



THE SCHOONER

The Official Newsletter of the Dalhousie Investment Society (DALIS)

Machine Learning Spotlight

Multi-indicator trading strategy

Timing matters in equity markets, but no single indicator gets it right every time. That's why our strategy uses a multi-indicator trading framework — a system designed to reduce false signals and improve decision-making by combining multiple tools.

Main idea: multiple confirmations

Instead of relying on one signal, our strategy uses a weighted confirmation approach. Each of the five technical indicators provides information on momentum, trend, and price extremes. We only enter a trade when enough indicators align, helping us avoid noise while focusing on valid opportunities.

The five indicators we use:

MACD measures momentum by comparing short- and long-term moving averages. A bullish crossover suggests momentum is shifting upward.

Stochastic RSI highlights short-term overbought or oversold conditions. Readings below 20 per cent often signal potential rebounds.

RSI provides a broader momentum check. Levels below 30 per cent indicate oversold conditions, while readings above 70 per cent suggest overbought conditions.

Supertrend shows market direction and adjusts as volatility changes. When price breaks above the indicator line, it confirms an uptrend is underway.

A moving average crossover between the 20-day and 50-day averages confirms recent price action is outperforming the longer-term trend, a classic bullish signal.

Each indicator serves a different purpose, but together they provide a well-rounded view of market conditions.

Good entries mean nothing without a risk strategy. We start with a 3 per cent stop-loss to limit downside while allowing normal price movement. Once a trade reaches a 4 per cent gain, we take partial profits, move the stop to breakeven and continue scaling out at higher targets. This approach locks in gains while preserving upside potential.

Why this strategy fits equities

Stocks behave differently than other asset classes. They trend more reliably, respect technical levels more consistently and move within more predictable ranges. Our strategy is optimized for these characteristics, using longer time frames, wider stops and more conservative profit targets.

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Alumni Spotlight



B'Comm, Finance 2024

Katie Wuotila

Analyst, Structure Credit Banking
Scotiabank Global Banking and
Markets

Can you tell us a little bit about your career to date?

When I was at Dalhousie, I completed two co-ops in accounting functions, one at Emera and one at KPMG. I then landed my third internship at Scotiabank in the Sales & Trading summer internship program. At Scotia, I worked on a brand-new desk, Equity Financial Resource Management, focused on developing and implementing funding, collateral, and capital management strategies across Global Equities to optimize returns for the business. I then got placed in New York post-grad for the Rotational Analyst program, where I rotated through Debt Capital Markets (DCM) – Sovereigns, Supranationals, and Agencies (SSAs), Debt Capital Markets (DCM) – Investment Grade (IG), and Structured Credit Banking. The program in New York was more skewed toward the banking side of capital markets, which I later realized I preferred. In reality, I actually never rotated on a true Sales & Trading desk.

My current desk focuses on structuring collateralized loan obligations, rated feeders, and collateralized fund obligations. The life cycle of, for example, a broadly syndicated Collateralized Loan Obligation (CLO) is: we provide an asset manager with the financing they need to go out and buy assets, they then put those assets into a “warehouse,” and then they will do a “CLO takeout,” which involves my desk structuring a CLO that gets syndicated and sold to investors. This is a very high-level example of a new issue CLO. If anyone is interested in learning more about structured credit, please reach out!

How has mentorship played a role in your experience and career journey?

I have had quite a few informal mentors through my time at Dalhousie, with a couple of whom emerged when I was applying for internship programs.

I was quite unapologetic about asking people who had been in my shoes before for resources, and had two individuals really buy into where I was trying to get to. I think students sometimes underestimate how badly people above them want to see you succeed and how much time they are willing to spend helping you.

The second, and probably most impactful mentor I had, was my first boss at Scotia. I learned a lot about leadership style and communication from her and probably wouldn't have been able to come back full time without her guidance. Being really clear with her about my goals and what I eventually wanted to do helped her provide me with honest advice and feedback, which is an invaluable experience to someone so early in their career.

When did you know you wanted to work in capital markets? How did you know?

Dalhousie did a great job of motivating me to pick a “stream” through its co-op program. I understood that third-year internships were important and that they coincided with when classes for your major really picked up. I knew I wanted to do finance because of the optionality I would get post-grad, but because I was an athlete at Dalhousie, I knew that investment banking might have been out of scope for me from a time perspective. This is how I landed on hunting down a capital markets internship. When I was applying for capital markets internships, I was quite green in the world of finance; I admittedly hadn't done an amazing job of diving into securities or any desk that stood out to me. This is why capital markets and sales & trading programs are so great. Without being able to try out four desks, I would have never ended up in my current seat. All of this to say, the world of securities encompasses many jobs, roles and functions. I think for anyone who wants to work in finance but doesn't know exactly what they want to do, getting into these types of programs gives you a great opportunity to explore your interests and skills.

How did you find the transition from Bay Street to Wall Street? What is your favourite part about living in New York?

It's hard to make a sweeping declaration about the transition from Bay to Wall Street because I've spent time in both places with the same bank. Overall, the sheer size of the street and industry in New York speaks for many of the differences. For example, my team's main responsibility is to structure, syndicate and sell CLOs.

