



Stocks with a sustainable focus appeal to this portfolio manager

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Patti Dolan doesn't see an urgency to rush into the market right now, even if the volatility presents buying opportunities in some sectors.

"It's such an unstable market," says Ms. Dolan, a senior wealth adviser and portfolio manager at Wellington-Altus Private Wealth in Calgary, who oversees about \$285-million in assets.

Her team is sitting on some extra cash and continues to hold strong dividend-paying companies while waiting to see how global events, particularly Russia's war on Ukraine, play out in the weeks to come.

"We're holding resilient companies that are well run and are paying dividends, so we're getting paid to wait," she says.

For those looking to deploy some cash, Ms. Dolan suggests layering into the market over time and staying away from growth stocks in sectors such as technology, which have been hit hard in recent months.

"Every time I think we're having an uptick in the tech side, it pulls back, so we're being incredibly cautious right now," she says.

Commodities are also volatile amid the Ukraine war, which has led to sanctions against Russia from several countries, including Canada, and could have a long-term impact on the supply and demand of everything from oil and gas to wheat and potash.

"This is going to extend for a number of months and possibly years," Ms. Dolan says. "We're seeing such huge changes."

Ms. Dolan's Canadian balanced fund has returned 21 per cent over the past year, as of March 1, while her U.S. all-equity fund has returned 29.5 per cent over the same period.

The Globe and Mail recently spoke with Ms. Dolan about what she's been buying and selling, as well as investing advice she gives to friends and family:

Describe your investment style

We do a quantitative analysis of stocks we buy and screen for environmental, social and governance factors. It has proved to be very effective by lessening volatility in our portfolios. I have been doing this since the mid-nineties. ESG considerations often identify issues that may not show up on the financial statements but could have a financial impact on the company over the long term. We believe that building this type of portfolio creates long-term sustainability and value for our investors.

We also engage with companies: We buy companies that may need a bit of tweaking when it comes to ESG. We can influence companies with our investments. That speaks to a lot of investors – that their money can influence.

What have you been buying lately?

Vermilion Energy is an international oil and gas company based here in Calgary that we've held for about two years and added more in the fall. The company has worked hard on reducing debt and increasing production. It recently reinstated its dividend. It also has a number of sustainability initiatives as part of its long-term business plan. For instance, it has piloted different renewable energy production projects in Europe. The company is also well-diversified in North America and Europe and well-positioned for the responsible energy transition.

Aecon is another company we bought back in the fall. The construction company has about a 4.4-per-cent yield and just increased its dividend. It's well-capitalized. It did have poor earnings last quarter due to some "black swan" events, including labour shortages and supply-chain issues. But on the positive side, it has a good backlog of contracts, and most of them are long-term – about 10 years-plus. Also, more than 60 per cent of its revenue last year was tied to sustainability projects, which is another reason we own it.

What have you been selling or trimming?

We haven't stepped out of a full position recently, but we have been taking profits on a few companies. One is Brookfield Asset Management, which has had a really good run. It has been doing some reorganization, and I wasn't sure where it was going, so I took a bit of money off the table.

Another one we've been trimming is retailer Loblaw. I was concerned I was getting overweight in that stock and needed to reduce my position. I was also worried about the impact of supply-chain issues. Despite these trims, we believe Canadian companies are better valued right now than U.S. ones.

What's a stock you wish you bought?

Google. When it went public in 2004, my son told me I should buy it. My response was, “Why would I buy a search engine company?” The markets had just come out of the tech bubble of 2000. My son still nudges me to this day about that one.

What advice do you give friends and family about investing?

Understand the difference between investing and gambling. Investing is doing your due diligence, kicking the tires around the company, and looking whether it’s a good long-term investment. Gambling is hearing something at a party and buying it based on that hearsay.

What’s the best investing tip you’ve given to a family member?

It was during the March, 2020, market meltdown at the start of the pandemic. A relative called me in a panic. It felt like the sky was falling. I talked him into remaining invested and, with a bit of handholding, he was able to recover any losses by staying put.

This interview has been edited and condensed.

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