher Davis (Davis Advisors), Tom Gayner (Markel), Lou Simpson (SQ Advisors), and of course, Warren Buffett.

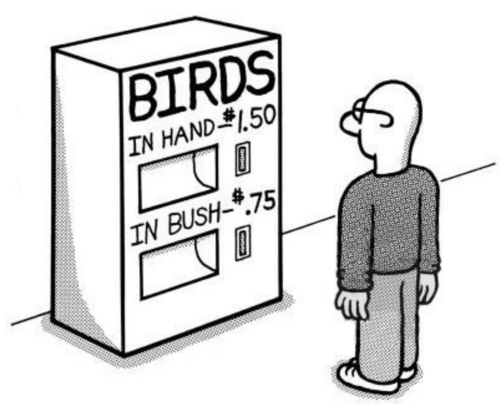
How We Value a Company

"The reason for making an investment and laying out money now is you hope you will get more money later on"
Warren Buffett

After we have found an investment that looks promising, we value the company using a formula set out by the world's first Portfolio Manager...

"A bird in the hand is worth two in the bush."
Aesop, 600 BC

Given the uncertainty of the future, any company that we consider buying for our clients must have a demonstrated ability to turn present day hard-earned cash into something worth more tomorrow. Before we buy we have to ask ourselves, how likely it is that there are birds in the bush and how long will it take to capture the birds from the bush?

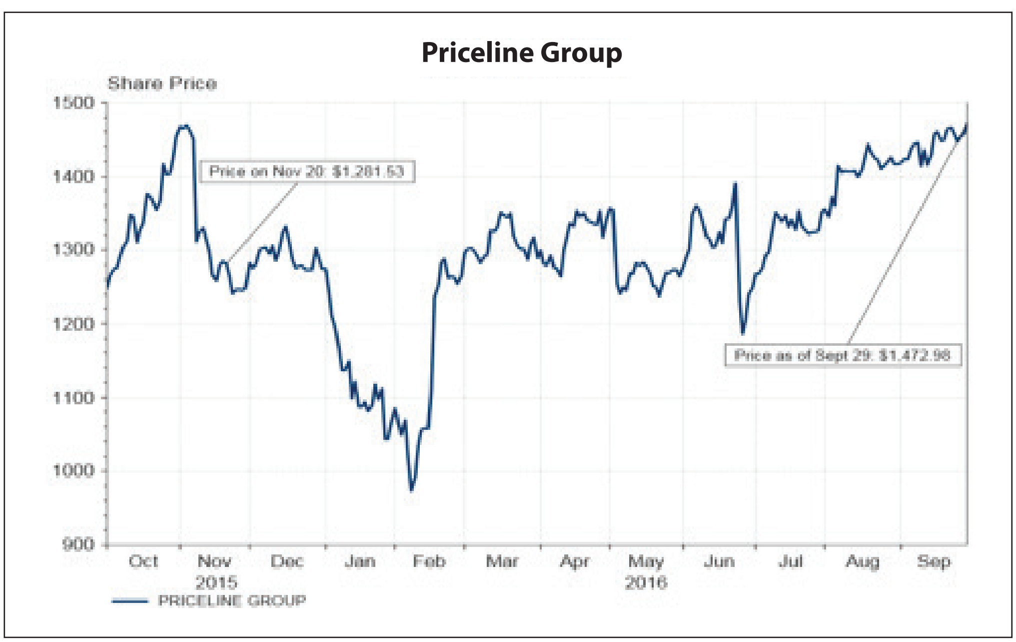


How We Value a Company - Case Study: Priceline Group

One example that illustrates our investing approach is Priceline Group. In November 2015, Barry recommended that we buy shares of Priceline Group for clients.

"Priceline should have over $100 a share net of cash by next year and should earn close to $70 a share. Net of cash, you are paying 16.7x next year's EPS. I believe that Priceline can grow its earnings to $100 a share and its cash balance to $500 a share within the next five years. At a market multiple of 18x plus its cash balance, five years out gets you to $2,300. Under this scenario, our clients' capital could compound at 12% a year."

