



Important Topic: Stock Picking is Very Hard

There is a common misperception that investing is fundamentally easy. The thinking goes that if one were to spend the time to understand the economy, market forces, consumer trends, specific sector dynamics, the individual competitors in each sector, and the key components needed to succeed, one could select and invest in the best companies and then sit back and reap the rewards.

This misconception is often accompanied by another, that it is relatively easy to run a profitable company when the stars are so aligned.

Add a touch of greed, or fear of missing out on what others are doing, and the result is a tendency by some to invest one's hard earned money into a specific company that one knows very little about but has learnt (or been told) enough to feel optimistic.

Alas, neither of these are true, and the resulting tendency ends up losing far more money than it makes.

Consider these statistics, care of JP Morgan:

Only 40% of stocks beat government bonds.

60% of stocks have destroyed trillions of dollars of value.

Only 20% of stocks are responsible for the vast majority of growth.

More than 40% of all companies that were ever in the Russell 3000 Index (3000 largest publicly traded companies in the US) experienced a "catastrophic stock price loss", which is defined as a 70% decline in price which is never recovered.

93% of stocks suffer 50% downturns at some point – with only about half recovering.

The average maximum loss is 80%.

The conclusion: If you are going to buy individual stocks, you better be right and prepared to stick with it through some very tough times.

Our preference is to hire a team of professionals to invest in a large portfolio of diverse stocks. These professionals do the necessary homework and understand how difficult it is to run a business. Such professionals decide not only what to buy, but equally, if not more importantly, when to buy. They then also have to have a plan on when to sell.



We seek out the few who have done this successfully over long periods of time. We then ensure that they have the process, philosophy and people in place to repeat their past success. No investor or manager gets this right all of the time, not even close. But even a low batting average can be very profitable.

Market Update: June 2025 – New Highs

Markets surged again in June, with the S&P 500 and TSX hitting new all-time highs.

Volatility increased during the first half of the month and fell in the second. We expect such volatility to continue.

However, we continue to believe that the economy will push forward. As long as earnings continue to grow, consumers continue to spend, wages remain strong, and jobs are available, we do not expect markets to fall any further than usual and believe the odds are in favour of attractive gains.

We remain cautious about the short term and positive and optimistic about the medium, and long term. Most importantly, we are confident that working together we are able to meet your, our client's, objectives. At the end of the day this is all that truly matters.

| Index | Month | Year to date |
|---|---------|--------------|
| Bonds FTSE Canada Universe Bond Index - CAD | - 0.50% | 1.40% |
| Canadian Equity - S&P/TSX 60 Index - CAD | 7.40% | 9.40% |
| US Equity – S&P 500 - CAD | 10.20% | 5.10% |
| International – MSCI EAFE Index - USD | 11.30% | 20.30% |
| Global Small Companies - CAD | 6.00% | 2.20% |
| Emerging Markets - MSCI Emerging Markets Index - CAD | 5.40% | 10.00% |
| Real Estate - Dow Jones® Global Real Estate Index - USD | 2.20% | 4.60% |
| S&P/TSX Preferred Share Index - CAD | 4.70% | 7.60% |

Have a great month and let us know if there is anything we can do for you,
Meir & Adam & Nelson & Jon



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