



Royds Report

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MARKET STATUS – WHAT A WONDERFUL DIFFERENCE A DAY MAKES

“What a difference a day makes. 24 little hours. Brought the sun and the flowers, where there used to be rain”. Those are the lyrics to the beautiful jazz classic of 1959 by Dinah Washington, “What a difference a day makes”. The title could also be used to describe **Apr 9, 2025, when the S&P was up over 9.5% on a single day, or to describe May 12, 2025 when the S&P was up over 3%**. What we like about May 12, over Apr 9, is that the day may have marked a significant change in tariff war strategy (with the US and China pausing over 100% tariffs on each other for 90 days) which significantly lessens the chance of a US recession or at least a severe one. As the Chief U.S. Policy Strategist for AGF Investments wrote, “Donald Trump ... finally listened to the critics and he now has made it clear that the virulent market reaction drove him to this tariff reversal. ...Trump wants to ease the tariffs, not increase them. The Trump Administration has blinked, big time. Something like 90 percent of U.S. economists wanted that the tariffs would cripple the economy and stoke inflation, but Trump wouldn’t relent – until the markets revolted. And that’s the take-away: Trump has conceded that he can’t bully the markets. ... **The bottom line is that recession and inflation look less likely (or less severe).**” Sources: Valliere, Greg (2025, May 12). The Trade War Fizzles, AGF Insights and Market Perspectives., Tradingeconomics.com (2025, May 12).

The world is still a scary place – wars (Ukraine, Gaza, Kashmir etc), trade wars, sovereignty threats, impingements on free speech and maybe on the democratic process and on the power of the courts in the US. Markets have been exceptionally volatile this year because of all the uncertainty and tariff implications, and the Canadian dollar suffered as well, relative to the US dollar. But, markets have actually come through the first 4.5 months of the year pretty well.

Let’s look at the rollercoaster ride of the S&P 500 so far this year:

- From Jan 1 – Feb 19, the market rose 4.4% (that’s a very fast pace)
- From Feb 19 – Apr 8, the market dropped 18.9% (intraday, it fell over 20% briefly, which is bear market territory)

- From Apr 8 to May 15 (midday) – the market rose 18.5% (it would have taken a gain of 23.3% to make up for the 18.9% drop from peak to trough)
- From Jan 1 to May 15 (midday) – the market is up .35% (yeah, a positive market for the year so far)
- From Feb 19 to May 15 (midday) – the market is down 4.4% (the market hasn't regained its high of the year, but it's still positive for the year!)
- Year to date, the Canadian dollar is up almost 3% relative to the US dollar (so any US holdings are down about 3% in value in Canadian dollar terms)
- So, despite the S&P 500 being slightly positive for the year so far, in Canadian dollar terms, it's down about 2.75% because of currency (on the other hand, when the Canadian dollar fell from \$0.74 to \$0.69, our US holdings became 6.8% more valuable in Canadian dollar terms. So, we gave up some of the 6.8% currency windfall gains of last year. Sometimes currency is a windfall and sometimes it's a headwind. Over time, it tends to even out.)

The bottom line is the main US market has recovered to the same level it started the year at. Our portfolios may not have completely recovered because our currency rose in value compared to the currency of our holdings, but the difference isn't huge. And, with Trump seemingly backing off on severe tariffs, the odds are looking better for the US to avoid a recession this year. So, we have been suffering through an emotionally hard period politically, and our portfolios were whipsawed more than normal, but they've come through pretty much unscathed. **If you hadn't heard the news this year and saw where your portfolio sits now compared to Dec 31 2024, you would think this is just a slow start to the year.**

Obviously, some funds have done better than others, depending on their strategies and geographical allocations. The more aggressive funds did have more volatility, but pretty much all the funds we use have performed as expected relative to one another. If something changes, we'll reach out to you.

