

# David Shubs – Equity Completion

July 2017

## Investment Objective

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 75% North American equity, 20% international equity and a small portion of cash.

## Manager Comments

In July the Bank of Canada announced that GDP grew 3.5% - 4.0% quarter over quarter. If these numbers continue, the Bank of Canada could be forced to continue to raising interest rates. With this information, the Canadian dollar continued to appreciate vs. the U.S. greenback, up almost 8% year to date, most of this gain is from the past 2 months (Thomson Reuters).

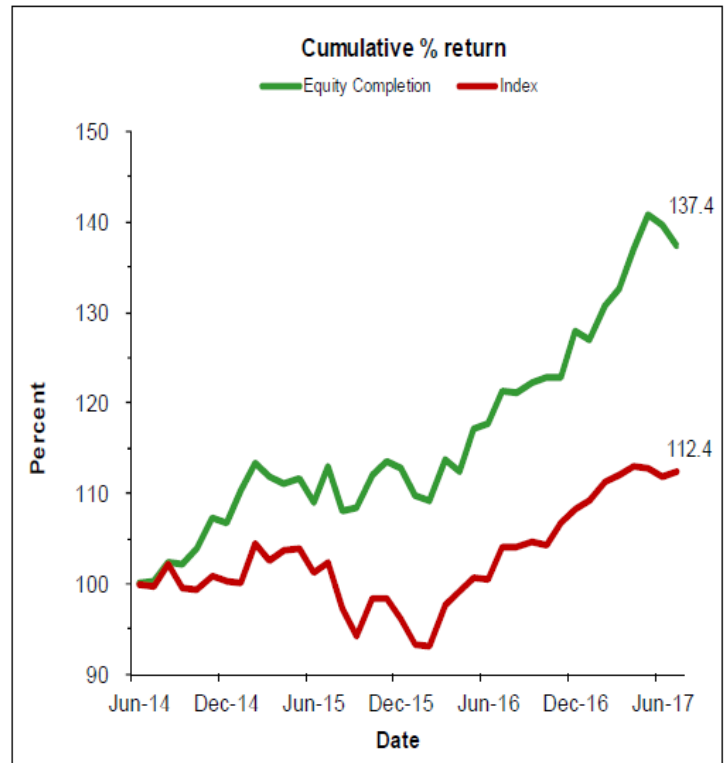
While this is generally positive for the Canadian economy, depending on where you stand, there may be some flies in the ointment.

- 1) If you are a borrower, your payments are likely to rise. Canada is currently the most personally indebted country in the world, with a Debt to household income of 1.67 (Statistics Canada). Any increase in debt payments may push people over the edge. While I would attribute a low probability to this, it may temper future interest rate hikes, specifically if this starts negatively affecting the housing market.
- 2) The rapid currency increase has left those who hold U.S. assets a little less wealthy on paper. Great U.S. businesses are now worth less due to currency depreciation. This may present a buying opportunity for Canadians looking south of the border, but for those who already own, this is a small pain point.

We are watching how the new interest rate environments are going to affect the businesses we own as well as businesses on our wish list. I believe that there are some exciting opportunities that will arise in the next 3 months and I look forward to writing about how we are taking advantage of them.

## 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**  
 Benchmark - **5% DEX 91-day T-Bill + 50% S&P/TSX Composite + 35% S&P 500 (CAD) + 10% MSCI EAFE (CAD)**



Source: Thompson Reuters

	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3yr	Since Inception
<b>Strategy</b>	(1.6%)	0.3%	8.1%	13.3%	10.3%	11.1%	10.9%
<b>Benchmark</b>	0.5%	(0.5%)	2.9%	8.0%	4.8%	4.1%	3.9%

**David Shubs, MBA, CFA, Investment Advisor and Portfolio Manager**

david.shubs@nbpcd.com | 416-359-7663



The opinions, estimates and projections contained herein are those of the author as of the date hereof and are subject to change without notice and may not reflect those of BMO Nesbitt Burns Inc. ("BMO NBI"). Every effort has been made to ensure that the contents have been compiled or derived from sources believed to be reliable and contain information and opinions that are accurate and complete. Information may be available to BMO NBI or its affiliates that is not reflected herein. However, neither the author nor BMO NBI makes any representation or warranty, express or implied, in respect thereof, takes any responsibility for any errors or omissions which may be contained herein or accepts any liability whatsoever for any loss arising from any use of or reliance on this report or its contents. This report is not to be construed as an offer to sell or a solicitation for or an offer to buy any securities. BMO NBI, its affiliates and/or their respective officers, directors or employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent. BMO NBI will buy from or sell to customers securities of issuers mentioned herein on a principal basis. BMO NBI, its affiliates, officers, directors or employees may have a long or short position in the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. BMO NBI or its affiliates may act as financial advisor and/or underwriter for the issuers mentioned herein and may receive remuneration for same. A significant lending relationship may exist between Bank of Montreal, or its affiliates, and certain of the issuers mentioned herein. BMO NBI is a wholly owned subsidiary of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Nesbitt Burns Corp. Member-Canadian Investor Protection Fund.

BMO Wealth Management is the brand name for a business group consisting of Bank of Montreal and certain of its affiliates, including BMO Nesbitt Burns Inc., in providing wealth management products and services. © "BMO (M-bar roundel symbol)" is a registered trade-mark of Bank of Montreal, used under licence. © "BMO Nesbitt Burns" is a registered trade-mark of BMO Nesbitt Burns Inc. BMO Nesbitt Burns Inc. is a wholly-owned subsidiary of Bank of Montreal. If you are already a client of BMO Nesbitt Burns, please contact your Investment Advisor for more information.

**BMO Nesbitt Burns Inc. is a Member - Canadian Investor Protection Fund. Member of the Investment Industry Regulatory Organization of Canada.**