

# The Charter Group Monthly Letter

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## Economic & Market Update

### Geography & Demography: Antarctica Edition

I had the opportunity to travel to Antarctica at the beginning of January. Although the ship had high speed internet and all the financial channels were available on the stateroom's TV, allowing me to follow the markets and stay in touch with the office, there was still plenty of time to relax, recharge, and be inspired by the continually unfolding scenery.

The itinerary began in the southern Argentine town of Ushuaia where it was snowing on my arrival in the middle of their summer! Ushuaia is at a southern latitude about equivalent to Prince George's northern latitude. According to [extremeweatherwatch.com](http://extremeweatherwatch.com), it has never snowed in PG during July or August. Yet the locals in Ushuaia seemed to act like the occasional summer snowfall was a normal thing. 😊

This was somewhat concerning as I was still 1,100 kilometers north of my final destination. If the snow and windchill in Ushuaia already necessitated a parka, what was it going to be like down on the Antarctic peninsula?

**A trip to Antarctica provided perspectives on geography, wildlife ...**

**... and on how demographics can impact the model portfolios!**





In order to find out, the ship would need to cross the notorious Drake Passage, where the ocean currents of the Pacific and the Atlantic collide. The sea state is also subjected to prevailing winds known as the "Furious Fifties" (named after their latitude). All of this added up to a 20-foot westerly swell the first night which made sleeping a challenge.

Thankfully, that was the last of the weather difficulties. Except for one overcast day with some light snow, the rest of the trip was filled with sunshine and mostly calm conditions. Plus, the daytime highs usually reached 1 degree Celsius. Much better than the experience in Ushuaia would have suggested.

For most of the passengers, it seemed that wildlife was the highlight. There was a constant parade of orcas, humpback whales, and dolphins alongside the ship. On shore landings, there were encounters with dozens of seals and thousands of penguins. After a few days of this I was more than satisfied. But most of the other passengers couldn't get enough!

My interests tend to lean more towards geography and history. Daily lectures on historical Antarctic expeditions were a feature for me, especially when they drilled down into the personalities of the explorers (Cook, Shackleton, Scott, and Amundsen) as I was already aware of most of the related journeys.

**Despite some early concerns about the weather, it was great for most of the voyage.**

**There were opportunities to view landscapes that are unlike those anywhere else and to see a multitude of animal life native to the Southern Hemisphere.**

As far as geography, much of the landscape is unique in appearance. The defining characteristic on the Antarctic peninsula is the blanket of snow and ice. Generally, it covers almost everything and extends right to the shoreline which makes landing sites somewhat scarce. Even small islands are topped with this blanket which rises up to about 300 feet.

The volcanic origins of the Antarctic peninsula combined with the staggering amount of snow and ice give it all a look that is distinct from anything in the Arctic.

Finally, being that deep in the Southern Hemisphere results in the sun sweeping across the Northern sky from right to left. And being summertime, daylight was only separated by three hours of twilight. Though all of this captured my geographic curiosity, my sense of direction and my sleep patterns required constant readjustment.

This was a trip that I might have done decades ago. However, when I first inquired back then, things were different. It would have taken about another week's worth of time, I would have been cut off from keeping up with work, and it was a rougher experience in terms of ship movement as well as the onboard amenities. The ships were often repurposed Soviet polar vessels that were used previously used for freight or research. They weren't designed for speed, lacked stabilizers to counter rough seas, and didn't have the navigational electronics needed to make schedule alterations to avoid weather or sea ice in order to maintain progress. It simply would have required too much time off and might have required additional time to recover afterwards if the conditions made it too exhausting.

Then, along came the baby boomers.

With money to spend on traveling, this justified the construction of a new fleet of purpose-built Polar Class expedition ships with all sorts of amenities and comforts onboard. The ship that I was on was completed in late 2021 at a cost of \$300 million USD.

During the voyage, I kept tabs of other ships in the area on CruiseMapper.com. In addition to location, this would also provide vessel details. About half of the 12 ships I tracked were completed around the same time as mine. All, but one, were newer than 15 years. And that *one* was the only Soviet-era ship that I was able to track during the 11 days onboard.