A measure of how scared people are of markets is the VIX index (Volatility Index) which, "measures how much investors expect the stock market to move over the next 30 days." **"The VIX closed the first week of April 2025 at a 45.3 level, the 21st highest weekly closing reading since 1990, highlighting the elevated uncertainty experienced in equity markets. ... In 41 of 43 instance in which the VIX realized a weekly closing reading above 40, it had a positive return one year later."** "The Bullish Percent Index (BPI, a measure of market breadth, is currently showing extreme negativity amidst the recent market pullback. ... While this may appear concerning at first glance, such deeply oversold readings have historically acted as contrarian indicators. When breath becomes this weak, it could signal capitulation, or a point at which selling pressure might be exhausted. An environment like this has proven an early signal that may indicate a turnaround for improving equity market conditions ahead." "Since 1927, the average length of a rising period has been 79.4 months, compared with 15.1 months for the average length of a falling market = nearly 5.3 times longer, on average. ... **While falling markets are undoubtedly challenging to endure, they are typically shorter in duration than rising markets.** Missing out on those longer upward trends can pose a significant long-term risk due to

lost investment opportunities.” All of the above measures are part of technical analysis. These indicators suggest we may be near the bottom of the market and it might be a good time to follow Warren Buffet’s advice to be greedy when others are fearful. Source: Fidelity Talking Technicals (2025, May 12), Fidelity Investments.

FAKE NEWS OR REAL FACTS?

How do you know what to believe these days? There is so much misleading or utterly false information on the internet. Cornell University has some tips on how to avoid getting fooled by fake news. You can go to <https://alumni.cornell.edu/cornellians/media-literacy-tips/> to get their advice. One of the most valuable pieces of info on their website is this list of fact checking websites. “Reputable ones include factcheck.org (run by the nonprofit Annenberg Public Policy Center); snopes.com, a member of the International Fact Checking Network; [PolitiFact](https://politiifact.org), run by the Poynter Institute, a global journalism nonprofit; and the [Washington Post Fact Checker](https://www.washingtonpost.com/fact-checker/).”

Forbes, a prestigious business magazine gave these tips for determining if your news source is reputable. “One key question for any publication is this: If a reporter gets facts in a story wrong, will the news outlet investigate a complaint and publish a correction? Does the publication have its own code of ethics? Or does it subscribe to and endorse the [Society of Professional Journalist's code of ethics](https://www.societyofprofessionaljournalists.org/code-of-ethics/)? And if a reporter or editor seriously violates ethical codes - such as being a blatant or serial plagiarizer, fabulist or exaggerator - will they be fired at a given news outlet? While some may criticize mainstream media outlets for a variety of sins, top outlets such as the *Washington Post*, the *New York Times*, *NBC News* and the *New Republic* have fired journalists for such ethics violations. Forbes’ website lists the news sources it feels are most factually reliable, mentions if they do have a leaning right or left and if they have a lot of Pulitzer Prizes. You can go to this website to see Forbes’ list:

<https://www.forbes.com/sites/berlinschoolofcreativeleadership/2017/02/01/10-journalism-brands-where-you-will-find-real-facts-rather-than-alternative-facts/> . It’s probably no surprise that the *New York Times*, *Wall Street Journal*, *Washington Post* and *BBC* are the top 4 most trusted general news sources, and for business news, *Forbes* (no surprise), the *Economist*, *Fortune* and the *Financial Times* are the top 4. Sources: Newcomb, Melissa (2024, Oct 2). *Getting Your Facts Straight: Tips on Media Literacy*, Cornell University., Glader, Paul (2017, Feb 1). *10 Journalism Brands Where You Find Real Facts Rather Than Alternative Facts*, *Forbes*.

When in doubt, check a reliable source to see if it is reporting the same news!

AVOIDING SCAMS

A reporter with the highly reputable “*The Economist*” magazine estimates that **scamming is such a large “business” that it takes in more money (hundreds of billions of dollars annually) than the world-wide drug trade.** Source: Wong, Sue-Lin. “Scam Inc”, *Economist*.

In Canada, a lot of money is lost to scammers by older Canadians, due to the grandparents scam or because many older people are not as tech savvy to spot fake emails etc. Education about

what methods scammers are using to separate us from our money is a key way to protect oneself. Here are some ideas on how to do that:

