

November 19, 2024

To mourn a mischief past and gone  
Is the next way to draw new mischief on.

- *Othello* (1.3.202), Shakespeare

Every athlete exercises self-control in all things. . . . So I do not run  
aimlessly; I do not box as one beating the air.

- 1 Corinthians 9:25-26 (ESV)

I've seen George Foreman shadow boxing, and the shadow won.

- Muhammad Ali

This past Friday, 58-year-old Mike Tyson fought YouTube star and professional provocateur Jake Paul, age 27. Tyson landed only 18 punches over eight rounds, while Paul landed 78. Paul won the bout by unanimous decision.

Despite it being by all accounts a snooze-fest, the spectacle was taken in by 60 million households, and broke the Netflix viewership record. People felt compelled to watch a young pugilist “test” himself against a living legend of the past. Could Tyson win? Could this legend from the 1980s relive his former glory, as all of us long to do? And yet the cold reality of time was obvious from the beginning.

An older friend and mentor from my own past loved to remark with a wry grin, “Youth and enthusiasm are no match for age and treachery.” Well, ‘Iron’ Mike could have used more treachery.

Time isn’t kind. “This time it’s different” is an investor’s most crippling fallacy. And yet, while history often rhymes, it doesn’t repeat itself. We must simultaneously learn from the past and let go of it. Fighting yesterday’s enemy is like punching the wind.

### Boxing with shadows

In the management of investment portfolios, I’m constantly scanning for circumstances where the conventional wisdom is wrong. There have been many such times in recent years. Inflation is transitory, yield curve inversion leads to recession, the energy transition will lower demand for fossil fuels, artificial intelligence will disrupt our lives as quickly as the internet and smartphones... The list goes on.

Today, there is much expectation for Trump’s tenure to once again help U.S. corporate earnings and result in a booming economy and stock market. But everything’s different this time, particularly interest rates (higher), debt levels (highest ever), and market valuations (historically high). Taxes were lowered in his first term, and Biden did not raise them, so Trump’s focus instead seems to be on raising tariffs to

**Raymond James Ltd.**

PO Box 762 Stn Fort Langley, 23160 96 Avenue, Langley, BC, Canada V1M 2S2 • T: 778-826-0281 • F: 604-882-1299

Member of the Canadian Investor Protection Fund

protect domestic jobs, and lessening regulation. Certainly, the latter will be a positive for markets if he can manage it. Higher tariffs will make certain imported goods slightly more expensive in the short term.

My view is that the U.S. market will respond to its own rhythm as it always has. Certain sectors, such as technology and communications, will likely perform poorly in the coming years, simply because they are extremely overvalued. “Old economy” sectors are undervalued and should outperform. In other words, I don’t expect Trump’s previous presidential term to repeat itself in terms of market performance. I am focused on the circumstances of the moment rather than looking to the past for answers.

It’s difficult to maintain discipline and focus in today’s environment of media hysteria. Doing battle with shadows is a waste of energy and will ultimately lead to losses.

### Recent activity

Since the last update, precious metals stocks in your portfolio have done well, along with certain insurance companies, utilities, homebuilders, and alternative asset managers. Oil companies performed poorly. To the Canadian portfolios, I added Air Canada (AC) and removed railroader Canadian Pacific Kansas City (CP). In the U.S. portfolios, I added market-maker Virtu Financial (VIRT) and defense contractor RTX Corp. (RTX), and removed car-maker Stellantis (STLA) and farming equipment-maker AGCO (AGCO).

### Looking forward

I like how the portfolios are positioned, but I’m feeling more and more defensive as markets climb higher. As you know, I’m a conservative guy; preserving capital over the long term is the most important of my jobs. If you have questions about any details of your investments or financial planning overall, feel free to reach out.

Best regards,



*This Quarterly Market Comment has been prepared by Thomlinson Investment Counsel and expresses the opinions of the author and not necessarily those of Raymond James Ltd. (RJL). Statistics and factual data and other information are from sources RJL believes to be reliable but their accuracy cannot be guaranteed. This Quarterly Market Comment is intended for distribution only in those jurisdictions where RJL and the author are registered. Securities-related products and services are offered through Raymond James Ltd., member-Canadian Investor Protection Fund.*

*Raymond James (USA) Ltd., member FINRA/SIPC. Raymond James (USA) Ltd. (RJLU) advisors may only conduct business with residents of the states and/or jurisdictions for which they are properly registered.*

### Raymond James Ltd.

PO Box 762 Stn Fort Langley, 23160 96 Avenue, Langley, BC, Canada V1M 2S2 • T: 778-826-0281 • F: 604-882-1299

Member of the Canadian Investor Protection Fund