About 90 percent of the passengers were of baby boomer age. And to illustrate their

**The main reason for taking the trip is that it is much easier to get to Antarctica than it used to be.**

**Expensive modern ships make this possible.**

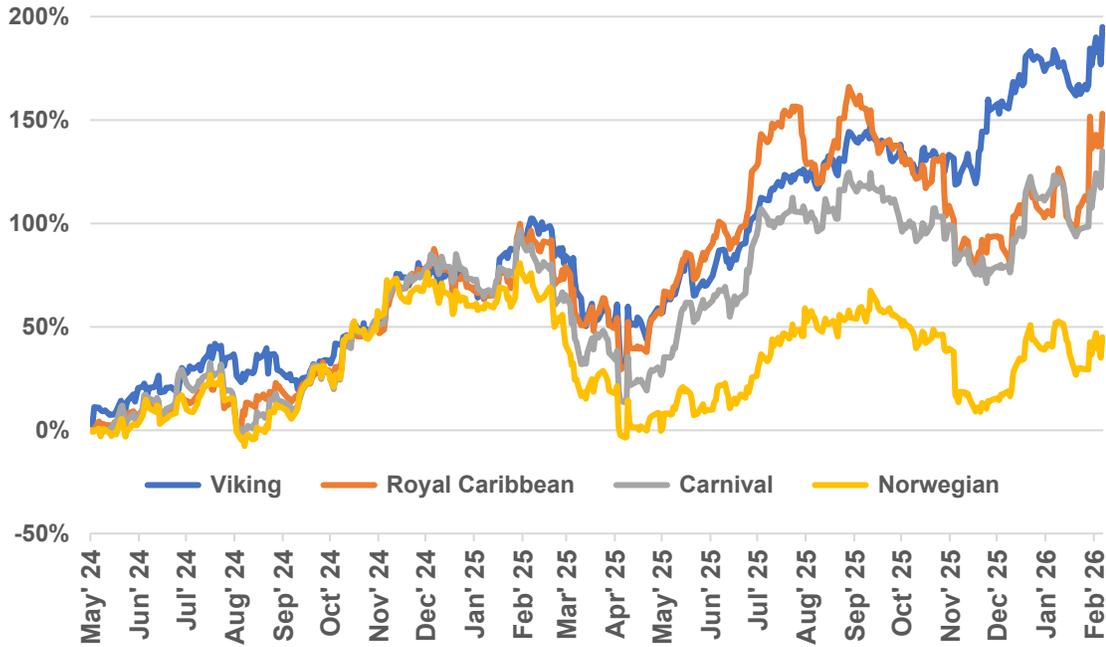
**The cost of these new ships is justified by the spending power of the baby boomers who prioritize travel.**

economic power as a group when it comes to traveling, about half of the availability for an Antarctica voyage in February 2028 on the ship I was on was already booked. Also, the onboard travel consultant who helps with bookings on the cruise line sold \$3.6 million USD worth of future travel during the 11-day trip.

The baby boomer demographic has been a theme in the model portfolios over the year, driving some of the investments made in healthcare and financial stocks. Over the last two years, it has lifted cruise line stocks (**Chart 1**). However, travel-related stocks have been notoriously capricious over the long-term and usually fail to qualify for inclusion in the portfolios because of their unpredictable relationships with the other securities. This makes it harder to manage the overall portfolio risk.

**The continuing economic power behind the baby boomer demographic might indicate that the related stocks may stay in the model portfolios for a while longer.**

**Chart 1:  
Cruise Line Stocks**



Source: Bloomberg Finance L.P. as of February 12, 2026

That said, pre-bookings two years out may be an indication that the wealth behind the baby boomer demographic still has a few years of financial fuel left and may result in the healthcare and financial stocks maintaining their positions in the model portfolios for some time yet.



