

David Shubs – Equity Completion

April 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

April 2019 saw the TSX gain 3.0% for a year to date return of 15.8%. The US markets are performing similarly, with the Dow Jones up 2.6% for the month and 14.0% for the year (Thomson Reuters, April 30, 2019). These meteoric returns seem to mixed economic results. Specifically, we are facing:

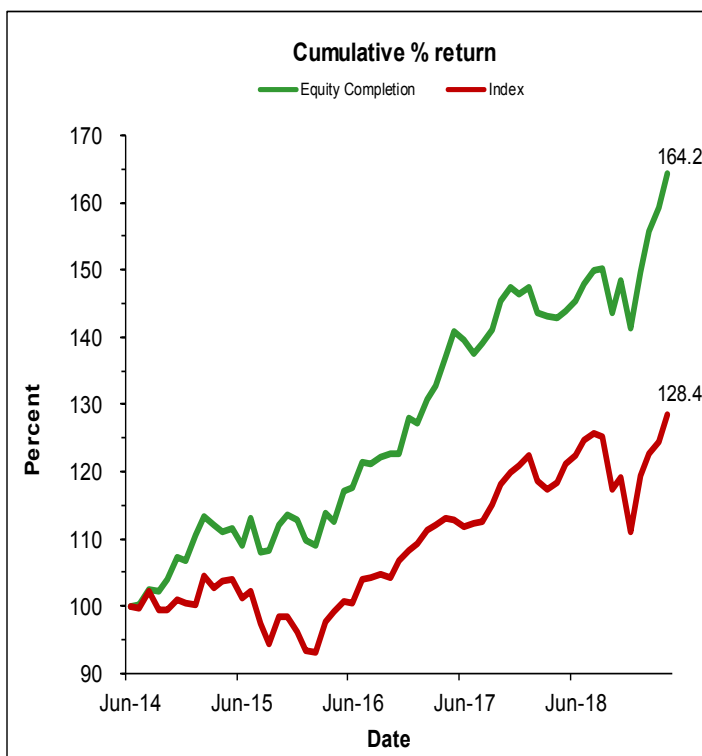
- 1) Bank of Canada reduced economic expectation, including the general weakness in home sales, which has been a bright spot in the challenged Canadian economy
- 2) Brexit uncertainty that has decreased Eurozone GDP and is continually being kicked down the road
- 3) US showing strong GDP growth and historically low unemployment rates, which may be offset by continued trade tensions with China and low inflation

Great investors have an ability to spot profitable opportunities where others may fail. In De Bondt and Thaler's famous 1985 study on behavioural finance, they proved that investors over react to both good and bad news. Looking through the noise and being willing to have faith in our convictions has allowed our investors to profit from the over-reaction of others.

The increase in data and uncertainty created by the differing economic and political signs creates a situation with an abundance of news both good and bad. This very information has the capacity to create huge swings in asset values. These large swings have both allowed us to sell assets that we thought were overpriced and deploy some capital in equities that we thought were unfairly beaten up. While in 2018 our investors had a muted participation in the down market, we have captured almost all of the uptick. We believe that we are well positioned with the businesses that we own and the cash we are holding to see what the next 6-12 months hold.

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	6 Mo	1 Yr	2 Yr	3 Yr	4 yr	Since Inception
Strategy	3.1%	14.4%	15.13%	9.5%	13.5%	10.3%	10.8%
Benchmark	3.3%	9.4%	8.5%	6.6%	9.0%	5.5%	5.3%

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