

David Shubs – Equity Completion

October 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

US Manufacturing data fell under 50 (47.8%), which is traditionally a sign of economic contraction (Institute for Supply Management, October 1, 2019). This drove the US market down by 3% in a single day. The US Federal Reserve response to this and other data was to reduce interest rates by 0.25% (US Federal Reserve, October 30, 2019). This was done even against the conflicting data that shows historically low unemployment numbers and a yield curve that is “un-inverting. This GDP data and the interest rate change helped the Dow to end the month up 0.3% (Thomson Reuters, October 31, 2019)

In Canada, we saw October 2019 bring us a minority Liberal government. As the parties align, re-align and politic as they do, the economic implications of this government are unclear. The current Canadian economic environment is being driven by large job increases and unemployment near 40 year lows. (Statistics Canada, Labour Force Survey, October 11, 2019). On October 30, 2019 the Bank of Canada maintained its interest rate. This has helped the dollar to increase almost 4% vs. the US dollar, largely based on a divergence of interest rates (US decrease vs. Canada hold – Bank of Canada and US Federal Reserve, October 30, 2019).

The question as always is what does this mean for us. Even with what seems like tame monthly growth figures, US markets still swung over 5% for the month and Canada was not far behind (Thomson Reuters, October 31, 2019). There will be some fundamental shake ups, industries and businesses that win and others that lose. We are doing our homework to figure out where these new opportunities are going to arise, and more importantly how we can take advantage of them.

I look forward to writing about these in the coming months.

Portfolio Facts

Portfolio Manager - **David Shubs**

Investment Approach - **Fundamental & Quantitative**

Risk Profile - **Medium to High**

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

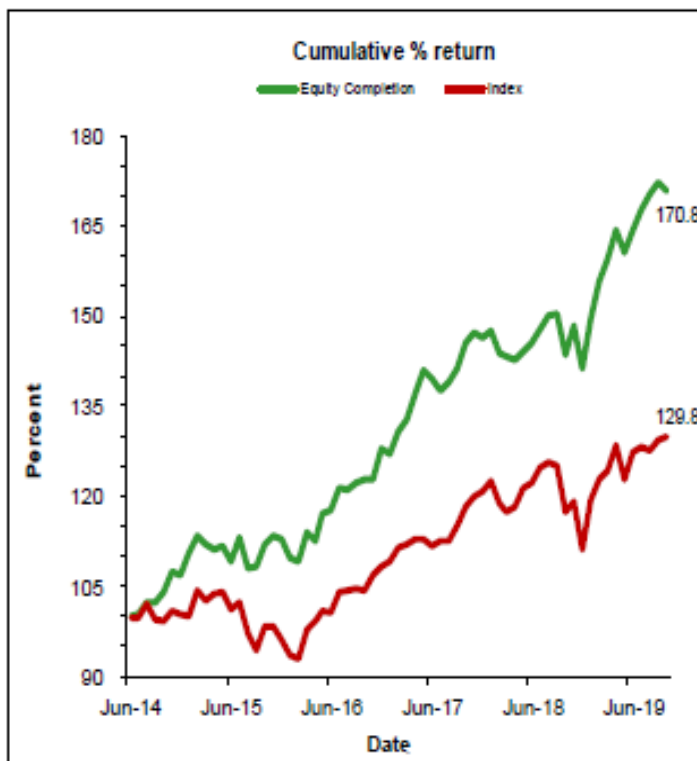
Minimum Investment - **\$250,000**

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	(0.8)%	18.9%	8.3%	11.6%	11.1%	10.5%	10.5%
Benchmark	0.4%	10.7%	4.8%	7.6%	7.2%	5.5%	5.0%

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