

00:00:07:13 – 00:00:10:03

So again, you know, we, like to do things I intend.

00:00:10:03 – 00:00:13:16

Didn't, I'm here with, with Alex casino.

00:00:13:19 – 00:00:16:19

No. For risks here for market themes for 2026.

00:00:16:22 – 00:00:20:24

We do believe we are expected to see some choppiness, not as the early vol to lead,

00:00:20:24 – 00:00:24:28

but if anything you've seen over the past few days, even and even,

00:00:25:01 – 00:00:29:18

for the first month of January, there is some vol out there.

00:00:29:21 – 00:00:31:12

Again, it's mostly headline driven.

00:00:31:12 – 00:00:34:23

It's more disruptive than destructive, not structural,

00:00:35:00 – 00:00:36:21

but some of the pay tends to for investment.

00:00:36:21 – 00:00:37:04

So perhaps

00:00:37:04 – 00:00:40:28

we don't want to make too many knee jerk

reactions to any headline announcements

00:00:40:29 - 00:00:43:04

that create market volatility.

00:00:43:04 - 00:00:45:08

We believe diversification
will be in focus.

00:00:45:08 - 00:00:47:05

Due to valuation and concentration risk.

00:00:47:05 - 00:00:50:02

So markets are, for lack of better term,
perhaps,

00:00:50:02 - 00:00:52:26

fully value, maybe priced for perfection.

00:00:52:26 - 00:00:55:12

And because of the concentration risk,
there is some,

00:00:55:12 - 00:00:58:22

some risk there that the indices
themselves might see some volatility.

00:00:58:22 - 00:01:01:14

But that doesn't mean
individual securities are not attractive.

00:01:01:14 - 00:01:03:09

So something to pay attention to.

00:01:03:09 - 00:01:05:12

Lastly of course security will be key.

00:01:05:12 - 00:01:07:05

We think that is

00:01:07:08 - 00:01:09:05

both for equities and fixed income.

00:01:09:05 - 00:01:11:09

It will be down to stock selection

00:01:11:09 - 00:01:14:01

and investment selection
from 16 perspective as well.

00:01:14:01 - 00:01:18:28

And as absolute to the fact
that, it's not just a US or Canada theme,

00:01:19:00 - 00:01:20:13

but there's also opportunities

00:01:20:13 - 00:01:24:06

and excitement outside of North America,
international, especially Europe.

00:01:24:11 - 00:01:26:28

We believe that opportunities
exist beyond North America.

00:01:26:28 - 00:01:29:28

This is not a lost decade by any means.

00:01:30:00 - 00:01:34:02

But perhaps last year we woke
in the eyes of investors around the world,

00:01:34:05 - 00:01:36:04

or predominately in the US and Canada,

00:01:36:04 - 00:01:39:04

that international investments
are still an attractive opportunity.

00:01:39:08 – 00:01:43:28

It's not just, us, that are dominating the headlines and dominate opportunity.

00:01:44:01 – 00:01:46:28

Next slide please.

00:01:46:28 – 00:01:48:21

We look at some of the volatility here.

00:01:48:21 – 00:01:51:03

We see the global economic Policy uncertainty index.

00:01:51:03 – 00:01:53:10

The blue line and the green line is the VIX index.

00:01:53:10 – 00:01:57:05

The VIX index measures the volatility of the Sp500.

00:01:57:08 – 00:01:58:07

Not surprising.

00:01:58:07 – 00:02:00:01

When there's more geopolitical risk.

00:02:00:01 – 00:02:02:21

There tends to be more market risk for market volatility.

00:02:02:21 – 00:02:04:15

That big spike there recently.

00:02:04:15 – 00:02:06:08

That was Liberation Day last year.

00:02:06:08 – 00:02:08:25

We had a little bit of a spike recently.

00:02:08:25 – 00:02:10:15

This a three month moving average.

00:02:10:15 – 00:02:12:10

So it kind of smooths things out.

00:02:12:10 – 00:02:15:07

But again, as headlines come
in, as the Jubal

00:02:15:07 – 00:02:20:14

uncertainty happens as the tensions arise,
not just from a trade perspective,

00:02:20:14 – 00:02:24:25

but actual a conflict perspective
that creates some gyrations in the market.

00:02:25:02 – 00:02:29:11

And we expect that to continue given
or the headlines and uncertainty persists,

00:02:29:12 – 00:02:32:22

not just with, the US federal example.

00:02:32:25 – 00:02:35:28

There's a midterm election coming
this year is a renegotiation

00:02:35:28 – 00:02:39:15

as outset of the Usmca agreement,
there's a lot of,

00:02:39:18 – 00:02:42:17

headlines that could create some gyrations
in the market.

00:02:42:17 - 00:02:45:15

Next slide please.

00:02:45:18 - 00:02:47:03

Willie, evaluation.

00:02:47:03 - 00:02:50:00

This is where
perhaps it is a bit elevated.

00:02:50:00 - 00:02:53:00

We hard, hard
pressed to say it's expensive, necessary

00:02:53:00 - 00:02:54:26

or it can't go higher.

00:02:54:26 - 00:02:58:23

But when you look at the, left hand side
here, and these gray bars represent

00:02:58:23 - 00:03:03:18

the historical price earnings ratio
on a Ford basis over the last 20 years.

00:03:03:21 - 00:03:06:16

And this idea is that you
pay today for Ford earnings.

00:03:06:16 - 00:03:08:28

So what am I paying today for Ford
earnings.

00:03:08:28 - 00:03:12:13

Well, on the left hand side
that is the S&P 500 markup weight index.

00:03:12:13 - 00:03:13:26

The red diamonds are current.

00:03:13:26 – 00:03:15:13

The blue circle is the five year average.

00:03:15:13 – 00:03:17:10

And the yellow square
the ten year average.

00:03:17:10 – 00:03:19:22

You would say that
this margin is expensive.

00:03:19:22 – 00:03:21:16

At the same time it can go higher.

00:03:21:16 – 00:03:24:15

People are saying this is much like
the tech wreck of 19 90,000.

00:03:24:15 – 00:03:26:26

We do not subscribe to that theory
whatsoever.

00:03:26:26 – 00:03:29:25

Given the types of companies
that exist right now.

00:03:29:25 – 00:03:33:25

Industry 500, their dominant market cap,
it is not the same type of companies

00:03:33:25 – 00:03:37:04

we saw during the tech wreck,
things like Pets.com.

00:03:37:04 – 00:03:39:05

If you remember, there's
a lot of these, companies

00:03:39:05 – 00:03:40:21

that didn't make any money whatsoever.

00:03:40:21 – 00:03:43:12

We're not seeing that
at the same degree anymore.

00:03:43:12 – 00:03:47:01

If you go to the right that the next bar
there is, sorry, back edge,

00:03:47:01 – 00:03:47:29

the next slide, sorry.

00:03:47:29 – 00:03:50:20

The next part
that is the S&P five year equity index.

00:03:50:20 – 00:03:54:00

So you think all 500 companies
in the Sp500 and equate them.

00:03:54:07 – 00:03:56:28

So you take away
the dominance of those top names.

00:03:56:28 – 00:03:59:23

And now you see much more in line
with long term average.

00:03:59:23 – 00:04:03:01

That tells us there's a lot of opportunity
within the SPX.

00:04:03:01 – 00:04:06:24

If I were to find good quality businesses
that perhaps are undervalued

00:04:06:28 – 00:04:08:07

because that's the average.

00:04:08:07 - 00:04:10:12

So we're not fearful about valuation.

00:04:10:12 - 00:04:14:15

We want to pay attention to valuation,
understand where we're taking risks

00:04:14:18 - 00:04:15:14

across the board.

00:04:15:14 - 00:04:18:28

If you go across the Kara Russell Mid-caps
emerging Markets, Europe,

00:04:19:04 - 00:04:22:23

every every red diamond is a five
long term average.

00:04:22:26 - 00:04:26:16

What's that tell me is
there's no obvious area to invest it

00:04:26:19 - 00:04:30:12

at the same time it says we should be
investing in companies, not countries.

00:04:30:15 - 00:04:31:27

And I get this question all the time.

00:04:31:27 - 00:04:33:20

Where in the world
should you be invested in

00:04:33:20 - 00:04:35:27

any given time
or where's the best opportunity?

00:04:35:27 - 00:04:38:02

I would say right now
it's bottom up staffing.

00:04:38:02 – 00:04:41:24

I want to be invest in big businesses
around the world and be diversified.

00:04:41:27 – 00:04:44:18

I think that's a key, especially after
seeing what happened last year,

00:04:44:18 – 00:04:48:03

that we need to be
reminded for our portfolios.

00:04:48:06 – 00:04:51:01

Next question then next slide start.

00:04:51:01 – 00:04:54:01

Here we see the dominance of the top
ten names of 500.

00:04:54:02 – 00:04:56:25

They account for over 40% of the index.

00:04:56:25 – 00:04:59:19

Now we don't usually see this
as a domination.

00:04:59:19 – 00:05:03:06

If you look at it across the board
the top ten names are rarely above 25%.

00:05:03:09 – 00:05:06:17

This is dominated by tech names, growth
year, nature.

00:05:06:24 – 00:05:12:05

This should not be again feared, but

understand that if we see some volatility,

00:05:12:08 - 00:05:16:26

in the actual index prices,
that doesn't mean all companies are down.

