

CW FOCUS STOCK PORTFOLIO

Q4 2016 Report

Investment Objective and Criteria

The CW Focus Stock Portfolio aims to increase the value of your investment over the long term. The portfolio is diversified into mid-to-large capitalization stocks or trust units listed on the S&P/TSX Composite Index, the S&P 500 Index, or the NASDAQ 100 Index. The portfolio consists of up to 20 securities (no more than 10 to each country) and is diversified by industry sector according to our process and investment policy. This enables the investor to gain exposure to the strongest opportunities within an equity pool of over 700 securities and two distinct economic climates. The portfolio is focused on buying what's working and avoiding what isn't.

Performance as of 12-31-2016

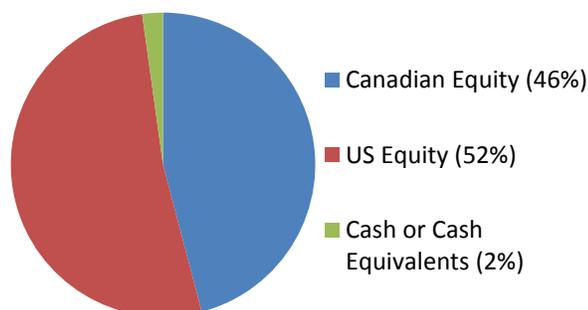
Calendar Year Returns %	2015 ⁽³⁾	2016
CW Focus Stock Portfolio ⁽¹⁾	+10.0%	+16.5%
Benchmark ⁽²⁾	+1.3%	+14.6%

Trailing Returns %	3 Mo	6 Mo	1 Yr	Annualized
CW Focus Stock Portfolio ⁽¹⁾	+7.7%	+17.5%	+16.5%	+13.9%
Benchmark ⁽²⁾	+5.3%	+11.0%	+14.6%	+8.1%

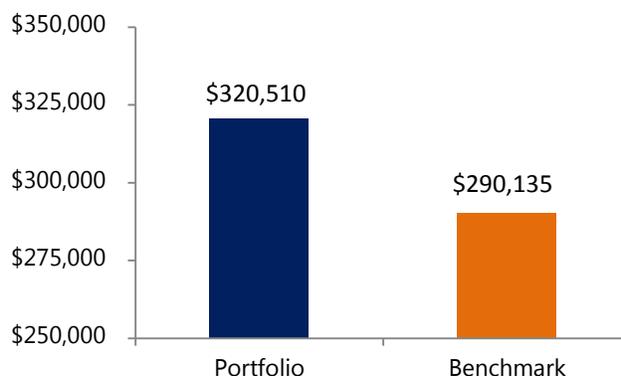
Investment Details

Inception Date:	February 4 th , 2015
Minimum Investment:	\$250,000
Management Fee:	1.75% per annum
Type of Portfolio:	North American Equity

Geographic Diversification as of 12-31-2016



Cumulative Return Since Inception on \$250,000⁽¹⁾



Top 10 Holdings as of 12-31-2016

Nvidia Corp	9.7%
ONEOK Inc. New	7.2%
Encana Corp	6.3%
Applied Materials	5.6%
Teck Resources Ltd Cl B	5.5%
Canadian Energy Services Tech	5.5%
Comerica Inc.	5.2%
Zions Bancorp Utah	5.1%
Micron Tech Inc.	5.0%
Quanta Services Inc.	<u>5.0%</u>
Total Weight Top 10 Holdings	60.1%

Portfolio Allocation as of 12-31-2016

Global Equity Sectors	% of Equity
Energy	21 %
Information Technology	20 %
Financials	15 %
Basic Materials	14 %
Industrials	14 %
Utilities	7 %
Consumer Discretionary	3 %

Market Cap	% of Equity
Large (>\$5B)	84 %
Medium (>\$1.5B)	10 %
Small (<\$1.5B)	4 %

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Manager Commentary

The CW Focus Stock Portfolio returned 7.7% in the fourth quarter of 2016.

"If you really know what's going on, you don't have to know what's going on, to know what's going on."

The Money Game, Adam Smith

In our last quarterly report we commented on the uncertainty and concern in the financial media regarding a possible Fed rate hike and Trump election upset. Both these events, if they were to occur, were widely believed to have a substantial negative effect on the stock market. And yet, Trump did indeed win the Presidency and the US Federal Reserve did indeed raise rates. And lo and behold, the markets didn't crash as predicted, but instead rallied strongly over the balance of November and December.

I referenced the Adam Smith quote above for a reason. The events of the last three months illustrate why we continually and persistently talk about using a disciplined, rules-based, measurement-driven investment approach in all our portfolios, rather than a situational or fundamental one.

It would have been easy to succumb to the uncertainties of the election and rate decisions and sell some of our stocks to raise cash ahead of those events. Nobody would likely fault us for 'playing it safe' ahead of big newsworthy events like these.

Yet we stayed fully invested (98%) throughout the fourth quarter and our investors were rewarded with a +7.7% return as a result. Our experience has been that no matter the mood or prognostications of market experts, the best way to make money over the long term is to stay fully invested when the odds are in your favor, get out of harm's way when they're not, and have a reliable tool to tell the difference. I know we are likely repeating ourselves here – we've been harping on this theme in our publications for the last three years - but it really is a key aspect to successful investing.

Success, to a large degree, comes from knowing what matters, and what doesn't. We didn't have to know the outcome of the election, or the Fed rate decision – because behind the scenes of the monitoring of our individual stock positions we are measuring the health of the broad markets. As we said in our Q3 report, all our indicators (and we have a quite a few) are positive – they were positive at the start of Q4, they remained positive during Q4, and they are still 100 % positive today. This tells us that irrespective of the 'news', the odds suggest market conditions are supportive of future gains.

In other words, we don't have to know what's going on (in the world), because we are measuring what's going on (in the markets), to know what's going on (with our client's money).

Investment Managers



Jeff Woods, CIM, B. Eng.
Portfolio Manager

Phone: (250) 405-2917
Email: jwoods@pifinancial.com
Website: www.cameronwoods.ca



David Cameron, CIM, Hon B.Sc.
Portfolio Manager

Phone: (250) 405-2916
Email: dcameron@pifinancial.com
Website: www.cameronwoods.ca

PI Financial Corp. www.pifinancial.com

620-880 Douglas Street, Victoria, BC, V8W 2B7
Toll Free: 1 877 405 2900 | Phone: 250 405 2900 | Fax: 250 405 2911

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