

## “Alran”

MPA Client Update – March 10<sup>th</sup>, 2026

### *Groundhog Month: Markets, Memory, and Opportunity*

Groundhog Day is February 2nd and forms the foundation of the 1993 classic film *of the same name*, starring Bill Murray as Phil Connors, a local TV weatherman. Forced to cover the hokey tradition of the groundhog and his shadow, Phil finds himself reliving the same day repeatedly. Early on, Phil realizes he is in a time loop and can take advantage of knowing what is to come, opening opportunity for creating riches and robbing the bank of cash as one of the memorable parts of the movie for me. Funny how I ended up working for one!

As we moved through February and into March 2026, it has felt a bit like **Groundhog Month** for the markets. While we aren’t stealing money from the bank to fund our daily luxuries as did Phil, the movements, the emotions, and even the headlines feel eerily similar to this time last year. The “causes” of market dysfunction change, but investor reactions rarely do, so the hope is to be able to benefit from a similar reoccurrence as we saw at this time last year.

Today, we are seeing a re-run of the 2025 market sell-off, layered on top of a longer-term **technology-to-commodity cycle shift** that has been building for years. While volatility is uncomfortable, I admittedly, and questionably, enjoy periods like this. This is when **experience matters and is most valued, discipline is rewarded, and long-term outcomes are often improved by navigating short-term uncertainty correctly.**

### **Investor Sentiment: The Real Driver**

As I’ve written many times over the years, market performance is heavily influenced by **investor confidence and sentiment**. One thing humans do particularly well is consume too much media. Media that profits from keeping people anxious rather than informed.

Investor psychology plays a major role in long-term wealth accumulation. Periods like this are a good reminder to turn down the noise, especially around daily market moves. That’s my job, and why my team and I are here working for you!

## Looking Back: The 2025 Parallel

Last March, markets came under pressure due to uncertainty surrounding U.S. tariffs. Markets had started the year strong, but a relentless stream of negative headlines predicting economic disaster triggered a sharp sell-off. In fact, I wrote a newsletter on March 11<sup>th</sup> titled “**Fear and Greed.**”

Before tariffs dominated the narrative, an AI company out of China, **DeepSeek**, announced it could achieve similar AI outcomes at a fraction of the cost of main U.S. Technology companies. Investors questioned why they should pay premium valuations for U.S. mega-cap tech if this were true. Few understood the real implications, but confidence eroded quickly. That erosion eventually fed into broader fears about tariffs and economic slowdown. In hindsight, U.S. economic growth remained strong, tax refunds in the U.S. are likely to be meaningful, and DeepSeek disappeared from headlines within months. Markets refocused on fundamentals, and portfolios finished the year strong.

## 2026: Here We Go Again

Fast-forward to February 2026. New companies like **Anthropic and OpenAI** announced new AI capabilities that rattled software and technology sectors. In my view, this was 2026’s “DeepSeek moment.” Without pausing to ask deeper questions, investors sold last year’s winners. Online advertising, travel, booking platforms, and software consulting companies. Many declined **30% or more in just two weeks.**

Media coverage quickly escalated. Comments from Anthropic’s CEO suggesting potential **30–50% white-collar unemployment** has fueled near-panic “Chicken Little” style reporting. While AI will undoubtedly reshape industries, the idea that it will rapidly replace humans wholesale feels far-fetched. “**AI**” is after all, *artificial intelligence*, synthetic and simulated. It will enhance productivity, but adoption, cultural change, and human behavior move far more slowly than headlines suggest. The fear of the unknown once again became the spark that reignited investor uncertainty.

## Geopolitics and the Overlooked Risk

In March, renewed **attacks on Iran and ongoing Middle East conflict** have pushed oil prices sharply above \$100 per barrel, the fastest rise since Russia’s invasion of Ukraine in 2022. The outcome and impact of the current events can not be fully understood at this time for Iran and the middle east, but eventually markets will power through similar events and have historically recovered over time.