# Model Portfolio Update<sup>1</sup>

| The Charter Group Balanced Portfolio<br>(A Pension-Style Portfolio) |                     |        |
|---|---------------------|--------|
|   | Target Allocation % | Change |
| Equities:   |                     |        |
| Canadian Equities   | 15.0                | 3.0    |
| U.S. Equities   | 34.0                | (4.0)  |
| International Equities  | 11.0                | 3.0    |
| Fixed Income:   |                     |        |
| Canadian Bonds  | 18.2                | (3.8)  |
| U.S. Bonds  | 9.8                 | 3.8    |
| Alternative Investments:  |                     |        |
| Gold  | 7.5                 | (0.5)  |
| Silver  | 0.0                 | (1.0)  |
| Commodities & Agriculture   | 2.5                 | (0.5)  |
| Cash  | 2.0                 | None   |

While the asset allocations remained the same across all the model portfolios, the position in TD was sold and replaced with Vertiv Holdings, a U.S.-based company that produces equipment vital for electricity infrastructure. TD had recovered nicely from the lows that coincided with the money-laundering scandal in the U.S. and had become fully valued relative to the other major Canadian banks. The Vertiv addition is less about pure valuation and more about increasing the portfolio exposure to our theme surrounding the growing need for power over at least the next decade.

The small position in silver bullion was also sold. The dramatic increase in price over calendar 2025 had already brought the gold/silver price ratio back to its historical range and then some after a period where silver had lagged. Also, silver's demand and supply realities set it up for potentially severe volatility. As a result, it was time to sell.

**The positions in TD and silver bullion were sold.**

**A position in electricity company Vertiv Holdings was added.**

<sup>1</sup> The asset allocation represents the current *target* asset allocation of the Balanced Model Portfolio as of February 12, 2026. The asset allocations of individual clients invested in this Portfolio may differ because of the relative performance of the asset classes since the last rebalancing and because of differences in the timing of deposits and withdrawals. The Balanced Model Portfolio is part of a sequence of five portfolios ranging from conservative to aggressive: Conservative, Balanced Income, Balanced, Balanced Growth, and Growth.

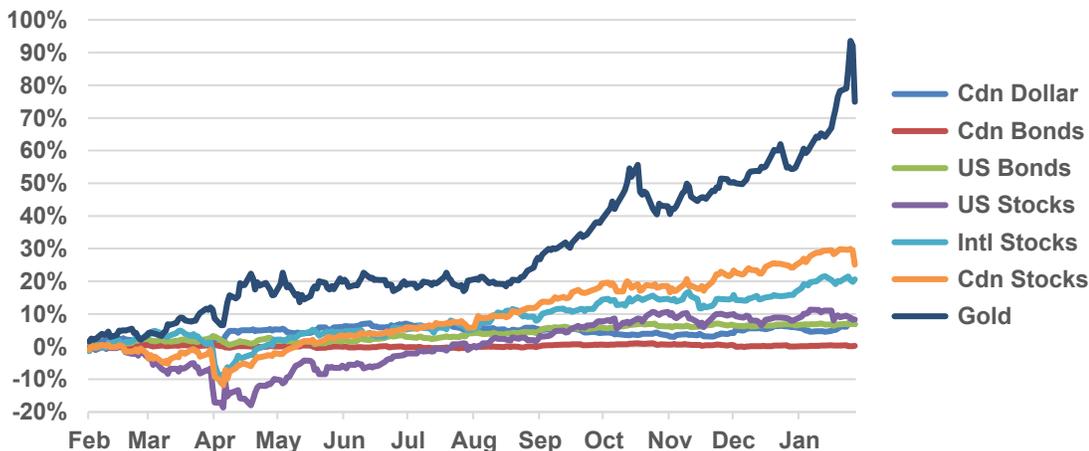
It has been a much better start to the year than I expected, especially as stock market indices have been less than spectacular. The main area of contribution was industrial stocks including those in energy infrastructure, nuclear, aerospace, and defense. It also helped that the portfolios mostly avoided the frothiest areas of the market in terms of valuation (AI and software) and those areas that rely on speculation such as crypto.

