

### PORTFOLIO ACTIVITY

In August, we trimmed our allocation to Apple in DM Foreign Equity and directed resulting capital to our position in Comcast Corp. In DM Canadian equity, we used accumulated cash to boost our weight in Element Fleet Mgt.

### FEATURE STOCK

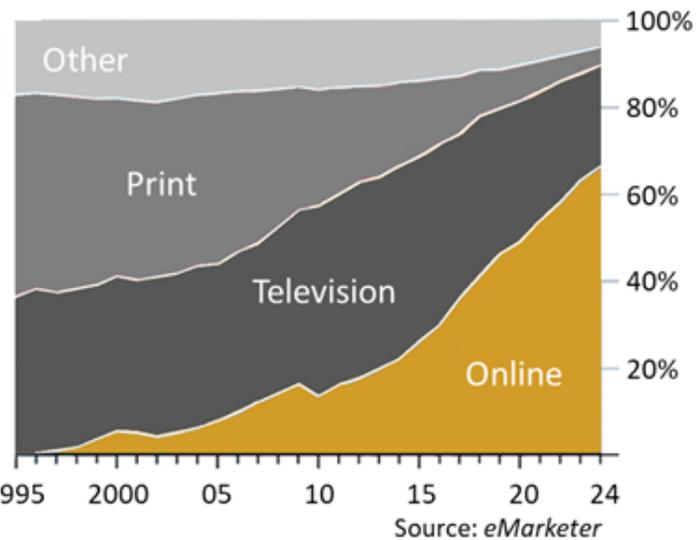
#### Waste Connections Inc. (WCN)

WCN is an integrated municipal solid waste services company providing collection, transfer, disposal, and recycling services across North America. Attracted to its recession-resilient business model and its dominant position in an otherwise fragmented market, we added WCN to the DM Canadian Equity Portfolio at the end of April. In recent years, the company has been the most active consolidator within its industry, targeting acquisitions which will boost annual revenue by 3-4%, or \$150-200m. WCN's management team has also demonstrated an ability to identify and capitalize on available synergies following purchases: with its acquisition of Progressive Waste Solutions, for example, WCN was able to wring out more than \$125m in savings (or > 25% of acquired EBITDA) and doubled the company's free cash flow generation in less than 18 months. With an addressable M&A pipeline estimated to be in the \$3.5-4.0bn range, the potential runway for opportunistic growth is significant for WCN and we're confident that the stock will add value to DM portfolios over an extended period.

### IN SOME AREAS, COVID HAS BROUGHT (MUCH) MORE OF THE SAME

It's undeniable that the coronavirus pandemic has brought stark changes to the way we live and work and will almost certainly leave a permanent imprint on our social and economic existence. While some of these transformations are novel and couldn't have been predicted just months ago (*elbow bumps instead of handshakes, Zoom meetings in place of business travel*), others are better characterized as surges in trends that were already in place. Perhaps most obvious of these has been the sudden acceleration in the already persistent rise of e-commerce. The first chart below was published at the start of the year and shows how business has responded to growing online activity via its allocation of advertising dollars. As you can see, even before quarantining and social distancing became part of our lexicon, nearly 70% of total ad spending was expected to be directed to online venues within the next four years.

US ad. spending by medium



Now, however, the importance and volume of internet commerce has taken a giant leap forward, as reflected in the second chart. While online retail activity was probably headed to current levels regardless, the COVID crisis pulled this growth forward, just as it's done for several other positively impacted industries. Within DM portfolios, Alphabet Inc. (parent company of Google) benefits most directly from rising internet ad spending and the market has clearly taken notice of this, lifting its shares by more than 20% through the first 8 months of 2020.

E-commerce as % of Total Retail Sales