This seat doesn't necessarily exist in the same capacity on Bay Street. I use this example to illustrate that there is simply a larger breadth of jobs and products on Wall Street, along with who those products are sold to. However, anyone would be lucky to work on Bay or Wall Street in any capacity.

I love living in Manhattan. When I was younger, I had an idea in my head that New York was too busy, too overwhelming, and I could never live there. I am thankful I got over this because I think it's one of the best playgrounds for anyone in their 20s. You can really make your own adventure here and dive into your interests. I don't think I will ever get sick of it.

You completed nine months in the Rotational Program at Scotiabank. How was that experience, and what's your biggest takeaway from it?

Rotational programs are not as common in New York as they are in Toronto. When I first moved to New York and realized that all my peers were going straight to their desks, I thought I was falling behind. This could not have been more wrong. When I submitted my choices for my first desk at Scotia, I put SSA DCM in my top three and ended up being placed there. I had never worked in fixed income and didn't know the first thing about pricing a bond. I ended up really enjoying the type of work and being on the origination side of the floor. Creating, rather than trading something, was appealing to me. I then rotated to the investment-grade DCM team next, where I was able to clean up a lot of skills I hadn't been tested on in my previous internships. Finally, I unexpectedly rotated to the structured credit banking group and was offered a full-time position there.

If you had told me two years ago that I would end up rotating and subsequently landing on three banking desks, I would never have believed you. The rotational program is a gift for figuring out exactly what you want to do without long-term implications. It is hard to know if you want to be on a sales desk without doing sales, the same goes for trading and origination. My biggest takeaway would be that you never know if something isn't for you until you try it. I had put DCM and origination into a box of "no-go's" because I was, frankly, scared I would be really bad at it. I would have never known how great a career it could be if I hadn't come out of my comfort zone.

If you could give your fourth-year self one piece of advice, what would it be?

Have more fun. I spent most of my fourth year ready to get my life started in New York, and I regret not soaking up every ounce of time in Halifax. I would also tell myself to get more curious about the people in my program I hadn't spent much time with. Even though you've been co-existing for years, you never know if that person could be someone to stay in touch with or learn something from. Overall, don't be in a rush. Once you start working, it doesn't stop, so enjoy the university schedule.

Student Spotlight



Bailee Shopka

Seaside Analyst

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Can you tell us a bit about yourself?

My name is Bailee Shopka, and I am a third-year commerce student majoring in accounting with a certificate in quantitative finance and a minor in law, justice and society. I'm originally from Calgary, Alberta, and came to Dalhousie looking for a completely new experience, something different from what I had known growing up, and that's precisely what I found. I didn't come from a family with a background in finance, and most of my high school studies were heavily science-focused. I initially chose to pursue a commerce degree because I felt it would provide a strong foundation paired with my long-term interest in corporate law.

During my time at Dalhousie, my academic interests evolved, and I discovered a strong interest in mergers and acquisitions. Learning more about the field through my law and economics course sparked my curiosity about the financial side of transactions and corporate decision making. I recently completed my most recent co-op at Deloitte in Halifax, where I worked on the M&A team alongside an incredibly knowledgeable and supportive group, learning from professionals with deep experience in the field.

What made you study finance and join the Seaside group?

When I first started my commerce degree, I wasn't entirely sure it was the right fit. I felt a bit out of place, and many of the early courses didn't immediately resonate with me. That began to change when we did the Biz Café project, where students were split into teams to compete for running the most successful online café. My team quickly realized that our weekly performance depended heavily on how well we could forecast the quality and quantity of coffee beans we would need to order. We ended up building a simple model using the simulation inputs and sensitivity-testing different scenarios.

At the time, we didn't realize we were creating a financial model, but it was my first exposure to using data and assumptions to inform strategic decisions. That experience sparked my interest in finance. Accounting quickly became my favourite class, and I enjoyed working through financial statements and understanding how business performance translates into numbers. When I took my first finance course, that interest expanded into valuation, forecasting, and eventually mergers and acquisitions. M&A stood out to me because it brings together finance, strategy and long-term decision-making. These areas had always interested me throughout my commerce degree, even though they aren't a significant focus of the core curriculum.

I've been a member of DALIS since my first year, but I became more engaged over the summer when I wrote for The Schooner. As someone with a strong interest in transactions, due diligence and corporate finance, Seaside stood out as an opportunity to build practical skills that complement what we learn in class. Our courses provide a solid foundation, but areas such as valuation, financial modelling and deal analysis are best learned through hands-on experience. There is no better place to build these skills than being a part of Seaside.

Being on the Seaside team has allowed me to learn from peers with similar interests and to work on projects that mirror real-world applications. Working with such a motivated and collaborative team was one of the highlights of my fall semester. I was able to find what I was lacking in the classroom through joining the Seaside team within DALIS. I am so grateful to the people who founded Seaside for giving Dalhousie students an edge in the competitive world of M&A, investment banking and private equity.

Do you have any interesting side hobbies?

Growing up in Calgary at the edge of the Rocky Mountains, I've always been very outdoors-oriented. I love any activity that gets me outside, especially mountain sports like hiking, skiing, snowboarding, trail running and camping. Spending time outdoors has always been how I reset and stay grounded, and that hasn't changed since moving to Halifax.

When I'm not studying or working, you can usually find me at the beach, down at the Saint Mary's docks, out for a run or trying a new workout class.