00:05:17:03 - 00:05:18:00

I'll give you, for example,

00:05:18:00 - 00:05:21:00

if you're paying attention to the markets
today, they're slightly negative.

00:05:21:04 - 00:05:25:08

However, half the companies ask for 500
positive and half are negative.

00:05:25:11 - 00:05:26:23

But the index is down. Why?

00:05:26:23 - 00:05:28:04

Because the big names are down.

00:05:28:04 - 00:05:30:10

And that's important. Understand
that the index is not.

00:05:30:10 - 00:05:32:29

See your investments. So pay attention
to what you're actually investing in.

00:05:32:29 - 00:05:36:14

And ideally you're diversified away
from just these top

00:05:36:17 - 00:05:39:08

ten names that dominate this index.

00:05:39:08 - 00:05:42:03

Next slide please.

00:05:42:06 – 00:05:43:27

And I as I said, it's gonna be a Show-Me story.

00:05:43:27 – 00:05:45:04

It's gonna be earnings growth.

00:05:45:04 – 00:05:47:22

If you notice at all over the last week and a half or so,

00:05:47:22 – 00:05:51:19

it is about what have you done for me lately and what are you going to do for me

00:05:51:20 – 00:05:52:05

going forward?

00:05:52:05 – 00:05:55:05

It means that as companies announced the quarterly earnings,

00:05:55:10 – 00:05:59:02

are they meeting or beating expectations and what is their guidance?

00:05:59:02 – 00:06:01:06

What is their forward looking expectations?

00:06:01:06 – 00:06:04:13

And if you don't have good announces for both of those,

00:06:04:16 – 00:06:06:19

your stock price is probably going to get a bit punished.

00:06:06:19 – 00:06:09:22

If you're positive,
that's where you get a big rally.

00:06:09:26 – 00:06:13:01

For example, last week
Microsoft did not announce,

00:06:13:04 – 00:06:17:22

great guidance, so their stock sold off
Palantir and their had barely beat

00:06:17:22 – 00:06:21:19

expectations but had strong guidance
and their stock rally strongly.

00:06:21:25 – 00:06:24:03

So that is something that should be about
Show-Me story.

00:06:24:03 – 00:06:26:12

The blue line here is earnings per share.

00:06:26:12 – 00:06:27:14

On a four basis.

00:06:27:14 – 00:06:29:10

The Green Line SB 500.

00:06:29:10 – 00:06:31:05

We always paint for future earnings.

00:06:31:05 – 00:06:33:26

The key is
are we going to achieve those earnings.

00:06:33:26 – 00:06:37:18

And as those earnings expectations
remain lofty for certain companies,

00:06:37:21 - 00:06:38:17

this becomes a risk.

00:06:38:17 - 00:06:40:06

And we will make sure
we're not paying too much for that

00:06:40:06 - 00:06:43:14

or being overly exposed
to some of those areas of the market

00:06:43:19 - 00:06:46:09

that might have lost your expectations
for earnings.

00:06:46:09 - 00:06:50:04

And that results in a more difficult
achievement for those expectations.

00:06:50:10 - 00:06:52:29

And that's
where we get a bit of more volatility.

00:06:52:29 - 00:06:55:12

Next chart that.

00:06:55:15 - 00:06:56:20

Well as you said

00:06:56:20 - 00:06:59:25

international equities
is not a new performance.

00:06:59:28 - 00:07:03:26

Here this green line is the rolling
one year relative return.

00:07:03:29 - 00:07:06:02

So when the green line is above
the red line

00:07:06:02 – 00:07:09:00

yes we far outperforms
the international equity index.

00:07:09:00 – 00:07:11:00

And when the green line is below
the red line,

00:07:11:00 – 00:07:12:23

the international equity
index outperforms.

00:07:12:23 – 00:07:14:00

Yes, 500.

00:07:14:00 – 00:07:17:27

We've had a bit much more of a recency
bias, especially coming out of 2022.

00:07:18:03 – 00:07:22:00

Whereas a strong momentum
rally 2324 by U.S.

00:07:22:00 – 00:07:25:18

equity markets relative
to, the in Irish markets.

00:07:25:25 – 00:07:29:21

And of course, last year
was a flip, of a coin over,

00:07:29:24 – 00:07:32:12

on its head
that international outperformed.

00:07:32:12 – 00:07:35:22

But if you go back over history, there's

lots of periods where it oscillates.

00:07:35:26 - 00:07:38:11

Sometimes it's red line,
excuse me with the red line.

00:07:38:11 - 00:07:40:25

So that's
where kind of where both markets are even.

00:07:40:25 - 00:07:42:28

This is where again
stock picking makes sense.

00:07:42:28 - 00:07:46:10

We do not believe this a lost decade
by any stretch of imagination

00:07:46:13 - 00:07:49:05

where it actually just dominates
for ten years straight.

00:07:49:05 - 00:07:52:14

Again, even the last decade
was not a straight line of flat markets.

00:07:52:14 - 00:07:55:28

SB 502 actually moved higher and lower.

00:07:56:01 - 00:07:56:20

It was just dominated

00:07:56:20 - 00:08:00:17

by the start date of the tech correction,
the end date of the financial crisis.

00:08:00:20 - 00:08:02:29

So we don't think this is anywhere
a lost decade.

00:08:02:29 - 00:08:04:22

There's opportunities around the world

00:08:04:22 - 00:08:08:13

and not just international,
but not are not just U.S or Canada.

00:08:08:16 - 00:08:11:07

Next slide please.

00:08:11:10 - 00:08:12:13

That was

00:08:12:13 - 00:08:16:10

absolute you the fed chair is going to be
a big driver of or in the reserves

00:08:16:10 - 00:08:19:24

can be a big driver or a lot of attention
being paid this year.

00:08:19:27 - 00:08:23:18

I think the key is in a way
where the Federal Reserve

00:08:23:18 - 00:08:27:12

cuts rates an hour, maybe 2 or 3 times
this year in an environment

00:08:27:12 - 00:08:32:02

where the, employment
remains fairly sound.

00:08:32:06 - 00:08:35:16

I don't see a big jump in unemployment,
where the,

00:08:35:19 - 00:08:37:16

inflation remains the sticky level.

00:08:37:16 - 00:08:40:12

It doesn't have the 2%.
It could see at 2.5, 2.7.

00:08:40:12 - 00:08:41:15

That's okay.

00:08:41:15 - 00:08:45:11

If the Fed Reserve's
cutting rates, slightly in that market,

00:08:45:14 - 00:08:48:28

equity markets actually enjoy, easier.

00:08:49:01 - 00:08:50:10

Time from the Federal Reserve.

00:08:50:10 - 00:08:54:02

So that actually would be supportive
of further equity market improvements.

00:08:54:08 - 00:08:55:26

We are constructive equities overall.

00:08:55:26 - 00:08:57:21

We're not, fearful.

00:08:57:21 - 00:09:00:24

We can't we I say cautiously optimistic
because I think we're cautious here.

00:09:00:28 - 00:09:02:18

I think there's opportunities there.

00:09:02:18 - 00:09:06:16

But it's much more about a stock pickers
market, active management versus,

00:09:06:19 – 00:09:11:07

passive rotation in geographies
like we saw last few years.

00:09:11:10 – 00:09:13:24

Next slide please.

00:09:13:27 – 00:09:15:26

On the fixing side we do like yields.

00:09:15:26 – 00:09:17:11

Yields are attractive.

00:09:17:11 – 00:09:19:02

But they're not as attractive
as they once were.

00:09:19:02 – 00:09:22:23

This is a percentile
ranking of the historical yields.

00:09:22:26 – 00:09:23:16

For the investor

00:09:23:16 – 00:09:27:16

grade bonds in the US on the green line,
the blue line, the high yield marketplace.

00:09:27:19 – 00:09:31:03

So essentially when the percentile
rank is near the upper level,

00:09:31:06 – 00:09:34:04

that is when yields are extremely
attractive relative history,

00:09:34:04 – 00:09:37:03

when they're down towards zero, they're
less attractive relative to history.

00:09:37:03 - 00:09:38:25

The actual yield number would be nice.

00:09:38:25 - 00:09:42:07

But where is it in terms of the history
and what risk repaying.

00:09:42:10 - 00:09:45:24

So right now roughly
the 25th percentile for U.S high yield.

00:09:45:27 - 00:09:47:06

This is where yields are nice.

00:09:47:06 - 00:09:49:15

But they're not as great
as they once were.

00:09:49:15 - 00:09:53:07

So first we have to understand what risk
are we taking to get those yields.

00:09:53:08 - 00:09:56:24

Maybe what will be chasing a yields
in lower quality assets.

00:09:57:01 - 00:10:00:12

We believe quality is actually
the right way to be invest right now

00:10:00:12 - 00:10:04:12

both equities and fixed income
not chasing under risk invest grade bonds.

00:10:04:15 - 00:10:06:07

We're in the 50 percentile range.

00:10:06:07 - 00:10:09:10

They're still nice.
And I think you're getting better

00:10:09:13 - 00:10:10:18

risk reward.

00:10:10:18 - 00:10:13:18

Despite the yields being a bit lower
we're not taking as much risk.

00:10:13:25 - 00:10:16:01

Next slide please.

00:10:16:01 - 00:10:18:21

And when I talk about risk
it really is about what we call spread.

00:10:18:21 - 00:10:22:13

The spread is the difference
between the yield of a high yield

00:10:22:13 - 00:10:25:10

bond or investor
bond relative to a government bond.

