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THE SCHOONER

The Official Newsletter of the Dalhousie Investment Society (DALIS)

Trade of the Month

Alexander Carrasco - Senior Analyst, Commodities
alexander.carrasco@dal.ca

Hercules Silver Corporation

Initial Rationale

Hercules Silver Corp. (CVE: BIG) is a large scale, disseminated silver-lead-zinc project spanning 5.5km adjacent to an assayed copper porphyry target. Located within the Tier 1 jurisdiction of Idaho, the project bears grandfather permitting rights and existing infrastructure, offering a unique opportunity. Hercules permits, management, ridiculously low silver prices on the ground, and the fact that the mine is getting restarted served as part of our investment thesis.

Latest Upside

Acting initially as a highly prospective silver asset, new ground has been established on account of a significant copper-porphyry finding through their drillings, as well as strong copper-gold anomalies with high grading. In addition to their land holdings, Hercules has entered into a lease agreement in an adjacent field of land that the company thinks holds significantly similar resources to their current drillings. Hercules is regarded by many highly respected peoples in the sector as an absolutely mind-boggling copper deposit, with core drillings as some of the best geologists have seen. In support, one of the largest gold companies in the world has allocated $24 million through a private placement, now owning 12.3% of the company's outstanding and issued common shares. This allocation so soon within an exploration junior miner attest to the unparalleled strength of this asset. Additionally, they are offering geologists and other services to fast track the companies process, adding to the project's prominence.

The Commodities portfolio first bought into Hercules on October 30th at 93 cents a share, but the principal amount was relatively small as compared to the size of the portfolio – this was a highly speculative play, but one that we had high hopes for, and one we understood would have to be watched closely. We said to ourselves that if it were to drop down a little more, we would see it as a buying opportunity, provided there were no material vicissitudes to the bedrock of our thesis. The next week we saw an even more attractive price of 80 cents a share, so we bought into it, lowering our average cost basis to 85 cents. Shortly after, on November 6th the company announced their private placement to Barrick, we bought more as they consolidated. To manage our risk, we placed a stop loss at our ACB following the news. Given the company's size, there is a significant amount of liquidity risk, and options were not on the table. To this point the play has panned out extremely well – at its most recent peak we were up over 55%, now making up nearly one tenth of our portfolio - it has since come off a bit, but we still see significant upside. We have made several allocations and are currently buying in around retail selloffs where institutional players are taking advantage of buying in within the dips. Our current thoughts are to take off profits at a price equal to or less than 2 dollars/share.

A Glimpse of What's Inside:

The Maritime Fund

Portfolio Update & Commentary

Portfolio	Holdings	Market Value	Change TTD	% TTD
Macro Strategy & Fixed Income	21	$30,820,856	$820,856	2.74%
Commodities	23	$30,868,384	$868,384	2.89%
Financials, Consumer & Technology	10	$30,308,981	$308,981	1.03%
Energy, Industrials & Real Estate	12	$29,937,810	($62,190)	-0.21%
Maritime Fund	66	$121,936,031	$1,936,031	1.61%

**TTD = Term to Date*

MACRO STRATEGY & FIXED INCOME

“The macro strategy investment group makes financial decisions based on broad economic trends and macroeconomic factors rather than focusing on specific companies or industries. Our group analyzed global economic indicators, such as interest rates, inflation, and geopolitical events, to identify opportunities and risks. The macro strategy group has invested in custom weighted indexes, government bonds, corporate bonds, foreign currencies, equities, and derivatives.”

COMMODITIES

“The commodities portfolio had an extremely solid month characterized by considerable growth turned modest. The huge run-up in Hercules Silver in conjunction with event driven plays on oil futures constituted the majority of our rise, however we have also made money selling Chevron calls, with our short straddle on Hess, through a multilayered uranium play, and with several smaller trades. We will retake our spot at the top very soon - the lesson leaned from this being that we need to be more diligent in managing and hedging profits.”

FINANCIALS, CONSUMER & TECHNOLOGY

“FCT has concentrated on swing trades during earnings periods while concurrently evaluating longer-term thematic investments. Our earnings strategies have consistently delivered strong performances, yet we've incurred losses on a few of our longer-term investments. Recently, we added Disney, Visa, and Ulta Beauty Inc to diversify portfolio holdings, while also locking in impressive profits by selling off our position in Uber.”

ENERGY, INDUSTRIALS & REAL ESTATE

The Energy, Industrials, and Real Estate (EIR) portfolio prioritizes resilient companies in those sectors. With a shift away from underperforming energy, it focuses on data center REITs benefiting from AI growth. Investments extend to building material suppliers, anticipating a surge in single-family homes and projected 2024 lumber cost increases. The portfolio also includes aerospace and jet engine manufacturers to meet the demand for more efficient engines. Diversification extends to various REIT classes, aligning with the strategy's defensive qualities and future growth prospects.