The Maritime Fund

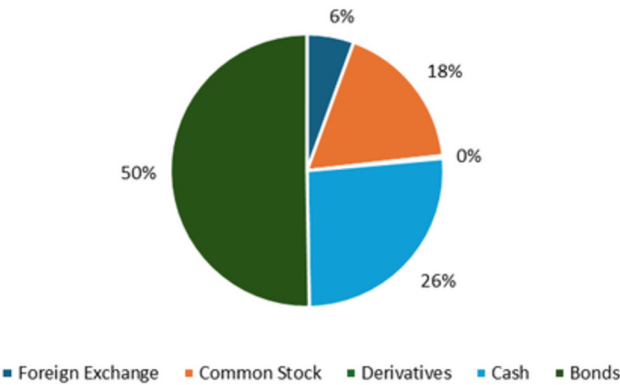
Portfolio Overview

Portfolio	Holdings	Market Value	Change TTD	% TTD	Benchmark
Long/Short Equities	26	\$19,533,110	(\$466,890)	-2.33%	2.78%
Commodities	18	\$21,683,348	\$1,683,348	8.42%	1.50%
Machine Learning	4	\$20,023,038	\$23,038	0.12%	3.53%
Global Macro Strategy	3	\$61,512,257	\$1,512,257	2.52%	1.47%
Maritime Fund	61	\$122,751,752	\$2,751,752	3.12%	2.32%

Sector	Market Value	Weight
Industrial	\$4,732,350	21.9%
Basic Materials	\$3,048,707	14.1%
Consumer Cyclical	\$2,874,990	13.3%
Financials	\$2,161,171	10.0%
Communications	\$2,118,318	9.8%
Consumer Non-Cyclical	\$2,117,306	9.8%
Energy	\$1,953,070	9.0%
Utilities	\$1,345,507	6.2%
Technology	\$1,278,265	5.9%

Top 10 Holdings
1. Gold
2. Silver
3. Atlas Copco
4. Walmart
5. Canadian Pacific Kansas City
6. Hermes
7. Google
8. JBS N.V.
9. Pepsi
10. Netflix

Asset Allocation



The Maritime Fund

Portfolio Commentary

LONG/SHORT EQUITIES

Over the past month, the long/short portfolio has executed more than 50 trades as we prepared for major Canadian equities' earnings reports. Our portfolio's performance has been relatively flat in a volatile, earnings-driven period. The portfolio has lost 0.08 per cent, while our benchmark has returned 0.16 per cent. For portfolio strategy, we continue to rotate toward sectors that provide an advantageous risk-return profile in the current market environment, such as consumer staples and industrials.

Key long: Atlas Copco Group (STO: ATCO-A), +19 per cent

We took a long position in the Swedish manufacturing conglomerate Atlas Copco. The position allowed us to gain exposure to the flourishing industrial sector and geographic exposure to a new market. Atlas Copco manufactures production systems for manufacturers to improve productivity across a variety of end markets, like electronics, semiconductors, and automobiles. Atlas Copco is poised to benefit from a global trend of companies and governments increasing capital expenditures to secure their supply chains amidst American protectionist tariffs.

Key event-driven strategy: Lululemon bull call spread, +121 per cent

While the U.S. and Canadian economies were at an inflection point this holiday season, and Lululemon stock had already slid 50 per cent in 2025, we took a bull call spread ahead of their Q3 earnings report. They cited a strategic reset through a new CEO search, as well as higher-than-expected growth in international markets. These key catalysts breathed fresh life into the stock, ultimately driving a 10 per cent gain the following day, allowing us to exit for a 121 per cent profit.

Outlook on the Equity Markets:

As tech valuations are called into question in 2026, we believe maintaining dynamic exposure to the industry remains important if sentiment continues to run. With that, we're favouring allocations toward businesses with more diversified end markets rather than some of the more expensive, one-dimensional names. We will also be monitoring the Trump-Fed conflict as a potential reason to reassess our current weighting for American equities.

Notable positions:

- Barrick (+28.75%)
- Bouygues (+10.86%)
- CIBC (+5%)

MACHINE LEARNING

The DALIS Machine Learning Portfolio made substantial progress this semester in establishing the society's first dedicated machine learning portfolio. As a new portfolio group, our primary focus was on identifying and building the right scalable foundation for systematic investing. Much of the semester was spent developing our structure, tooling and research processes to ensure they were both technically sound and practically useful for investment decisions. While this required significant upfront work, it created a framework designed to support the portfolio for years to come and set us up for a stronger start in future semesters.

As this foundation took shape, the portfolio transitioned into active trading with strong results. We successfully deployed a long/flat machine learning model trained on five years of historical data using logistic regression to predict next-day price movements based on return, volatility and momentum features. The model executed profitable trades while maintaining strict risk controls and showed better downside protection than passive exposure. We supported this with a weighted multi-indicator technical strategy combining MACD, stochastic RSI, RSI, Supertrend and moving-average crossovers to improve exit timing, along with a Google Trends sentiment screener that identifies attention-driven momentum by tracking search volume alongside price action.

With our core framework now in place, the Machine Learning Portfolio enters next semester with significantly reduced setup time and a clear execution roadmap. Rather than building infrastructure, we can focus immediately on refining models, expanding our strategies and translating signals into consistent portfolio decisions. This shift from development to execution positions us to contribute more quickly and meaningfully to the Maritime Fund in the coming semester.

