

Selected Portfolio Purchases

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

Purchase of Prestige Brands

We've been keeping an eye on Prestige Brands for a number of years. It specializes in non-prescription drugs sold in pharmacies, such as eye drops, lozenges or ointments. It also has a household products division with lesser known brands.

The company is in acquisition mode, and is targeting major brands that are leaders in their respective markets.

We made the purchase following a 40% decrease in the share price, which does not seem justified to us, any more than a recent 25% increase in the share price in one day following good results. If the markets are efficient, I wonder what could have changed so much in a single day for this company. As usual, we'll find out in a few years if we made the right call. Help us out! Go out and buy some Comet!

Purchase of Newell Brands

Long-time investors will remember Jarden Corp, which we held for a bit over a year and sold in February 2016. Newell Brands had entered into an agreement with Jarden to acquire it and we were entitled to be paid in exchange for shares. We decided we would rather sell, as we found the Newell shares to be too costly. We have nonetheless been watching the company since the sale. A recent 50% drop in the share price suggests that we have an attractive safety margin and good profit potential.

Of course, the picture is not all bright when a valuation takes a 50% hit while markets are at historic highs. However, we believe that the strength of its brands and its diversification will enable the company to continue improving its performance.

After our purchase, we discovered that activist hedge fund Starboard (3%) and Carl Icahn (11%) acquired significant positions in Newell Brands. This was followed by a battle for control of the company's board of directors. It was even considered to have Martin Franklin (former boss at Jarden) return to the helm. It looks like our investment came with front row seats to this film-worthy scenario.

Purchase of Envision Healthcare

This interesting company is active in the hospital management and ambulance services sector. It caught Fanie's attention when its share price declined by 50% in the past year. Envision recently announced that it was considering a strategic repositioning (read: sell part or all of the company).

As I write this, it appears that Kohlberg Kravis Roberts & Co. (KKR) has made an agreement with Envision to purchase and privatize the company at a price that is approximately 25% higher than our purchase price. We consider the price we've been offered isn't high enough (we are capitalists, after all!) and we will monitor the situation to maximize our return.

Fanie just set the record for the fastest bought and sold company in our portfolios. With less than one quarter, let's just say she doesn't seem to have understood the principles of long-term investment!

We'll let this one go, but just so you know, I for one am selling investments that I have held for nine years.