MO-VEMBER 2025 | ISSUE NO. 35

THE SCHOONER

The Official Newsletter of the Dalhousie Investment Society (DALIS)

Letter From The Exec

Mo-vember Recap

We're sad to say our Movember campaign has come to an end, but we're thrilled to report it was a smashing success!

The support throughout the month was incredible. We don't think we've ever seen that many moustaches — a loose term — at a general meeting in our years with DALIS. But support wasn't limited to facial hair. We'd like to thank everyone who came out to our events. Hot Pilates, morning runs and workout classes never looked so good. A special thank you goes to RINSE Pilates and MOVE EAST for keeping DALIS toned.

The financial support was overwhelming, and our faculty showed tremendous support throughout the campaign. Thank you to Dr. Maria Pacurar, Prof. Greg Hebb, Dr. Iraj Fooladi, Prof. Trevor Johnson and Prof. Tammy Crowell for not only being outstanding professors, but also for supporting the campaign.

Finally, thank you to everyone involved for helping raise awareness of men's health issues. We couldn't have pulled this off without the collective effort and enthusiasm of our community!

Collectively we raised...

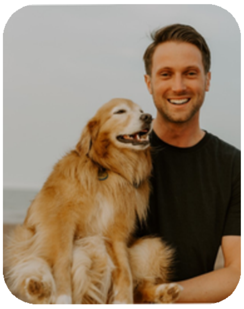
$2,930!

Sincerely,

Margaux, Sam, Cole, Fara, Thomas, and William
DALIS Executive Team

A Glimpse of What's Inside:

Alumni Spotlight



B.A. in Political Science and Economics 2013

Matthew Shannon

Founder, August Group and Co-Founder, Quartexx Management

Can you tell us about your career path?

I was going to Dalhousie and had no idea what I wanted to study. I was playing Junior B hockey for fun, and I ended up in general arts, taking political science and economics. What really helped me figure out what I wanted to do was working at Gildan for Glenn Chamandy. He gave me the opportunity of a lifetime: to follow him around, understand what he was doing, how to entertain clients and witness his strategy behind decision-making.

He acquired a company called GOLDTOE, and I was working there, which helped me understand the M&A process from start to finish. I think the key for me was actually seeing how things work at that type of level. It was so eye-opening. I was like, "Oh my God, I want to run a business."

When I finished my degree, I decided to get a job in banking just to learn finance. So, I applied to a bunch of different places, and Glenn ended up helping me get a job at BMO. I worked in their corporate finance division, which was a fancy way of saying lending to medium-sized businesses, but it was good training. You understand the balance sheet, the income statement, and how they all tie together.

I did that for three years. It was great learning, but I always knew I was more of an entrepreneur and I never wanted to work for anybody else. I really wanted to create my own time — that was my number one issue. I did my CFA at the same time while I was at the bank. It was really hard. I failed each level once, but ended up getting it on the sixth exam. My ADD persisted at every level, but I ended up getting it, and I'm really glad I did.

I felt like those three years were my catch-up. I learned finance, and I also learned investing and portfolio management.

I'd always read Warren Buffett's books, and since I was 10, I'd been super interested in the process of compounding money.

Then an opportunity of a lifetime presented itself. The Saputo family wanted to start a hockey agency called Quartexx, but they needed someone to start it and run it. They wanted my best friend, Marco Scandella, to be their first client. They met Marco, and Marco said, "I'll join, but only if you bring Matt in."

Suddenly, I was offered equity and basically to be the CEO of this newly founded sports agency, backed by the Saputo family. I had a history of playing hockey, loved sports, and it was a dream come true. I worked on that for about four years. That was kind of my first baby, although I knew it wasn't my end game.

Could you tell us about how you got to your current role?

I wanted to help the Saputo's institutionalize their family office and get them into different alternative investments, predominantly U.S.-based. I also wanted to help athletes who were suddenly making so much money ensure they would end their careers with a true portfolio that would feed them for the rest of their lives and give them access beyond public equities and fixed income.

I came up with this idea of launching a company that would do that for them, and that's August Group now. We've got about 25 families and about 15 professional athletes. Our criteria for taking on clients is that they are on the path to making $100 million-plus in career earnings, gross, pre-tax dollars. Once they meet that criteria, we'll work with them for life and build out their portfolios and do their estate planning, insurance, budgeting — anything that relates to money or the flow of funds.

On top of that, we have some really interesting young entrepreneurs who are either worth a lot of money on paper or have already sold their businesses. Additionally, we've got some kids and middle-aged people who are about to inherit billions of dollars. These are kids or young adults who are super wealthy because their parents have done really, really well. It's easier to get trained on how to manage that much money by somebody else than it is to get trained by your parents, just because, well, they're your parents.

Wealthy families hire us to make sure their next generation is prepared for the responsibility that comes with inheriting money of that size. So we have a couple of late-20s and early-30-year-olds who one day will be in that unique position.

We're registered with the SEC as an RIA in the U.S., and we are licensed as a multifamily office in Canada. So we work on both sides of the border. We have offices in Toronto, New York, Montreal and Fort Lauderdale.

What is the most challenging thing about your job?

I think my largest challenge has been managing people. I think a certain way, and it took me a long time to learn that not everyone thinks the same way I do. I assumed that if you're a human, you must process information the same way. It took a couple of bad experiences for the light bulb to go off that this wasn't the case. I had to learn to slow down and teach people. It is still the hardest thing for me.

I am no longer the CEO, and my title is now founder. Brandon Hill was promoted to CEO of August Group in July 2025. Brandon knows what he is good at, and he knows what I am good at, and we support one another daily. My other partner at August Group is chief investment officer Patrick Guest. He has done an incredible job building out the firm's investment platform, and we would not be where we are today without his contributions.

