

# Quality and Value A Potent Mix

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**Quality and Value**

**Tug of War?**

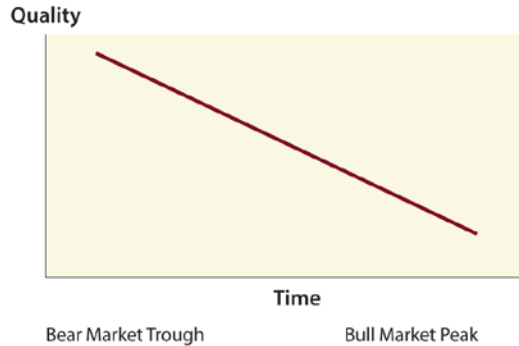
# The View From Burgundy

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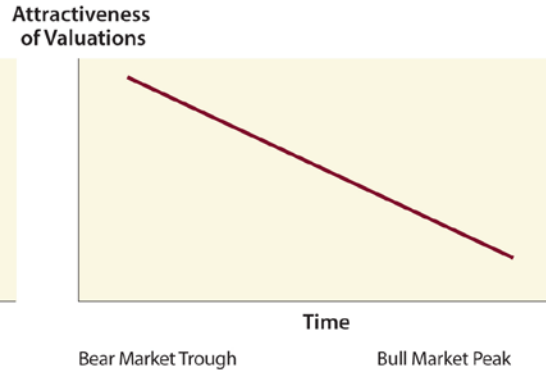
## Constant Valuation and Quality

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**Portfolio One:  
"Constant" Valuation**



**Portfolio Two:  
"Constant" Quality**



# Graham on Quality

“The risk of paying too high a price for good-quality stocks – while a real one – is not the chief hazard confronting the average buyer of securities.

Observation over many years has taught us that the chief losses to investors come from the purchase of low-quality securities at times of favorable business conditions.”

# Graham on Earnings Power

“The amount that a Firm might be expected to earn year after year if the business conditions prevailing during the period were to continue unchanged.”

# Threats to Earnings Power

Cyclicality

Commodity Products

Capital Intensity

Secular Decline

Mature Products

Disruptive Competitors

Capital Allocation

M&A

Di-worseification

# Buffett on Management

“ Buy a business any fool can run  
because eventually, one will”

(Warren Buffett)

# Buffett on Conservatism

“Evaluation of the conservatism of any investment program....should be based upon rational objective standards and I suggest performance in declining markets to be at least one meaningful test.”

(Warren Buffett)



# Burgundy in Down Markets

## Since Inception to March 31, 2016

Fund*	# Months	Down Months	# Outperforming	% Outperforming	Inception Date
Canadian Equity	252**	95	79	83%	May 31, 1991
U.S. Equity	236	86	67	78%	Jun 30, 1996
European Equity	192	89	69	78%	Mar 31, 2000
Asian Equity (Japan)	216	98	81	83%	Feb 28, 1998

\* Burgundy Canadian Equity Fund vs. S&P/TSX Composite Index

Burgundy American Equity Fund vs. S&P 500 Index

Burgundy European Equity Fund vs. MSCI Pan-Euro Index

Burgundy Asian Equity Fund vs. MSCI Japan Index

\*\* Partial period, data from March 31, 1995 – March 31, 2016

All rates of return are NAV-to-NAV returns and are presented before investment management fees, but after operating expenses. Investments in Burgundy pooled funds assume the reinvestment of all dividends and distributions and do not attract any sales, redemption, distribution or optional charges or commissions or trailing commissions that would reduce returns. The rates of return also do not take into account any income taxes payable by the unitholder, where applicable.

The benchmark provided for each Burgundy pooled fund is an appropriate standard against which the performance of the fund can be measured over longer time periods. The benchmark is an index or a blend of indices that represents the investment universe from which managers typically select securities. However, the Burgundy portfolio construction process is benchmark agnostic. The securities selected for inclusion in Burgundy pooled funds are not influenced by the composition of the benchmark. As such, pooled fund performance deviations relative to the benchmark may be significant, particularly over shorter time periods. Investing in foreign markets may involve certain risks relating to interest rates, currency exchange rates, and economic and political conditions. Burgundy's portfolios make concentrated investments in a limited number of companies; a change in one security's value may have a more significant effect on the portfolio's value.

Investors are advised that their investments are not guaranteed, their values change frequently and past performance may not be repeated.

Burgundy funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

This is not intended as an offer to invest in any investment strategy offered by Burgundy. For more information, please contact Burgundy directly.