In the Eyes of a Hawk

Brennan Leahey, General Member
brennan.leahey@dal.ca

As of right now we are still feeling the effects of the highest inflation in 40 years. Whether you are worried about paying your mortgage or paying for your next meal, it's safe to say that no one can hide from the once-unfathomable high prices we see today. Following the pandemic, we saw record inflation due to an increase in the money supply in North America. With inflation running wild, the American Federal Reserve used their only weapon to contest, and hiked interest rates throughout 2022 and 2023. During this time, Fed Chair Jerome Powell had the reputation as a 'hawk,' meaning he supports a tight monetary policy with high interest rates. Powell's hawkishness has caused inflation to drop dramatically from 9% to around 3%, just above the 2% target rate. The most recent Fed meeting at the end of October was an expected pause, reinforced by the statement "higher for longer," undeniably a hawk move.

The now ubiquitous "higher for longer" mantra leaves us in a sort of interest rate limbo. The market has already decided that we are not going any higher, so if we aren't going up, then when are we coming down? It is fair to say that everyone has an opinion about Powell's new year's resolutions, but only the federal reserve knows what must happen before they cut rates. One thing we know for sure is that Powell is a hawk. This, once again, was seen in early November when Powell stated at the International Monetary Fund event that they will not hesitate to go higher because they have not reached their goal of 2% inflation rate. Determining factors of the fed's first rate-cut will be heavily dependent on the usual economic indicators, namely the unemployment rate and the highly persuasive inflation rate. However, there are current events and indicators in the market that display the economic slowdown most people have dreadfully been hoping for.

On November 14th, the American Consumer Price Index came in 0.1% cooler than expected. A cool inflation report sent equity markets soaring and bond markets crashing because the market viewed it as a signal that rate hikes were over for certain. Similarly, Canadian inflation fell from 3.8% to 3.1%, but due to accurate estimations, the Canadian market remained relatively unchanged. The markets have shown true promise for an end of year rally, for example, the NASDAQ raised throughout 11 of the first 13 trading sessions of November, following Powell's confident rate pause.

An optimistic market is always fun to watch, and while it seems most prefer the colour green over red, are we getting ahead of ourselves? Although Powell has support to avoid raising rates, this does not mean there is enough evidence to support a rate cut. Furthermore, one month of cool inflation data is still just the beginning. We made it to the base camp, but we still must climb the rest of Mt Everest.

On a different note, another key indicator is unemployment. In the week ending November 11th, the number of initial jobless claims were 227k, the highest they have been in two months. The jobless claims statistics are severed into two categories: initial, meaning the number of Americans applying for unemployment insurance benefits, and continuing, meaning the number of Americans who already receive unemployment insurance benefits. After markets were given some hope regarding the recent increase in initial jobless claims, they dropped to 209k for the week ending the 18th. Jobless claims will continue to be closely monitored throughout the next year, but knowing Powell, it would be wise to assume that thousands more will have to file for unemployment benefits before he even thinks about cutting rates. We witnessed large job cuts throughout 2023, largely within the technology sector, as a reaction to the ongoing rate hikes. It is inevitable that we are going to see more job cuts in our future, and if no one has a job, no one is buying a house.

In mid-October, the National Association of Homebuilder's (NAHB) housing market index was reported at 40, relative to the forecasted 44. The housing market index is comprised of homebuilders in NAHB's sentiment towards the future and current housing market. The homebuilders score the market relative to the neutral number of 50, so lower than 50 equals a worse sentiment. A rating of 40 displays homebuilder's lack of confidence in market participants for the coming 6 months. Floating rate mortgages rise with the risk-free rate and cause the cost of purchasing a house to increase. This being said, a decrease in homebuilding means Powell is doing his job correctly. Housing starts represent the amount of home buyers (existing and new) entering the market. While the housing market index is helpful to gauge the producer's sentiment, housing starts display the consumers sentiment toward the market.

US housing starts data was reported on November 17th and beat estimates, meaning the housing markets are currently hotter than expected and completely contradicting the homebuilder's negative outlook. Hard economic data such as housing starts show no sign of economic cooling and provide reason for Powell to avoid a premature rate cut.

Considering the key macroeconomic indicators of inflation, unemployment, and housing, we still have a long way to go before Powell entertains the idea of rate cuts. It is likely that we will encounter more weak earnings reports and job cuts in January of the new year due to high inflation and lousy consumer sentiment. As of right now, the market has priced in a 28% chance that the fed will cut rates in mid-March of 2024, this being the earliest possible cut. The evidence displayed leads me to believe Powell will not cut rates until Q4 2024. The economy will take time to acclimatize to high interest rates and Powell will want an extensive list of reasons to cut by the time he finally does. It is said a hawk can see eight times more clearly than humans, and I think in the eyes of this hawk I think it's pretty clear the economy is nowhere near a rate cut.

What is "Hot Labour Summer", and Why is it Important?

Veronica Denson, Junior Analyst - Macro & Fixed Income
veronicadenson@dal.ca

Summer 2023 was dubbed the "Summer of Strikes". That momentum has carried into the fall, and it doesn't look like it's slowing down any time soon.

While the number of strikes themselves has remained relatively normal over the past several years, these strikes have become much more impactful. US employers saw a loss of around 11 million labour hours from January to September of this year, which is the largest loss to work stoppages in at least 23 years. The increase in lost labour hours is mainly due to more strikes from unions with large memberships, like UAW and SAG-AFTRA.