All three of us work collaboratively and focus on our strengths, which allows the firm to be the best version of itself. As an entrepreneur, I think becoming self-aware is essential. Understand your weaknesses and strengths, and become comfortable delegating responsibilities to people with the appropriate skill sets. As we always say at August Group, "teamwork makes the dream work," and finding the right partners is crucial to long-term success.

Looking back at your journey, what's been your biggest takeaway?

I would say it is life, not a race. Working in banking, the late hours and weekends, I think I almost burned myself out. I would also tell people, before doing the CFA, to understand the lift. It is a huge lift. If you haven't done it in school before and you're just starting fresh, it's not easy. Make sure you have the time and make sure you're really committed, because it's a three-year thing. Yes, it's super valuable. It teaches you everything you need to know to manage a portfolio, and I'm really glad I have that skill set now, but it wasn't easy. It was a grind. If you do have the bandwidth, then do it. Otherwise, don't kill yourself. It is not worth it.

Looking back at your journey, what's been your biggest takeaway?

I knew, when leaving university, that I could pay $200,000 for an MBA somewhere, or I could make $300,000 while being trained to do it at the bank. So that was more of a money question for me — what I could afford.

For those who don't want to go the traditional finance route, I would say that as an entrepreneur you always have to understand how a business works. I just look at businesses top to bottom and can understand trends, profit margin, recurring revenue versus one-offs. It is about understanding which aspects make a business attractive versus which ones make them risky.

Once you understand that, it is just about having an eye for opportunity — when and where am I going to catch a break that could lead to something? Do I see something that no one else sees and there's an opportunity in that? What's a trend that's not kind of mainstream right now but will be? That is a skill in and of itself. You always have to be looking at everything like, "Hmm, could this work? Or if I built a business or a service around this, could it work?" And I think I'm just wired that way.

What role did Dalhousie play in your journey?

Dalhousie was amazing for me because I think it taught me a lot outside of the classroom. For four years, I really just hung out with people, socialized, asked them what they were interested in and what they were studying and why. It was just so genuine.

I would say the whole experience helped me realize myself. I knew when I left that I was going to be an entrepreneur. I knew I had to find something that was my own. I left Dal knowing that there was no way I was going to go and just work for someone else the rest of my life, and I credit that to the school.

Student Spotlight

Sean Woodbury
Portfolio Manager
Long/Short Equities
sean.woodbury@dal.ca

Can you tell us a bit about yourself?

I'm currently in my fourth year at Dalhousie, working toward a Bachelor of Commerce with a major in Finance. I'm originally from Toronto, and Dalhousie really stood out to me, not just for the chance to experience the East Coast but also for its co-op program, which was a significant factor in my decision. Outside the classroom, I spend most of my summer golfing and switch to basketball when winter hits.

What made you study finance and join the L/S Equities group?

My fascination with the stock market started back in Grade 11 with a stock-picking competition, and it's only grown since. In university, I found that discussions about markets or investing, whether in lectures, with friends, or in the news, consistently grabbed my attention more than anything else. DALIS really helped strengthen that passion by giving me the tools to understand, analyze, and apply what I was learning. As my academic and career path developed, I found myself especially drawn to equities, which is why joining the L/S Equities group felt like such a natural choice. I'm incredibly grateful for the opportunity to serve as a portfolio manager and put my passion into practice in a meaningful, hands-on way.

What is something you are following in the markets, and what is your outlook?

I've been closely following the autonomous vehicle space, which I think could become one of the most transformative growth stories over the next couple of decades. The companies that can execute at scale have the potential to redefine transportation as we know it. An example I'm following is Waymo. Their autonomous ride-hailing services with Uber in several major U.S. cities highlight just how quickly this technology is moving from concept to reality.

How do you approach structuring presentations?

My two goals are always to build a story using strong points and to deliver it with confidence. I want the audience to be fully engaged with my ideas and to follow my reasoning naturally. When you lose the audience in a presentation, it is likely that it is not because of what you're saying but how you're saying it. You can have great points or visuals, but if they aren't delivered with conviction, they lose their value. It is key to have confidence in what you are saying and to present points that will resonate with your audience, not just fill up space.

What is your biggest piece of advice for other students?

My biggest piece of advice is to take risks and bet on yourself. It' is easy to feel underqualified, but no one has everything figured out, especially in university. In my first two years, I avoided opportunities because I didn't feel "ready," but in my third year, I pushed myself to enter a stock-pitch competition with my roommate. That experience led to further involvement in DALIS and even representing Dalhousie at Battle on Bay. That experience played a huge role in my co-op and full-time job searches, especially when combined with lots of networking. I participated in more coffee chats than I can count. My advice: don't be shy, professionals are usually happy to share their experiences. Be persistent. Coffee chats don't lead to instant results, but over time, they build a network that helps you with advice, builds connections, and eventually, opportunities. Looking back, none of these steps would've happened if I had not taken that first small risk. Sometimes, taking one step outside your comfort zone can change the entire path ahead.

What are your career goals?

While my career goals have evolved over the years, I am currently focused on becoming an equity portfolio manager. I will be starting at BMO Global Asset Management after graduation as a rotational analyst, rotating through four teams over two years. I am excited to use that experience to build a strong foundation, determine where I fit best, and continue developing the skills I will need to grow in the investment side of asset management

