

The months of September and October can be dicey for the markets, but most balanced investment portfolios managed to increase during both months. This is even more surprising given there was a U.S government shutdown. According to Fundstrat Research (October 30th, Thomas Lee, Head of Research), the 4th quarter is typically a strong quarter. Let's hope that ends up being the case for 2025.

As I indicated in my last newsletter, the main tailwinds/ positives for the markets seem to have been:

- (1) The net impact of Trump's tariff policy is not as bad as what was initially feared back in April- so far.
- (2) U.S. and Canadian central bank interest rates currently have downward biases.
- (3) U.S. corporate profits for the third quarter of 2025 were above expectations and historical averages.

I would now add that (a) the result of recent U.S. elections, and (b) the real possibility that the U.S. Supreme Court could rule against Trump's tariffs COULD lead to a more moderate and predictable economic policy in the U.S. over the next two years. Markets prefer more certainty (even if because of a political stalemate/gridlock) over uncertainty.

And even though the markets have navigated recent choppy waters with relative ease, I still don't think this is the time to take more risk than one's normal comfort level. In my opinion, investors should simply invest in accordance with their own risk tolerance, time horizon, and investment objectives. This is not the time to be a hero.