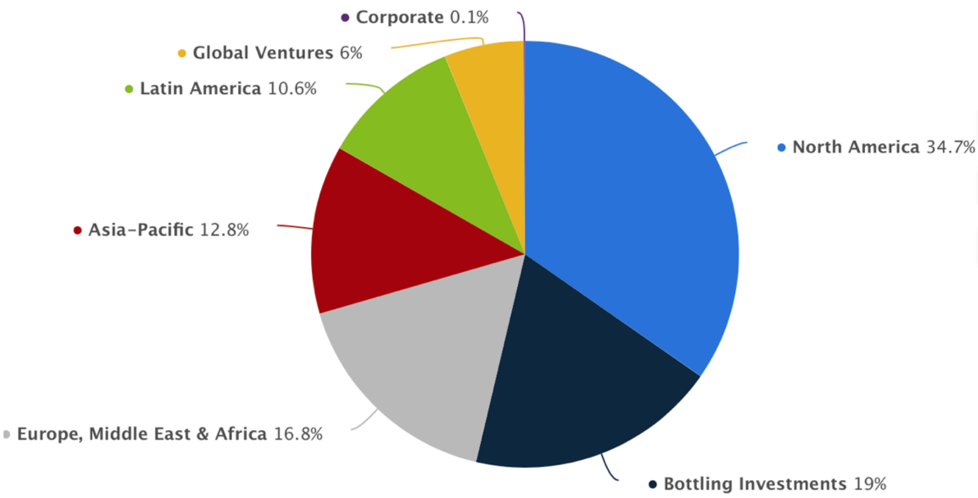
As companies expand global operations and earn more revenue outside their home countries, it makes geographical diversification more complicated for investors to measure. More, correlation is becoming less differentiated between U.S. and non-U.S. equities, challenging notions about constructing diversified portfolios. Risk management -an essential consideration in portfolio construction, becomes harder in a closely linked globalized world. About one-third of sales for S&P 500 companies are generated outside of the U.S., while two-thirds of revenue for the ten largest companies listed on the MSCI European Index is derived outside of Europe. This is why it is more important to investment in the *right* companies globally, rather than just exposure to regional indexes. Our portfolios reflect this thesis, and our fund allocations with **EdgePoint**, **Guardian Capital** and **Mackenzie Investments** share this in common: each offer high-conviction funds with concentrated focus on industry leaders in their respective market sectors.

"If it's a series of patterned clicks, I'm not here."

Of the approximately 630,000 publicly traded companies in the world, the Ivy Foreign Equity holds less than 50 positions, the EdgePoint Global Growth & Income just 36 and Guardian Capital's Global Fundamental Equity a paltry 25. Yet long term, each of these funds has delivered solid risk-adjusted returns for clients, showing that holding the *right* stocks is more important than where those stocks are listed. Case in point is soft drink manufacturer Coca-Cola which is headquartered in Atlanta Georgia, yet North American sales only account for one of three bottles of Coke every year.



Revenue distribution share of the Coca-Cola Company worldwide in 2020, by operating segment

We remain of the view that selective bottom-up stock selection based on thorough analysis of the companies' financial statements, leads to better investment outcomes over time. Diversification then is less about being market-weighted in every country, than it is being appropriately weighted in well-run, well-managed companies that are reasonably priced and offer investors return opportunities going forward.

Speaking of Coca Cola, here are some fun facts about the company:

*Coca-Cola is sold in more countries worldwide than are members of the United Nations.
*Coca-Cola's $35.1 Billion in revenue makes it the 84th largest economy in the world.
*Coca-Cola's name is the second-most understood term in the world after "okay".
*Coca-Cola spends more money on advertising that Microsoft and Apple combined.
*Coca-Cola and Pop Rocks will not make your stomach explode -its just an urban myth.
*Coca Cola's secret formula is really no big secret. Dubbed 7X it is said to be housed in a corporate vault and accessible only to top executives. The reality is the ingredients are listed on every can of Coke, it's just the ratio of the ingredients that have to be figured out.

Be safe, be well!

Martin
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