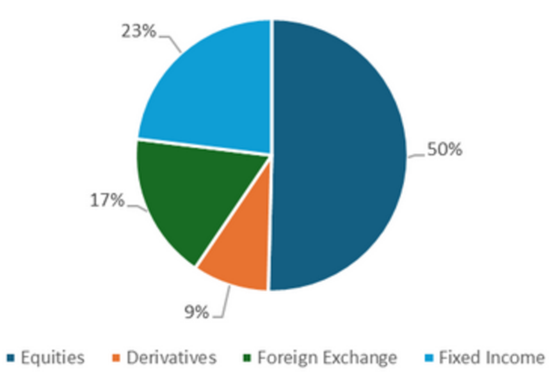
The Maritime Fund

Portfolio Overview

Portfolio	Holdings	Market Value	Change TTD	% TTD	Benchmark
Long/Short Equities	31	**$20,565,321**	$565,321	2.83%	1.07%
Commodities	21	$21,587,028	$1,587,028	7.94%	0.81%
Machine Learning	4	$20,023,038	$23,038	0.12%	3.10%
Global Macro Strategy	5	$61,564,484	$1,564,484	2.61%	1.89%
Maritime Fund	61	**$123,789,871**	**$1,504,016**	**3.12%**	1.72%

Sector	Market Value	Weight
Industrial	$4,987,576	21.5%
Basic Materials	$3,132,040	13.5%
Consumer Cyclical	$3,059,195	13.2%
Communications	$2,208,946	9.5%
Financials	$2,181,487	9.4%
Technology	$2,081,266	9.0%
Energy	$1,975,335	8.5%

Asset Allocation



Top 10 Holdings

1. Gold
2. Silver
3. Walmart
4. Atlas Copco
5. Canadian Pacific Kansas City
6. Hermes
7. Google
8. Service Now
9. Pepsi
10. Tyler Technologies

The Maritime Fund

Portfolio Commentary

LONG/SHORT EQUITIES

Over the past month, the L/S portfolio executed more than 50 trades. Performance has stayed flat in a volatile, earnings-heavy period. The portfolio is up 1.54 per cent, while our benchmark has returned 1.61 per cent.

Key Short: Copa Holdings (NYSE: CPA)
We maintain a bearish position on discount airlines due to weakening travel demand and loss of market share to full-service airlines adopting low-cost options. We entered a short position while hedging with at-the-money protective call option contracts. Copa Holdings reported a top-line revenue miss due to lower fares per traveller, indicating the airline is feeling the effects of downward pricing pressure. We exited the position with a net profit of 10.1 per cent after they reported and slid intraday.

Key Long: Walmart (NYSE: WMT)
We took a long position in Walmart ahead of its Q3 earnings, anticipating that a weakening U.S. consumer would drive increased traffic for more defensive names. Walmart raised its full-year net sales outlook from 4.8 per cent to 5.1 per cent, citing increased popularity among mid- to high-income households and strong performance in its membership arm, Sam's Club. Walmart will remain a core position, with a current gain of roughly 10 per cent heading into the holiday season, as its one-stop-shop model bodes well for American consumers looking to save time and money this winter.

Outlook on Equity Markets:
Looking ahead, we still see room for the bull market to run, supported by rising expectations of a Fed rate cut and easing trade tensions. We are monitoring U.S. consumer strength closely and shifting toward more defensive names while adding exposure to regions such as Europe and Australia. With U.S. equities leading growth and macro conditions stable, we expect markets to push toward new highs into year-end.

Notable Positions

- Gap (+12.3%)
- Barrick (+23.3%)
- Bouygues (+7.8%)
- Palo Alto Bear Put Spread (+195%)
- Workday Bear Put Spread (+178%)

MACHINE LEARNING

The ML portfolio delivered strong performance this month, closing four profitable long positions and generating a positive return while maintaining disciplined risk management. Our expanded systematic framework now combines a live machine-learning trading model, a weighted multi-indicator technical system and a Google Trends screener tool, which provides insights into price action.

Notable Closed Positions

- GOOGL: +4.2%
- AMZN: +4.5%
- NFLX: +1.7%
- IVZ: +1.6%

Machine-learning Model:
We deployed a long/flat ML model trained on five years of historical data using return, volatility and momentum features. A logistic-regression classifier predicts next-day upside and enters long positions only when confidence surpasses a defined threshold, otherwise remaining in cash. Early testing shows improved drawdown control compared with passive exposure, and the model is now integrated into our DALIS reporting workflow.

Web-sentiment Screener:
The Google Trends screener blends search-volume data with price action to identify attention-driven momentum. Spikes in correlation highlighted sentiment peaks that supported exits in major streaming and cloud names.

Technical Strategy:
Our weighted Pine Script strategy uses a scoring system across MACD, Stochastic RSI, RSI, Supertrend and moving-average crossovers. Trades require multi-indicator confirmation, reducing noise and enhancing the precision of exits across the ML equity book.

The Maritime Fund

Portfolio Commentary

COMMODITIES

The commodities portfolio had its strongest month this year, returning just over 6.5 per cent in November, compared with the benchmark's 0.91 per cent decline as energy and agricultural prices continued to fall. The gain was driven primarily by heavy exposure to the metals and mining industry.

Covered call (TSE: ABX) (+21 per cent)
We set up the Barrick trade ahead of earnings with a simple view: gold was breaking out, and if the trend held, Barrick would follow. We held the equity for the move and sold a covered call to take advantage of higher premiums going into the print. Earnings came in strong; gold kept pushing higher, and the stock rose. The equity move plus the call premium produced just over a 20 per cent return on the trade.

Key long: JBS Foods (NYSE: JBS) (+14.8 per cent)
The portfolio initiated a long position in JBS near its all-time low in early October, when tariffs on Brazilian beef peaked at 76.4 per cent, driving the stock down. Our thesis was based on an undisclosed Sept. 5 meeting between JBS co-owner Joesley Batista and Donald Trump. Since that meeting, sentiment around easing tariffs on Brazilian beef exports has improved, and the stock has since gained 14.68 per cent.

Outlook on Commodity Markets
Commodities are entering 2026 with divergent trends. Oil is expected to remain under pressure near US$60 a barrel as oversupply and soft demand persist, while natural gas should hold firm around US$3.95 per MMBtu, supported by strong fundamentals before easing in 2027. Base metals may see limited upside amid global growth uncertainty and delayed Fed rate cuts that temper demand, despite ongoing supply risks. Precious metals are likely to retain strength, with gold and silver benefiting from macro volatility and rate expectations. Lumber prices should stay subdued in the US$500 to US$550 range until U.S. housing activity revives in the spring, offering modest demand recovery.