- Learn **how scams operate** by reading about them on the **Federal Government's Canadian Anti-Fraud Centre website** at <https://antifraudcentre-centreantifraude.ca/scams-fraudes/azindex-eng.htm> . The site lists 86 general categories (many with sub-categories) of ingenious fraud (perpetrated via email and text, Internet, phone and fax) and briefly describes how the cons work. It's actually quite interesting reading about the ways scammers try to trick individuals and businesses.
- The **Government of Ontario has a much briefer set of tips and list of scams**, but the very conciseness of the site can provide a great framework with which to better recognize variations on known scamming techniques.
<https://www.ontario.ca/page/identify-scam-or-fraud>
- Read **about preventative actions you can take by reading tips on the Canadian Bankers Associations website** at <https://cba.ca/article/financialfraudpreventiontips>. You can download their cyber-security toolkit cba.ca/cyber-security-toolkit, [Fraud Prevention Toolkit for Older Adults](#) and [Small Business Cyber Security Toolkit](#).
- Educate yourself on the **Government of Canada's GetCyberSafe.ca website to learn more about securing your accounts, your devices and connection, to learn about receiving digital gifts safely and protecting yourself over the phone.**
<https://www.getcybersafe.gc.ca/en>
- **The Canadian Border Security Agency also has great tips about travel fraud and scams related to travel or where you think you are dealing with a government agency** which you can read at <https://www.cbsa-asfc.gc.ca/menu-eng.html> and <https://www.cbsa-asfc.gc.ca/security-securete/pyaf-pvcf-eng.html> .
- Small business specific scams are summarized by the Better Business Bureau at <https://www.bbb.org/article/business/19932-bbb-warning-businesses-dont-fall-for-that-scam>

Fraudsters are getting very sophisticated, because it's big business and lucrative. The existence of social media and AI is making it easier to fool us. We need to step up our own protection. There is a lot at stake.

If you are ever worried about whether a call you are receiving is really from our office, just tell the caller you'll call them back. Hang up and make sure you call us back at the phone number you've always used for us (as shown on the front of your statements), rather than phoning any number the caller may give you. Our phone number hasn't changed in 24 years.

Lastly, **report to the police any scam you fell prey to**. It may be embarrassing, but it will help law enforcement to take action to protect us better going forward

SAVING ON YOUR CAR INSURANCE COSTS

The Globe & Mail recently published an article with lots of **information on what drives up our car insurance premiums and a few tips on how to reduce them**. You can read the whole article at <https://www.theglobeandmail.com/business/article-choosing-auto-insurance-canada-guide/>

Here is a sampling of ideas:

- Compare rates online through RATESDOTCA at <https://rates.ca/insurance-quotes/auto/ontario> . That site also explains what insurance is mandatory in Ontario and factors affecting rates.
- Some companies give a 5-10% discount if you pay annually rather than monthly
- Teens may get the best rates on Chryslers, Chevrolet and GMC models
- Speeding tickets, even if you don't lose points for ones 15 kph or less over the limit, will hurt your insurance, but not as much as using a handheld cellphone. So, resist!
- Avoid buying one of the most likely to be stolen vehicles (you can find the list each year at <https://www.equiteassociation.com/top-10-most-stolen-vehicles>)
- Ask about alumni or trade association discounts Source: Postelnyak, Mariya (2025, Apr 19). Manage the pain of rising premiums with the Big Guide to car insurance, The Globe and Mail.

TEACHING KIDS AGED 10-14 ABOUT FINANCIAL MATTERS

Not many people were as lucky as Elaine growing up, in terms of financial education. Every day her grandfather came over during breakfast to discuss the business section of the Globe & Mail with her father. So, while she was still learning arithmetic and spelling, Elaine was also learning about IBM being added to the stock market and why Dofasco would do better in the long run than Stelco (due to profit-sharing) etc. Then during lunch and dinner, the radio would be on in the background and all family discussion would have to stop for the couple of minutes each meal, when the stock market report would be on. Then her mother and father would discuss whether any news impacted their investments. In high school, she sometimes had to record dividend cheques received or information from stock confirmation slips in the giant ledger book, where one could clearly see all costs and income, and how yearend values changed over the years, with some blue chip stocks being held over from the 1960s until her parents' deaths this century. Having a self-employed father who sat in the family room to figure out his profit and loss on crops and individual cows and a mother who manually calculated investment income for taxes on the couch beside her for a couple weeks every spring also led to some learning by osmosis. Jordan started his investing education with initial investments of his skating-teacher-job earnings at age 11 or 12, and he attended with me a few of the ubiquitous fund manager lectures of the 1990's explaining their investment styles. And of course, Jordan heard all about Warren Buffett after my trips to the Berkshire Hathaway annual meetings in the late 90s and early 00s. Financial learning started before that with lessons on day to day handling of money, and also through a video game called "Roller Coaster Tycoon" where the business decisions you made for your theme determined how much money you made. (There was a flaw in the game though which some avid players discovered. If you got a customer complaint, which could hurt attendance and therefore your revenue, you could protect your revenue by drowning the complainant. Let's hope not a lot of kids took that example away as a life lesson!)

