

David Shubs – Equity Completion

September 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

The next 12-18 months should be interesting, both politically and economically. Some of the large drivers are:

Locally

- National election in October 2019
- Strong Canadian economic numbers. Most recently Canadian inflation was near 2%, which is BOC's target rate. (Bank of Canada, September 4, 2019)

Worldwide

- Continued trade discussions (with both good and bad news) between US and China
- US Fed cut interest rates by 0.25% but outlook for future rate cuts is unclear (US Federal Reserve, September 18, 2019)
- Attack on Saudi Arabia oil field. Reduced output by ~5-6% of world supply. Oil prices surge (Sept 16, 2019)
- Central banks with accommodative policy are losing arrows in their quiver. This renders monetary policy less effective as a stimulant and creates a larger burden on fiscal policy to stimulate where necessary.
- Potential (unlikely) impeachment of Trump.

With the markets running as they are, our portfolios have flourished. However, it also means that many businesses are fairly value, if not expensive. Over the summer we cashed out of a couple positions where we didn't see much more upside so client portfolios are holding more cash than usual. We are adding the dividends collected to this cash pile.

With all that is going on in the world, I expect there to be volatility. This volatility should provide us with some buying opportunities over the next 6-12 months and I look forward to writing about them.

Portfolio Facts

Portfolio Manager - **David Shubs**

Investment Approach - **Fundamental & Quantitative**

Risk Profile - **Medium to High**

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

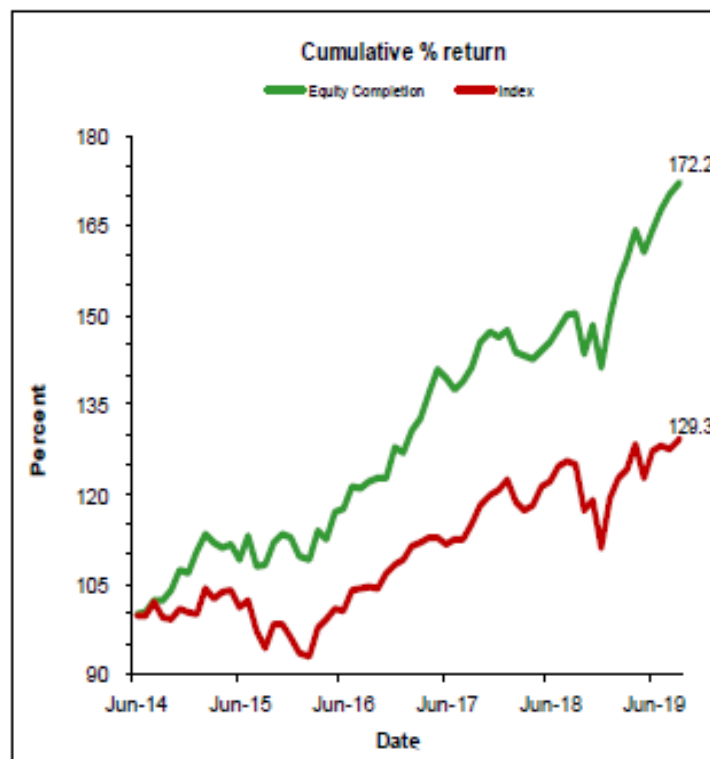
Minimum Investment - **\$250,000**

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	1.2%	14.6%	10.5%	12.1%	12.3%	11.0%	10.9%
Benchmark	1.5%	3.4%	6.0%	7.3%	8.2%	5.4%	5.0%

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