Notable Positions
- FFM (+15.75%)
- JBS (+14.12%)
- XAU (+4.96%)
- XAG (+17.74%)
- ZEUS(+6.28%)

GLOBAL MACRO STRATEGY

Notable Positions
- Flattening C$10,000 DV01 of the Canadian 2s10s at 70 bps
- Short USD/GBP 1.31 (exited at 1.3235)
- Receiving Dec fed rate at 3.70 and paying at 3.69 (exited)

Outlook on Global Markets:

GBP/USD: We initiated a short position at 1.3100, anticipating that the U.K. government's tax-heavy budget would stifle growth and weaken sterling. However, the market interpreted the budget as a credible return to fiscal responsibility, triggering a relief rally. We adhered to risk management and covered the position at 1.3235 to limit drawdown.

U.S. rates: We successfully traded the November Fed meeting, receiving the December Fed rate at 3.70 per cent (betting on easing). This position was driven by a dovish conviction, supported by softening consumer confidence and labour volatility.

CAD rates (bear flattener): We are maintaining our 2s10s flattener (approx. C$10,000 DV01). We argue the market is mispricing the Bank of Canada's resolve. Recent data, including a tightening labour market (unemployment down to 6.9 per cent) and a rebound in consumption (+0.7 per cent), support a neutral-to-hawkish stance. We expect the short end of the curve (2-year) to remain anchored higher than consensus, flattening the spread against the 10-year.

The World Needs the Mining Resources that Latin America Has

Ariadna Soria, Marketing Rep
ariadna.soria@dal.ca

Latin America has been rapidly emerging as a critical supplier of commodities and clean energy resources, which are vital for the global green transition. The region has some of the world's richest deposits of copper and lithium, key metals for electric vehicles, renewable energy, and grid storage, and offers vast potential for solar and wind. As the world develops, it shifts away from fossil fuels. Due to Latin America's extensive resources, it positions itself as a major player in meeting the ever-growing demand. However, the region's ability to capitalize on this opportunity between 2026 and 2030 will hinge on overcoming regulatory, social and infrastructure challenges.

A Resource-Rich Region Positioned to Lead

Copper and lithium form the backbone of the energy transition, essential to electric vehicle batteries, renewable energy, and grid upgrades. Latin America dominates global supply. Chile and Peru produced over 34 per cent of the world's copper in 2024, with the region forecast to hit 40.5 per cent in 2025. The lithium "triangle" of Chile, Argentina, and Bolivia holds around 60 per cent of known reserves and produced 32 per cent of global output last year. Beyond minerals, Latin America is scaling clean energy fast. Brazil, Chile, Mexico, and Colombia drive a solar-wind surge, with renewables accounting for nearly 70 per cent of regional electricity, double the global average. Exceptional solar and wind resources position Chile and Brazil to export green hydrogen, a potential new economic pillar. Latin America shows steady growth through 2025 to 2026, aided by low inflation and falling rates, per the attached outlook. Chile and Peru gain from copper and lithium exports, boosting revenues; Brazil eyes 58 per cent of new renewables by 2030. Yet ports, rail, grids, and clean projects demand urgent investment for sustainable expansion.

Without Regulatory Clarity, Investment Could Stall

While the region is ready for green commodities and energy to boom, significant obstacles remain. Complex regulatory environments and lengthy permitting processes in many countries could delay or block key projects. Social license challenges, including water-use disputes over lithium extraction and community pushback against mining, highlight the need for equitable benefit-sharing and transparency. Infrastructure bottlenecks, such as congested ports, insufficient rail links, and grid limitations, threaten to slow down exports and renewable integration. The ability of Latin American governments to create stable policies, streamline permitting, and attract private plus multilateral investment will determine whether the region becomes a global leader in the green transition or remains a bottleneck.

Unlocking Value Through Stable Regulation and Modernized Infrastructure

The region's wealth of critical minerals and clean energy resources offers profitable opportunities aligned with global sustainability trends. However, investments must be carefully assessed for political risk, permitting complexity, and infrastructure adequacy. Strategic allocation to mining, logistics, and clean energy infrastructure in Latin America can create value while contributing to the net-zero transition. There's also an evolving landscape where commodity markets, environmental policy, and emerging technologies intersect, shaping the investment outlook for the next decade. This 2026 to 2030 period will be pivotal. Suppose Latin American countries seize the moment by implementing clear regulatory frameworks, enhancing community engagement, and scaling infrastructure. In that case, they will not only supply the green transition but also set standards for responsible resource development globally.

The Pivot: Carney's Economic Strategy

Ana Karina Soloviov, General Member
ana.soloviov@dal.ca

Prime Minister Mark Carney's new energy pact with Alberta Premier Danielle Smith has been criticized by some as a backtrack from climate ambition, and the argument is that this interpretation misses the larger, more practical story. The agreement is a shift from a regulatory-led model to a market-driven one, designed to strengthen Canada's economic sovereignty and send a powerful price signal. Carney is betting on what is best for the Canadian economy: growth, competitiveness, and long-term investment. However, this national project hinges on two important yet uncertain factors: securing social license from Indigenous communities and successfully translating resource wealth into geopolitical influence.

Simplifying the Rules

The Trudeau-era approach layered emissions caps, clean electricity standards, and fuel regulations on top of a carbon price. For the industry, this created a complex and costly compliance burden that withheld investment. As detailed in the agreement signed in Calgary last Thursday, Carney's move to scrap the emissions cap and suspend the Clean Electricity Regulations for Alberta is a direct effort to clear this red tape and restore competitiveness. This is not necessarily negligence towards environmental matters, but rather an economic recalibration. By simplifying the framework, the government reduces the deadweight loss of compliance and provides the regulatory certainty that capital requires. For major producers like Canadian Natural Resources (CNQ) and Enbridge Inc. (ENB), this clarity is a catalyst. It de-risks their operations and makes long-term, multi-billion-dollar projects, including those essential for decarbonization, financially viable.

