



# Investing Strategically & Opportunistically In A Low Growth Environment



## **Current Environment**

**Last 5 years of GDP Growth- 0-2%**

**Increased volatility**

**Dramatic currency and commodity fluctuations**



## **Current Environment**

**Nominal interest rates are low and negative in some countries**

**Real returns on U.S. Treasuries are minimal (if held to maturity)**

**Bond prices on high grade credit are expensive**



## **Current Environment**

**Equities have struggled last year and so far in 2016**

**2015 - With dividends, S&P 500 returned 1.2%**

**2016 - S&P 500 ahead by .41% through May 21, 2016**



## **Current Environment- Equities**

**Defensive posture remains popular**

**Utilities- 12.53% YTD**

**Defense- 9.10% YTD**

**Telecom- 9.66% YD**

**(All based on the Wall Street Journal 5/27/2016)**



## **Current Environment- Equities**

**Defensive posture remains popular**

**Telecom, utilities, defense are reflective of the investment strategy to concentrate on return *of* capital as opposed to return *on* capital.**



## **Y H & C Approach: Strategic and Opportunistic**

**Based on client attitude towards risk**

**Use a variety of investment styles**

**Goal is to create portfolios which clients have confidence owning**



## **Y H & C Approach: Strategic and Opportunistic**

**Common characteristics of equity holdings**

**Managements with great track records over decades**

**Lots of skin in the game (high ownership positions)**

**High quality businesses-**

**<http://www.y-hc.com/investing/philosophy-strategy>**





## **Y H & C Approach: Strategic and Opportunistic**

**Common characteristics of equity holdings**

**Prefer organic growth and clear path of expansion**

**Some companies active in M & A**

**Deals can be transformational or slightly accretive**

**Two Covestor models-long term GARP Covestor champion**

1) <http://covestor.com/yhc-investments/long-term-garp>

2) <http://covestor.com/yhc-investments/concentrated-garp>

<http://www.y-hc.com/investing/philosophy-strategy>



## **Y H & C Approach: Strategic and Opportunistic**

**Common characteristics of equity holdings**

**Strategic positioning within an industry is critical**

**Logistically or structurally advantageous**

**Designed to benefit in difficult circumstances**

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