



Winter 2025 – Outlook for 2025, President Trump, and Rates.

In 2024 the North American markets provided healthy rates of returns. It was kicked off mid-year with interest rates dropping in Canada and the US while signaling more rates cuts to come, as recent inflation indicators were coming in favorably. With the markets anticipating a Trump win in the US, markets rallied near the end of the year and into the first few weeks of January. Many retail investors seemed confused by this but the policies coming out of Washington were taken as a positive by the market. Less regulation, lower rates, and lower taxes are beneficial to many asset prices.

In 2017-21, the last time Trump was the President, it was 4 years of political noise. In my opinion, he likes to be heard and seen and the next 4 years will be no different. It's going to be really important to block out the noise with regards to finances. A recent piece from RBC indicated that during Trump's 2016 campaign that of all the promises he made 23% of them were kept, 53% broken and 22% compromised. We'll see what his second term looks like.

Tariff talk will create more short-term uncertainty with many thinking that "this time is different". I suspect they thought the same about Brexit, the Financial Crisis, the 2019 China / US trade war and most recently Covid. With Covid the world basically shut down for weeks. This isn't another Covid or anything close. As I write this the markets in the US are down 600 points this morning. The media will use the words plunge or fall to describe the day. Folks, that's a 1.3% market drop and I suspect as we hold lots of fixed income and gold as a hedge you're faring much better. I don't know how this tariff topic will ultimately end but it will and then we'll move onto the next topic and so will the market but much sooner.

Some key takeaways and my thoughts for 2025:

- Rates will continue to drop in Canada and the US providing a lift to many asset prices including both bonds and stocks.
- There will continue to be investing opportunities outside of the big technology names as the market broadens out.
- Having positioning in companies that do a lot of business outside Canada will help portfolio diversification.
- From a portfolio management standpoint, it's always important to never marry your stocks but date them. They won't always love you. The market is unemotional, but its participants certainly are. Stay diversified and don't go too overweight in one thing.
- There will always be something to worry about.



We'll continue to manage your portfolio with a strong focus on downside risk. We're always willing to give a little bit up on the top to protect the bottom and it's not the risks that we see coming that will hurt us it the ones we don't.

We favor dividends as they tend to be a sign of a financially healthy and stable business. Last quarter many of our portfolio holdings increased their dividends with some examples below:

Company	Recent % dividend increase	5 year % cumulative increase
Alimentation Couche-Tard Inc.	11.11%	233%
Toronto-Dominion Bank	2.94%	41.89%
Royal Bank of Canada	4.23%	40.95%
Enbridge Inc.	3.00%	16.36%
Fortis Inc.	5.08%	29.17%

*From Morningstar.ca Jan. 28th, 2025

I thought I would share 3 of your portfolio holdings and why we like them for your interest.

BRK.B – Berkshire Hathaway Inc.

Berkshire Hathaway Inc. is a holding company with subsidiaries in a diverse range of industries, including insurance, railroads, utilities, energy, finance, manufacturing, and retailing. As of September 30, 2024, Berkshire also had about \$272 billion of equity investments, per Argus Research, including significant stakes in Apple Inc., Bank of America, Coca-Cola, American Express and Chevron.

Berkshire Hathaway Inc. is one of the largest companies in the world and has generated revenue numbers that rank in the top 15 globally for the past ten years, per Fortune 500. We believe the near \$325 billion in cash to be an opportunity moving forward for Berkshire and expect the company will use the cash to take advantage of market inefficiencies, as it has done previously. This will also provide an opportunity for the successors to make their mark when Mr. Buffett (94) officially hands over the reins.

TD – Toronto Dominion Bank

Toronto-Dominion Bank (TD) is one of Canada's two largest banks and operates three business segments: Canadian retail banking, US retail banking, and wholesale banking. The bank's US operations span from Maine to Florida, with a strong presence in the Northeast.

After a turbulent 2024, TD shares have started the New Year off well posting nearly an 8% return as of Jan. 29th, 2025. TD has taken positive steps towards remediation and has expedited the change in some key executive positions such as CEO & Chief Global Anti-Money Laundering Officer. TD's core operations have remained solid throughout these changes and should remain a dominant presence in Canada for years to come. In Canada, TD holds a number-one-or-two market share in most key retail banking segments, number two market share in business banking, top-three dealer status and is the number-one card issuer.



BIP.UN – Brookfield Infrastructure Partners LP

Brookfield Infrastructure Partners LP (BIP) owns and operates infrastructure assets. The L.P. operates utilities, transport, energy, and communications infrastructure assets in North and South America, Australia, and Europe.

BIP has a long track-record of compounding earnings/unitholder value, in our view, and we see the business as stronger, more diversified, and better positioned than ever. BIP is well-positioned to capitalize on the trend to digitalization, arguably the leading investment theme in infrastructure. The emergence of DeepSeek has caused investors to question certain assumptions regarding the development of AI, but we see BIP as well insulated from those concerns. For Investors, BIP is a hedge against higher-for-longer inflation as ~70% of its cash flows are inflation indexed and another 15% are inflation protected. The company pays an attractive 5.2% dividend.

If anyone you know would like to be added to our quarterly correspondence please let us know. Any questions for our team we're here for you.

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