The Maritime Fund

Portfolio Commentary

COMMODITIES

The commodities portfolio continued to see strong growth in December, rising almost 3.5 per cent compared with the benchmark's increase of 0.49 per cent, as the price of precious metals (silver) continued to rise. The team's gains were driven primarily by their exposure to steel manufacturing, mining, and the large position they hold in both gold and silver.

Best performing asset: (XAG) (+60 per cent)

We built a meaningful silver allocation this semester, initiating a \$1,000,000 position in XAG in October, accounting for about 5 per cent of the portfolio, and adding a \$500,000 position in Hecla Mining (HL) in late November to increase leverage to rising silver prices. We sized the exposure intentionally because silver fit our portfolio objectives as both a precious metal with defensive characteristics and an industrial input tied to electrification demand. The position delivered strong results over the term: XAG gained roughly 65 per cent, now valued at around \$1.65 million, and HL is up 35.24 per cent since purchase. now valued at approximately \$715,000. Heading into 2026, we remain constructive on silver but will be more measured after a significant move, keeping XAG as the core exposure while managing silver producers more tactically and watching key macro and company-specific risks.

Outlook on commodity markets for 2026

Commodity markets are entering 2026 with a new baseline established. Oil prices are expected to remain under \$60 a barrel, pressured by ample supply, while natural gas prices should remain firm. Industrial metals such as copper, aluminum, and battery metals are positioned for steady demand driven by renewable energy and electrification. Precious metals, particularly gold and silver, are likely to remain strong, supported by safe-haven demand and central bank purchases. Agricultural commodities appear broadly stable following recent volatility, with adequate global supplies. Overall, we expect commodities to show more moderate, uneven growth rather than the broad-based price surges seen in 2025.

Notable positions:

- XAG (+59.73%)
- NXE (+22.32%)
- HL (+17.58%)
- TECK (+16.25%)
- CS (10.86%)
- XAG (+9.25%)

GLOBAL MACRO STRATEGY

U.S. macro

The U.S. rates market started 2026 with a pronounced bull-steepening move, as 2s10s spreads widened from about 63 basis points in mid-December to a peak near 71 basis points in late December. This reflects soft-landing optimism that has propelled U.S. equities to all-time highs. The market is currently grappling with Federal Reserve timing; overnight indexed swap (OIS) markets price roughly a 12 per cent probability of a cut in January, rising to 50 per cent for the March Federal Open Market Committee (FOMC) meeting. This suggests that while the pivot is accepted, debate remains over the pace of easing. We see the steepening as a reflection of term premium returning to the long end amid persistent fiscal deficit concerns. The U.S. steepening contrasts with our CAD flattening view; divergent central bank paths should amplify the cross-market basis and support our positioning as the BoC holds firm while the Fed remains fundamentally biased toward easing.

CAD macro

The Canadian narrative shifted markedly with November's net change in employment, which beat expectations with a +53,600 print versus a surveyed contraction of 2,500. This was accompanied by a cooling unemployment rate of 6.5 per cent, versus 7.0 per cent expected. These revisions challenge the 2025 recession narrative. Heading into 2026, the Canadian labour market shows unexpected strength. CAD labour data surprised on the upside; USD may be overdone. We anticipate a tactical recovery in CAD/USD as labour data contrasts with a Fed still fundamentally biased toward easing.

Canada's Debt Binge

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When people think of Canada, they often associate the country with natural beauty, maple syrup, a stable financial system, publicly funded health care and abundant natural resources. A closer look, however, reveals a heavily indebted economy. On a household debt-to-GDP basis, Canada is the most indebted country in the G7.

The underlying cause is straightforward, even if the problem itself is complex: a concentrated, consumption-driven economy combined with population growth that has outpaced infrastructure. At the federal level, Canada faces similar challenges. Like the United States, the federal government has accumulated significant debt and is now bearing the consequences.

Household debt

When looking at household debt as a percentage of GDP, Canada's ratio of 100 per cent is higher than that of any other G7 nation. Canadian households owe more than the entire country's GDP. Additionally, on average, the cost of servicing this debt represents 14 per cent of disposable income, the highest among G7 nations.

Canada did not experience a subprime mortgage crisis, meaning households did not deleverage in the aftermath of the 2008 financial crisis as U.S. households did. More importantly, real estate prices have risen sharply over the past two decades. Slower economic growth, combined with heavy reliance on housing and consumer spending, has pushed household debt levels higher relative to peer countries.

As debt growth has outpaced income growth, credit card balances have also expanded, reaching a record C\$125 billion. This has left households highly sensitive to changes in interest rates. During the Bank of Canada's rate-hiking cycle that began in 2022, some lenders relied increasingly on negatively amortizing mortgages to prevent monthly payments from rising. Under this structure, payments remained unchanged while unpaid interest was added to the loan principal, highlighting the degree of leverage within the household sector.

While outstanding credit continues to increase, new credit origination has slowed as lenders take a more cautious approach to expanding exposure.

