

Equity Completion Portfolio – April 2024

Investment Objectives

This portfolio is predominantly an all-equity portfolio with a close eye on capital preservation. The strategy is designed to preserve capital in difficult times and over the longer term, provide capital growth and income in the form of dividends. The long-term target asset allocation for the portfolio is 85% North American equity, 10% international equity and a small portion of cash.

Managers Comments

Mike Tyson famously said “everyone has a plan until they get punched in the mouth”.

Our investment plan is to buy great companies at a fair price. We need to be comfortable with these businesses and willing to hold on, or even add to the position in difficult times.

In April, one of our core holdings faced a near perfect storm. The industry they are in has forecast decreased volumes and a downturn over the next few quarters. This downturn pushed the company to miss the “streets” projections for earnings per share and the stock decreased as much as 15% for the month. This put our plan to the test.

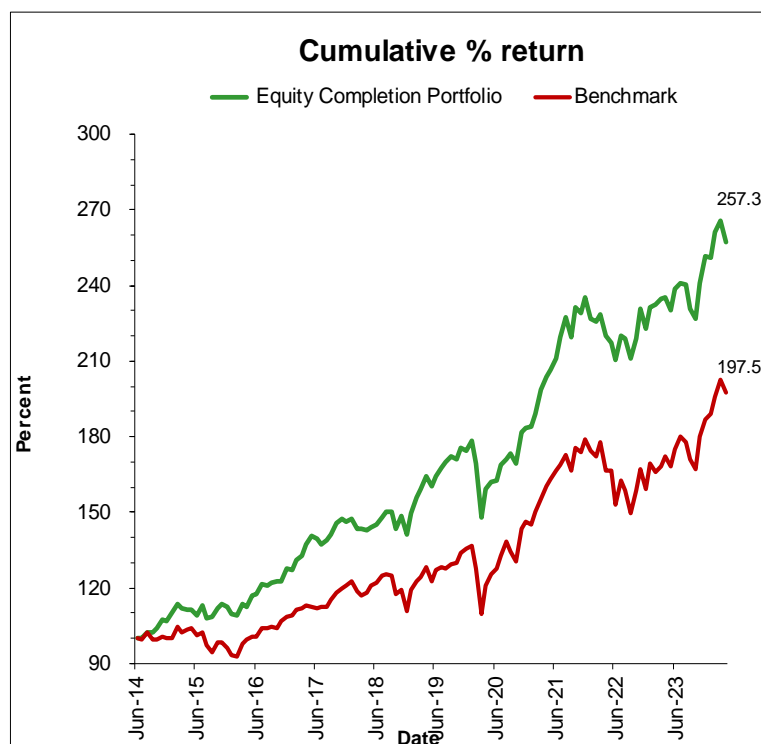
An industry review shows that there are specific economic and geopolitical factors that are driving the company’s stock price decline. Both factors are seen as temporary, not structural. Even with these challenging economic conditions, the company required only half of their free cash flow to pay bills, make capital expenditures for the long-term growth and viability of the business as well as pay dividends. Their debt is well laddered with no large payments for the rest of the decade. Additionally, the company has been opportunistic, using this temporary economic downturn as an opportunity to purchase competitors at depressed prices.

We see this as a short-term challenge that the company seems to be navigating well and should be well positioned to take advantage of good economic environments when the tide turns. So we are sticking to our plan with a company that is solvent, growing, profitable, cash flow positive and preparing itself for a greater future. We actually added to this position on the dip.

We are happy with our plan and also very thankful that Mike Tyson didn’t punch us in the mouth.

Portfolio Facts

Portfolio Manager - **David Shubs**
 Investment Approach - **Fundamental & Quantitative**
 Risk Profile - **Medium to High**
 Return Objective - **Capital Growth and Dividend Income**
 Minimum Investment - **\$250,000**
 Portfolio Inception Date – **September 2014**
 Base Currency – **Dual, reported in Canadian**
 Benchmark - **5% DEX 91-day T-Bill + 50% S&P/TSX Composite + 35% S&P 500 (CAD) + 10% MSCI EAFE (CAD)**



	1 Mo	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	Since Inception
Equity Completion	(3.3%)	9.3%	8.1%	8.1%	12.7%	9.4%	10.1%
Benchmark	(2.5%)	14.8%	8.8%	7.2%	13.0%	9.0%	7.1%

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