Benefit from a portfolio that offers large-cap stocks in some of America's best companies

What's the strategy?

The U.S. Large Cap Growth Equity (London Capital) portfolio strategy invests primarily in large-cap U.S. stocks with above-average growth potential to achieve long-term capital appreciation.

What's the approach?

The portfolio managers pursue a proprietary and systematic approach, benefiting from quantitative-driven analysis to identify stocks with the most attractive combination of growth attributes. Fundamental factor-analysis underpin stock selection and portfolio construction to isolate and capitalize on key drivers of market performance.

It's a systematic method designed to deliver strong, long-term, risk-adjusted returns through a transparent and repeatable process.

Why invest in this portfolio strategy?

Ideal for investors seeking exposure to a wide spectrum of growth opportunities in U.S. equities.

This growth-style portfolio strategy focuses on some of America's strongest and most established companies that can deliver strong earnings growth and returns over the long-term. An emphasis is placed on companies that exhibit accelerating revenue and earnings growth.

The portfolio is well diversified across sectors and offers a portfolio of companies with higher growth potential than the broad market.

This is a diversified U.S. equity portfolio that tends to have lower volatility than a U.S. small- or mid-cap portfolio.

Typical portfolio characteristics

Here is what you can expect to see from the U.S. Large Cap Growth Equity (London Capital) portfolio strategy when compared to its peers, or its U.S. benchmark, the S&P 500 Index:

- Stronger growth and growth momentum attributes versus the S&P 500 Index
- Higher expected earnings growth than the benchmark and above average return on equity versus the benchmark
- Good diversification through an average of 50-100 holdings

Strategy snapshot

Asset class
Equity

Inception date
1983

Assets in mandate
$647.2 million

Benchmark
S&P 500 Index

Investment team
London Capital Management

Portfolio manager(s)
Brenda Nicholls,
Vice-President, Equities

Martin Rose,
Vice-President, Equities

About GLC

GLC Asset Management Group Ltd. (GLC) is a leading investment management firm that manages more than $55 billion in assets.

GLC has 5 investment management divisions:

- GWL Investment Management
- London Capital Management
- Laketon Investment Management
- Portico Investment Management
- Global Multi-Asset Strategy team (including Portfolio Solutions Group)

Each division has a distinct investment approach that offers deep expertise within specialized areas of portfolio management, bringing unique perspectives to navigating capital markets through varying cycles.

As at June 30, 2020

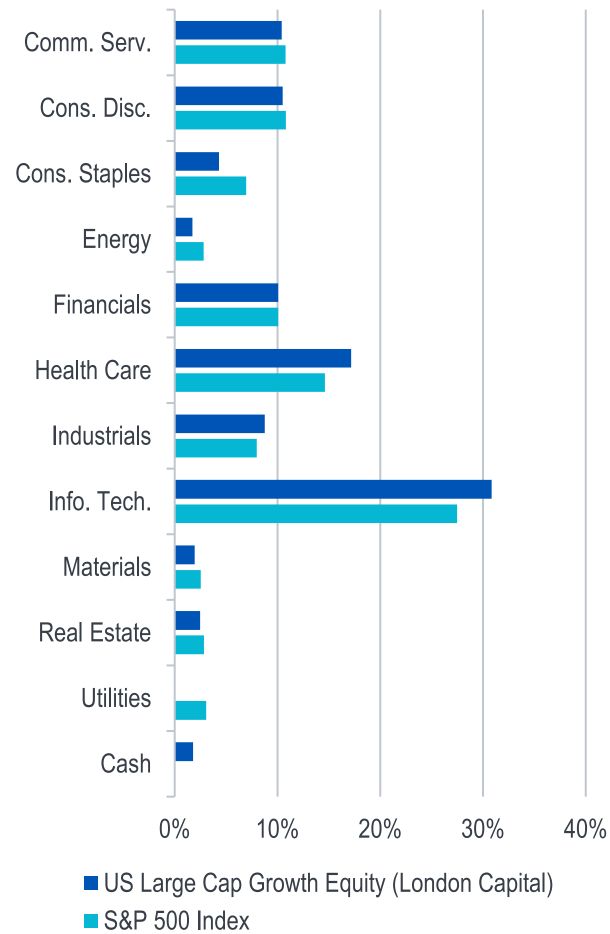
Portfolio attributes

Key attributes	Portfolio[1]	Index[2]
Market Cap.	348.0	412.6
P/E Curr. Yr. Median	28.5	24.9
P/B Curr. Yr.	10.3	7.0
Qtly. Earn. Mom.	-0.7	-4.7
Annual Earn. Mom.	5.7	-1.3
Sales Geo. Growth 5Y	10.0	6.8
ROE Trail. 12	27.3	21.2
Div. Yield	1.3	1.9
# of Equity Holdings	72	505

