

Selected Portfolio Sales

This article is excerpted from a letter by Alain Robitaille, head of [Le Groupe Robitaille](#) at Desjardins Securities, based in Quebec, Canada.

Sale of Pepsico

We sold our shares of this well-known company that we have held since January 26, 2009. This investment has yielded a respectable return, at an average annual compound rate approximating 11.36% (including dividends and exchange rate effects). The annualized return of our portfolio for the same period was 16.16%.

We consider the company somewhat expensive in relation to its growth, so we opted to invest elsewhere. Pepsico Inc. is an interesting laboratory to track the evolution of a company that has to adapt to the evolution of its customers.

Soft drinks, formerly so popular, have fallen out of favour with campaigns targeting obesity. The company has skillfully diversified into water, juices and snacks, but has difficulty outweighing the decline in sweetened beverages. We intend to continue monitoring its trajectory.

Partial sale of Wells Fargo

We trimmed our position in this company by 22% to generate cash so we can buy something else. Wells still accounts for about 4.5% of our equity portfolio. The average annual return on this investment since our first purchase in January 2009 is roughly 17.29%. Satisfactory and slightly above portfolio performance.

Sale of Darling Ingredients

We sold Darling primarily to generate liquidity for another purchase. Part of our holdings for only 20 months, this producer of ingredients and biofuels from the recovered slaughterhouse waste yielded us approximately 8.5% per year on average, slightly overperforming the portfolio (7.84%) for the same period.

Sale of Boston Beer Co

We also sold Boston Beer to generate liquidity for a purchase. This company, a pioneer in microbrewed beer, is a victim of its own success, in a way. The market is now flooded with a high number of new beers from a multitude of producers. With the trendy effect impacting sales volumes, we sold at essentially the same price we had paid.

This sale is the subject of a running gag in the team, because Fanie isn't very fond of this company, which I bought as part of the small-cap model at the outset. Now that she's the manager, she decided (with my support) to sell SAM. Why can't Fanie stop talking about a stock she sold? Well, it's because the value of the company went up by more than 50% within three months of the sale! She's really unhappy about it. When she brings it up, I remind her that I was fond of the company. I also have stories like this one to tell, but I'm going to spare you since I'm the one writing this letter