But why? Various factors have been critical to the success of strikes, particularly in the US. Different types of companies are seeing their workers engage in labour action than have in the past. Additionally, societal attitudes towards strikes are becoming more positive amidst a post-pandemic "new normal" and a presidential administration that touts itself as the "most pro-union in history".

Involvement of Unions with Increasingly High memberships

This summer, Hollywood saw two major strikes involving upwards of 170,000 workers from the Writers' Guild of America (WGA) and the Screen Actors Guild (SAG-AFTRA). After striking for a brutal 148 days, the WGA achieved a historic deal with studios. Notably, writers received an increase in pay, minimum show staffing requirements, and protections against AI. Similarly, the SAG-AFTRA strike lasted 118 days and resulted in the first-ever protections for actors against AI and a historic pay increase.

This fall, the world watched as over 150,000 workers at "Big Three" automakers Ford, Stellantis, and GM struck. Ultimately, the UAW strike was hugely successful; workers gained wage increases of over 25%, which is monumental for the industry.

Types of companies involved

Traditionally, most strikes came from teachers and public sector workers like police and firefighters. This makes sense, considering the bulk of unions in Canada and the US consist of workers in these sectors.

Recently, employees at larger and traditionally anti-union companies such as Starbucks and Amazon have begun to unionize. As one can imagine, the companies' responses have been very controversial. Amazon warehouse workers in Staten Island unionized in April 2022, but the company has yet to begin bargaining with them. Starbucks workers have become unionized at over five hundred locations across the US. According to the National Labor Relations Board (NLRB), Starbucks allegedly committed more than 1,000 illegal actions like closing stores and reducing workers' hours in retaliation to the workers' union efforts. Strike action at the company has continued to run rampant over the past two years. Most recently, we saw the second annual "Red Cup Rebellion", which is an organized strike that takes place in November, disrupting the company's largest promotional event, "Red Cup Day".

Even bankers have begun to hop on the strike train. Wells Fargo employees at two branches in Alaska and New Mexico have informed the NLRB of their intent to hold elections to decide whether to unionize.

Cultural Shifts

Legally speaking, mass strikes in the US are tricky to pull off. American labour laws are relatively weak when compared to countries with similar economies. However, in 2023 workers – backed by an increasingly supportive public - have been willing to take on these risks.

It feels redundant to bring up COVID, but I promise it is important. In the wake of the pandemic, the public has become much more aware of and sympathetic to causes like fair pay and workplace safety.

Over the past several years, many companies have amassed huge amounts of profit while workers' wages have struggled to keep up with the cost of living. For instance, from 2013 to 2022, Big 3 automakers made USD 250 billion in profits – an increase of 92%. Meanwhile, the average auto worker's wages dropped 19.3% in the same period. Increased awareness of issues like "greedflation" have led to a mentality amongst workers and the public that something needs to be done. There has been a surge of strikes for new contracts, which unions and their workers have framed around corporate greed.

In addition, many public figures have shown their support for striking workers. This summer, during the WGA and SAG-AFTRA strikes, Hollywood icons including Steven Spielberg and Shonda Rhimes showed their support for the unions. Even former President Barack Obama spoke out about fair conditions for workers in the film and television industry. In September, US President Joe Biden walked the picket line in favour of the striking auto workers and met with UAW president Sean Fain.

The Domino Effect

Johnnie Kallas, a PhD candidate at Cornell's School of Industrial and Labour Relations, said "Strikes can often be contagious". As strikes - especially those with high profiles - gain traction and achieve positive outcomes, others are encouraged to follow suit. Across the board, workers are looking for the same key items: fair wages, increased safety and job security, and employee input on rapidly developing tech (like AI) that could fundamentally destabilize entire industries.

This domino effect is having big impacts on companies and consumers alike. For instance, Ford's bottom line took a massive hit due to the UAW strike, and the company expects to add $900 to the cost of new vehicles in the future.

Looking to the Future

The recent changes in labour action can be summarized by one idea: workers in a diverse array of industries are realizing the power they hold – especially when they use the momentum created by others to their advantage – and they are leveraging this power to force employers to create real change on issues that are becoming increasingly pertinent in our society.

Moving forward, we can expect to see more strikes popping up that will impact companies and consumers in ever more significant ways. Strikes and labour action are no longer reserved for teachers and public sector workers. With constantly changing cultural norms and a tight labour market, companies need to pivot as workers realize their power.

Additionally, workers have realized that striking is not the only way for them to "flex their muscles" and get their employers to listen to them. On Friday, November 17, the board at OpenAI (creator of ChatGPT) ousted CEO and Silicon Valley icon Sam Altman. Open AI employees quickly responded, with 95% of employees signing a petition threatening to quit unless Altman was brought back as CEO. Clearly, this worked, by November 21, the employees' demands were met, and Altman was reinstated as CEO. While OpenAI workers never actually went on strike, their story serves as a testament to the power workers must make real change at their companies.

