

David Shubs – Equity Completion

July 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 stock market is said to be a leading indicator to the economy, however so are the actions of Central Banks. The stock market is still gaining, with the Dow Jones Industrial Average increasing 1.0% for the month and 15.2% for the year. The TSX has performed similarly, up 0.1% for the month and 14.5% for the year (Thompson Reuters, August 1, 2019). Much of this growth seems to be based on the US Fed forecasting lowered interest rates and the Bank of Canada seemingly keeping interest rates flat. Lowered interest can spur spending, but is usually due to a concern about the underlying economy. Even the IMF decreased their economic forecasts for the next 24 months (World Economic Outlook, July 2019 – IMF).

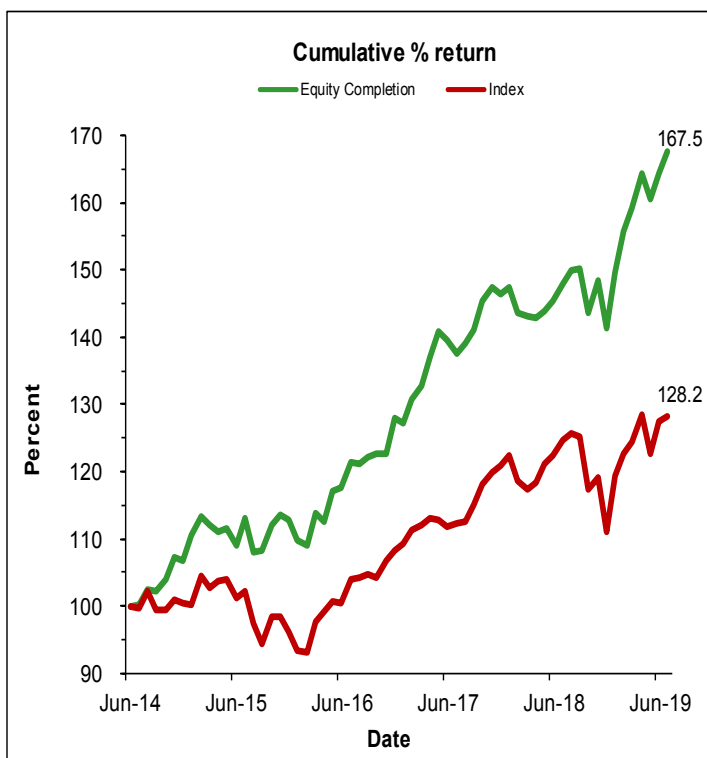
So we have:

- Soaring equity markets
- Skittish central banks
- Personal debt at all-time highs,
- 2 elections coming - Canada in October and a US election one year from now and
- New British Prime Minister who is committed on leaving Euro zone at end of October – deal or no deal

Our reaction was to sell 2 core positions. One sale was due to a change in the business environment and the other was done for concerns over legal liabilities. While both businesses were still performing, we decided to take some risk off the table and free up a bunch of cash for our war chest. I believe that there may be some volatility in the coming months and we look to deploy our war chest and take advantage of any of these mispricings. We have put several new companies on our wish list and are being patient for a good entry point to buy 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	1.9%	13.3%	10.4%	11.4%	10.3%	10.8%	10.7%
Benchmark	0.7%	2.8%	6.8%	7.2%	5.8%	5.2%	5.0%

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

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



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