



Revisiting the All-Cap Portfolio to Beat All Others

Description

The one-year anniversary of the [All-Cap Portfolio That Will Beat All Others](#) is May 30. One year ago, I put together a four-stock, all-cap portfolio intended to show that diversification isn't all that it's cracked up to be.

I'm a big fan of all-cap ETFs and mutual funds — not large-cap imposters pretending to invest across all market caps — and so I set out this time last year to cobble together four Canadian stocks with four different market caps.

Here's how they've performed.

The all-cap portfolio to beat all others: one-year total return vs. XIC

Stock	Market Cap	One-Year Total Return	Weight	Portfolio's Return
Brookfield Asset Management Inc. (TSX:BAM.A)(NYSE:BAM)	Large Cap	14.0%	40%	5.6%
Alaris Royalty Corp. (TSX:AD)	Mid Cap	-26.7%	30%	-8%
DHX Media Ltd. (TSX:DHX.B)(NASDAQ:DHXM)	Small Cap	-10.3%	20%	-2.1%
Canopy Growth Corp. (TSX:WEED)	Micro Cap	197.7%	10%	19.8%
Average Return				15.3%
iShares S&P/TSX Capped Composite Index Fund (TSX:XIC)	Benchmark	12.8%	100%	12.8%

Source: Morningstar.com performance data

Overall assessment

There are many ways to look at the results of my all-cap portfolio versus the XIC.

Most importantly, it outperformed the index ETF by 250 basis points. That's excellent news.

Alaris Royalty

Unfortunately, Alaris Royalty was, and still is, a work in progress. Over the past year, its stock has taken a big hit because some of its partner companies that it's provided growth capital to haven't been regularly paying the distributions owed to Alaris.

If you've been following the **Home Capital Group Inc.** drama, you know what it means as an investor to question the strength of the pillars on which your investment lies. In the case of Alaris, everything is getting worked out and will be resolved in a way that keeps shareholders whole.

Alaris is one of 88 stocks in the Canadian Dividend Aristocrats Index. To qualify for this index, a company must have increased its annual cash dividend for five consecutive years, although, in a strange twist, a stock still qualifies if it keeps its dividend the same for two years in a row. I'm not sure what that's all about, but needless to say, Alaris has increased its annual dividend for 10 consecutive years.

If you brought me 10 stocks whose performance over the last year was similar to Alaris's (down 26%), and you made me buy one of them, 100% of the time, I'd opt for Alaris.

Its management team is top notch, and I love its win/win business model. Better times are ahead.

Brookfield Asset Management

Brookfield is also one of the 88 companies in the Canadian Dividend Aristocrats Index. CEO Bruce Flatt appeared on the cover of *Forbes Magazine's* May 16 print issue. I'd recommend getting a hold of a copy to read about one of the most important investors this country has ever produced.

I have absolutely no worries about the future of Brookfield or its stock, at least not while Flatt's at the helm.

DHX Media

The Halifax media company was in the news recently. It [bought](#) Charlie Brown and the rest of the characters from Peanuts for a cool US\$345 million.

It's possibly one of the most puzzling companies trading on the TSX. Every time you think its stock is going to break out, it goes back into a deep sleep. An advisor friend of mine in Nova Scotia is always mentioning DHX and what a great company it is.

This deal puts it in the big leagues — not that it wasn't already there. Eventually, investors are going to realize it is one of the most undervalued stocks on the TSX.

Canopy Growth

What a year it's been for Canada's largest medical marijuana company. If not for WEED, the All-Cap Portfolio to Beat All Others would have been anything but.

At one point late in 2016, Canopy had a \$2 billion market cap and traded near \$18. Today, it's below \$8 and is struggling to get its groove back.

It's been a bumpy ride, and while it still doesn't make money, I firmly believe its future is a good one.

Bottom line

I'd be hard pressed to come up with four better stocks to own for the next year, five years, or 50 years.

I like the odds of the All-Cap Portfolio to Beat All Others continuing to do so.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:AD.UN (Alaris Equity Partners Income Trust)
3. TSX:BN (Brookfield)
4. TSX:WEED (Canopy Growth)
5. TSX:XIC (iShares Core S&P/TSX Capped Composite Index ETF)

PARTNER-FEEDS

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Date

2025/08/22

Date Created

2017/05/26

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