A Carbon Price That Pays

The heart of this growth strategy, as outlined in the memorandum of understanding (MOU), is the commitment to an effective industrial carbon price of $130 per tonne. This would be a move that aligns economic and environmental incentives. Rather than forcing behaviour through law, it incentivizes it through the market. At this price, decarbonization becomes an economic opportunity, as the Pathways Alliance carbon capture project shifts from a costly environmental, social, and governance initiative to a financially compelling enterprise.

This creates a new, investable asset class centred on mitigation technology and infrastructure, positioning companies like Enbridge Inc. to build and operate the networks of the new energy economy. The government's role shifts from regulator to catalyst, allowing private sector innovation and capital to solve the emissions problem more effectively.

The Indigenous Stakeholder

The deal's success is linked to its reception by Indigenous communities, who share diverse perspectives. The MOU's commitment to Indigenous co-ownership of the proposed pipeline presents a transformative model for wealth generation and partnership, a point promoted by some Alberta Indigenous leaders. However, this vision clashes directly with the firm opposition reported from British Columbia Coastal First Nations, who have vowed to protect their land and waters from the risks of a spill. The Heiltsuk Nation's statement that it has "zero interest in co-ownership... of a project that has the potential to destroy our way of life," as reported in national news, underscores the profound social license challenge. For investors, this represents a fundamental execution risk. No amount of federal or provincial accord should override this opposition without a credible and consensual resolution.

Energy as a National Asset

Beyond domestic economics, Carney's strategy, as evident in the deal's framework, is geared toward enhancing Canada's geopolitical standing amid rising tensions between nations and supply chain disruptions. Energy security is a primary currency of influence. By enabling a pipeline to tidewater and reinforcing old and gas production under a stricter carbon system, Carney aims to position Canada as a reliable, environmentally conscious energy supplier to allies. This is a direct play for leverage in dealings with the United States. A Canada that can independently access global markets is a Canada less susceptible to U.S. trade pressures and better positioned to negotiate on issues ranging from lumber to defence. Our resources are not just commodities; they are strategic assets in a contested world order.

Bottom Line

Carney is executing a high-stakes rebalancing act. He is betting that a simplified market-based framework will lead to economic growth, fund the energy transition, and elevate Canada's global role. The plan is economically coherent, replacing inefficient regulation with a powerful price signal.

Its ultimate success rests on two pillars: bridging the deep divide with Indigenous communities, whose support is non-negotiable, and successfully converting resource potential into tangible capital. Carney isn't fully stepping back or rolling back Canada's sustainability progress, but he is attempting to build a stronger economic and strategic vision that can withstand the realities of social license and global diplomacy.

Rearming the West: NATO's Policy Shift and the Stakes for America's Aero-Defence Industry

Graeme Merrimen, General Member
gr925526@dal.ca

From Security Doctrine to Economic Engine

The two per cent of nominal GDP spent on the military annually, once an aspiration for many members, has become a benchmark for the alliance. As a result of increasing Russian aggression, rising global instability and pressure from the United States, NATO allies are no longer debating the number but are racing toward the percentage. The increase in defence budgets, once a slow-moving affair, is speeding up across European nations. This shift in defence spending has been answered by many American defence giants ready to meet demand.

The two per cent target is built on practicality, not patriotism. European militaries need modernization across their missile systems, fighter jets, air defence, ISR (intelligence, surveillance and reconnaissance), cyber and space capabilities. Factories across the United States can supply it faster than many domestic alternatives in Europe. When NATO's budgeting becomes a matter of treaty compliance, where does national security end and market competition begin?

The Companies Arming the New NATO

America's leading defence corporations are uniquely positioned to capture this procurement wave. Lockheed Martin produces NATO's modern-day fifth-generation fighter, the F-35. They also have many missile-defence programs and long-range precision-strike missiles. Raytheon Technologies (RTX) produces Patriot and NASAMS systems, radar, propulsion and avionics. General Dynamics produces many armoured platforms, naval systems and nuclear submarines.

Northrop Grumman has many autonomous systems, ISR systems, missile-warning systems, and space capabilities. These defence contractors represent not just suppliers but gatekeepers who sell NATO-standardized hardware that is combat-proven and reliable.

The shift in military spending is contractual, lasting through administrations. In Europe, governments are signing multi-year procurement guarantees and weapons-maintenance agreements. NATO's language, once aspirational, now has the military capacity to back up its statements. Member states that lag risk, diplomatic pressure, reputational damage and escalating security vulnerability.

When the Arms Race Meets Public Markets

Across the United States and Europe, defence equities are no longer driven purely by war headlines. Guaranteed budgets, supply-chain resilience spending and multiyear production backlogs propel them. In a world where NATO allies are legally bound to defence-spending floors, weapons procurement has shifted from episodic crisis response to institutional policy, giving contractors visibility into revenue streams that stretch well beyond election cycles. Investors now assess defence firms not by their exposure to individual conflicts but by their ability to scale manufacturing capacity, secure raw materials and navigate export approvals. The question is no longer whether governments will buy; it is whether companies can produce fast enough to meet the demands of an increasingly unstable world.

The Future of Accountability

The next evolution is cultural rather than budgetary. Defence procurement will move toward standardized capability benchmarks, readiness metrics, interoperability tests and deliverable transparency. For investors and governments, this means strategic literacy becomes financial literacy. Understanding how procurement law, export controls and industry policy intersect with defence capability will be essential. The firms that treat NATO's two per cent mandate as a temporary windfall may falter. Those that treat it as a baseline for a militarized global order will shape the future of Western security. In the emerging era, defence is no longer a sector; it is crucial infrastructure — a contract between democratic states and the industries that protect them. What once sounded like political rhetoric now carries the weight of survival. As the world re-arms, companies that can deliver capability, not promises, will be the ones that endure.

