

TRADE UPDATE

A Trade Without Change

OCTOBER 3, 2024



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On October 3rd, we sold our position in the Vanguard Global All Cap ETF (ticker VXC on Canadian exchanges) and replaced it with the Vanguard Total World Stock ETF (ticker VT on US exchanges).

If you're thinking that these two ETFs sound almost identical, you'd be absolutely correct! They invest in a near-identical portfolio of global stocks. However, VXC trades on Canadian stock exchanges and carries a modestly higher management expense ratio (MER) than VT, which trades on US stock exchanges. The MER is a cost that investors pay to Vanguard for delivering this portfolio of stocks. The MER of VXC is 0.22% and the MER of VT is 0.07% (everything is cheaper in America!). While this difference isn't huge at 0.15% per year, this change leaves more money in your pocket.

Another advantage (please close this communication now if we've already bored you with detail) is that Canadian investors will pay slightly lower withholding tax on VT. Withholding tax is collected by foreign governments when a Canadian investor receives a dividend from a foreign company. Again, this effect is very small, but this change to VT keeps more money in your pocket. Ultimately, VT has delivered returns to a Canadian investor of about 0.4% more per year over the past 10 years. It's not going to change your life, but every incremental improvement is valuable to you and to us!

Why make this change now? VT trades in US dollars, so some foreign exchange is required to complete the transaction. Now that we've organized our clients' money into "pools", like the Verecan Global Equity Fund, and built sufficient scale, we are able to execute foreign exchange transactions at a much cheaper cost. If you walk into a bank and ask to exchange \$5,000 Canadian dollars for US, they'll charge you about 1.0% to 2.0% to do so (whether they tell you or not). With our purchase

of VT being approximately \$50 million for all our clients at the same time, the cost was 0.05%. In other words, the way that we've structured our clients' investments reduced your foreign exchange costs on this transaction by about 95%, making it viable for us to invest in a cheaper, more efficient US-based ETF.

This is what we think about when we're in the shower each morning – how can we creatively shave costs for our clients while maintaining the absolute best portfolio?

The Verecan Global Equity Fund portfolio as of October 3rd is listed here.

Current Verecan Global Equity Fund Portfolio

Holdings*	Weight
Mawer Global Equity	21.8%
Capital Group Global Equity	20.3%
EdgePoint Global Portfolio	14.9%
Vanguard Total World Stock ETF	9.6% (+9.6%)
Vanguard FTSE Global All Cap ex Canada ETF	0.0% (-9.6%)
iShares MSCI Minimum Volatility Canada ETF	7.8%
NBI Active Global Equity	7.8%
TD Canadian Small Cap	5.1%
Generac	1.7%
Paylocity	1.5%
Shopify	1.5%
American Tower	1.3%
Baxter International	1.2%
Pfizer	1.2%
Skechers	1.1%
Hanesbrands	1.0%
Algonquin	0.9%
Saputo	0.7%
Cash	0.4%



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Verecan Capital Management Inc. is registered as a Portfolio Manager in all provinces across Canada (except Manitoba).

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The current holdings represent a snapshot of the Verecan Global Equity Fund's investments as of the date of this document. The Fund's investments may change over time.

*This chart represents the Fund's holdings at date of trade, indicated at the top of this document.

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