00:10:25:10 - 00:10:28:16

So the bigger the spread,
the more you're being compensated

00:10:28:16 - 00:10:32:08

for taking on risk
to lend to a company versus a country.

00:10:32:11 - 00:10:35:25

So here when again, when the lines are
near the upper end, the 100 percentile,

00:10:35:28 - 00:10:39:15

this is when, industry bonds and high
bonds are cheap.

00:10:39:15 - 00:10:42:18

And we want to go all in invest
and all those lines compress.

00:10:42:22 - 00:10:44:20

That is when the big returns
are being made.

00:10:44:20 - 00:10:46:05

Notice is 2022.

00:10:46:05 - 00:10:50:06

You've seen essentially a big drawdown
in those lines except for liberation.

00:10:50:06 - 00:10:52:14

That again
a short term jump, that spike there.

00:10:52:14 - 00:10:54:06

But overall the trend was lower.

00:10:54:06 - 00:10:57:20

That is why high yield bonds have really
outperformed the last couple of years.

00:10:57:26 - 00:11:00:18

And right now we're there.
So they're percentile.

00:11:00:18 - 00:11:02:17

There's not much spread compression mate.

00:11:02:17 - 00:11:05:07

So yields are great.
We think this may income game.

00:11:05:07 - 00:11:07:06

We just don't think we get much total return.

00:11:07:06 - 00:11:10:04

What that means also is high quality fix and makes sense.

00:11:10:04 - 00:11:13:10

It's a great diversifier for your investments to get equities

00:11:13:17 - 00:11:17:14

balanced portfolios make a lot of sense for those that are closer to retirement.

00:11:17:14 - 00:11:20:12

Looking for that 5 to 7% return, we can achieve that.

00:11:20:12 - 00:11:24:07

We also want to look outside of North America as well for investments,

00:11:24:10 - 00:11:25:04

for fixed income.

00:11:25:04 - 00:11:28:15

We think invest investing internationally or diversification internationally

00:11:28:22 - 00:11:30:10

is not just good for equities.

00:11:30:10 - 00:11:31:21

It also makes sense for fixed income.

00:11:31:21 - 00:11:33:21

So open off your borders

00:11:33:21 - 00:11:36:06

broaden your horizon.
And we can find some great investments

00:11:36:06 – 00:11:40:16

globally for both
equities and fixed income.

00:11:40:19 – 00:11:40:26

Alex.

00:11:40:26 – 00:11:45:10

Now I'll turn back to you
and see if there's any questions.

00:11:45:13 – 00:11:45:27

Perfect.

00:11:45:27 – 00:11:47:15

Thank you Kevin.

00:11:47:15 – 00:11:49:16

Thank you all for sorry.

00:11:49:16 – 00:11:51:21

We're into the, Q&A.

00:11:51:21 – 00:11:53:23

So. Yes, thank you for your insights.

00:11:53:23 – 00:11:55:00

We're going to turn over to the questions.

00:11:55:00 – 00:11:56:15

So as a reminder,

00:11:56:15 – 00:11:57:00

please submit

00:11:57:00 – 00:12:00:24

any of your questions, through the buttons
at the bottom of your screen.

00:12:00:27 – 00:12:05:08

If you wish to remain anonymous,
you can choose to do that, before,

00:12:05:11 – 00:12:06:16

submitting.

00:12:06:16 – 00:12:10:09

I'll kick it off with a question here
that seems to be,

00:12:10:12 – 00:12:13:00

you know, always in the news
or in the media, maybe.

00:12:13:00 – 00:12:15:17

Alex, I'll send this one to you first.

00:12:15:17 – 00:12:18:04

Golden silver.

00:12:18:04 – 00:12:19:29

Every day there seems to be something
about gold and silver.

00:12:19:29 – 00:12:23:04

So maybe Alex,
you can touch from it on a macro side.

00:12:23:11 – 00:12:26:09

And Kevin, you can touch from it
from a from an investment side.

00:12:26:09 – 00:12:29:12

Yeah, sure. Thanks, Alex.

00:12:29:15 - 00:12:31:27

Certainly has been a hot topic,

00:12:31:27 - 00:12:35:11

especially with the more tactically minded portfolio managers annualized.

00:12:35:11 - 00:12:39:10

So when we look at it from across asset perspective, one of the main things

00:12:39:10 - 00:12:44:01

we think of when we think of gold and silver is not so much inflation

00:12:44:04 - 00:12:48:04

or store of value, but a hedge against extreme uncertainty

00:12:48:04 - 00:12:51:16

or what is colloquially referred to as a disaster hedge.

00:12:51:16 - 00:12:56:17

So what that means in practice is if you think there's a 0.02% chance

00:12:56:17 - 00:13:00:15

of something going wrong and it goes up to .05, it doesn't mean it's probable.

00:13:00:18 - 00:13:03:10

But that change definitely has a bearing on

00:13:03:10 - 00:13:06:29

volatility, uncertainty and flight to the surface to offset.

00:13:06:29 – 00:13:11:00

You can have, I think, one of the very telling things to me,

00:13:11:03 – 00:13:14:23

over the last month or so, is that uncertainty has spiked.

00:13:14:23 – 00:13:18:04

A large part of that is because of just how active

00:13:18:07 – 00:13:22:12

the Trump administration has been over the last month, over a variety of topics.

00:13:22:15 – 00:13:28:03

And the telling thing to me was basically when Kevin Wershe was named as,

00:13:28:06 – 00:13:31:03

the presumptive fed chairman, he still has a clear nomination.

00:13:31:03 – 00:13:33:04

It can be quite a long process.

00:13:33:04 – 00:13:35:21

It did send a signal that was very reassuring

00:13:35:21 – 00:13:38:01

to a lot of people, because one of the central questions

00:13:38:01 – 00:13:41:06

that has been asked is whether or not we got fed independence.

00:13:41:09 – 00:13:45:26

And here's where I really like
to distinguish between like minded

00:13:45:29 - 00:13:47:22

and dependent.

00:13:47:22 - 00:13:52:01

I think right now what you're seeing with
the fed is that Kevin Warsh will come in.

00:13:52:06 - 00:13:54:22

He shares a similar view to Donald Trump.

00:13:54:22 - 00:13:58:06

But if you look at his history,
I think he has enough credibility

00:13:58:09 - 00:14:02:27

overall to make up his own mind
as to what he needs to do next.

00:14:03:00 - 00:14:06:11

And it's not really important now
because frankly, if you get an extra

00:14:06:11 - 00:14:09:11

25 or 50 basis points in cuts

00:14:09:18 - 00:14:12:19

in the easing cycle, overall, it's
not going to change a whole lot.

00:14:12:19 - 00:14:16:28

It really matters a lot more down the road
whether or not the fed

00:14:16:28 - 00:14:20:10

actually reacts when it really should
if the economy overheats.

00:14:20:13 - 00:14:22:23

And that's really what I think
markets were reacting to.

00:14:22:23 - 00:14:25:18

So it was a massive way of reassurance.

00:14:25:18 - 00:14:27:28

A very slight Segway
before I pass it over to Kevin,

00:14:27:28 - 00:14:31:05

there was also a second piece of news,
which I think helped reinforce it,

00:14:31:08 - 00:14:33:26

even though a lot of people
probably didn't notice it.

00:14:33:26 - 00:14:37:08

You might remember back in September
that they fired

00:14:37:08 - 00:14:39:07

the head of the Bureau of Labor
Statistics.

00:14:39:07 - 00:14:42:07

So he's the person who's in charge
of the department that puts out

00:14:42:11 - 00:14:46:07

non-farm payrolls,
which is the US employment report.

00:14:46:10 - 00:14:47:02

And when

00:14:47:02 - 00:14:49:27

they talked about putting somebody else
and there's a lot of concern around

00:14:49:27 - 00:14:53:09

what would happen with the data,
the process around that.

00:14:53:12 - 00:14:56:13

They announced some new person
to come in to that job.

00:14:56:13 - 00:15:01:07

And he's a career bureaucrat, which was
also reassuring because it's just boring.

00:15:01:10 - 00:15:04:10

And that's
kind of what you want in this case.

00:15:04:11 - 00:15:07:01

So those two things
I think combined will have served

00:15:07:01 - 00:15:12:00

to remove some of the edge
around the disaster hedge.

00:15:12:03 - 00:15:17:02

And that's why we saw the press react
the way it has of the last little while.

00:15:17:05 - 00:15:18:18

Kevin, I will pass it over to you.

00:15:18:18 - 00:15:22:12

And if there's anything I need
that on afterwards, I'm happy to do it.

00:15:22:15 - 00:15:23:13

Thanks, Alex.

00:15:23:13 – 00:15:24:15

Yeah. So it's quite interesting.

00:15:24:15 – 00:15:27:23

Whereas as Alex alluded to, gold was the disaster hedge,

00:15:27:26 – 00:15:32:03

kind of this diversification, way from US dummy assets.

00:15:32:06 – 00:15:35:19

There was a diversification from central banks and governments globally.

00:15:35:22 – 00:15:39:00

When there's a flight to safety gold was that natural move there.

00:15:39:03 – 00:15:41:24

And of course, what happens is

00:15:41:27 – 00:15:42:22

ETF market,

00:15:42:22 – 00:15:46:20

especially in the US, becomes quite focused on the next trade.

00:15:46:20 – 00:15:47:21

And that was what gold was.

00:15:47:21 – 00:15:51:29

And gold was rallying quite strongly on top of all this demand pressure.