Looking forward to the next few months, there are more tailwinds than headwinds. U.S. tax rebates as well as accelerated government spending will likely mean more stimulus for the economy and the equity markets. And now that the 2026 midterm elections are coming into view, that could mean even more stimulus as incumbent politicians try to combat affordability issues with more giveaways. This would further worsen the fiscal condition of the U.S., but that is a problem for another day (or year). And we can generally apply this fiscal example to all other developed countries with similar policies.

The only near-term potential spoiler I can see is a tick up in U.S. inflation as more tariff costs are passed through to the consumer. Also, January is often a time to set prices upward as consumer spending eases off after the holiday season and customers may not complain as much. Stocks and bonds could retrace a little if this happens.

Below is the 12-month performance of the asset classes that we have used in the construction of The Charter Group's model portfolios. (Chart 2).<sup>2</sup>

**Chart 2:**  
**12-Month Performance of the Asset Classes (in Canadian dollars)**



Source: Bloomberg Finance L.P. for the interval from February 1, 2025 to January 31, 2026

<sup>2</sup> Source: Bloomberg Finance L.P. – The Canadian dollar rate is the CAD/USD cross rate which is the amount of Canadian dollars per one U.S. dollar; Canadian bonds are represented by the current 3-year Government of Canada Bond; US bonds are represented by Barclays US Aggregate Bond Index; U.S. stocks are represented by the S&P 500 Index; International stocks are represented by the MSCI EAFE Index; Canadian stocks are represented by the S&P/TSX 60 Composite Index; Gold is represented by the Gold to US Dollar spot price.

**A better start to the New Year than the underlying indices would have suggested.**

**The exposure to industrial stocks has helped.**

**So has limiting the exposure to richly valued tech stocks.**

**Look for U.S. government handouts and tax rebates to fuel the economy and markets.**

**One potential glitch is a higher inflation reading that could create some volatility.**

# Top Investment Issues<sup>3</sup>

| Issue  | Importance  | Portfolio Impact |
|--|-------------|------------------|
| 1. Global Geopolitics                        | Significant | Negative         |
| 2. Global Trade Wars & Alliances             | Moderate    | Negative         |
| 3. Inflation from Tariffs (Portfolio Impact) | Moderate    | Positive         |
| 4. Canadian Federal Economic Policy          | Moderate    | Negative         |
| 5. Tariffs: Slowing Economic Growth          | Moderate    | Negative         |
| 6. Canadian Dollar Decline                   | Medium      | Positive         |
| 7. China's Economic Growth                   | Light       | Negative         |
| 8. Long-term U.S. Interest Rates             | Light       | Positive         |
| 9. Short-term U.S. Interest Rates            | Light       | Positive         |
| 10. U.S. Fiscal Spending Stimulus            | Light       | Positive         |

<sup>3</sup> This is a list of the issues that we currently deem to be the ten most important with respect to the potential impact on our model portfolios over the next 12 months. This is only a ranking of importance and potential impact and *not* an explicit forecast. The list is to illustrate where our attention is focused at the present time. If you would like an in-depth discussion as to the potential magnitude and direction of the issues potentially affecting the model portfolios, I encourage you to email me at [mark.jasayko@td.com](mailto:mark.jasayko@td.com) or call me directly on my mobile at 778-995-8872.

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The Charter Group is a wealth management team that specializes in discretionary investment management. For an annual fee, we manage model portfolios for private clients and institutions. All investment and asset allocation decisions for our model portfolios are made in our Langley, B.C. office. We do not outsource any of the decision-making for our model portfolios – there are no outside actively-managed products or funds. We strive to bring the best practices and the calibre of investment management normally seen in global financial centres directly to the Fraser Valley and are accountable for the results.

Accountability is further enhanced by the fact that we commit our own investable wealth to the same model portfolios in which our clients are invested.





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The information contained herein is current as of February 12, 2026.

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Thank you to our clients and community for voting The Charter Group, your favorite for Investment Management and Financial Planning in Langley for the sixth year in a row.



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