

# David Shubs – Equity Completion

May 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

May 2018 was another month of exceptional volatility. We saw the Dow, S&P 500 and TSX all fluctuate by at least 5%. The TSX actually increased 2.9% for the month, and is still down nearly 1% for the year. The Dow Jones Industrial Average has performed similarly to the TSX this year and is down 1.2% (Thompson Reuters, May 31, 2018).

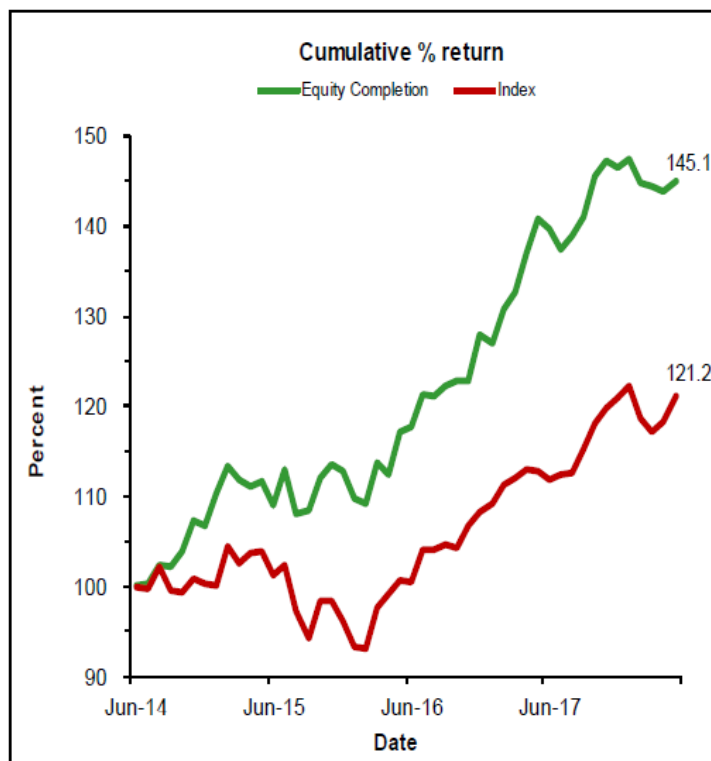
Much of the volatility was again seemed to be based on political instability. In the month of May, some key headlines were:

- Trump bowing out of the Iran nuclear deal
- The NAFTA extension that wasn't
- Oil Price Increase and subsequent OPEC meeting increasing production decreasing price
- Ontario Provincial Election
- China trade sanctions
- On again off again meeting between U.S. and North Korea
- Italian Election shaking the EURO

The new world order of information overload is what is driving these massive swings. All of these headlines have created the volatile environment where assets may not be priced logically, but instead by fear, greed and other behavioural finance issues that have nothing to do with the actual value of a business. It is a time where our patient investors should have a longer term advantage. If and when our businesses are overpriced, we are happy to sell. Similarly, we like to be opportunistic and try to take advantage when some of the businesses get swept up in a downturn. Our investors are collecting dividends on the businesses that we do own and holding cash, hoping to take advantage of any mispricings in the market place. I look forward to writing more in the coming months and let you know how we are deploying capital.

## 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>	0.8%	0.2%	(1.5)%	3.0%	11.3%	9.2%	10.0%
<b>Benchmark</b>	2.4%	2.1%	1.2%	7.5%	9.7%	5.3%	5.0%

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