The Reconnection Economy

Austin Lovering, Portfolio Manager - Long/Short Equities
austin.lovering@dal.ca

During COVID-19, people were isolated: physically, socially, and emotionally. Companies pivoted to capitalize on consumers' loneliness, not maliciously, but because they were selling what people wanted and needed: a sense of connection. Streaming platform subscriptions boomed as people had more time to fill, and the shares of companies like Tinder, which trades on the Nasdaq under the ticker MTCH, surged as people were willing to pay up for the chance to find a real connection. This created a loneliness economy, in which businesses that could satisfy people's loneliness or help them cope thrived. Now, one of the strongest consumer trends of 2025 is not the companies helping people feel connected; it's the ones allowing people to be connected, creating the rise of the reconnection economy.

Humans inherently need connection. COVID-19 normalized digital substitutes for this connection, and for a while, people grew used to them. But that period is finally fading. The integration of AI into daily life has likely played a large role in this shift. People will now go entire days without speaking to anyone except AI. I think it's becoming obvious how easy it would be to slip into pure digital dependence, and people are subconsciously realizing this and gravitating back towards real, physical, shared connection. Not because AI is bad, but because when a watered-down, artificial version of everything is available at your fingertips, the effort and experience of the real version becomes that much more valuable.

Investors are aware of and capitalizing on this shift as well. Soho House, taken private earlier this year, is a clear example. Soho House is a global social club that aims to create "a home away from home" for its members, offering amenities such as restaurants, workspaces, and theatres. The firms that took it private saw long-term potential but believed public markets were harming value creation. Public markets punished the company quarter after quarter for high capital spending and slow payback periods on long-term brand investments, but that is precisely what is required to build an enduring community. Being private will give the company more control over brand perception and reduce short-term decision-making, helping it capitalize on the shift back toward real connection.

One of the overarching themes of this shift is the value of experiences over products, and firms focused on this have been succeeding. Fitness classes are more popular than ever. This Movember, I attended the DALIS hot Pilates fundraiser. After that class, the idea of connection created through shared experience made complete sense to me. When you are sweating beside other people, you feel like you are in the struggle together; it pushes you harder and makes the experience more memorable — I'm still sore from that, by the way. Modern investment opportunities are grounded in businesses that combine current trends with the timeless human need for connection.

A strong example is Strava, which is expected to go public in 2026. As a longtime casual Strava user, it is no surprise that the company has grown to the point where it is ready to tap the public markets. Strava evolved from a fitness app into a social platform, the perfect hybrid company meeting both sides of the modern consumer psyche: the desire to be seen and share achievements online, and the shift back to real-world activity and connection. It is social media rooted in activities that bring people together, such as running and exercise.

As AI makes life more efficient, the scarcity is not convenience but connection. The businesses that can build authentic community while aligning with modern trends are best positioned to benefit from this shift.

Canadian Tech: The Emergence of the Next Homegrown Giant?

Sam White, Portfolio Manager - Long/Short Equities
sam.white@dal.ca

Perhaps one of the most overlooked countries when comparing former glory with notable innovations today, Canada has seemingly stepped out of the spotlight as the AI race intensifies between the U.S. and China. The current tech ecosystem has been propped up by enormous capital expenditure, minimal profit relative to costs and valuations that seem almost comical to investors. The market has finally begun to digest the fundamentals on display, with the BVP Cloud Index and Nasdaq Composite sliding 5.82 per cent and 1.94 per cent over the past month at the time of writing, respectively, despite a rebound in the past week of trading.

The OpenAI complex (Nvidia, CoreWeave, Oracle, AMD and Microsoft, among others) is starting to see some fragility in its share prices. With an average year-to-date gain of 46.03 per cent for the group, the past month has seen a slowdown, and investor concern does exist for the cohort, which has dropped 22.16 per cent. The previously impossible explanation for this? The emergence of a potential alternative: the Google complex. While many names are propelling Google forward in the AI arms race, a Canadian constituent has been making significant contributions. Once more, behind the scenes of Google's AI roadmap, Celestica is slowly becoming a household name in the technology market. Celestica provides high-reliability design, manufacturing and supply-chain solutions for many industries, including aerospace and defence, communications, health tech and industrial, among others. The argument is undoubtedly there for Celestica being Canada's next large-scale success story as a company in the eye of the AI hurricane, but it is important to understand the trailblazers of years past to consider whether the success can be sustained.

Source: Coatue Management LLC, 2025

The Historical Giants.

Canada has had a rich history of bringing phenomenal technology companies to the world. Three main players come to mind when thinking of sheer scale, each in a different era of tech. Infamous to former investors — but unfairly not mentioned — Nortel Networks was one of the largest players in the dot-com bubble era. Nortel had a long and winding history before it became one of the largest companies competing to provide as much fibre-optic network gear to the market as possible during the late '90s and early 2000s. At its height, Nortel had a market cap of $398 billion, accounted for more than a third of the TSX's valuation and employed more than 94,000 employees globally. Unfortunately, Nortel is remembered primarily for the magnitude of its crash, which led to its bankruptcy in 2009. Still, its contributions to modern telecommunications and the internet — such as the Meridian 1, the first fully digital PBX telephone system — cannot be ignored.