00:15:52:00 – 00:15:57:07

The upside now silver has kind of been this next level coming on to silver.

00:15:57:10 - 00:16:01:28

And gold tend to trade together over time is roughly between

00:16:01:28 - 00:16:06:01

the 80 to 1 ratio and a 50 to 1 ratio, where gold and silver kind of move.

00:16:06:08 - 00:16:09:05

So when 81 ratio happens, you're actually gonna see gold.

00:16:09:05 - 00:16:09:14

Sorry.

00:16:09:14 - 00:16:13:17

Silver price pick up when it's a 50 to 1 you're going to see perhaps gold prices

00:16:13:17 - 00:16:13:28

pick up.

00:16:13:28 - 00:16:18:23

So it's going to offset through that as we get closer to that 50 to 1 ratio.

00:16:18:26 - 00:16:20:16

Silver, calm down a little bit.

00:16:20:16 - 00:16:24:14

Then we had to move to the downside last week as Alex alluded to.

00:16:24:20 - 00:16:26:01

And everything moves in tandem.

00:16:26:01 - 00:16:28:13

And now we're seeing move a little bit that higher.

00:16:28:13 - 00:16:33:07

For my perspective or for our perspective, I think right now it's a bullion play.

00:16:33:07 - 00:16:38:28

The Canadian, gold companies tend to do well when gold's moving higher,

00:16:39:01 - 00:16:42:01

but at the same time, they're really poor allocators of capital.

00:16:42:01 - 00:16:44:06

So you might get a bit of a trade in the near term.

00:16:44:06 - 00:16:48:05

But over time, what I'm doing is spending more money when gold prices are higher.

00:16:48:08 - 00:16:49:22

And that's not the best allocation of capital.

00:16:49:22 - 00:16:51:24

It's actually better when gold is low and catch

00:16:51:24 - 00:16:55:21

the next wave up as the it takes a while for mine to get a production,

00:16:55:24 - 00:16:58:25

so I'd be cautious about just jumping on the gold bandwagon

00:16:59:00 - 00:17:04:09

when we're just,
looking at gold companies here.

00:17:04:12 – 00:17:05:13

Perfect.

00:17:05:13 – 00:17:10:03

And actually one of the next, questions,
can you explain that?

00:17:10:06 – 00:17:13:01

There was a sudden drop recently in gold.

00:17:13:01 – 00:17:14:23

Do you know the reasoning for that or.

00:17:14:23 – 00:17:17:02

Yeah, sure. Yes.

00:17:17:02 – 00:17:19:03

I mean, go ahead, Kevin, please.

00:17:19:03 – 00:17:21:10

No, it's just a you allude to exactly
what happened last week.

00:17:21:10 – 00:17:23:11

It was that nomination of Kevin Warsh.

00:17:23:11 – 00:17:27:00

And, I think the expectation was
there was a lot more,

00:17:27:03 – 00:17:31:11

someone who was perhaps, less,
fundamentally driven,

00:17:31:11 – 00:17:35:04

shall we say, about the actual goings on between employment and inflation.

00:17:35:07 - 00:17:38:07

And, there was a real risk that it was the wild card,

00:17:38:07 - 00:17:40:10

and the fed was just going to do what Donald Trump wants.

00:17:40:10 - 00:17:44:04

And I think that, that nomination, alleviate some of that stress.

00:17:44:04 - 00:17:44:26

There.

00:17:44:26 - 00:17:50:06

And that was kind of a knee jerk reaction to, gold and silver prices on Friday.

00:17:50:09 - 00:17:51:17

Perfect.

00:17:51:17 - 00:17:53:09

Next question.

00:17:53:09 - 00:17:58:07

Very pertinent to Canadians thoughts on the Canadian dollar versus US dollar.

00:17:58:10 - 00:17:59:28

Alex, I guess I'll pass this one to you.

00:17:59:28 - 00:18:02:18

Yeah, sure, I can start. And then Kevin, you can.

00:18:02:18 - 00:18:05:02

Yeah, clearly add on.

00:18:05:02 – 00:18:07:28

So broadly speaking, we've actually been somewhat

00:18:07:28 – 00:18:12:05

surprised at how resilient the Canadian dollar is being.

00:18:12:08 – 00:18:14:11

If you ask people in risk teams

00:18:14:11 – 00:18:18:12

a year ago, if we were where we would be, the answers

00:18:18:12 – 00:18:23:02

you would get without modeling out would have been one one 5155 so sorry.

00:18:23:02 – 00:18:24:26

I think about it from a bond perspective.

00:18:24:26 – 00:18:29:10

So we're talking about below \$0.70.

00:18:29:13 – 00:18:32:04

The bottom line is that it's held in reasonably well.

00:18:32:04 – 00:18:36:06

And I think when you look more broadly at the US dollar, what you've seen,

00:18:36:09 – 00:18:39:19

especially against the euro, to expand the conversation a little bit

00:18:39:19 – 00:18:44:27

has been a little bit of of a removal of the premium that the US dollar has seen.

00:18:45:00 – 00:18:46:19

There were structural factors for that.

00:18:46:19 – 00:18:48:11

There are sentiment factors for that.

00:18:48:11 – 00:18:49:21

The sentiment part is obvious.

00:18:49:21 – 00:18:54:00

The structural factor is, like any portfolio manager, large pension

00:18:54:00 – 00:18:57:22

plans have to decide how much U.S exposure they want hedged back.

00:18:57:25 – 00:19:01:06

So even slight moves from the large pension plans can put downward pressure

00:19:01:06 – 00:19:02:20

on the US dollar.

00:19:02:20 – 00:19:03:11

I suspect

00:19:03:11 – 00:19:07:24

we've seen the larger moves for that and now becomes a story of rate differentials.

00:19:07:27 – 00:19:10:23

So short term USD versus CAD, if you think about it

00:19:10:23 – 00:19:14:11

from that simple perspective,
the Bank of Canada is on hold.

00:19:14:12 – 00:19:18:26

The markets think there's maybe two cuts
priced in and they move to for cuts

00:19:18:26 – 00:19:22:19

priced in to the fed katsu zar
that the Canadian dollar will appreciate

00:19:22:19 – 00:19:24:12

a little bit on a structural basis.

00:19:24:12 – 00:19:28:25

When you look at classic economic things,
we do see scope for further appreciation.

00:19:28:25 – 00:19:32:23

But that's over a five year period,
and it's sort of like a modest and slow

00:19:32:23 – 00:19:34:01

one in a model.

00:19:34:01 – 00:19:37:07

The reality is that tends to happen a lot
faster than the model would project.

00:19:37:07 – 00:19:37:27

So, you know,

00:19:37:27 – 00:19:41:29

we have a straight line over five years
because that's what models do.

00:19:42:02 – 00:19:44:18

We know that we'll probably get

a bunch of that in a few weeks.

00:19:44:18 – 00:19:47:10

If it does happen.

00:19:47:13 – 00:19:48:20

I would just add

00:19:48:20 – 00:19:53:24

the good news is that for anybody
going to the US on vacation, if they are,

00:19:53:27 – 00:19:57:06

that the Canadian dollar is not likely
to depreciate materially

00:19:57:06 – 00:19:58:16

from where it is today.

00:19:58:16 – 00:20:01:04

But at the same time, unfortunately, it's
not going to appreciate,

00:20:01:04 – 00:20:01:24

materially either.

00:20:01:24 – 00:20:05:28

We're probably in a tight trading range,
which is, pretty good for investors

00:20:05:28 – 00:20:10:09

because we don't have to bother worrying
about a hedge, against it.

00:20:10:12 – 00:20:15:19

If we were to lose it,
given the movement of the currency.

00:20:15:22 – 00:20:17:07

Perfect.

00:20:17:07 - 00:20:19:11

Thank you both for those answers.

00:20:19:11 - 00:20:20:15

Next question.

00:20:20:15 - 00:20:26:18

I'm very concerned about what the US is doing selling AI chips to the United

00:20:26:18 - 00:20:32:00

Arab Emirates, their NATO threats, and what is Canada doing in response?

00:20:32:03 - 00:20:34:29

So I don't know which one. Do you want to take that one. Yeah,

00:20:35:02 - 00:20:35:11

sure.

00:20:35:11 - 00:20:38:05

I mean, I guess one of the answers is Canada

00:20:38:05 - 00:20:41:23

can't really do a whole lot in response to what the United States decides to do.

00:20:41:23 - 00:20:42:24

Chips.

00:20:42:24 - 00:20:45:22

I think AI chips being sold

00:20:45:22 - 00:20:51:14

are one of the political points

of leverage that Donald Trump has.

00:20:51:17 – 00:20:55:23

More concerned about what is happening from a globalization perspective.

00:20:55:23 – 00:21:00:03

So one of the big, big sort of areas to watch

00:21:00:03 – 00:21:04:07

is what happens between the United States and China in the race for AI.

00:21:04:10 – 00:21:07:09

It seems like there had been some mutual throttling going on on that

00:21:07:09 – 00:21:11:22

front with regards to AI chips and rare earths and back and forth.

00:21:11:25 – 00:21:15:10

Right now that's sort of open a little bit more.

00:21:15:13 – 00:21:19:07

But overall, we do think that one of the structural things you're going to see

00:21:19:07 – 00:21:22:07

is just not even necessarily picking your side,

00:21:22:09 – 00:21:26:09

but a realignment of supply chains and focus of power

00:21:26:09 – 00:21:29:08

away from it

basically just being the United States.