Government debt

The federal government's fiscal position is also strained. Borrowing rose sharply following the COVID-19 pandemic, with government debt increasing by roughly 45 per cent, compared with about 25 per cent in the United States. As in the U.S., the rapid accumulation of debt has not been matched by strong economic growth, lifting Canada's debt-to-GDP ratio to approximately 110 per cent.

Interest costs are rising accordingly. Last year, the federal government spent C\$46 billion on debt servicing, representing about 10 per cent of total program spending. That level is close to federal health-care transfers and exceeds spending on national defence. Budget 2025 projections suggest the debt-to-GDP ratio will continue to climb, with interest costs expected to surpass health-care transfers as the government runs its largest deficit since the pandemic.

Although steps have been taken to curb spending growth and improve efficiency, those measures appear limited relative to the scale of the challenge.

Growth and reform

Can these pressures ease? Only gradually if the right measures are taken. Canada should reduce its reliance on natural resources and real estate as engines of growth and instead foster more innovative and productive industries. The economy needs to be opened to greater competition, and the country made more attractive to foreign investment.

At the federal level, reform is unavoidable. Fiscal exuberance must come to an end.

The Lost Middle: Why Young Workers are Being Squeezed from Both Sides

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Canada's overall unemployment rate has drifted up from the ultra-tight 2022–23 labour market, but the youth picture has weakened faster and earlier. In October 2025, the unemployment rate for Canadians aged 15 to 24 was 14.1 per cent, above the 2017 to 2019 pre-pandemic average of 10.8 per cent.

Statistics Canada notes the youth rate has been trending upward since the beginning of 2023.

This does not appear to be a typical cyclical pattern. If the slowdown were purely cyclical, youth employment would be expected to soften after the broader labour market turns. Instead, the youth labour market began to deteriorate while the broader market remained relatively stable, suggesting a structural bottleneck at the entry point.

The divergence that matters

First, the youth employment rate fell to 54 per cent by August 2024 from a high of 59.6 per cent in March 2023, a level not seen since 1999, excluding the pandemic years.

Second, for students seeking summer employment, conditions worsened. For returning students aged 15 to 24, the unemployment rate averaged 17.9 per cent from May to August 2025. That was the highest summer reading since 2009, excluding 2020, and a figure that has climbed each summer since 2022, when it stood at 10.4 per cent.

This is the core problem: the on-ramp is narrowing at exactly the moment when two forces are reshaping work from opposite directions.

Squeezed from below: Entry-level work is being automated

The first pressure is technological. A growing share of entry-level tasks. Basic research, first-pass drafting, data cleaning, simple analysis and routine administrative work are now partially substitutable by software.

Goldman Sachs research estimates that generative artificial intelligence could expose the equivalent of 300 million full-time jobs globally to automation, with task-level disruption material across many white-collar roles. For youth unemployment, the key factor is not whether AI eliminates jobs outright, but that automation disproportionately targets the types of tasks that historically justified junior hiring.

Firms have traditionally hired entry-level workers partly because lower-leverage work needed to be done. As some of that work becomes automated or compressed, the economic case for hiring and training junior employees weakens. The result is not necessarily widespread layoffs, but fewer openings at the bottom and higher requirements for the openings that remain.

That shift increasingly appears in the labour market as firms reporting strong hiring activity alongside limited entry-level recruitment.

Crowded from above: When fewer roles open up

The second pressure is demographic and organizational.

Across advanced economies, labour force participation has been rising and staying higher for longer, with many workers delaying retirement or remaining attached to work. The OECD has highlighted the growing importance of older-worker participation to labour supply, particularly as populations age.

In practice, higher participation and lower turnover can crowd the middle of the job ladder. When experienced workers stay in-role longer, fewer mid-level positions open. That matters for youth because entry-level hiring is often justified by replacement and progression: juniors are hired when intermediates move up, and when seniors move out.

If the top and middle of the ladder become more static, the bottom gets tighter. In a tight on-ramp market, employers can be pickier: more internships, more “2–3 years’ experience” for entry-level postings, and more reliance on proven signals rather than potential. This helps explain why youth employment rates can drop even when the economy is not in freefall. The issue is not only demand; it is mobility.

Where this is going: A permanent bottleneck risk

These forces create a “lost middle” dynamic. Automation compresses junior task bundles, reducing the number of true entry roles. Lower turnover crowds the ladder, leaving fewer openings to backfill. Hiring risk aversion rises, and employers shift training costs onto applicants. Youth unemployment becomes sticky, even if overall labour demand improves.

Statistics Canada reports in 2025 that elevated youth unemployment has persisted since 2024 and into 2026. This persistence is the key warning sign, distinguishing a structural shift from a cyclical slowdown.

What This Means for Youth Workers

The implication is not panic, but a change in strategy.

First, proof increasingly matters as much as credentials. As firms attempt to reduce hiring uncertainty, portfolios, project work, published writing, code repositories and tangible outputs can demonstrate ability without prior employment.

Second, roles that combine judgment, client interaction, coordination and accountability are more resistant to automation than isolated tasks. Artificial intelligence is strongest at components of work; humans continue to own end-to-end responsibility.

Third, early experience increasingly behaves like a compounding asset. Paid co-op placements, structured internships with defined deliverables and rotational programs are not resume fillers, but access points. The objective is to get onto the ladder, as the labour market increasingly rewards those who are already on it.

