

David Shubs – Equity Completion

June 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

June was another month of remarkable returns. The TSX increased 1.7% for the month and is up 14.4% for the half year ending June 30. The Dow Jones index has performed equally well, being up 6.9% for the month and 14.0% year to date (Thomson Reuters, June 28, 2019).

We are still facing Brexit, a new Canadian Prime Minister, US/SINO trade wars, US democratic debates for the 2020 presidency run and the relatively new threat of an Iran/US confrontation. However, it seems as though the majority of the market growth is focussed on one single factor; namely The US Federal Reserve and their stance on interest rates.

To that end, In June, the US Fed was pessimistic about the US economy and for the first time in a while was actually forecasting rate decreases. The markets roared with approval as lower interest rates generally spur growth. While lower interest rates are generally good for business, the reason for the decrease in interest rates does not seem to be indicative of a strong growth scenario. With the headwinds facing us, and the data that seems to be propping up the market, our portfolios are taking a more cautious position than they were only 6 months ago. We are still invested and own many great long term businesses. Our conservatism lies in increasing our cash position and holding off on reinvesting our cash flows (dividends and interest), while we wait for better pricing and new investment opportunities. I expect that the noise in the next several months will generate opportunities and we are well positioned to take advantage.

I look forward to writing about some of 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**

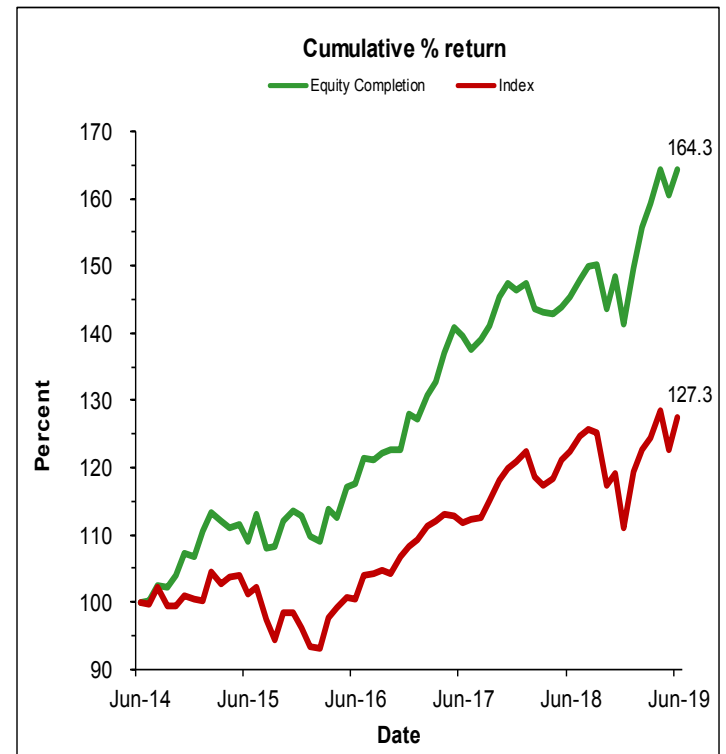
Minimum Investment - **\$250,000**

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	2.4%	13.1%	8.5%	11.8%	10.8%	10.4%	10.4%
Benchmark	3.7%	4.1%	6.7%	8.2%	5.9%	5.0%	5.0%

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