

David Shubs – Equity Completion

February 2018

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

February 2018 was a wild month for investors. In the first 6 trading days we saw two 1,000 point declines of the Dow Jones, with both the Dow Jones and the S&P 500 declining more than 10%. The markets spent the rest of the month trying to catch up. The Dow swung from down 10.7% to end the month down 4.0%. The TSX performed similarly going from down 7.3% to down 3.0% (Thomson Reuters, Feb 28, 2018).

It appeared as though the Non Farms Payroll Report was the trigger for the US market drop. Great employment numbers spooked the market. The expectation was/is that this will increase interest rates, reducing businesses profitability. Some investor may sell their positions based on these expectations of reduced profitability. These sales have the potential to get exacerbated by algorithmic trading. As triggers are approached, more sales are triggered, further reducing asset prices.

It is in exactly these times that it is important that you are invested in businesses and not trading stocks. Trading stocks is effected by other traders' whims, headline news, supply and demand of shares amongst other things. Buying a business requires you to its intrinsic value and what it is worth even if there wasn't a stock market to value it every second of every day.

One of the Godfathers of investment, Benjamin Graham famously said "In the short run, the market is a voting machine but in the long run, it is a weighing machine". I feel much more comfortable trying to understand a business's value than I do knowing how people are going to vote

Portfolio Facts

Portfolio Manager - **David Shubs**

Investment Approach - **Fundamental & Quantitative**

Risk Profile - **Medium to High**

Return Objective - **Capital Growth and Dividend Income**

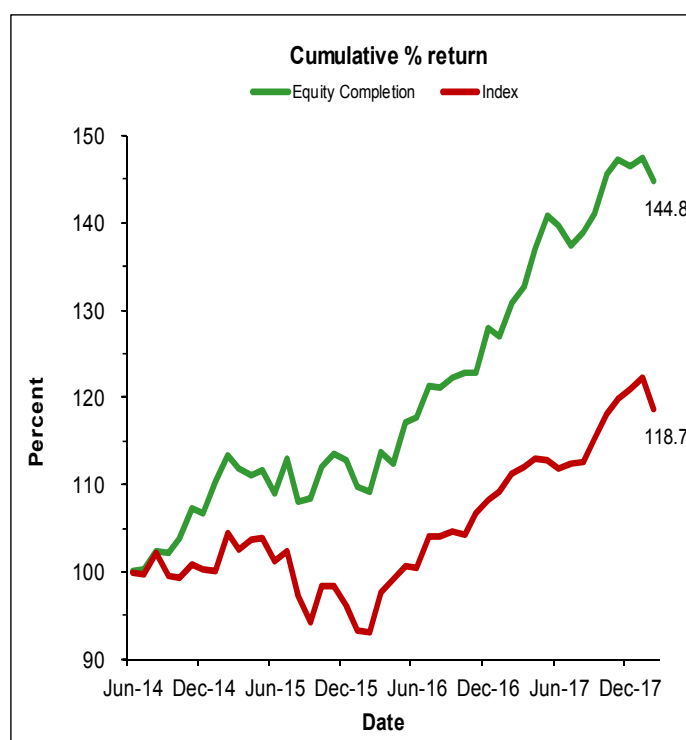
Minimum Investment - **\$250,000**

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
Strategy	(1.8)%	(1.7)%	4.2%	10.8%	15.2%	8.5%	10.6%
Benchmark	(3.0)%	(0.9)%	5.4%	6.7%	13.0%	4.4%	4.8%

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