00:21:29:08 - 00:21:33:15

So the United States and China, as you start to de globalize incrementally.

00:21:33:15 - 00:21:38:25

So watching out for those changes, one of the important things to keep an eye on.

00:21:38:28 - 00:21:40:13

Perfect.

00:21:40:13 - 00:21:41:09

Next question.

00:21:41:09 - 00:21:44:11

Do you think the Usmca

00:21:44:11 - 00:21:47:28

will affect services as well as goods?

00:21:48:01 - 00:21:49:03

Sure.

00:21:49:03 - 00:21:52:02

Unless you want to start this one, Kevin, but I'm happy to kick it off.

00:21:52:02 - 00:21:53:05

Go ahead.

00:21:53:05 - 00:21:55:24

I had a feeling you might want me to answer this one.

00:21:55:24 - 00:21:57:20

So there's two ways to think about it.

00:21:57:20 - 00:22:01:17

One is in terms of whether or not services will directly be tariffs.

00:22:01:17 - 00:22:03:23

I think the short answer is no.

00:22:03:23 - 00:22:06:29

The practical reality is that it's very difficult to do that.

00:22:06:29 - 00:22:08:03

Haven't been said.

00:22:08:03 - 00:22:11:17

It doesn't mean that the administration can't put pressure on services

00:22:11:17 - 00:22:15:12

type things like the film industry is one example.

00:22:15:15 - 00:22:18:04

And pressure on American companies to do US business here.

00:22:18:04 - 00:22:21:09

So there could be an indirect impact.

00:22:21:12 - 00:22:24:09

The other part of it really is just around

00:22:24:09 - 00:22:28:17

how services work in an area where there's extreme uncertainty

00:22:28:20 - 00:22:32:10

and the knock on effect from negotiating what could be a contentious deal

00:22:32:10 - 00:22:37:16

with Usmca, Canada and the United States
is that uncertainty, which is something

00:22:37:16 - 00:22:41:06

that we've had to deal with to varying
degrees, could get wrapped up.

00:22:41:09 - 00:22:45:02

And the problem with uncertainty
is if you don't know what to do,

00:22:45:05 - 00:22:50:10

most people tend to just stop and wait
and you can slow activity because of that.

00:22:50:10 - 00:22:54:08

And so it could indirectly affect services
as people trying to determine

00:22:54:08 - 00:22:59:03

exactly what kind of environment
they have to deal with.

00:22:59:06 - 00:22:59:12

Yeah.

00:22:59:12 - 00:23:01:20

If I could just add real quickly,
I think that's the key point

00:23:01:20 - 00:23:03:27

that I would just said
is that uncertainty,

00:23:03:27 - 00:23:06:23

the, the tertiary or secondary impact to,

00:23:06:23 - 00:23:11:09

the economy, for individuals in Canada,
if you're worried about losing a job

00:23:11:09 – 00:23:13:28

as a result of renegotiate Usmca,
if you're a steel worker

00:23:13:28 – 00:23:17:20

or in the automotive sector, you're
spending less, that tends to impact,

00:23:17:23 – 00:23:18:25

demand for restaurants.

00:23:18:25 – 00:23:21:23

And then people lose their jobs at
restaurants and you see that ball rolling.

00:23:21:23 – 00:23:26:05

So I think the services side could impact
that could be impacted indirectly.

00:23:26:08 – 00:23:30:00

Based on, the agreements
and the industries that are affected

00:23:30:06 – 00:23:33:02

and, of course, the sentiment of Canadians
and how much they're going

00:23:33:02 – 00:23:37:06

to spend in the economy
that is all linked together.

00:23:37:09 – 00:23:37:22

Super.

00:23:37:22 – 00:23:42:22

Thank you both, for those, answers.

00:23:42:25 - 00:23:45:06

Let me look here.

00:23:45:06 - 00:23:46:08

There was a question.

00:23:46:08 - 00:23:48:24

Yes. This is,

00:23:48:24 - 00:23:50:17

yeah, this is in the media a lot.

00:23:50:17 - 00:23:52:16

A lot of people are concerned about this.

00:23:52:16 - 00:23:56:24

How big an issue is the strain,
that the AI data centers

00:23:56:24 - 00:24:01:27

are putting on the grid and, you know,
water supplies, energy, all that hydro.

00:24:01:28 - 00:24:03:29

Yeah, sure.

00:24:03:29 - 00:24:07:11

So one of the one of the major issues
with.

00:24:07:14 - 00:24:11:12

Yeah, I data centers,
as you've identified, is energy.

00:24:11:15 - 00:24:14:06

It's not just whether or not
you have access to energy, although there

00:24:14:06 – 00:24:18:13

is speculation around things like rolling brownouts, especially in some areas

00:24:18:13 – 00:24:22:22

where data centers have been pegged for growth, it is the price of energy.

00:24:22:27 – 00:24:27:16

When you look at inflation, normally when people strip out,

00:24:27:19 – 00:24:29:17

the most volatile parts of inflation.

00:24:29:17 – 00:24:34:08

So you got something called core CPI or core PCI, another measure of inflation.

00:24:34:15 – 00:24:36:23

You strip out the price of energy and the price of food.

00:24:36:23 – 00:24:38:10

A little counterintuitive,

00:24:38:10 – 00:24:41:16

because those are the two things that consumers see every single week

00:24:41:16 – 00:24:43:24

when they go to stores and they have to pay for.

00:24:43:24 – 00:24:45:10

So it's a source of anxiety,

00:24:45:10 – 00:24:48:21

even if it isn't considered

part of the inflationary picture.

00:24:48:24 - 00:24:49:29

But the interesting thing is,

00:24:49:29 - 00:24:53:29

normally when you talk about energy prices, you're referring to gas.

00:24:54:02 - 00:24:54:22

In this case,

00:24:54:22 - 00:24:58:20

if you look at the uptick in energy, it has been because of electricity bills,

00:24:58:23 - 00:25:01:24

and that could have an impact on broad consumption as well.

00:25:01:24 - 00:25:07:07

So short term, I'm not overly concerned about a lack of energy availability.

00:25:07:10 - 00:25:10:17

I think some of the things that the Trump administration is doing around

00:25:10:17 - 00:25:14:13

privatizing power, regardless of, you know, the political consequences

00:25:14:13 - 00:25:18:02

of whether it's nuclear or whatever or factor, I think there's

00:25:18:02 - 00:25:22:01

probably something to that in terms of you're going to use that much energy.

00:25:22:01 – 00:25:25:06

You sort of have to account for it.

00:25:25:09 – 00:25:26:26

I'm not concerned about that yet.

00:25:26:26 – 00:25:30:02

It really is more about the prices
and how it's affecting the consumer

00:25:30:02 – 00:25:35:02

on a month to month cash flow basis.

00:25:35:05 – 00:25:36:07

Perfect.

00:25:36:07 – 00:25:38:22

Thank you. Alex.

00:25:38:22 – 00:25:39:02

Okay.

00:25:39:02 – 00:25:40:29

There's two questions
that are kind of very similar.

00:25:40:29 – 00:25:43:11

I'm going to try and wedge them together.

00:25:43:11 – 00:25:48:04

Has the narrative change regarding,
stablecoins associated with the genius

00:25:48:04 – 00:25:53:20

act? What is it, a long term impact
if we get, widespread adoption to them?

00:25:53:23 – 00:25:56:19

And then there was another question asking about

00:25:56:19 – 00:25:59:19

Bitcoin, Bitcoin ETFs and the viability of them.

00:25:59:25 – 00:26:02:07

So maybe we could start, with the first one.

00:26:02:07 – 00:26:04:08

I know which one. Do you want to take this one.

00:26:04:08 – 00:26:07:08

Yeah. Have fun Kevin.

00:26:07:13 – 00:26:08:27

Oh, thanks. You're going to throw it to me.

00:26:08:27 – 00:26:10:26

So definitely you know, when we look at stablecoins,

00:26:10:26 – 00:26:14:05

we look at the, you know, the the, increased focus,

00:26:14:05 – 00:26:18:16

I guess, on, cryptocurrencies, digital currencies around the world.

00:26:18:19 – 00:26:20:16

It's definitely not going away.

00:26:20:16 – 00:26:23:08

I think a lot of it is also paying attention to blockchain.

00:26:23:08 - 00:26:24:27

We've been looking at the actual trading.

00:26:24:27 - 00:26:29:11

Now we're talking about perhaps, single day settlements, trading using blockchain

00:26:29:11 - 00:26:34:07

as a way to, to track, market trades in the, in the, in the, equity markets.

00:26:34:14 - 00:26:36:10

So there is a lot of talk about that.

00:26:36:10 - 00:26:37:01

What's happening?

00:26:37:01 - 00:26:41:26

I think something to pay attention to when we look at, Bitcoin and ETFs.

00:26:41:29 - 00:26:45:23

The problem with this, you know, cryptocurrencies is a little bit like gold

00:26:45:23 - 00:26:49:18

but little less, unfortunately there is no, structured

00:26:49:18 - 00:26:54:08

way to fundamentally value what Bitcoin is worth.

00:26:54:11 - 00:26:54:29

There's talks.

00:26:54:29 - 00:26:58:09

It's going to \$1

million talks going to a hundred thousand.

00:26:58:12 - 00:27:00:10

There's a big pullback recently.

00:27:00:10 - 00:27:01:01

What we see,

00:27:01:01 - 00:27:05:10

however, is Bitcoin ends up being worth what someone else wouldn't pay for it.

