

# David Shubs – Equity Completion

January 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

With the TSX down 11.6% and the Dow Jones down 5.6%, 2018 was a difficult year for many investors. January 2019 may have many feeling better with a rebound of 8.5% for the TSX and 7.2% for the Dow Jones (Thomson Reuters, Jan 31, 2019).

Fear and greed are two emotions that tend to effect the market and exacerbate swings, both good and bad. With that understanding, we increased our cash positions in late 2017 and 2018 when people seemed euphoric and deployed capital in January 2019, after a very trying December.

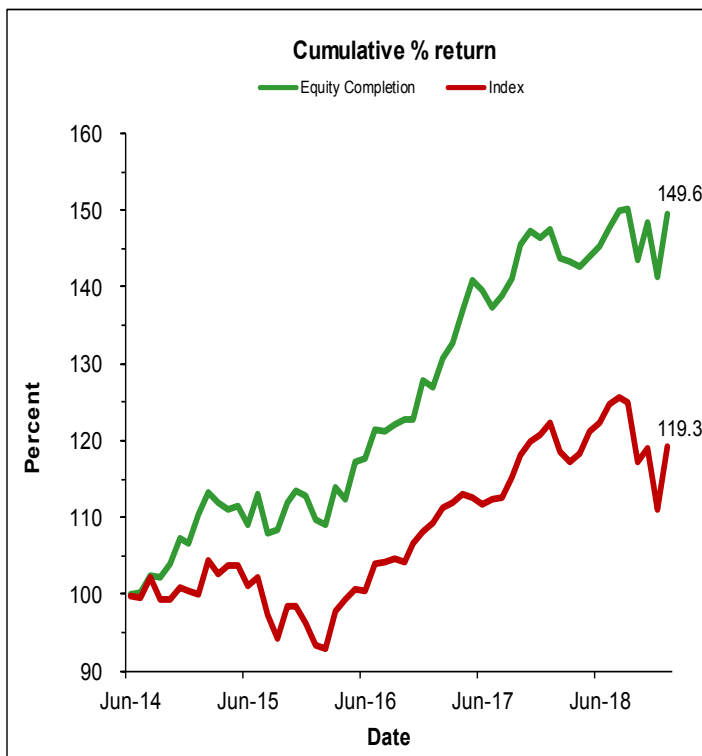
While I believe that December 2018 was a negative over-reaction, January 2019 may have swung the pendulum too far the other way. We are still mired in a world with some of the greatest political uncertainty that I have known - and politics has the capacity effect businesses and investment markets. We saw how the Hydro One deal (review last month's Managers Comments) was influenced by our Premier. While that was more company specific, I believe that we have some political headwinds that are more wide reaching. Specifically, directly in front of us we have:

1. The longest U.S. government shut down in history. There is a temporary end to it, but there is nothing final.
2. Brexit is coming up and there is no plan or path to leave.
3. Continued trade talks, leading the IMF to reduce their global growth forecasts (IMF World Economic Outlook Update, January 2019),

We were happy to hold cash in 2018 and equally happy to deploy some in the last weeks. We are still holding the remaining cash on the sidelines and cautiously waiting for opportunities. I look forward to writing in the coming months about the money we just put out and how we are managing our current cash stockpile.

## 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	3 Mo	6 Mo	1 Yr	2 Yr	3yr	Since Inception
<b>Strategy</b>	5.9%	4.2%	1.2%	1.4%	8.5%	10.9%	9.2%
<b>Benchmark</b>	7.4%	1.7%	(4.3)%	(2.5)%	4.5%	8.5%	3.9%

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

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



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