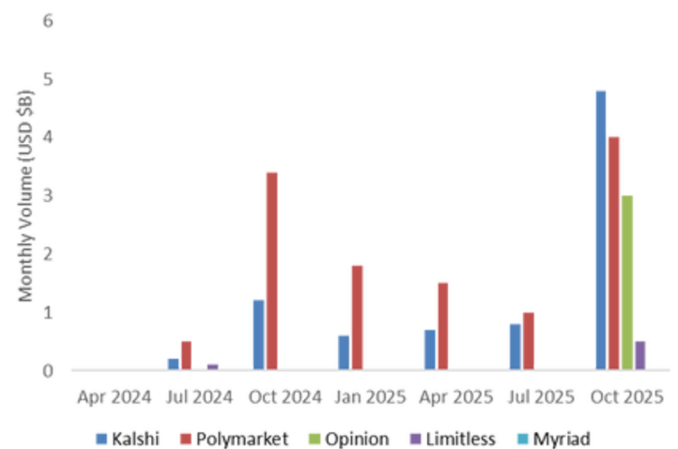
The youth unemployment story reflects a labour market redesign in which entry-level work is being reduced from below and constrained from above. If the on-ramp continues to narrow, the costs will extend beyond young workers, ultimately appearing as weaker talent pipelines, slower productivity growth and firms that realize too late they have stopped training the workforce they will eventually need.

Prediction Markets are Rising, But Should Everything be a Bet?

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Prediction markets are steadily reshaping how society talks about the future. These markets allow people to trade on the likelihood of real-world events such as election outcomes, interest rate decisions, economic indicators, sports results, and technological milestones. The price of a contract represents a shared estimate of probability. What began as an academic tool has now entered mainstream finance, media, and public discourse. Monthly volumes have exploded, reflecting rising popularity.

Prediction Market Monthly Notional Volume



History overview

The idea is far from new. In the late 19th and early 20th centuries, election betting was common in the United States. Crowds gathered on Wall Street as brokers publicly quoted odds on presidential candidates much like stock prices. These early markets were often more accurate than the polling methods of the time. Between 1884 and 1940, the betting favourite won most presidential elections. Despite their forecasting success, public discomfort with gambling and increasing regulatory pressure led to their disappearance by the mid-20th century.

Prediction markets returned quietly decades later. In 1988, the University of Iowa launched the Iowa Electronic Markets, allowing students and researchers to trade small real-money contracts on election outcomes. The results were notable. These markets frequently outperformed traditional opinion polls, demonstrating that even small groups could generate reliable forecasts when incentives rewarded accuracy. Around the same period, large organizations including Google, Microsoft and Eli Lilly began using internal prediction markets to forecast project timelines and research outcomes. Employees, freed from hierarchical pressure, often produced more realistic estimates than official plans.

Why now?

The current expansion of prediction markets is being driven by technology and capital. Online platforms and digital currencies have lowered barriers to participation, while regulatory shifts have allowed some markets to operate legally at scale. Platforms such as Kalshi received approval to offer contracts tied to economic data and elections, while crypto-based platforms expanded rapidly across borders.

A major financial exchange operator invested billions in a prediction market company, and popular trading apps and sports betting firms launched their own event-based products.

Supporters argue that prediction markets bring clarity in an environment saturated with information. Unlike opinion polls or media commentary, participants risk their own money, which encourages careful analysis and rapid updates as new information emerges. During the 2024 U.S. presidential election, prediction markets diverged from prevailing media narratives and, in some cases, tracked outcomes more closely than polling averages. These markets offer real-time insight into shifting expectations.

Outlook

Usefulness, however, does not resolve deeper concerns. Prediction markets can influence society and may shape behaviour, especially when probabilities are widely visible. Voters may disengage if outcomes appear predetermined. Businesses may delay decisions if markets signal uncertainty. At scale, prediction markets risk becoming self-reinforcing, where belief influences outcomes rather than reflecting reality.

Ethical concerns are more complex. Betting on sports has become a relatively accepted practice. Betting on elections, political instability or social crises poses different questions. Markets tied to coups, assassinations or large-scale conflict introduce moral hazards by allowing participants to profit from catastrophe. Even when such markets are restricted or rare, normalizing wagers on public life risks weakening civic trust and responsibility.

Prediction markets are not neutral. Participants with greater financial resources can exert disproportionate influence on prices and perceived probabilities. If market signals are treated as authoritative, they may reflect the views of a narrow, affluent group rather than those of society at large. In that case, collective decision-making risks becoming a function of capital.

Prediction markets are neither inherently beneficial nor inherently harmful. They are tools. Used carefully, they can improve forecasting, challenge weak assumptions and encourage intellectual discipline. Used without restraint, they risk turning public life into a commodity. The rise of prediction markets forces society to confront an uncomfortable question: not whether the future can be predicted more accurately, but whether every part of it should be priced, traded and wagered on.

Uranium Supply Can't Match Nuclear's Comeback: Worsening Volatility Ahead

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Uranium, the metal that fuels nuclear reactors, is re-emerging as a significant component of the global energy transition. Over the past five years, its market price has risen from under US\$30 per pound in 2020 to about US\$80 per pound in 2025, driven by shifts in energy policy, concerns around resource security and rising electricity demand linked to technology growth.