00:27:05:15 - 00:27:06:27

So it's very momentum driven.

00:27:06:27 - 00:27:11:29

And I think what the interest in gold recently has kind of

00:27:12:02 - 00:27:15:07

taken the focus away from Bitcoin, especially when you look at ETFs

00:27:15:12 - 00:27:17:07

and do it yourself investors.

00:27:17:07 - 00:27:21:01

Now I would say that Bitcoin long term like gold.

00:27:21:01 - 00:27:22:26

Maybe you have a piece of it in your portfolio.

00:27:22:26 - 00:27:28:05

I don't think Bitcoin should be the basis for a sound retirement strategy.

00:27:28:08 - 00:27:30:28

And of course if you want to throw something that you have to say to try and,

00:27:30:28 - 00:27:34:23

you know, hits a home, runs, by all means, it's just hard for asset managers

00:27:34:23 - 00:27:40:09

to fundamentally value it and see where it fits in an overall portfolio.

00:27:40:12 - 00:27:40:26

Perfect.

00:27:40:26 - 00:27:43:26

Thanks, Kevin.

00:27:43:29 - 00:27:45:19

Does that anybody involved with the market.

00:27:45:19 - 00:27:51:02

So you two, in this, case, pay attention to the whole Epstein debacle,

00:27:51:05 - 00:27:54:21

is that sort of a sideline issue or of little impact?

00:27:54:24 - 00:27:57:24

So, I mean, and one thing question. Sure.

00:27:57:24 - 00:28:02:07

I mean, as far as whether or not I pay attention to it.

00:28:02:10 - 00:28:06:25

Certainly not from anything more than a passing sense of curiosity.

00:28:06:28 – 00:28:09:08

I think the bottom line for this, though,
is that

00:28:09:08 – 00:28:12:18

it does have an indirect impact,
which seems to be that

00:28:12:21 – 00:28:16:13

there's a real push and pull around
what should or shouldn't be released.

00:28:16:16 – 00:28:19:16

And I think
one of the things that you've seen

00:28:19:16 – 00:28:23:02

is that there's a willingness to distract,
which can create more noise,

00:28:23:05 – 00:28:25:28

in terms of activity and policy,

00:28:26:01 – 00:28:28:06

the probably
would have been pushed forward anyways,

00:28:28:06 – 00:28:31:14

but it is one of the things that I think
could be

00:28:31:19 – 00:28:34:27

happening in the background.

00:28:35:00 – 00:28:36:28

I will just add, also,
if you actually been paying

00:28:36:28 – 00:28:40:05

attention to any of the news
that comes out, it's a lot of emails.

00:28:40:05 - 00:28:42:22

It's not just about the worst case
scenario.

00:28:42:22 - 00:28:44:26

There's a lot of people
that were ever a business perspective

00:28:44:26 - 00:28:47:15

that had discussion
with Epstein complete different things.

00:28:47:15 - 00:28:52:00

So make sure that we don't over,
commit to, that, say everyone's,

00:28:52:03 - 00:28:54:15

nefariously involved in things.

00:28:54:15 - 00:28:57:27

But again, going back
to my original discussion of volatility,

00:28:58:00 - 00:29:02:05

these headlines are creating
uncertainty, trading choppiness.

00:29:02:08 - 00:29:05:10

And it really comes down to the
fundamentals of the equity reserve fixing.

00:29:05:11 - 00:29:09:26

We invest in and we try and you know,
this is kind of fun perhaps fodder.

00:29:09:26 - 00:29:15:18

It's not should be driving any decisions

from an investment portfolio perspective.

00:29:15:21 - 00:29:16:10

Super.

00:29:16:10 - 00:29:20:03

So can I assume that neither of you,
are going to appear in the Epstein files

00:29:20:03 - 00:29:22:15

or have been to the island?
Is that a safe bet?

00:29:22:15 - 00:29:24:26

I'm nowhere
close to important enough to be net worth.

00:29:24:26 - 00:29:26:14

Of course I have.

00:29:26:14 - 00:29:28:07

Not even close.

00:29:28:07 - 00:29:30:22

Well, that was an important question
to ask.

00:29:30:22 - 00:29:33:15

As a business owner,
I'm very concerned about the,

00:29:33:15 - 00:29:37:02

criminality in the US, administration.

00:29:37:02 - 00:29:39:10

Is this,

00:29:39:10 - 00:29:40:27

am I being an alarmist?

00:29:40:27 - 00:29:42:16

Is this something
I should be concerned of?

00:29:42:16 - 00:29:45:16

Yeah.

00:29:45:19 - 00:29:46:15

So I think

00:29:46:15 - 00:29:50:12

one of the big things,
at the risk of sounding

00:29:50:15 - 00:29:53:29

like a broken record, is
it comes back to uncertainty.

00:29:54:02 - 00:29:58:27

If you look at economies around the world,
I have

00:29:59:00 - 00:30:03:16

an incrementally more positive view of
the United States over a structural basis

00:30:03:19 - 00:30:07:09

that doesn't answer what you do
over the next 12 to 24 months.

00:30:07:12 - 00:30:10:17

But when you think about sort of places

00:30:10:17 - 00:30:15:17

that are more dangerous
to do business, it's not so much what

00:30:15:20 - 00:30:18:28

the danger around doing business
in a given places is knowing what

00:30:18:28 - 00:30:20:27

the rules are.

00:30:20:27 - 00:30:23:27

So not to compare the United States
to anywhere else.

00:30:23:27 - 00:30:28:00

But if you think about areas
where things like

00:30:28:03 - 00:30:30:01

bribery is common, again,

00:30:30:01 - 00:30:33:01

not the United States,
I'm just saying, generally speaking,

00:30:33:07 - 00:30:35:11

if you know, those are part of the rules,
you can work with them.

00:30:35:11 - 00:30:37:06

I think one of the biggest issues is

00:30:37:06 - 00:30:39:04

you just don't know what the rules are,
right now.

00:30:39:04 - 00:30:41:27

So it comes back to uncertainty
from my perspective.

00:30:41:27 - 00:30:45:03

And again, I think longer term
I am actually optimistic

00:30:45:03 – 00:30:48:03

the United States becomes more stable.

00:30:48:08 – 00:30:50:15

I think there's just an adjustment period.

00:30:50:15 – 00:30:55:22

And even if you think out over the next
3 or 4 years, as long as you have

00:30:55:25 – 00:30:59:04

a consistent.

00:30:59:07 – 00:31:03:10

Level of instability,
I guess is the way to put it.

00:31:03:13 – 00:31:07:04

Eventually, the hope is that you
sort of get used to things

00:31:07:07 – 00:31:09:09

and you can sort of figure out
how to operate within that

00:31:09:09 – 00:31:12:23

environment, because paralysis
can only last for so long.

00:31:12:23 – 00:31:15:28

I mean, the reality is
you can't do nothing for four years.

00:31:16:01 – 00:31:19:26

So at some point you kind of
have to start moving on with things.

00:31:19:29 – 00:31:23:21

And it's why I had sort of half a premise,

because if you look at what's happened

00:31:23:21 - 00:31:27:10

over the last year, you know,
I talked about one of the factors

00:31:27:10 - 00:31:32:16

being receding uncertainty
over the course of 2026.

00:31:32:19 - 00:31:35:11

Given the flurry of policy initiatives

00:31:35:11 - 00:31:39:27

that have been announced this year,
certainly threw that on its head.

00:31:40:00 - 00:31:42:14

But if you have to think about it, I would

00:31:42:14 - 00:31:45:10

I would think about it
in terms of what kind of an environment

00:31:45:10 - 00:31:49:09

you had in the United States between, say,
I don't know,

00:31:49:09 - 00:31:53:14

September and the end of last year versus
the beginning of this year.

00:31:53:14 - 00:31:56:02

If you work back to what we were

00:31:56:02 - 00:31:59:15

even a few weeks back and things
get a little bit more quiet from,

00:31:59:22 - 00:32:04:07

from announcements
that actually directly impact businesses,

00:32:04:10 – 00:32:07:19

I think that's probably an okay
environment,

00:32:07:22 – 00:32:08:28

from a Canadian perspective.

00:32:08:28 – 00:32:14:03

So the big thing is still Usmca
and just how that plays through.

00:32:14:06 – 00:32:16:09

Yeah, I just agree quickly
that I would agree with that.

00:32:16:09 – 00:32:20:02

And I think as a business owner,
really depends on on where you're doing

00:32:20:02 – 00:32:24:11

business, what industry you're in,
how that impacts your individual business.

00:32:24:14 – 00:32:27:10

At the same time, from investor
perspective, and it's also important

00:32:27:10 – 00:32:31:03

to try and delineate
between your personal views of,

00:32:31:06 – 00:32:34:06

the person in charge, in the US,

00:32:34:13 – 00:32:36:29

and the investments

are some great businesses to invest in,

00:32:36:29 - 00:32:39:27

and we don't want to be, avoiding or

00:32:39:27 - 00:32:42:23

missing out on an opportunity
to be vested in the US.

00:32:42:23 - 00:32:45:16

But again, there's more volatility,
more uncertainty.

00:32:45:16 - 00:32:48:25

The ultimate.

00:32:48:28 - 00:32:49:04

Sorry.

00:32:49:04 - 00:32:51:21

Go ahead Kevin, don't just say more
uncertain, more volatility.