While geopolitical risk dominates headlines, **private credit stress** is a quieter and potentially more serious issue. Many private credit investments are now illiquid, locking up capital. This risk prompted me to begin reducing exposure to traditional financials over the past year. If you review your statements, you’ll notice minimal bank exposure. More recently, I further reduced holdings in **TD Bank, JPMorgan, and Morgan Stanley**, as credit risks continue to surface.

## Opportunity in Uncertainty: Real Examples

While this update contains heavy topics, I share them to reinforce that risks are being actively monitored and managed. Like a weatherman, there is always a shifting front, and while storms are unavoidable, we typically do get a “heads up” when they are forming.

Former BMO U.S. Strategist **Don Cox** used to say, *“You don’t make money on Page 1 news, it’s Page 16 news on its way to Page 1 where opportunity lies.”*

## Taking Profits Before the Storm

In January and early February, I took profits in surging **mining and commodity stocks**. Silver exceeded \$100/oz, copper neared all-time highs, and sector gains were significant. Bull markets don’t move in straight lines. Therefore, taking profits created cash for opportunities, and market sell-offs are only opportunities if you’re prepared for them.

## AI-Driven Volatility: Trading the Fear

In early February, AI fears drove sharp declines in many companies; **Expedia, Shopify, and AppLovin** being a few of them. I would like to provide a few examples of how being prepared, remaining calm and confident in what we own, has helped move through the recent rough times.

### AppLovin:

Bought additional shares on Feb 4 at \$390.07 → Sold Feb 10 at \$469.07 (+20%)

Bought shares again on Feb 25 at \$423.69 → Sold Mar 5 at \$498.07 (+18%)

The core long-term position remains, with purchases as low as \$367 (May 2025)

### Shopify:

Profits were taken in January at \$215.97

Additional shares were added back 30% lower on Feb 4 at \$152.87 and Feb 12 at \$147.96

Most of those shares were sold Feb 26 at \$169.64 (+15%)

Shopify remains a core holding, recently trading near \$180

### Expedia:

Added shares into weakness on Feb 26 at \$216.04

Sold the additional shares on Mar 5 at \$249.54 (+15% in one week)

## Risk Management: Stepping Aside

**IBM** has been a long-term holding due to its consulting and software business, fair valuation and future in quantum computing. On Monday, Feb 23, shares opened down 4% with no immediate news. Given prior weakness tied to AI commentary, and a general sense something “didn’t feel right”, **I sold all the shares around \$247.**

Within an hour, **IBM fell another 10%**, marking its largest one-day decline in 25 years, following news related to Anthropic's competing consulting software. Capital was preserved, allowing us to reassess later with clearer information.

In these market environments, it's **both a matter of feeling confident about investments you own**, but also **to know when somethings "blowing in" and wasn't in the forecast**. IBM has since bounced back to \$250, but a lot of damage and erosion of confidence has been created.

## Positioning for Supply Disruption

On March 4, shares of **CF Industries** were added at \$104.84. CF is a North American nitrogen and urea producer. With Middle East supply risks due to the Strait of Hormuz traffic closing, nitrogen supply disruption became a clear opportunity. The shares traded above \$120 on March 9, a gain of over 15% in the past 4 days.

## Timing Isn't Always Perfect

It would be disingenuous to only highlight successes. **Delta Airlines** was added Feb 10 at \$75 as travel demand remained strong, and its business momentum was in full flight. Then the Iranian conflict spooked airline investors in its first week, and shares declined to \$69 where additional money was added. I paused additional purchases once the situation intensified, preferring to wait for deeper uncertainty to arrive in the shares, which often creates the best opportunities. Delta now trades below \$58, with lows to \$55 on March 9<sup>th</sup>, but I do believe the sector will see a bounce like many of the software companies.

## Looking Backward to See Ahead

While technology continues to thrive, leading U.S. tech companies are expensive if the current pace of growth doesn't continue. You'll notice **you have minimal exposure to the top 10 U.S. holdings in the S&P 500**. I believe we are in a **capital and sector rotation**, and you are positioned accordingly by avoiding a concentration in the top 10.