How can you help your children or grandchildren get off on the right foot? How about by introducing them to a **free video game, Treat Island Tycoon available on Roblox**? This game about starting a frozen treat business was **created by TD Bank to help kids aged 10-14 learn “money management skills like earning, spending, saving and borrowing”**. Source: Got, Jonathan (2025, Mar 13). Canadian bank launches videogame to teach kids money management skills, Investment Executive.

HUGE TRANSFORMATION PROJECTED FOR THE WORLD BY 2030

Bank of America published their fascinating outlook of major transformation coming in the next 5 years leading up to 2030. Here are some of the points we found most interesting. “According to BofA Global Research, these are the years that will rip up the old rule book and rewrite the framework of the economic, strategic and thematic megatrends that will impact society. While the first half of this decade can best be described as a macro world of quantitative easing, GDP booms and inflation shocks – all on the heels of global pandemic – the next five years will see a shift toward more micro themes. From the AI revolution to digital insecurity, and the need for more resources (e.g. water, energy and bandwidth) to modernized infrastructure”. BofA’s 8 themes for the next 5 years are:

Technology: “BofA Global Research believes that we will **watch technology prices plummet and see AI’s integration in all aspects of our lives, while witnessing its game-changing role in leap-frogging innovation**...Agentic AI will influence the job market, and rich AI simulations will develop new products in healthcare, industrials and financial services. Furthermore, AI will interact with the physical environment, enabling the next generation of automation. At the same time, we are likely to see a tech war “arms race” between the superpower, complicated by accelerated deglobalization and tech protectionism, as well as privacy and demographic concerns.” Agentic AI is “a type of AI that can act autonomously to make decisions and take actions to achieve a goal without explicit instructions ... that act as operation systems for autonomous, action-taking, digital agents capable of enhanced reasoning and decision-making, as well as increasingly disruptive chatbots and copilots. And **over the next decade, these fully autonomous agent and robot fleets may ... spark a corporate efficiency revolution that transforms the global economy.**”

Digital Insecurity: “Can you imagine ending the decade with the “death” of privacy, job market disruption, 10 deepfakes for every person on the planet, and cybercrime as the third largest GDP in the world? It’s no wonder than many of us feel more anxious than ever before about technology risk given everything – cybersecurity hacks, AI agents displacing human workers, the rise of fake news and the spread of mis-disinformation, and social media addiction leading to loneliness. The **global cost of cybercrime is expected to surge to \$51.63 trillion by 2029-2030**. ... And deepfake damage costs are projected to reach \$40 billion by 2027. ... “using the compute power of 10,000+ A100 Nvidia GPUs to train ChatGPT, it would take just one second to crack a password today. Hacks now take an average of 277 days or about nine months to [be identified and contained]. And **cybersecurity is increasingly becoming a matter of national security, with critical infrastructure more vulnerable to attacks. The costs associated with cybercrime are set to hit \$10.5 trillion around 2025, making it the world’s third largest ‘economy; behind only**

the US and China. ...BofA Global Research does not believe there will be dire job losses from AI in the next five years. Per WEF (World Economic Forum) AI could actually create a net increase of 78 million jobs. ...Did you know that ... the world spends 720 billion minutes per day using social platforms? Over a full year, that adds up to ... 500 million years of collective human time. Additionally, **we now spend five years and four months across our lifetime on social media.** ...Between 2019 and 2021, the percentage of time spent alone went up to 50.5%. The internet was supposed to make the world more open and connected, yet with nearly 5.5 billion people now online, or 67% of the world's population, it paradoxically feels like we've never been more isolated."

The World Needs More: "exponential growth of technology will require significantly more resources and infrastructure, adding to the already growing requirement from population growth. The rise of AI is accelerating demand for data, computing power, bandwidth and expanded infrastructure such as energy, water, commodities, and data centers. Several bottlenecks are already emerging in these areas, as well as gaps in the skills and human capital required to deliver them." BofA forecasts a) **water shortages for 2/3 of the world's population by 2025, b) metal shortages that could cause both scarcity and geopolitical risk with a race to control the few geographical areas where several rare metals are concentrated, c) stress on internet infrastructure with the world's data expected to double every 2 to 3 years and expansion of networks and bandwidth needing to grow significantly, d) a skills shortage requiring 40% of all workers to be reskilled by 2028 to keep up with AI and automation, and e)** more land to be required to house the estimated 24,000 operational data centres expected to be needed by 2030.