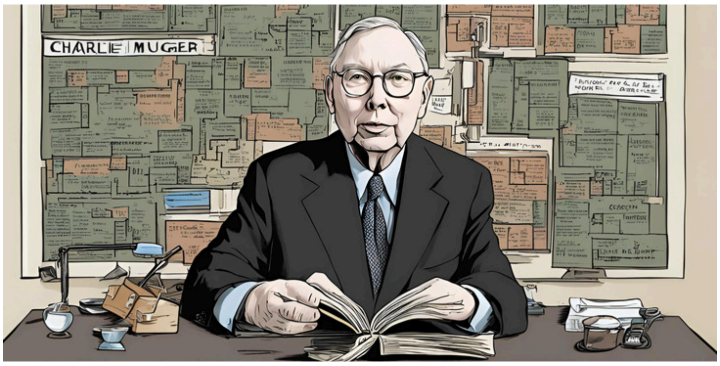
In short, few firms are safe from employees taking action to get what they want. We have seen how harmful labour action is to company bottom lines and economic outlooks. Employers would be well-advised to get out in front of this by proactively creating forums for employees to air their concerns. Their goal should be to create meaningful changes before the talk of strike starts to ripple through the workforce.

Nothing More to Add

Thomas Fallows, Portfolio Manager - Macro & Fixed Income
thomasfallows@dal.ca

"All I want to know is where I'm going to die, so I'll never go there." ~ Charlie Munger"

Within this small amount of room and time I have shared in the finance world this is an attempt to capture the wisdom and lessons I have learned from history's best left-hand man, Charlie Munger.



Charles Munger, better known as Charlie, is perhaps the best known as the Vice Chairman of the history's greatest compound interest machine– Berkshire Hathaway. Alongside Warren Buffet, the lifetime dedication of the two drove Berkshire to over 3,000,000% compound returns on initial value. A story that will be etched in stone. Often named as the sidekick to Warren from people who did not understand him well, Charlie had a fiercely independent perception who as Mr. Buffet explained it "Marches to the beat of his own music, and its' music virtually no one else is listening to." Charlie was Warrens "no man." Charlies carboard cut out, and warrens ventriloquy, was the only consistent agreement at the annual meetings at times Charlie could not be present.

Far beyond his role in Berkshire, Charlie was known for his interdisciplinarity facet of knowledge, trained as a meteorologist during WWII and dedicating his studies to Harvard Law Munger has dedicated his attention to psychology, economist, physics, biology, and history in developing his philosophy of multiple mental models– breaking through difficult in complex situations.

Munger's insights on life and quick wit was rare. His core values on the fundamental wisdom of the world stands true now as it did when he would preach in speeches and writings made long ago. Allow me to take the rest of the space to talk through the key advice from Charlie that has changed my trajectory and way of thought.

Mental Models:

A mental model is the study of how something works. An idea, belief or concept distilled down to a workable model. Models help us understand the world, helping one to eliminate blind spots, though changing our perspective. Below are two influenced by the legend himself.

There are no maps in life:

A map represents something that no longer exists. A snapshot in time presenting a reduction of reality. Even the best "maps" are imperfect. If a map were to represent the road ahead with perfect fidelity, it would no longer be reduced and simple to comprehend and therefore useless to us. No matter where you are, always seek to venture beyond the map.

Mr. Market:

Benjamin Graham, a mentor to Warren before Charlie entered his life, introduced Mr. Market to model the vicissitudes of the financial markets. Graham personified, that the markets akin to a moody neighbour, sometimes waking up happy and other days sad– your job as an investor is to take advantage during the bad moods and sell during the good moods. But remember "like Cinderella at the ball, you must heed one warning or everything will turn into pumpkins and mice: Mr. Market is there to serve you, not to guide you." ~ 1987 shareholder letter. The model applies to life as much as it would to the markets, there will be as many highs as lows, consistency, perseverance, and discipline will carry one forward.

How to have an Opinion

"I never allow myself to have an opinion on anything that I don't know the other side's argument better than they do."

Having quick wit and being sharp as a tac, Warren referred to his partner as the "The Abominable No-Man." Charlie never backing down to oppose an idea. Only when in agency would we here the famous "I have nothing to add." However, in any circumstance, Charlie developed rules and advice to generating an opinion.

The work is the hard part, and that's what gets avoided. The difference between those who have done the research to others who reel off memorized information is substantial. You must do the reading, talk to competent people, and understand their argument. You must consider the key variables, and how they interact. You need to inverse your opinion, counter your views, see the problem from multiple perspectives. You must think.

Solving Problems:

In a 1996 speech about the success of Coca-Cola titled practical thought about practical thought, Munger first spoke about the five simple tools that help him solve problems.

1. **Simplify:** Decipher the big "no brainer" first.
2. **Numerical Fluency:** Strategize, reason, and justify. Do not memorize. Allowing Munger to finish it off he quotes "Without numerical fluency, in the part of life most of us inhabit, you are like a one-legged man in an ass-kicking contest."
3. **Invert:** Think about problems forward and backward spending less time being brilliant and more time avoiding stupidity. The opening quote of the article from Munger was used as a hyperbole by him during a speech upon the subject.
4. **Study The Basics:** Munger argued that the center of one's intellectual pyramid should be from the great ideas of major academic disciplines. Similarly, Peter Kaufman, long-time friend of Munger, expressed that we can learn the most fundamental knowledge from the three oldest and most invariant forms of knowledge from which we derive the rules humans have played by.
5. **Lollapalooza Effect:** The term coined by Charlie Munger states that humas inherit biases and tendencies that sway behaviour. When multiple forces act in accordance you have the lollapalooza effect. Our phycological tendencies may affect in profound change (curing tuberculosis) or mass destruction (subprime crisis).

