

David Shubs – Equity Completion

June 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

At the start of June the world continued opening up, hoping to get economies back on track. On June 5, North American employment numbers shocked the world as both Canada and the US added meaningful number of new jobs in May (US department of Labour and Statscan June 5, 2020). The number of new Covid cases, number of severe cases and the death rate all were in decline (worldometers.info). These seemingly positive facts drove the TSX up to 5.2% and Dow Jones up 8.7% (Thomson Reuters, June 30, 2020) early in the month.

This euphoria was quickly subdued. The virus, which looked like it might be contained, came back with vengeance. In the USA Covid cases spiked to over 35,000 in one day, the highest daily tally since April. Subsequently, the IMF reduced their expectations for world GDP down to -5% (IMF World Economic Update, June 2020) as they believe that the virus and its related recession will last longer than initially anticipated.

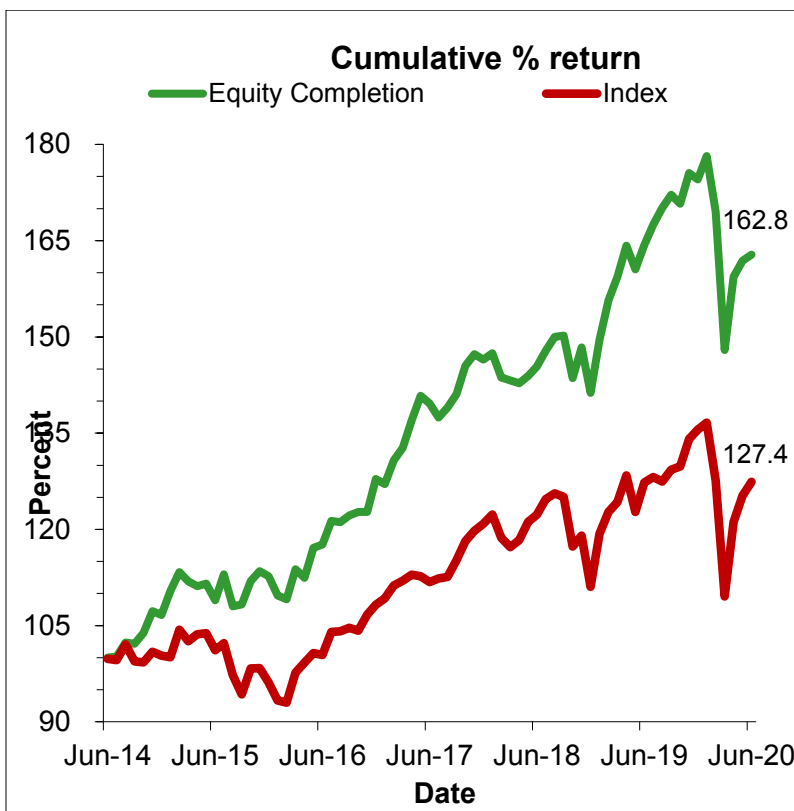
Even this didn't drive markets lower. The TSX and Dow Jones ended the month up 2.1% and 1.7% respectively (Thomson Reuters, June 30, 2020).

The Dow is now close to levels seen in January and February 2019. I do not believe that the world is anywhere near the same economic situation seen 18 months ago. At that time we were solely focussed on the US-Sino trade negotiations, We still have that uncertainty, but that takes a significant back seat to the Coronavirus and related recession.

We freed up more cash during the month of June and are looking to be patient in our buying. I expect this volatility to continue over the next several months and hopefully create opportunities for us to deploy our cash pile.

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	0.6%	(0.9)%	5.8%	5.3%	8.5%	8.4%	8.5%
Benchmark	1.7%	0.1%	2.1%	4.5%	6.1%	4.7%	4.1%

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