Today is all about the new iPhone or Android, but there was once a time when the talk of the town was the BlackBerry. Almost everywhere you looked, regardless of line of business, if someone had a smartphone, they had a BlackBerry. BlackBerry reached a peak market cap of $82 billion in 2008 and was poised to be the company of the future, powering connectivity and adaptability all in the palm of your hand. In 2010, BlackBerry mobile devices accounted for 50 per cent of the U.S. smartphone market and more than 20 per cent globally. Fast-forward to 2025, and BlackBerry mobile devices are now about as easy to find as a needle in a haystack — sorry for the cliché. Despite the enormous collapse of BlackBerry's chokehold on the smartphone market, many investors are unaware that BlackBerry remains a great company today. QNX software provides cutting-edge safety and security for mission-critical applications, present in more than 255 million vehicles, advanced medical systems and industrial controls. BlackBerry stock is up 58.75 per cent over the past year, and while the company is nowhere near the size it once was, it has found an amazing way to serve the enterprise-of-things market — all while still headquartered in Waterloo, Ont.

When thinking of Canadian tech today, the name that likely comes to mind is Shopify. Shopify transformed the way we shop, bringing to market the first custom e-commerce platform. Initially created in 2004 to power founder Tobi Lütke's online snowboard store, Snowdevil, Shopify garnered massive attention from other retailers, and the company pivoted to make Shopify available as a platform for other businesses. Shopify now powers some of the most popular brands' online retail services, including LVMH, Lululemon, PepsiCo, and Tesla. The company served more than 875 million unique shoppers in 2024, up 25 per cent from 2023 when it served 700 million shoppers — a figure that, I feel, is absolutely mind-boggling. Through great partnerships and a seemingly innate ability to anticipate the next trend, Shopify has continued to grow and deliver at the highest level. The company is also continuing to build AI into its platform, further demonstrating the talent and determination to deliver the best experience for both merchants and shoppers. Valued today at $290 billion, Shopify has held numerous stints as Canada's largest company by market cap, with RBC only recently regaining that title on Sept. 5, 2025. Shopify continues to innovate at a level unmatched, with some of the most creative management in Tobi Lütke and Harley Finkelstein.

The Lessons from Those Who Came Before Celestica.

The ability to innovate. While Nortel was unable to sustain its rapid growth or manage its books effectively, it did innovate at the highest level and pioneer many remarkable technologies. Innovation builds excitement and garners investment, but maintaining a long-term vision is a must.

The ability to adapt. BlackBerry is not the household name it once was, but unlike Nortel, it knew when to walk away from a failing business, find a new market to service and create a renewed image for itself. Companies must stay diligent when choosing the next opportunity to pursue, as new competitors will always look to enter markets seeing success.

The ability to scale. Shopify has been one of the most transformative businesses when it comes to use cases for everyday consumers. E-commerce is growing as a share of total retail sales, reaching 20 per cent in Q2 2025, up 7.5 percentage points versus 2.6 percentage points for total retail sales. Through partnerships, the vision's completeness in its founders and an unending desire to reach more and more markets, Shopify has built a firm foothold as one of Canada’s best success stories — not just in technology.

The Road Ahead.

Celestica has seen exponential growth this year and continues to amaze investors quarter after quarter. As the need for power continues to grow, more and more data centres keep coming online, and Celestica is seeing more and more contracts come its way. With large portions of its revenue tied directly to notable hyperscalers like Google, Amazon, and Meta, Celestica cannot bank too heavily on today's trend and must also look to tomorrow's.

As Canadians, it is important to continue to support our businesses in times of success and struggle. Many visionaries have struggled with the inherent volatility of the markets and the classic founder’s dilemma — to sell or not to sell — but we, too, can do our part. Trust good management teams. Believe in complete visions. Look for and enjoy good products. Be proud of great, gritty and, most importantly, Canadian businesses. Markets can change on a dime.

Rick's Rant

Investing Role Models

Rick Nason, PhD, CFA
richard.nason@dal.ca

Who is your investing role model? Warren Buffett had Benjamin Graham. A whole swath of hedge fund managers had Julian Robertson. Peter Lynch was the one to mimic — along with Buffett — when I was a student in school. For a brief period, a few students came into my office claiming to be devoted followers of Sam Bankman-Fried. Fortunately, that was a short-lived period. So, who exactly is your investing role model?

Life is short, and there is a lot to learn. Sadly, few of the most important lessons in life and in investing can be learned from textbooks, lectures, or (gasp!) even AI. They must be lived, and they must be experienced. Therefore, learning efficiency is key, and I will argue that there is no more efficient way to get up to speed than to have a role model.

Role models are people who have been there and have done it. They have hit the highs, and they have also experienced the lows. They have been brilliant, and they have been completely flummoxed. They know where some answers are, and they know where mystery still lurks. They have been through changes, and they have an idea of a few fundamental enduring truths.

Sadly, few of us have the opportunity to sit down with the greats, discuss their strategies, and ask all the questions we wish. The winning bid to have lunch with Warren Buffett in 2022 was $19 million — well beyond my lunch budget, which isn't even $19.00 — so, the best we can do is observe their actions from afar.

The power of books, though, comes to the rescue, as does the internet. When I was preparing to enter the industry, I read the biographies of every major financial manager I could, which was frequently at the expense of my B-school homework and exam studying. I figured that learning about the investors' emotions and thought processes, and biases was much more insightful and valuable than learning what they did.

Textbooks teach you the facts, while biographies — and interviews, and documentaries — teach you the emotions. It is the emotions, I believe, that are much more interesting and also much more valuable to understand. For instance, George Soros's *The Alchemy of Finance* was an almost completely unreadable book the first time I went through it. However, with experience, I began to understand that his difficulty in putting his ideas into words stemmed from his difficulty in understanding the complexity of his own emotions as well as the market's emotions. I watched a documentary on Soros in which his son states that his dad changes his mind entirely based on how his back feels. You will not find that in a textbook.