How to Live a Life:

At a 2007 commencement address at USC law school Munger opened with, "Well, no doubt many of you are wondering why the speaker is so old. Well, the answer is obvious: He hasn't died yet." It is with a heavy heart to say that Munger has passed away this month at the age of ninety-nine. The speech went to define his view on how to live a life that really works.

To get what you want, deliver what you would need. Honesty, Trust, and integrity is how success is earned.

It is the golden rule so to speak: You want to deliver to the world what you would buy if you were on the other end. They win the respect, the deserved trust of the people they deal with, and there is huge pleasure in life to be obtained from getting deserved trust.

Be reliable as you will need other rely on.

If you are unreliable, it doesn't matter what your virtues are, you're going to crater immediately. So doing what you have faithfully engaged to do should be an automatic part of your conduct. You want to avoid sloth and unreliability.

Trying is getting knocked down, failure is staying down.

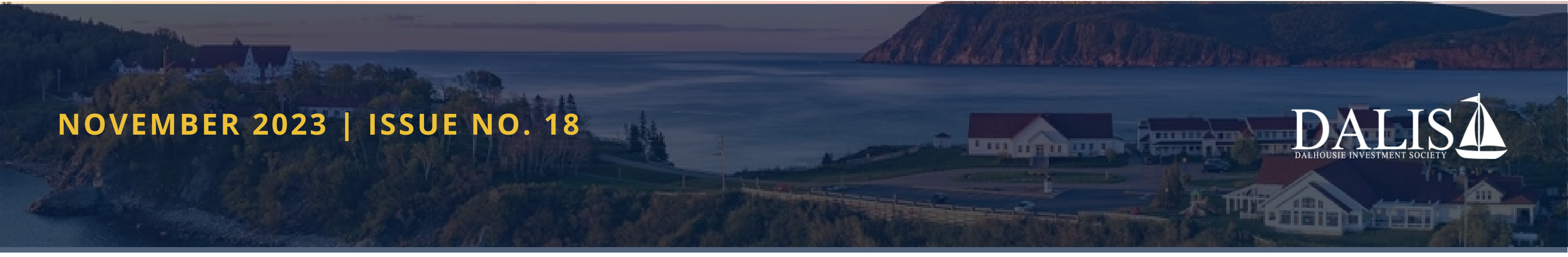
Another thing of course is life will have terrible blows, horrible blows, unfair blows, does not matter. And some people recover, and others do not. And there I think the attitude of Epictetus is the best. He thought that every mischance in life was an opportunity to behave well, every mischance in life was an opportunity to learn something. That is a very good idea.

Charlie was one of the smartest investors ever to step in ring, but he showed no regrets making his fortune within the showdown of his partner Warren Buffet. "I didn't mind at all playing second fiddle to Warren, ordinarily, everywhere I go I am very dominant, but when somebody else is better, I'm willing to play the second fiddle." In memory of Charlie Munger, may his profound lessons echo through time, shaping our approaches to challenges both in finance and the journey of life itself.

Oil: Is the Urge to Merge Over?

Alex van Nieuwkoop, Portfolio Manager - EIR
alex.vannieuwkoop@dal.ca

In October of this year, ExxonMobil (NYSE: XOM) acquired Pioneer Natural Resources (NYSE: PXD), and Chevron (NYSE: CVX) acquired Hess Corp (NYSE: HES), with each company spending $59.5 billion and $53 billion, respectively, in all-stock deals. This sparked widespread expectation that more acquisitions would follow. With many major oil companies flush with cash after recording enormous profits in 2022, smaller-cap ones have become attractive targets for acquisition. After all, acquiring assets is significantly cheaper and faster to gain market share than venturing into new oil sources through exploration.



So why didn't we see more acquisitions occur? Well, not long after these major acquisitions, the futures curve for WTI and Brent crude moved into contango, signaling negative roll yields as current demand for the commodity became lower than the current supply.

More specifically, prices for nearby futures contracts began to trade at a discount to deferred futures contracts. This is a result from decreased demand for oil from China, the world's biggest importer, high inventory levels in the U.S. & various other countries, and the strengthening of the dollar, all of which have collectively pushed oil prices down. The slowdown in demand from China can be attributed to lower refining margins and industrial fuel demand weakening in the country. The high inventory levels, especially in the U.S., were a result from the Israel-Hamas conflict causing global supply fears. What does this mean for oil companies?

Acquisitions are likely to pause in the short term, as profit margins are projected to decrease in the coming months. However, in the long term, the attractions and advantages of expanding oil assets through mergers and acquisitions are likely to persist. Despite the International Energy Agency's prediction that fossil fuel demand will peak in 2030 due to increases in demand for renewable energy and electric vehicles, oil remains a necessary source of energy and essential for producing petrochemicals used in our everyday goods for the near future. This is evident as investors have pulled more than $14 billion from sustainable funds in the past year.