Uranium price volatility has historically been shaped by regulatory changes, lengthy contracting cycles and supply chain constraints. Despite these challenges, governments are reinvesting in nuclear power to provide stable, low-carbon baseload energy to complement renewables and support net-zero emissions targets while meeting rising demand. At the 30th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30), 33 countries pledged to triple global nuclear energy capacity by 2050.

Market context

Nuclear power's renewed interest reflects its ability to generate continuous, emissions-free, high-capacity electricity while avoiding reliability challenges associated with wind, solar and hydroelectric power.

According to the World Nuclear Association, uranium must pass through several stages. The process of mining, milling, conversion, enrichment and fuel fabrication typically takes 18 to 24 months. As a result, supply cannot respond quickly to sudden increases in demand.

As of 2025, the global reactor fleet includes 439 reactors in operation, 68 under construction and 108 in advanced planning stages. The International Atomic Energy Agency projects global nuclear capacity will reach between 561 and 992 gigawatts by 2050, up from about 377 gigawatts today.

Market size and outlook

The global uranium market was valued at approximately US\$9.3 billion in 2024 and is projected to reach US\$13.6 billion by 2032, representing a compound annual growth rate of 4.9 per cent.

Prices have stabilized near US\$80 per pound, supported by forecast supply deficits through 2026 and 2027.

Demand Drivers

Global uranium demand is projected to rise by about 28 per cent by 2030 and nearly double by 2040, driven by several factors.

Artificial intelligence and cloud computing

Data centres operate continuously and are highly energy-intensive. In 2024, data centres accounted for about 1.5 per cent of global electricity demand. By 2030, that share could rise to as much as eight per cent, as artificial intelligence increases demand for reliable baseload power.

Small modular reactors (SMRs)

SMRs represent a new generation of nuclear technology designed to be smaller, more automated and less labour-intensive. Many designs incorporate passive safety systems, automatic shutdown mechanisms and underground or modular construction intended to reduce the risk of containment failure and overheating.

A 300-megawatt SMR can power roughly 300,000 homes, making the technology suitable for mining operations, remote regions and large industrial campuses, including data centres.

COP30 pledges and utility contracts

The commitment by 33 countries to triple nuclear capacity by 2050 reflects growing recognition of nuclear power's role alongside renewables. Utilities, governments and financial institutions are increasingly securing long-term contracts, anticipating sustained demand and the deployment of next-generation reactors.

Supply Risks

Geopolitical concentration

The supply chain depends heavily on a limited number of producer nations. Russia accounts for about 35 per cent of global uranium conversion capacity, and sanctions contributed to a 24 per cent increase in conversion prices between 2022 and 2023. Production constraints in other major producers, including Kazakhstan and Namibia, add to supply risk.

Black swan events

Past shocks, such as the Fukushima nuclear disaster in 2011, led to prolonged underinvestment in nuclear infrastructure and uranium mining. Single events can reshape nuclear policy for years.

Underinvestment

A roughly decade-long period of lower prices led to widespread divestment and delayed exploration, extending development timelines and leaving the industry less prepared for rapid demand growth.

Supply chain bottlenecks

Shortages of sulphuric acid and other processing inputs, along with logistical disruptions and limited conversion and enrichment capacity, continue to complicate supply expansion.

Unrealistic expectations

New uranium mines typically require 10 to 20 years to move from discovery to production, limiting the industry's ability to respond quickly to higher prices.

Nuclear capacity can double by 2040

Global nuclear capacity could plausibly double by 2040 if regulatory reform continues and energy security concerns remain elevated. Geopolitical tensions, including the Russia-Ukraine war, have highlighted vulnerabilities in fossil fuel supply chains and encouraged governments to seek more reliable alternatives. In Europe, nuclear power is increasingly viewed as a means of maintaining reliable electricity supply during peak winter demand while reducing exposure to volatile oil and gas markets.

Uranium supply, however, is unlikely to expand at the same pace. Structural constraints are expected to persist, supporting higher prices and increased volatility over the long term. This imbalance may create sustained opportunities for investors in uranium producers, developers and physical uranium trusts.

Examples include Cameco Corp (TSX: CCO), NextGen Energy Ltd. (TSX: NXE) and the Sprott Physical Uranium Trust (TSX: U.U).



Rick's Rant

Invert!**Rick Nason, PhD, CFA**

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It is that magical time of year when we put away our analysis of the highs and lows of the previous year and write and publicize our thoughts on what will happen in the coming year. Articles are rife with pundits telling us what to look for: top investments, new tax tips, best retirement strategies and how we can optimize it all for our personal situation in the year ahead.

Personally, I take my advice from the legendary words of Yogi Berra: "It is tough to make predictions, especially about the future." Although I am not a gambler, I am willing to wager that the most significant events that occurred in 2025 were events you never saw coming. Further, the grand plans you made based on the best of personal strategic planning, perhaps even invoking your inner Michael Porter, likely produced quite different consequences than expected. We plan; God laughs.

As I have repeatedly pointed out in previous rants, I am quite a fan of Charlie Munger. He was not a superfan of planning. In fact, he had a very different way of thinking about the future: to "invert." Instead of thinking about the best way to solve a problem, or what is most likely to happen, think about the worst way to deal with a problem, or what is least likely to happen.