00:32:51:21 - 00:32:52:13

Continue.

00:32:52:13 - 00:32:55:13

I was kind of, joking with my wife,

00:32:55:18 - 00:32:59:19

when, President Trump was, was,
nominated in his inauguration day.

00:32:59:19 - 00:33:03:27

And, I, you know, I jokingly said, I'm
actually, this is probably good for,

00:33:03:27 - 00:33:07:17

for me and my, my demand, my job because,

00:33:07:20 - 00:33:11:22

when there's uncertainty, individuals like to put, these type of presentation

00:33:11:22 - 00:33:15:06

together to try and provide some insight, and to some people.

00:33:15:06 - 00:33:18:25

So, despite what's going on, is,

00:33:18:28 - 00:33:22:14

some positive news when you see, some uncertainty going on.

00:33:22:17 - 00:33:26:00

And I would say that the individual investors, the asset manager we have in

00:33:26:00 - 00:33:28:07

many ways are taking the edge of this volatility.

00:33:28:07 - 00:33:30:21

This is actually it's it's weird to think about it.

00:33:30:21 - 00:33:33:08

But we like when markets are choppy.

00:33:33:08 - 00:33:35:25

That means there's the baby thrown with the bathwater.

00:33:35:25 - 00:33:38:05

This is where there's dislocations for good.

00:33:38:05 - 00:33:40:26

Businesses
that get caught up in the price goes down.

00:33:40:26 - 00:33:43:15

We're buyers of that.
That is helpful for us.

00:33:43:15 - 00:33:45:28

Just like when those prices go up,
we be sellers of that.

00:33:45:28 - 00:33:48:22

We will take those profits
and reallocate to other areas.

00:33:48:22 - 00:33:54:12

So active managers
actually appreciate a level of volatility.

00:33:54:15 - 00:33:56:14

Know that that that's great, Kevin.

00:33:56:14 - 00:33:58:28

And this one is not a question.

00:33:58:28 - 00:33:59:26

It's more of a comment.

00:33:59:26 - 00:34:02:10

Mike lament here, who's
one of our investment

00:34:02:10 - 00:34:05:16

counselors, has been doing a fabulous job
of protecting me.

00:34:05:22 - 00:34:08:16

So I'm here for education
and nerve calming.

00:34:08:16 - 00:34:10:09

Thank you for that comment.

00:34:10:09 - 00:34:13:02

To to repeat what Kevin is saying,
mainly private wealth.

00:34:13:02 - 00:34:17:14

It's always been about having a wealth
to a diversified portfolio

00:34:17:21 - 00:34:21:02

and having active management
and really impact,

00:34:21:05 - 00:34:23:29

you know, reducing the downside risk.

00:34:23:29 - 00:34:26:11

So thank you for that comment.

00:34:26:11 - 00:34:28:09

Kevin, this is a question for you.

00:34:28:09 - 00:34:32:27

Will bonds
be a good place, in 2026 and maybe expand

00:34:32:27 - 00:34:37:01

if there's certain types of bonds
you like more than others?

00:34:37:04 - 00:34:38:18

Yeah.

00:34:38:18 - 00:34:40:18

Yeah, it's an interesting question
because, well.

00:34:40:18 - 00:34:43:00

Good place. Well, what does it mean
good place?

00:34:43:00 - 00:34:45:21

I think the, you know, the total return
perspective where you get that price

00:34:45:21 - 00:34:48:22

appreciation, is not too exciting
right now.

00:34:48:22 - 00:34:50:24

I'd say overall for fixed income.

00:34:50:24 - 00:34:53:13

I think you want to be active management,
don't want to be just chasing yields

00:34:53:13 - 00:34:57:01

yielding a long end of the government
yield curve, or getting a high risk.

00:34:57:08 - 00:35:00:01

I do think for income investors,
it's still strong.

00:35:00:01 - 00:35:04:01

You're still getting your, 4 to 5%,
perhaps, income 5 to 6%.

00:35:04:01 - 00:35:06:00

What you need, for retirement.

00:35:06:00 - 00:35:07:28

I think it's also, opportunistic.

00:35:07:28 - 00:35:09:29

As I said,
there's opportunities in Europe,

00:35:09:29 – 00:35:13:25

that perhaps, are less uncovered right now
than we should be looking at

00:35:13:25 – 00:35:17:10

to, to invest. So, I, we do think income.

00:35:17:13 – 00:35:21:08

I think there's a lot of been
a lot of negativity because of 2022.

00:35:21:11 – 00:35:24:02

We are now going on almost,

00:35:24:02 – 00:35:27:02

three years since the end of 2022.

00:35:27:09 – 00:35:29:27

I would say
we're not in the same environment of 2022.

00:35:29:27 – 00:35:31:09

That was an anomaly.

00:35:31:09 – 00:35:35:06

And we think that bonds are a great,

00:35:35:09 – 00:35:38:17

protector mitigate or for downside
volatility on equities

00:35:38:21 – 00:35:40:14

and balanced portfolios.

00:35:40:14 – 00:35:43:14

Are there maybe it's not 6040,

maybe some combination.

00:35:43:17 - 00:35:47:01

Maybe it's adding alternatives
within that fixed income bracket.

00:35:47:01 - 00:35:48:28

So it's not just bonds,

00:35:48:28 - 00:35:52:26

but the idea of not just equities
in a portfolio makes a lot of sense.

00:35:53:03 - 00:35:55:25

Depending on your risk, approach
to investing.

00:35:55:25 - 00:35:58:14

Sure. I mean, yeah. Go ahead. Alex. Yeah.

00:35:58:14 - 00:36:02:25

I also have one of the general thoughts
about the fixed income complex as a whole.

00:36:02:25 - 00:36:06:25

So I think where you are also matters
a lot, as Kevin was saying.

00:36:06:25 - 00:36:10:12

And the reason for that is
when we talked about one of the big themes

00:36:10:12 - 00:36:15:02

we have being fiscal,
there's a lot of bonds being printed.

00:36:15:04 - 00:36:19:18

You think about how AI is being factored
in as you know,

00:36:19:21 – 00:36:22:26

but fixed income is a source of financing
for AI.

00:36:22:29 – 00:36:25:26

There's a lot of supply of debt
that's coming due.

00:36:25:26 – 00:36:28:27

I don't think it will affect
the high quality, easier areas.

00:36:28:27 – 00:36:31:27

And I don't know
exactly how far there is to go,

00:36:32:03 – 00:36:36:00

but at some point
you start to wonder a little bit about

00:36:36:03 – 00:36:38:09

the sort of thing
that got a lot of attention

00:36:38:09 – 00:36:42:20

during the search for yield themes
that we got before the pandemic,

00:36:42:23 – 00:36:44:08

the tuna trades where everybody was

00:36:44:08 – 00:36:48:00

just trying to scramble for an extra 20
or 30 basis points of yield.

00:36:48:03 – 00:36:50:08

One, you can be a lot more selective
about that.

00:36:50:08 – 00:36:52:21

So I'm just wondering
what happens to man to demand

00:36:52:21 - 00:36:54:23

if there's a whole bunch of issues
coming up.

00:36:54:23 - 00:36:57:17

But that's more of a structural theme
to keep in the back of your minds.

00:36:57:17 - 00:37:03:02

And something that is,
I would say, tactically applicable.

00:37:03:05 - 00:37:04:18

Perfect.

00:37:04:18 - 00:37:07:13

This next question will be for,
for you, Alex.

00:37:07:13 - 00:37:09:26

Impact of the

00:37:09:26 - 00:37:13:08

I mean Kuzma the,
the Canada, US, Mexico agreement.

00:37:13:11 - 00:37:16:16

If it doesn't go well for Canada
what is the impact.

00:37:16:19 - 00:37:18:11

Yeah. Yeah.

00:37:18:11 - 00:37:20:14

The short answer is recession.

00:37:20:14 – 00:37:23:29

When we look at our Canadian forecast

00:37:23:29 – 00:37:27:06

for this year, we have

00:37:27:09 – 00:37:30:17

not alarming but not great growth
sort of a fragile environment.

00:37:30:23 – 00:37:35:08

Reality is Canada
is quite levered at the consumer level.

00:37:35:11 – 00:37:39:05

So you can see the consumer
spending their way out trade.

00:37:39:05 – 00:37:40:17

Well we know what that is.

00:37:40:17 – 00:37:44:07

And if trade gets worse
and if you cut off relations

00:37:44:07 – 00:37:48:10

with your largest trade partner,
it's about

00:37:48:13 – 00:37:50:24

that's the very simple.

00:37:50:24 – 00:37:52:07

That's the very simple answer.

00:37:52:07 – 00:37:55:24

So it's one of those dynamics where early

00:37:55:24 – 00:37:58:24

on the way we thought about what

00:37:59:00 – 00:38:02:29

the Trump administration was doing for trade was one on one.

00:38:02:29 – 00:38:07:12

The United States
is the single baddest actor on the planet.

00:38:07:15 – 00:38:11:17

If you go against them in a trade war,
you're going to lose.

00:38:11:20 – 00:38:13:16

They might get a little bit of a dent.

00:38:13:16 – 00:38:16:16

It's going to feel a lot worse
for the individual country.

00:38:16:23 – 00:38:20:00

So that's why we were very confused
in April last year

00:38:20:00 – 00:38:21:28

when they went against
literally everybody.

00:38:21:28 – 00:38:27:06

Because then you go from being in a one on
one fight to, you know, to use a bad

00:38:27:06 – 00:38:31:05

analogy, almost like an all out
brawl where accidents can happen.