Moreover, numerous sustainability projects have been cancelled due to inflated costs resulting from elevated inflation and interest rates, such as wind farm projects in the U.S. northeast.

A notable example is Orsted, a prominent leading player in wind farm projects, which incurred a substantial $4 billion write-down in the last quarter alone. In addition, electric vehicle sales have declined in the last six months, leading to a 20% decrease in their average car prices. These difficulties underscore that it is not just oil companies facing challenges at the moment.

In conclusion, the recent surge in major acquisitions within the oil industry has marked a strategic response to the prevailing challenges. While the current economic and market conditions may temporarily slow down acquisition efforts, the underlying motivations for such strategic moves remain resilient and are poised to play a crucial role in the ever-evolving energy sector.

Understanding the Real Estate Market in Dubai

Aryan Chawla, Portfolio Manager - EIR
aryan.chawla@dal.ca

The United Arab Emirates has been making waves in the global real estate market with Dubai being their poster child as housing prices soar to unprecedented heights and a flurry of activity in development and investment properties. From the initial boom in the early 2000s to the recent surge post-COVID. Currently, off-plan transactions have surged by 45% year to year (entire projects being sold within hours!), with a marginal 0.5% decline in the secondary market. The CBRE June 2023 statistics reveal a robust market with a 16.9% increase in average prices and a remarkable 22.8% surge in average rents. Acute supply shortages in Dubai's industrial, office, and select retail segments to continue to drive rental growth, making these markets landlord-favoured despite expectations of a potential moderation in growth rates. There is also a flood of aspiring agents attracted by low entry barriers, with companies easily scaling their workforce through commission-based payment structures and covered work visa expenses.

Let's focus on Dubai's property landscape and its tale of resilience, strategic policies, and potential risks.

The Initial Boom and Global Recession

The roots of Dubai's property surge can be traced back to the early 2000s when the emirate allowed foreigners to buy freehold properties. Unprecedented in the Middle East, this move triggered speculative demand, causing property prices to skyrocket and mega-projects like the Palm Jumeirah to launch. However, the global recession of 2008 led to a drastic collapse in property prices by almost 50%. Soon after the government implemented regulations to prevent speculative behaviour and introduced measures such as the establishment of the Dubai Land Department to regulate and oversee the property market.

Post-Recession Recovery and Arab Spring Influence

As the world economy rebounded, Dubai's property market saw a gradual rise. Starting in late 2010, the Arab Spring occurred, which was a series of pro-democracy uprisings, protests, and demonstrations that swept across the Arab world. The movement was largely driven by widespread dissatisfaction with authoritarian regimes, economic hardships, corruption, and a demand for political reform and greater civil liberties. The unrest began in Tunisia and the momentum quickly spread to other countries in the region, including Egypt, Libya, Yemen, Syria, Bahrain, and beyond. This further fueled growth, with individuals seeking stability in the UAE amid political uncertainty in their home countries. Additionally, during this time there was strong oil production, high employment rates, and robust economic growth contributed to sustained demand.

Challenges in 2014 and COVID Resurgence

In 2014, falling oil prices coincided with an influx of properties into the market, resulting in a slow decline in property prices. The market hit its lowest point in 2020 during the COVID-19 pandemic. Surprisingly, post-COVID, property prices surged by 50% on average, with some sectors experiencing increases above 100%!

Factors Driving the Current Boom:

1. **Low Base:** The pandemic left consumer and investor confidence at an all-time low, creating a foundation for a rebound.
2. **Effective Pandemic Handling:** The UAE government's adept management of the pandemic, keeping many services open, attracted high-net-worth individuals seeking stability. In 2022 alone, 4000 millionaires moved to Dubai, which was the highest migration rate in the world.
3. **Major World Events:** Expo 2020 and the upcoming Qatar World Cup boosted Dubai's appeal, drawing in more investors and residents.
4. **Comparative Advantages:** Economic challenges in Europe, including higher inflation, taxes, and deteriorating services, have made Dubai more attractive. Especially with the UAE being a zero-income tax nation.
5. **Geopolitical Dynamics:** The conflicts in Russia and Ukraine prompted an influx of high-net-worth individuals moving to Dubai.
6. **Population Growth Policies**: Dubai's strategic policies actively support population growth, contributing to increased property demand.

Conclusion

Dubai's real estate sector has demonstrated its resilience in overcoming challenges and seizing opportunities, which has led to its success in the present day. However, to maintain the current growth and stability of Dubai's property market in the long run, it is crucial to carefully evaluate the risks involved. Both investors and policymakers must work together to navigate the challenges and capitalize on the opportunities to secure Dubai's position as a global real estate hub.

I Want My Chips with the Dip

Sam Tanner, Senior Analyst - Macro & Fixed Income
samueltanner@dal.ca

Intel was once known for its undisputed dominance in the microchip industry, driving semiconductor innovation from the late 1980s to the 2000s. During this period, few could take credit for Intel's success as much as Pat Gelsinger, a popular name in the chip industry, and for good reason. Gelsinger joined Intel in 1979 after earning an associate degree at Lincoln Tech. Gelsinger proved his worth at Intel, named the youngest Vice President in the company's history, serving as the lead architect on the i486 microprocessor, and eventually becoming the Chief Technology Officer. While serving as CTO, Pat became the mentee of Andrew Grove, the CEO at the time and another notable figure in Intel's historic success.

