Lee Turner

Investment Quarterly
April 2026

Review

The year has started off with a bang. And then another one. And then several hundreds more; geopolitics in all directions dominated discourse in Q1. In the Southern Hemisphere, a rapid U.S. military intervention in Venezuela resulted in the arrest of its leadership, triggering immediate uncertainty regarding global oil supply and demand dynamics. Within a week, the focus shifted to the Northern Hemisphere, where President Trump utilized his all-too-familiar hardline negotiation tactics in a bid to acquire Greenland. Markets reacted sharply to the threat of retaliatory tariffs on European allies, though the volatility remained below the peak levels seen during the trade escalations of last spring.

As if these events were not enough for markets to digest, the Middle East became the quarter's primary flashpoint with the launch of "Operation Epic Fury." This joint U.S.-Israeli campaign against Iran drove market volatility to extreme levels toward the end of the quarter. The strikes which began in late February have resulted in a significant loss of life and a strategic blockade of the Strait of Hormuz, halting the transit of tankers and disrupting global energy delivery.

Closer to home in the West, North American markets have shown a polarized response. While some pockets of resilience remain – fueled by a belief that the Middle Eastern conflict may reach a swift resolution – there is growing conviction among investors that the intervention in Iran was a strategic misstep that will leave a lasting, inflationary mark on the global economy.

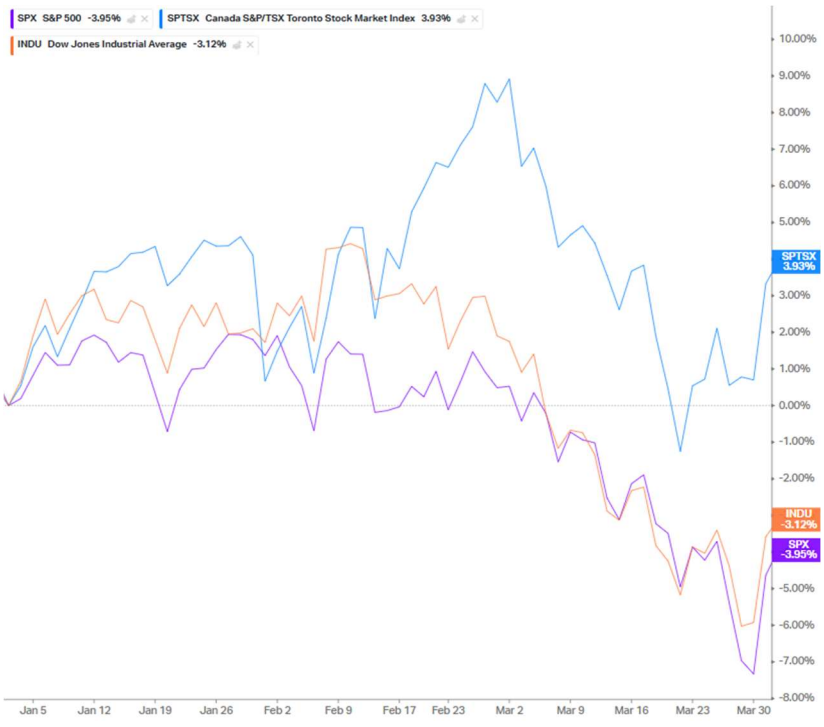

Figure 1: Koyfin Data, Jan 1 – Mar 31, 2026

The pockets of resilience pushed the S&P/TSX Composite Index up +3.9% for the quarter. Investors felt compelled to hedge the geopolitical risk with securities in the Energy (+30.1%) and Materials (+10.7%) sectors. Fears of AI completely replacing software led the Information Technology sector down -22.5% in the quarter. The S&P/500 (-4.0%) and the Dow Jones Industrial Average (-3.1%) finished negative for the quarter, as the wartime volatility and negative sentiment from AI drove stocks into the red.

Alternative assets like private equity and private credit remained in flux, with several large funds introducing policies on withdrawal limits, ie. "gating".

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Forecast

We are now one year into the second Trump presidency. His term-to-date has reinforced a singular lesson: his policy and decision-making are nearly impossible to forecast with conviction, rendering traditional "predictive" exercises largely ineffective. Curiously (or not), financial markets have looked past headlines that, under previous administrations, would have been viewed as serious threats to growth and prosperity. While the Canadian market has been on a tear recently – notching all-time highs across several names – the breather in market optimism following the outbreak of the Iran War is, in our eyes, a healthy development. We continue to view certain pockets of the market as frothy, though valuations in many areas remain reasonable.

Economic data is, by nature, a lagging indicator. The current figures reflect a story already told: sluggish GDP growth, inconsistent unemployment data that fails to establish a clear trend, and inflation figures that remain hostage to energy and gasoline prices. The recent spike in oil prices will undoubtedly drive headline inflation higher in the quarter ahead. Consequently, a developing stagflationary story (elevated inflation paired with stagnant growth) will not leave us surprised. However, we do not believe it is our current economic reality just yet. Our focus shifts to monitoring the credit cycle, the fluidity within private assets, the impact of the AI revolution, and the looming geopolitical hurdles of the U.S. Midterms and CUSMA renegotiations.

Strategy

Moving into the next three months, our tactical position remains anchored in a preference for equities over fixed income, though our approach is increasingly selective. If a stagflationary environment does indeed materialize, we believe high-quality equities – specifically those in the Energy and Materials sectors – represent the most effective vehicle for capital appreciation. Individual companies function as "price makers" during inflationary times, possessing the structural leverage to pass rising input costs through to the consumer, thereby protecting margins from the inflationary pressures discussed above.

Conversely, we maintain that bonds offer poor value in the current environment. With yields climbing in response to "sticky" inflation and prices dropping accordingly, the traditional role of fixed income as a portfolio stabilizer has been compromised. Unless we strengthen our conviction that the stickiness is in fact stable, we have no appetite for bonds for your portfolios. To stabilize your portfolios, commodity exposure, especially gold remains a pillar of our strategy; it continues to serve as the premier hedge against a weakening currency and the persistent erosion of purchasing power. We have previously discussed why private assets have been unsuitable for your portfolios and maintain our stance. Complex fees and risks surrounding valuation, liquidity, control and leverage are not worth the risk/reward set up. By prioritizing high quality equities, we aim to navigate the geopolitical unpredictability of the Trump administration while capitalizing on the structural tailwinds currently buoying the Canadian market.

Closing Thoughts

As of December 2026, we will cease emailing quarterly statement packages to you. We have now fully rolled out our online platform, Ndex, for self-serve delivery of these documents. Please email trevor@leeturner.ca to activate your account if you have not already had the opportunity to. Please also see the new RDI supplement for your records.