00:38:31:08 – 00:38:33:20

If they're just focused on Canada

and Mexico

00:38:33:20 – 00:38:37:06

this year, their ability to inflict pain is much higher.

00:38:37:06 – 00:38:40:05

Lots of sorts of

00:38:40:05 – 00:38:44:12

so we are concerned about that for sure.

00:38:44:15 – 00:38:44:27

Perfect.

00:38:44:27 – 00:38:46:08

Thank you.

00:38:46:08 – 00:38:48:20

The next question, is kind of a question.

00:38:48:20 – 00:38:51:26

The investment opportunities, in India,

00:38:51:29 – 00:38:54:21

what do you, you know, the expect the GDP.

00:38:54:21 – 00:38:57:21

So I think it's alluding to the opportunities in India.

00:38:57:21 – 00:38:58:29

Do we have it in our portfolio?

00:38:58:29 – 00:39:01:24

So I can answer the first part of that. And,

00:39:01:24 – 00:39:06:04

you know, as part of our
a diversified portfolio, we do have,

00:39:06:07 – 00:39:08:04

a sleeve in emerging markets.

00:39:08:04 – 00:39:12:22

Well, we do have, particular companies
based, in India.

00:39:12:22 – 00:39:15:22

So I can answer from that point,
but from the both of you,

00:39:15:22 – 00:39:19:13

you have any any comments on India
in the in the opportunities there?

00:39:19:14 – 00:39:21:13

Yeah,

00:39:21:16 – 00:39:22:13

I would say that, you

00:39:22:13 – 00:39:25:13

know, India is a fairly close economy.

00:39:25:15 – 00:39:26:17

If you look at our purchasing managers

00:39:26:17 – 00:39:30:07

index, it tends to be very strong
throughout the, history.

00:39:30:10 – 00:39:31:00

But it from investor

00:39:31:00 – 00:39:35:05

perspective is still is very,
a neophyte in terms of a stock market.

00:39:35:08 – 00:39:38:08

And there's certain restrictions
on individual investments in India.

00:39:38:10 – 00:39:41:27

So while there's opportunities
in certain companies at certain times,

00:39:42:04 – 00:39:44:18

I wouldn't be a big allocation
in a portfolio.

00:39:44:18 – 00:39:45:23

I would say emerging markets.

00:39:45:23 – 00:39:46:27

One of the things you can also do is

00:39:46:27 – 00:39:49:14

look at companies
that are based in developed markets,

00:39:49:14 – 00:39:53:01

that take advantage of the structure
improvements in emerging markets.

00:39:53:04 – 00:39:56:28

Whether it is, you know,
China are or other frontier markets

00:39:57:01 – 00:40:00:21

or India, there are also opportunities
to take advantage of those with

00:40:00:25 – 00:40:08:01

other companies, regardless that they might not be based in the
emerging markets.

00:40:08:04 - 00:40:09:10

Perfect.

00:40:09:10 - 00:40:13:06

So I think we'll have time.

00:40:13:09 - 00:40:13:13

Yeah.

00:40:13:13 - 00:40:15:24

Maybe for for 1 or 2 more questions.

00:40:15:24 - 00:40:19:21

I mean, this is a continuation of that
Canada, US Mexico

00:40:19:24 - 00:40:22:21

go agreement if it does fall apart.

00:40:22:21 - 00:40:24:20

And I guess this would go to you. Kevin.

00:40:24:20 - 00:40:27:29

What what's the strategy
for investing for Canadian?

00:40:28:00 - 00:40:29:23

And I think I know
what you're going to say, but go ahead.

00:40:29:23 - 00:40:33:00

Yeah, yeah, I think of course it's

00:40:33:07 - 00:40:37:04

the good news is I would say is, it's
hard to say good news, but,

00:40:37:07 - 00:40:40:03

the clean stock market
and the movements of that

00:40:40:03 – 00:40:44:04

does not tend to be too correlated
with the economy.

00:40:44:07 – 00:40:46:12

There are sectors, you know, the banks
perhaps don't do as well,

00:40:46:12 – 00:40:49:12

but there's opportunities as an investor,
even in Canada,

00:40:49:13 – 00:40:52:13

if we get some economic shocks,
even when we have recessions,

00:40:52:15 – 00:40:54:02

there's opportunities for investments.

00:40:54:02 – 00:40:55:28

And but just because Canada's recession
doesn't mean U.S.

00:40:55:28 – 00:40:58:00

or international is in a recession.

00:40:58:00 – 00:41:01:20

And I would say the idea
here is make sure diversify, review

00:41:01:20 – 00:41:04:29

your portfolios,
make sure not overly allocate to China,

00:41:04:29 – 00:41:08:28

specifically companies

that are more economically,

00:41:09:01 - 00:41:10:12

related in Canada.

00:41:10:12 - 00:41:12:19

So I would say diversification remains there.

00:41:12:19 - 00:41:14:21

We're still structural.

00:41:14:21 - 00:41:16:26

So I don't think we're gonna put too much weight on on cuz

00:41:16:26 - 00:41:19:18

I don't think anybody benefits from a bad agreement.

00:41:19:18 - 00:41:24:06

Going back to NAFTA, there's a lot of talk that when NAFTA was getting ripped up,

00:41:24:09 - 00:41:26:11

you know, and we're going to brand new agreement

00:41:26:11 - 00:41:29:10

and eventually essentially Kuzma USMC whatever you want to call it.

00:41:29:10 - 00:41:30:25

Same agreement.

00:41:30:25 - 00:41:34:29

There wasn't many differences between NAFTA and the new agreement.

00:41:35:02 - 00:41:38:02

So despite some of the rhetoric
and some of the uncertainty there,

00:41:38:05 – 00:41:39:01

we're not quite sure.

00:41:39:01 – 00:41:41:22

It's just going to be completely terrible
for Canada.

00:41:41:22 – 00:41:43:24

But as I alluded to, there is that risk.

00:41:43:24 – 00:41:45:09

The risk is greater for Canada.

00:41:45:09 – 00:41:48:19

And I think as investors,
we want to make sure we're diversified.

00:41:48:22 – 00:41:52:14

And looking outside, perhaps our borders,
the opportunities that exists,

00:41:52:17 – 00:41:55:11

with our portfolios
and I mean, to make knee jerk reactions

00:41:55:11 – 00:42:00:08

based on what or what
not may not happen with Kuzma.

00:42:00:11 – 00:42:01:09

I mean I don't

00:42:01:09 – 00:42:05:11

yeah I don't I just very quickly
I mean I think

00:42:05:14 – 00:42:07:24

it certainly feels

00:42:07:24 – 00:42:10:24

the way I've thought about certainly,
you know, the first part

00:42:10:25 – 00:42:15:12

of the first few months
of the Trump administration and now

00:42:15:15 – 00:42:18:09

is sort of like thinking of it
as a roller coaster ride,

00:42:18:09 – 00:42:21:11

which everybody's heard,
you know, it's one wild ride, etc..

00:42:21:11 – 00:42:25:09

And the thing that I remember about roller
coasters is there's a lot of twists.

00:42:25:09 – 00:42:28:16

There's a lot of turns, a lot of ups
and downs at the end of the day,

00:42:28:16 – 00:42:31:16

kind of end up exactly back
where you started.

00:42:31:23 – 00:42:35:07

I think that having a stable hand
and being able to look through the noise

00:42:35:07 – 00:42:40:07

and just working through things in a calm
and rational way is probably one to steer

00:42:40:07 – 00:42:41:00

you extremely well.

00:42:41:00 – 00:42:45:03

And there will be opportunities that come from the uncertainty as it comes through.

00:42:45:03 – 00:42:49:17

So just be on the lookout for that.

00:42:49:20 – 00:42:50:11

Perfect.

00:42:50:11 – 00:42:51:29

Thank you. Alex.

00:42:51:29 – 00:42:55:14

So yeah, we're pushing up on, time, today.

00:42:55:17 – 00:42:57:16

So I think what I would say,

00:42:57:16 – 00:43:01:03

you know, certainly everybody on the call it Emmanuel, a private world.

00:43:01:06 – 00:43:03:08

The philosophy has not changed.

00:43:03:08 – 00:43:06:08

We have a dedicated asset allocation team.

00:43:06:11 – 00:43:07:13

Out of Boston.

00:43:07:13 – 00:43:12:06

That gives us five year projections, on over 60 different investment classes.

00:43:12:09 – 00:43:15:14

And then based on those, recommendations,

00:43:15:14 – 00:43:19:09

we're hiring active managers,
in each of those asset classes.

00:43:19:09 – 00:43:22:17

So, as Kevin, alluded to in the US, yes,

00:43:22:17 – 00:43:26:14

it's being dominated by these,
you know, these big tech names.

00:43:26:17 – 00:43:30:00

But, you know, as he said,
you know, to even today's market have to,

00:43:30:04 – 00:43:31:25

you know, have to market, what's up.

00:43:31:25 – 00:43:33:10

And half the market was down

00:43:33:10 – 00:43:38:27

so we can hire, active managers
that can find these opportunities.

00:43:39:00 – 00:43:41:21

You know, that that's kind of the secret,

00:43:41:21 – 00:43:44:18

recipe there. So,

00:43:44:18 – 00:43:48:07

you know, thank you for, Alex
and Kevin for taking the time today

00:43:48:07 – 00:43:51:16

