

David Shubs – Equity Completion

December 2019

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

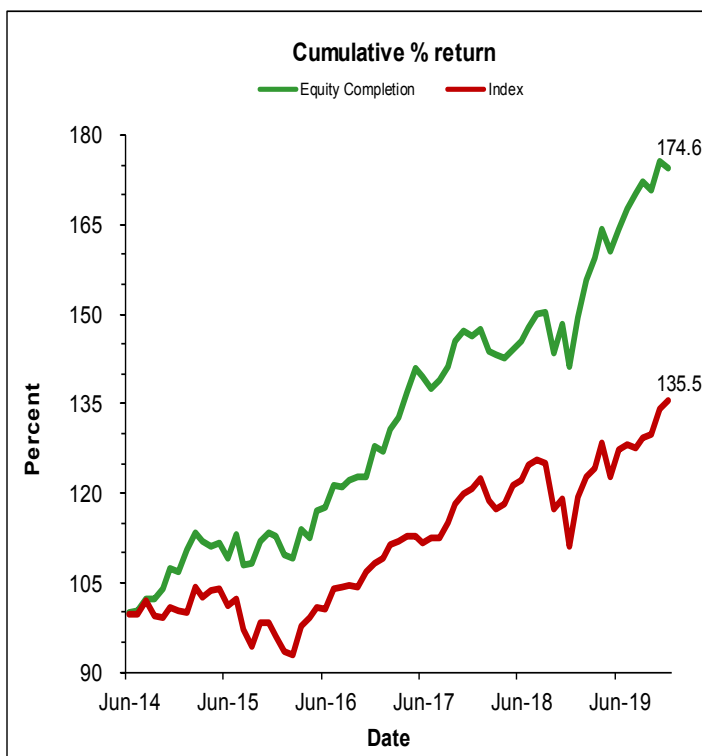
2019 was a great year for North American equity investors. The TSX was up 19.1% for the year and the Dow Jones was up 22.3% for the year. This huge jump does not tell the whole tale. If we were to look back to January 1, 2018, the TSX is only up 2.6% annually. The Dow did significantly better, with a 7.4% growth over those 2 years (Thomson Reuters, January 2, 2020). The biggest difference maker is that the US market did not drop nearly as much as the TSX in 2018 (5.6% vs. 11.6%). We do not look in the rear view mirror to invest, but use this as a mantra for how we are trying to run our client portfolios.

Our goal is to own great businesses that make money in good times and bad. Business cycles and economic downturns are unavoidable and our investors need to be prepared. Owning high quality businesses allows us to make money when the economy is sluggish. These companies pay their bills, reduce their debt and still pay us dividends. This provides us with a reason to be patient. When the economy turns, our businesses make more money and re-invest in themselves, find quality accretive acquisitions, buy back shares giving our investors greater ownership with no extra cost, or all of the above.

In 2018 our investors significantly outperformed the TSX and in 2019 as a group our investors almost match the TSX. That provided our investors with calm in 2018 and significantly more wealth in 2019. Our challenge is to continue finding great businesses, with strong fundamentals, balance sheets, cash flows and economic moats at reasonable prices. As we continue to hunt and deploy money we hope these additional businesses will perform as well as our current core businesses. We happily put a close on 2019 with very strong returns. Now let's figure out how to make tomorrow even better.

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 – **June 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)**



	1 Mo	1 Yr	2 Yr	3 Yr	4 yr	5 yr	Since Inception
Strategy	(0.6)%	23.5%	9.2%	10.9%	11.6%	10.3%	10.6%
Benchmark	1.1%	22.1%	5.9%	7.8%	9.0%	6.2%	5.6%

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