

David Shubs – Equity Completion

February 2020

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

Irrational excitement drove the TSX, S&P 500 and Dow Jones to all hit all-time highs in February (Thomson Reuters February 28, 2020). This was very short lived as the actual spread of coronavirus increased, the fear of it being a pandemic turned financial markets sharply down. We saw swings of 9.9%, 13.6% and 14.7% for the TSX, S&P 500 and the Dow respectively. The TSX went from up 3.8% only to end down 6.1%. Similarly, the Dow Jones went from up 4.6% to down 10.1% (Thomson Reuters February 28, 2020)

The selling has been widespread with no asset class or group of businesses being spared. We have been diligently reviewing our businesses to ensure their solvency and cash generating capabilities. We are also reviewing our wish list for solvency, cash generating capabilities and pricing.

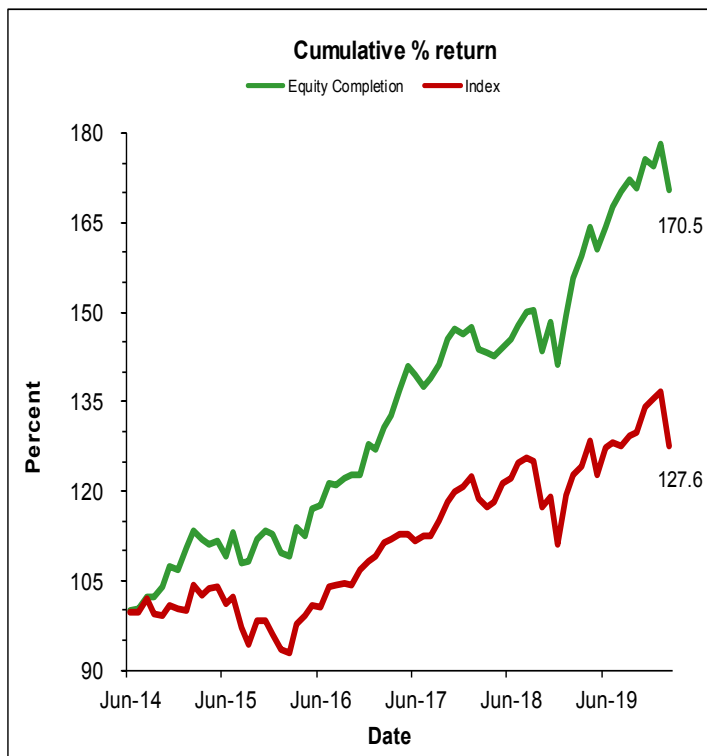
Even beyond coronavirus, we are still facing many uncertainties:

- Deeply inverted Canadian yield curve (Thomson Reuters, Feb 24, 2020)
- US presidential election in 9 months
- Very early days of Brexit
- Continued US/Sino trade negotiations
- Central banks that have very little ability to entice spending

In previous letters we have discussed sitting on higher levels of cash. As these declines happen, we are looking to deploy these funds into great businesses at significantly reduced prices. I look forward to writing about what we are doing in the months to come.

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 – **September 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 Year | 2 years | 3 Years | 4 Years | 5 Years | Since Inception |
|------------------|--------|--------|---------|---------|---------|---------|-----------------|
| Strategy | (4.3)% | 9.5% | 8.9% | 9.2% | 11.8% | 8.5% | 9.9% |
| Benchmark | (6.6)% | 4.0% | 3.7% | 4.7% | 8.2% | 4.1% | 4.3% |

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