

# David Shubs – Equity Completion

August 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

Financial markets have been roaring, with US equity markets hitting all time highs in August 2020 (Thomson Reuters, August 31, 2020). There is a saying in poker that to win a bad hand, you need the next cards to turn up perfect perfect. The way that many companies and in turn the indices are priced, implies that people are expecting the next 6 months to be perfect perfect. Equity indices at all time highs may not be sustainable. There are many “cards” that will make the economy less successful, some of which are:

### Covid Related

- Conflicting information even between the US FDA and WHO about use of antibodies/and in general how to treat the virus
- Back to school starting and the related risk and concerns about spiking cases
- Loan and mortgage deferral coming off starting in September
- Eroding consumer confidence (Conference Board August 2020 Consumer Confidence Survey)

### General

- Continue political posturing between the US and China
- Civil unrest in US trigger by another African Americans being shot by police
- US election in November
- US Federal Reserve effectively adopting a “lower for longer” approach to interest rates

I see our approach is cautiously optimistic. We are holding on to our core positions, but have sold out of some businesses that no longer fit our long term vision. We are holding more cash than normal. While this higher cash position does create some drag on our returns, it is consistent with our safety first philosophy and hopefully allows us to be opportunistic buyers in the future.

## Portfolio Facts

Portfolio Manager - **David Shubs**

Investment Approach - **Fundamental & Quantitative**

Risk Profile - **Medium to High**

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

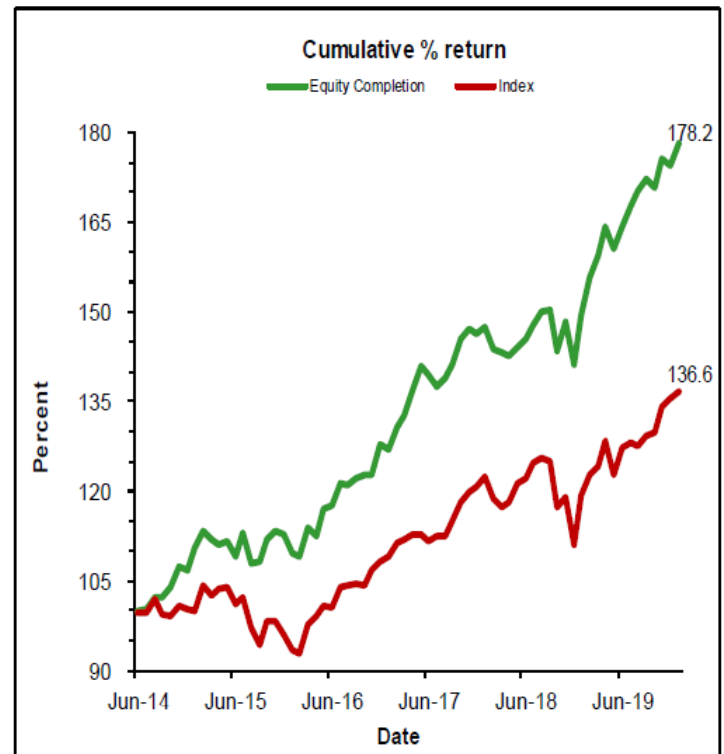
Minimum Investment - **\$250,000**

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
<b>Strategy</b>	1.5%	0.7%	6.9%	7.2%	9.0%	9.7%	9.1%
<b>Benchmark</b>	3.9%	8.4%	4.9%	7.1%	7.3%	7.3%	5.3%

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