Major equity holdings %

Security	Sector	Portfolio Weight[1]
Apple Inc	Information Technology	4.4
Microsoft Corp	Information Technology	4.3
Amazon.com Inc.	Consumer Discretionary	3.5
Facebook Inc.	Communication Services	3.3
Alphabet Inc-Cl A	Communication Services	3.0
Adobe Inc.	Information Technology	3.0
Visa Inc-Class A Shares	Information Technology	2.9
Bristol-Myers Squibb Co.	Health Care	2.6
Mastercard Inc Cl A	Information Technology	2.6
Broadcom Inc.	Information Technology	2.2
Total		**31.8**

Sector Allocation %



Source: GLC, Bloomberg, S&P | 1. Fund: LL U.S. Equity Fund (LCM) | 2. Index: S&P 500 Index

Portfolio manager's quarterly commentary

As at June 30, 2020

Market review

Global equity markets bounced back sharply, posting one of the strongest and quickest recoveries in history. Stocks closed in on their previous all-time highs set prior to the coronavirus crisis due to unprecedentedly large monetary and fiscal support from world governments and central banks, improving economic data in May and June and reopening global economies. The S&P 500 Index had its strongest quarterly gain since 1998, surging 20.5% (total return; 15.7% in Canadian dollar terms), largely on the backs of the heavily weighted information technology (IT) sector. Many IT companies began to show they benefitted by and/or adapted to the lockdown environment. Meanwhile, consumer discretionary stocks enjoyed a robust 61% total return, powered by lockdown measures being lifted, which in turn unleashed pent-up consumer demand. The remaining sectors all finished in positive territory, enjoying the general positive momentum offered by U.S. stocks.

Portfolio performance

During a period where equity markets rebounded after the severe Q1 selloff, the portfolio delivered a strong double-digit positive return that outperformed the S&P 500 benchmark on a gross return basis during Q2 2020. The S&P shocked market participants by continuing its upward momentum through the first couple of months of the quarter before consolidating through the final month. The primary contributors to positive fund performance came from selection within the Financials, Communication Services and Information Technology sectors. An underweight position in the beaten-up Energy sector was a detractor to performance as the space staged a snapback recovery. Performance of select Industrials sector investments was also a headwind. The fund's relative underweight positioning in the largest Index equities pulled down performance during a quarter when they demonstrated strong resiliency and recovery.

Portfolio activity

The mandate pursues a highly disciplined investment approach that seeks out large-cap stocks with an attractive combination of growth attributes. As a result of this rigorous stock selection process, the fund's holdings tend to be high-quality, mature companies with above-average, long-term growth potential. During the quarter we added back a small position within the Energy sector when negativity on the group became extreme. We also added to some higher-quality growth-oriented holdings within the Consumer Discretionary space. Industrials sector holdings were rebalanced to reduce our Transportation sub-group weighting.

Positioning & outlook

The new decade started off relatively promising but completely derailed as the health care response to fight the new coronavirus pandemic essentially halted the global economy. The extreme fallout has turned to an ongoing debate about the pace of recovery, which has been hampered within the U.S. by higher virus caseloads in various States across the country. Monetary policy from the Federal Reserve has supported the economy, as has the fiscal response to date. The general consensus is that more fiscal help is needed but electoral political rhetoric is preventing timely cooperation. The next number of months will feature much higher levels of uncertainty as investors attempt to quantify the macro impacts down to an individual sector and company level – particularly in terms of revenues and earnings growth (both in the near term and longer term). We continue to be overweight in the Information Technology and Health Care sectors while maintaining underweight positions in Utilities and Consumer Staples. As stock correlations come down once macro risk recedes over the next number of months, we believe company fundamentals will be more relevant than ever.