BMO Nesbitt Burns

David Shubs – Equity Completion

May 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

The world is starting to open up, and we are getting the first view of the ramifications of this pandemic. While most are feeling at least some pinch, the brunt of the downturn is fiercely attacking those who are most vulnerable. In health terms that is the elderly or otherwise infirm. In social and economic terms that is the people who have the least resources.

When the quarantine opens we will be faced with:

- Increasing discrepancy between the haves and have not
- potential civil unrest due to murder George Floyd
- US China trade wars being revisited
- Historic declines in unemployment rates in Canada (-15.7% - statscan) and USA (-14.7% - US Department of Labour)
- Plummeting confidence (Survey of Consumer Expectations – May 11,2020)

In this new world, we have a dual focus:

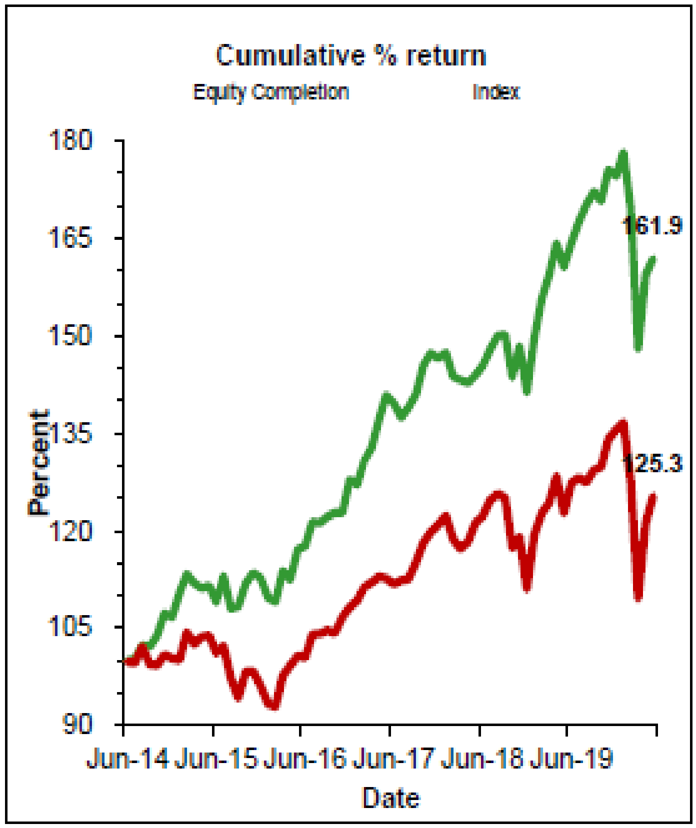
1) Take care of today's dollars. We are reviewing all of our businesses – we need them at a minimum to survive and pay dividends today and then hopefully thrive when the world returns.

2) Trying to understand how the fundamental changes that this pandemic brings will change the investment world we live in

We are testing our entire investment thesis. We have adjusted our portfolio to remove businesses that we don't feel will fit into the new world and added a couple businesses that we believe with thrive. We are still holding cash and looking for opportunities. Until then, we will be patient, collect dividends and wait for the right opportunities.

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	1.6%	0.8%	6.1%	4.7%	8.4%	7.7%	8.5%
Benchmark	3.4%	2.1%	1.7%	3.6%	5.6%	3.8%	3.8%

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