The idea came from an investing blog, and after doing our own research, we purchased it for clients during the dip in late 2015.



The shares have done fairly well since we bought them eleven months ago, but we think most of the upside is yet to come. Based on Priceline's strong growth profile and free cash flow generation, we think the shares can easily reach $2,300 in five years.

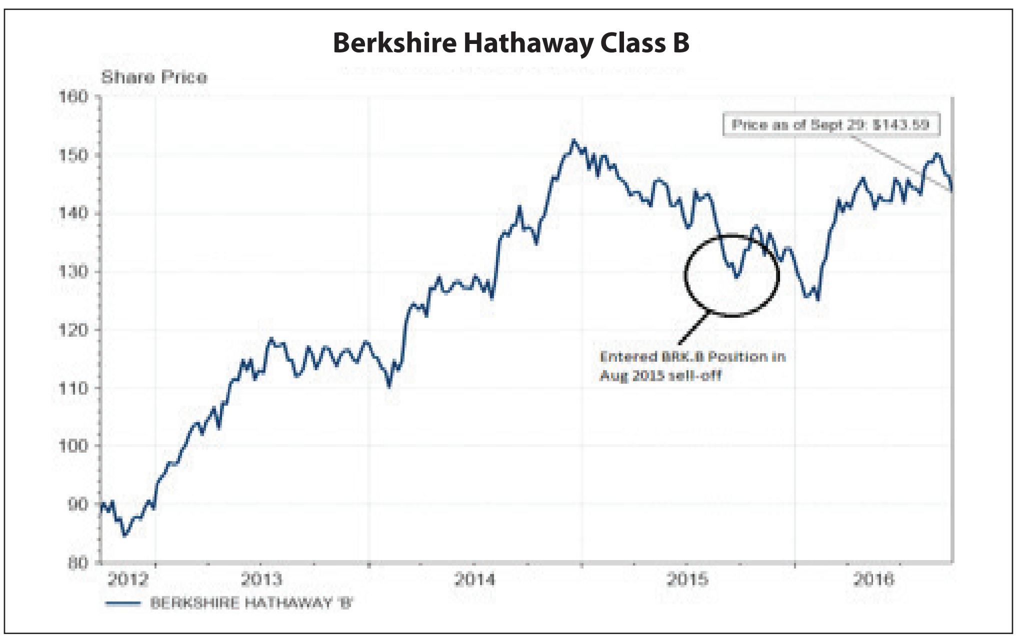
Price on Nov 20, 2015: $ 1,281

	2016e	2021e
Projected EPS	$ 70	$ 100
Market multiple	18x	18x
Market Value	$ 1,260	$ 1,800
Net Cash per Share	$ 100	$ 500
Price Target	$ 1,360	$ 2,300
Projected Return	6%	80%

Note: All figures for 2016 and 2021 are estimates based on our analysis and are subject to change.

When do we buy?

In August of 2015 the stock market was particularly volatile and over a particular two week period U.S. stocks fell 10%. We had completed our research on Berkshire Hathaway a few months prior and we were waiting for a better entry point to acquire the shares. We used the sell-off to acquire Berkshire at a price of 1.2x book value, a good deal considering Warren Buffett himself said he considers the stock to be undervalued at this price. The shares have rebounded nicely since then:



We will sell or trim a stock for the following reasons:

- We discover that we have made a mistake.
- We find a better opportunity.
- Over time an investment we own becomes over-valued, resulting in higher risk and lower future return.
- A position has gotten too big as a percentage of our overall portfolio or any individual client's portfolio.

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WEALTH MANAGEMENT

baskinwealth.com

416 969 9540
Toll Free: 1 877 227 5468
info@baskinwealth.com

95 St. Clair Avenue West, Suite 900
Toronto, Ontario M4V 1N6

Follow us on Twitter:
@DavidBaskinBWM
@BarrySchwartzBW