Rebuilding Everything: An estimated **\$500 billion annually is expected to be needed by 2030 in addition to public funding to handle "decarbonization, electrification, disruptive technologies, reshoring, shifting demographics and aging of existing assets"**.

Populism: "Populism is on the rise in the 2020s ... Electorates are increasingly turning away from mainstream political leaders and parties in response to rising inflation, immigration and inequality. ... **Populist policies in coming years likely mean less globalization, less immigration, less central bank independence, potentially a new 3-4% norm for inflation, and fiscal policy divergence between the US ... and Europe.**"

War and Peace: "The US-China battle for economic, technological and geopolitical supremacy has disrupted global supply chains, causing China to shift its exports to the rest of the world, away from the US, EU (European Union) and Japan and giving birth to the early-2020s theme of reshoring. ... Global trade and tech protectionism is set to continue ... One other **area of focus for the years to ahead is the "race for the Arctic."** ... **The US and Russia will likely continue to contend to monopolize control of the cheaper/safer Northern Sea Route shipping land and control of 15% of the world's undiscovered oil and 30% of the world's undiscovered natural gas.** "America First policies are likely to spur "Europe First" and "China First" policies. ...In Europe, coming years should see efforts to reduce reliance on China for trade, the US for security and Russia for energy.

Rise of the Zoomers and Boomers “Gen Z’s preferences are shifting away from the old economy towards tech-compatibility, sustainability, and new media, and **an aging population (i.e. Boomers) entails greater spending on healthcare, elderly care, leisure and financials.**” The Baby Boomer generation “has amassed significant wealth that it will unwind during retirement.” **US Boomers have more than half of all household wealth in the US, even while they only make up 1/5 of the population.** “The Gen Z revolution is starting, as the first generation born into an online world is now entering the workforce and compelling other generations to adapt to them, not visa versa. Thus, they are about to become the most disruptive to economies, markets and social systems.

Health as the New Wealth: Transformation of the health care system could include genomic screening for diagnosis and personalized therapies and much more. **Wellness is already a bigger industry than “information technology, the green economy, sports and pharmaceuticals.” “AI agents could fill the 10 million global health worker shortage expected by 2030,** according to the World Health Organization (WHO). “As of mid-2023, about 4 million people used a GLP-1 drug ... Looking ahead to 2030, 13 million patients could be on GLP-1s for weight loss and around 48 million [Americans]... could have tried them at some point” GLP-1 drugs could be used in the treatment of Alzheimer’s and cardiovascular disease in the future.

Sources: Cook, Vanessa (2025, Feb 25). The world in 2030, Part 1, Bank of America., Cook, Vanessa (2025, Feb 27). The world in 2030, Part 2, Bank of America.

This report was a mixed bag of encouraging news about where the market may be headed, scary thoughts about how overwhelming cybercrime is becoming and projections of unbelievably fast transformation of our world in the next 5 years. We face a lot of complexity. From an investment perspective, nothing has changed. We want to own businesses with competitive advantages, a growing market for their products or services, and strong balance sheets and management, which can be bought at discount prices. Our fund managers will navigate the changes happening in the world with the help of their analysts and massive research. So, we hold on through the ups and downs to let markets work over the long-term as they always have.

We’d like to commend you for how calm you stayed during this spring, in the face of huge market volatility and a lot of scary geopolitical goings on. Sticking with the plan for your long-term investments has paid off so far with significant recovery. Always feel free though to call us for a chat about what’s happening to markets or to review how you are positioned in the markets.

Elaine

L. Elaine Royds, MBA, CFP®
Senior Wealth Advisor, iA Private Wealth

Jordan

Jordan Royds, CFP®
Senior Wealth Advisor, iA Private Wealth
Insurance Advisor, iA Private Wealth Insurance

Suite 303 – 1685 Main St. W., Hamilton, ON L8S 1G5

T: 905-393-0787 | F: 905-393-0788

Elaine.Royds@iaprivatewealth.ca

Jordan.Royds@iaprivatewealth.ca

TF: 1-855-640-1857

Sarah Breimer | Associate Wealth Advisor | sarah.breimer@iaprivatewealth.ca

Marissa Jardim | Licensed Assistant | marissa.jardim@iaprivatewealth.ca

Paulene Marchong | Administrative Assistant | paulene.marchong@iaprivatewealth.ca

Dharini Jani | Administrative Assistant | dharini.jani@iaprivatewealth.ca (on leave of absence)