In 2009, Gelsinger was forced out of the company after receiving blame for a missed production date. During Gelsinger's absence, COO Brian Krzanich took over as CEO and the company's research and development (R&D) investments began slipping. Krzanich was succeeded by Robert Swan in 2019. Swan excelled as Intel's CFO before accepting the role; however, fundamentally Swan was an accountant and he focused on cost management. Swan was a step backward for Intel; his cost-cutting measures only resulted in a further drop in R&D, widening the gap between the company and the overall industry.

As Intel began to miss target manufacturing dates, hope for the company was dwindling, paving the way for competitors such as Arm, AMD, Qualcomm, and Apple to step into the spotlight. Investors demanded a restructuring and Gelsinger, a now mature leader with a career full of industry knowledge and firsthand experience, was appointed as CEO in early 2021. The news of Pat's return alone caused shares to increase by 8%.

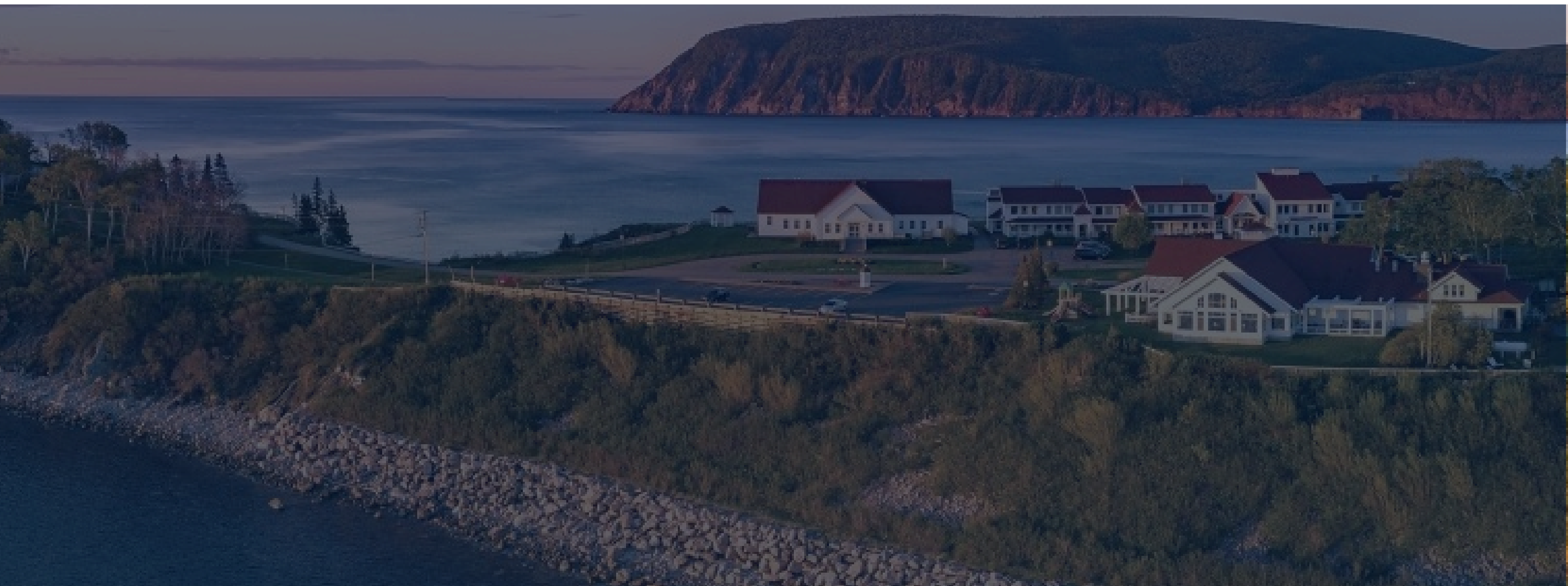
Gelsinger stepped up to the task of correcting the company's course, beginning with 15.19bn of R&D in 2021, representing a 12% increase or a portion of over 20% of the company's 2021 revenue. The new CEO prioritized manufacturing, emphasizing investments in fabrication plants. Despite Gelsinger's optimism, Intel continued to struggle with execution throughout 2022. Many investors urged Intel to leave the fabrication business and begin outsourcing, a similar structure to Apple, NVIDIA, and AMD. Intel's response was a long-term growth strategy announced in February of 2022.

The strategy is backed by a $1 trillion market opportunity by 2030 and an aggressive target year-over-year revenue growth of 10-12% by 2026. The funding for this plan stems from their Smart Capital Strategy, comprised of smart capacity investments, leveraging the use of government incentives, customer commitments, infrastructure agreements and the use of external foundries. A key pillar of this strategy is smart capacity investments, aiming to aggressively build out "shells" - starting investment in fabrication plants (fabs) and focusing on the parts with the longest lead times. Intel's gambles on its own return are far from realized, however, its plan to turn the company around is promising.