I believe there is genius in this counterintuitive approach. First, it lets you write a unique rant like this that no one else will. The fact that no one might read it is, obviously, never one of my concerns. I have yet to see an investment article titled "Ten least likely events for 2026." Yes, I know the trolls will now start emailing articles with almost that exact title.

The main advantage of the invert method is that it forces you to think differently. In investing, thinking differently is almost always the key to outperformance. You simply cannot achieve outperformance if you are doing the same thing as everyone else. That is a mathematical fact. This is one of the main reasons the vast majority of professionally run funds underperform their benchmark over a five-year period.

A second advantage of the invert method is that it forces deeper thinking. You cannot simply extend a trend or tweak another pundit's analysis. You must be creative and think for yourself. The novelty of the thought process has value, often exposing ideas or perspectives you otherwise might not have considered. Inverted thinking can yield insights that spark paradigm shifts.

A third advantage of invert thinking is that no one will accuse you of plagiarism or using AI. There is not much training data on "what is not going to happen" for artificial intelligence to learn from.

A fourth advantage of the invert method is that it is fun. It is fun to think differently. It is fun to stand apart from the crowd. It also provides an easy exit from boring cocktail party conversations, as people will quickly decide you are a kook.

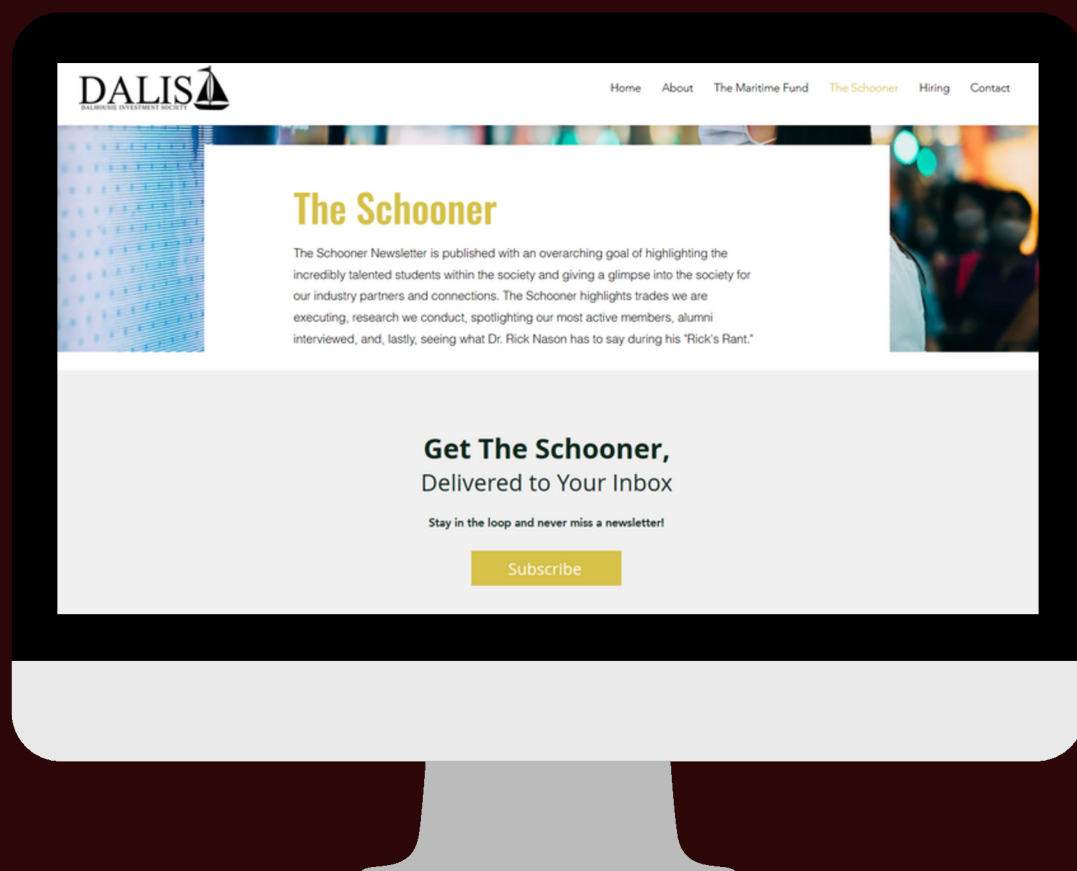
Here is an interesting fact. Research by Philip Tetlock and others, see, for example, *Superforecasting: The Art and Science of Prediction* by Philip Tetlock and Dan Gardner (2015, Signal), shows that the more confident and professional-sounding a pundit is, the more credible their predictions are perceived to be, and the more widely they are followed. These are the familiar talking heads seen across popular media. The media loves an expert who confidently and precisely predicts. A pundit who admits a range of possible outcomes is usually invited back only once. Tetlock's work also shows that the more confident and professional-sounding the pundit, the more inaccurate their predictions tend to be. In public discourse, it is often better to be confidently wrong than hesitantly right.

So my predictions for 2026 are these: WTI oil will not be US\$0.03 a barrel. Gold will not be US\$2.03 an ounce. The S&P 500 will not break 100,248.62. And I will not be asked to appear as a guest on Jim Cramer's television show.

Let's reconvene in a month and see who had the better predictions.

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