Another investment classic, a must read, is *Reminiscences of a Stock Operator*. Yes, this is an ancient book, and perhaps quaint given the data-driven aspects of today's markets, but we all need to appreciate that until the bots completely take over, it is the marginal investor that sets the price. This book gives an almost perfect insight into both the psychology of the market and what I call the sociology of the market. I should point out that several years ago, when DALIS still had a book club, we would read this book with each four-year cycle of students. The students' reaction was always one of amazement at how much better they could understand the markets today, based on a book first released in 1923.

Of course, every serious value investor has Buffett's — and Munger's — *Berkshire Hathaway Annual Reports* bookmarked on their Google tabs. While mentioning BRK, I would be remiss not to mention Munger's *Poor Charlie's Almanack.* While not an investment book per se, it is full of gems that apply to a wide variety of life situations.

Of course, one does not need to read biographies. One can follow one's role models in the news, though that may be biased or have a different purpose than educating you, so you need to be extremely careful. Sadly, a lot of investment management today is done through media spin, and frankly, influencers can be very effective at this, and less effective at providing valid investment advice and ideas. There is a lot of noise out there. Worse, there are a lot of media-savvy experts who produce reams of deliberately misleading or harmful information. They are very good at having you sell your investment soul to the devil. Ironically, the more evil they are, the better their stories appear to be. Ponzi lives.

Of course, social media is filled with the Dunning-Kruger types as well. If you don't know what that means, then spend five minutes doing some research on Dunning-Kruger.

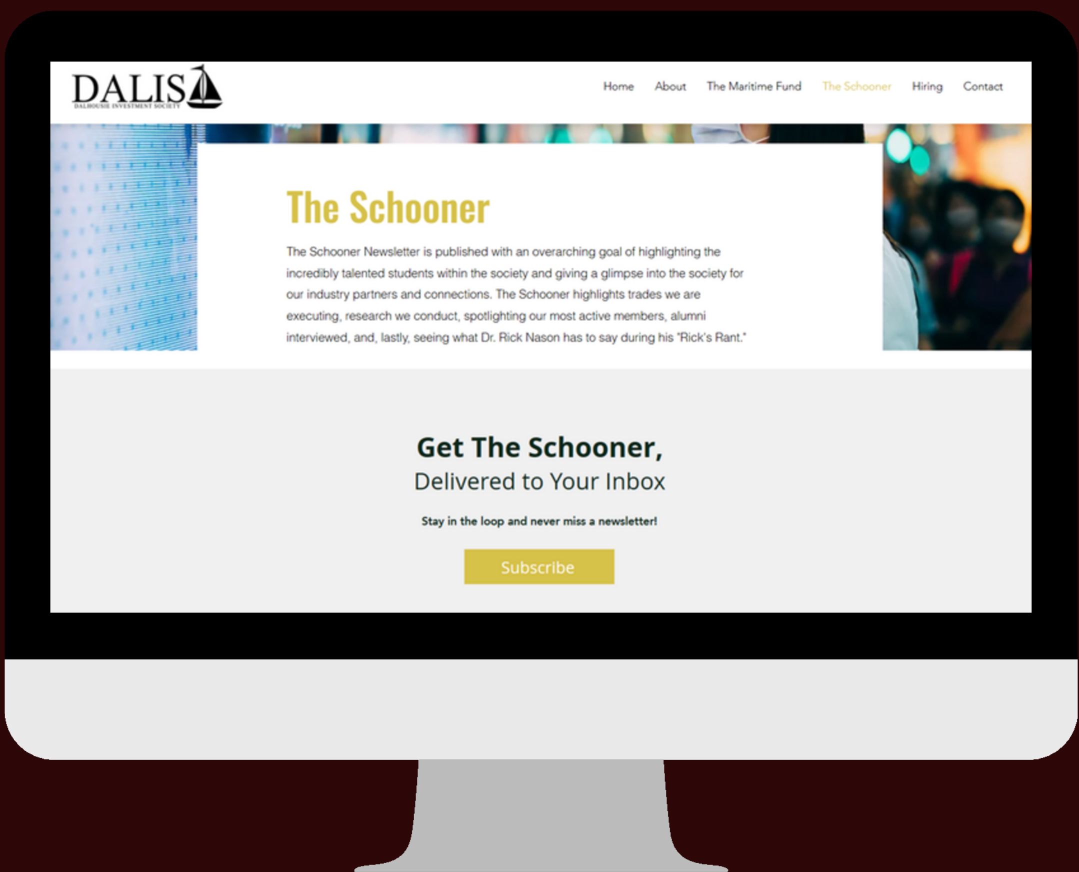
Even the best role models are not perfect. Furthermore, some role models should not be role models — kudos to Charles Barkley for making this abundantly clear. Your role model should fit your personality and your tolerance for risk. They should also fit with your level of energy and with the effort that you are willing to put into your investments. It is unlikely that there is a single perfect role model for you. Your best role model will likely be a mix-mash of role models.

The point is that life is too short to learn all of the lessons of being an experienced investor. Having a role model does not give you all the answers — no one has all of the answers — but it makes your quest more efficient and, frankly, more fun. Ultimately, in a perfect world, it will lead you to becoming your own role model.

THE SCHOONER. DELIVERED.

Get the DALIS Monthly Newsletter,

Delivered directly to your mailbox.



Subscribe here:
dalis.ca/schooner

Get in Touch With DALIS:

Executive Team

Sam Tanner, Co-President
samuel.tanner@dal.ca

Margaux Hamel, Co-President
margaux.hamel@dal.ca

Cole Mansworth, Vice President
cmansworth@dal.ca

Thomas Kalin, Executive
thomas.kalin@dal.ca

Fara Glazerman, Executive
fara.glazerman@dal.ca

Will Kearns, Executive
willkearns@dal.ca

Editor-in-Chief

Lily Gelissen
lily.gelissen@dal.ca

Find us on the Web!

dalis.ca

/dalinvestmentsociety

/dalinvestmentsociety

dalis@dal.ca