Intel is the leading candidate for a slew of government incentives. In October, they broke ground on two new factories in Arizona financed by a 49% equity partnership with Brookfield. Expansions at manufacturing sites in Oregon, New Mexico and Ireland are also set to take place and while there is no confirmation of government money, investors believe this to be true.

Intel's aggressive R&D spending is already beginning to prove its worth and their developments in the glass substrate are an optimal example. Currently, the substrate of a chip is made of mostly plastic, and it is the base layer for the silicon wafers. To push performance, we continue to place more chips on one substrate however, we are starting to encounter limitations. Thermal stress is a prevalent issue and warping of the substrate is a bottleneck in pushing chips to new levels. Glass is more rigid, allowing it to support more chips on one substrate. Additionally, glass substrates enable more efficient power delivery and higher signalling speeds. While no modern technology comes without its difficulties – glass being particularly fragile - solutions are emerging daily. Discussions of glass entering the market are already underway. This innovative technology is an interesting workaround to help advance Moore's law and potentially put Intel back on top of the game.

Only time will tell if Intel is correct in their approach or if they are spread too thin. Their attempts to shift back into a vertically integrated business model while staying current with industry developments may prove to be a bumpy ride. If Intel can maintain their standing in the industry and deliver on production goals, it may just be the microchip industry's biggest comeback story of the decade.



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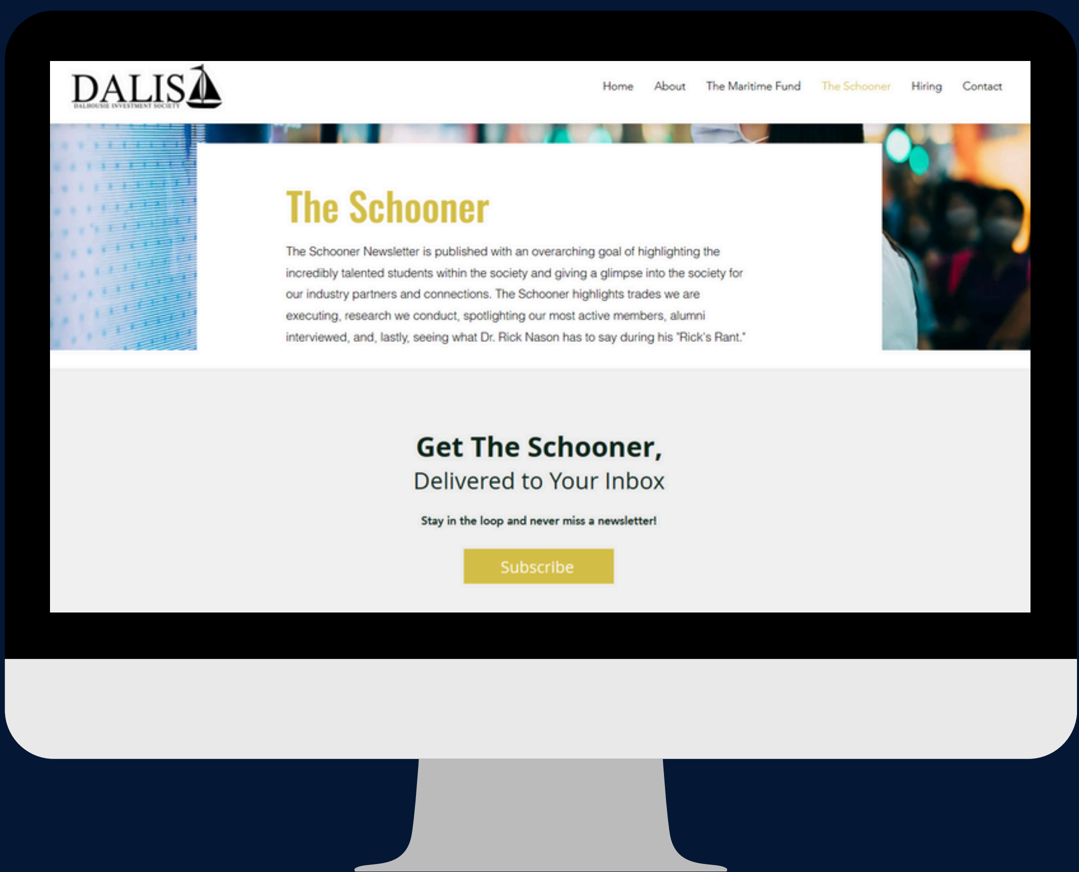

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Get in Touch With DALIS:

Executive Team

Max Barrow, President
max.barrow@dal.ca

Monica Conohan, Vice President
mconohan@dal.ca

Mark Howatt, Executive
mark.howatt@dal.ca

Alexis Reid, Executive
alexis.reid@dal.ca

Arsh Merchant, Executive
arsh.merchant@dal.ca

Schooner Editors

Monica Conohan
Mconohan@dal.ca

Ezra Laskar
laskarezra@dal.ca

Find us on the Web!

dalis.ca

/dalinvestmentsociety

/dalinvestmentsociety

dalis@dal.ca