Canada may offer better "technology-driven" returns through **materials, base metals, power, uranium, and energy**, as massive AI infrastructure buildouts drive commodity demand not seen in over 20 years. As hundreds of billions of dollars is announced by large chip companies on the AI and data centre rollout, the future opportunity for AI market performance is not by owning shares of Nvidia in my opinion. More so, the opportunity is through materials and minerals, as well as energy infrastructure.

The early 2000s Chinese real estate boom put demand pressure on global commodities for the good part of that decade, and Canada's market (and the similar sectors within the U.S. stock market) outperformed, leaving the former technology leaders behind.

## History doesn't repeat, but it does rhyme.

**The late 1970s** saw high inflation, Russia's invasion of Afghanistan and the Iranian revolution, which all contributed to higher commodity prices, including energy and metals and economic pressure.

**Early 2000s:** The Technology Sector burst, 9/11 terrorist attacks and intensity in the Iraq war put upward pressure on energy prices and inflation, within the beginning of another commodity bull market.

**Today, we have similar forces at work:** Russian and Middle East conflict, energy prices spiking, and uncertainty as a result. Throughout this period, market leadership has again transitioned from the technology sector to industries focused on metals and critical minerals.

In all three instances, all following a similar 20+yr cycle at the same time, the Canadian stock market has performed very well growing at double digit rates. This is where you have an overweighted positioning.

**Capital always moves toward safety and opportunity.** Many current market movements resemble experiences I've seen since the late 1990s; and those who stayed disciplined were ultimately rewarded.

## Positioning for What Comes Next

The immediate investor reaction during periods like this is often to seek shelter in cash, GICs, or bonds. However, over the past week, **both U.S. and Canadian government bonds have declined in value**, failing to provide the protection many would expect. Historically, wartime environments bring increased government spending and debt issuance, layered on top of already elevated global debt levels. Not surprisingly, media commentary has begun to focus more heavily on this issue in recent days.

You will notice that your portfolio remains **underweight fixed income**, with a higher allocation to cash as a short-term alternative to bonds and is not fully invested in equities. That cash is intentional. It provides flexibility and opportunity, allowing us to take advantage of abrupt sell-offs created by uncertainty. This approach tends to be most visible **after the dust settles**, when disciplined positioning compounds into longer-term gains.

## The Weeks Ahead

I expect volatility to continue through the next couple of weeks and potentially into early spring.

That said, I do **not** believe we are anywhere near a market crash or an impending doom scenario for portfolios. Market views will continue to shift as headlines evolve, but I see a clear path toward **another constructive year for portfolios in 2026.**

It's important to remember: **your portfolio is not "the market."**

- We are underweighting the largest, most expensive technology companies, which have lagged this year.
- Exposure to banks and financials remains low relative to market indices.
- There is **no exposure** to real estate or telecommunications, sectors highly sensitive to rising interest rates.
- Utility exposure is focused on AI-related data centres and hydro power, both less rate-sensitive.
- Consumer staples are underweighted, as rising input costs pressure margins and reduce their defensive appeal in the current environment.

These are the areas where I see risk today, and I've worked to **quiet that risk** as much as possible to help cushion near-term declines.

## A Final Thought

As an investor, the best thing you can often do during times like this is to **mute the TV or the news** and avoid focusing too closely on day-to-day market movements. Last year at this time, forecasts were calling for turmoil and recession. Active management, discipline, and patience helped us through, alongside a market that ultimately rebounded strongly.

I see many similarities today, though the level of caution does rise as each year passes.

Please reach out anytime if you have questions or concerns about your portfolio or the global events streaming daily, almost on repeat. I don't have a crystal ball, but at times it does feel like I'm in the *Groundhog Day* movie.... and thankfully, I've seen the script before.

Take care,

Ryan, Jocelyn and Brittany

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