

## A Trump Bump

### EXPERTS PREDICT GOOD TIMES FOR STOCKS ON BOTH SIDES OF THE BORDER

The election of Donald Trump as president in the U.S. is expected to have a positive impact on stocks on both sides of the 49th parallel — particularly in the financial sector — an investment conference was told last month.

Brian Belski, New York-based chief investment strategist at BMO Capital Markets and a long-time market analyst, believes money is on the move out of bonds and private equity and into stocks. He believes the biggest opportunity is in the banking sector.

“I think banks are massively under-owned in Canada,” he told the 2024 national conference of the Portfolio Management Association of Canada at the Fairmont Royal York hotel in Toronto.

“They’re over-reserved, they’re going to buy back a ton of stocks and they’re going to pay bigger dividends.”

Cardinal Capital Management has long been a proponent of investing in the financial sector. Its holdings currently include the Royal Bank of Canada, Scotiabank, CIBC, the Bank of Montreal, Wells Fargo, U.S. Bancorp, Manulife Financial, Intact Financial and Sun Life Financial.

Just as importantly, Belski predicts the Canadian banks will acquire smaller players in the U.S. because Trump will reduce regulations in the banking sector after he returns to the White House in January.

Belski’s analysis focuses on four elements — fundamentals, operating performance, earnings growth and price performance.

“We want to own the companies in Canada that are centred on growth and consistency, the ones that are centred on their business in the U.S.,” he said.

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**- Evan Mancer, president and chief investment officer, Cardinal Capital Management**

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For example, he noted BMO is focused on the commercial side south of the border while RBC’s area of expertise is wealth management.

Belski channelled his inner Wayne Gretzky and advised investors to skate “not where the puck is but where it’s going.” He also advised investors to ignore the day-to-day stock market stories on television and in newspapers.

“The puck is going to good old-fashioned companies,” he said.

Evan Mancer, president and chief investment officer at Cardinal, is optimistic about the next few years for investors.

“One of the pain points for businesses is the huge amount of overlap from different regulatory bodies in most sectors. If the Trump presidency is successful in its deregulation efforts, it will be very positive for the stock market,” he said.

Lewis Lukens, San Francisco-based senior partner of Signum Global Advisors, feels the same way. And while he raised doubts about whether

Trump would implement everything he touted on the campaign trail, he noted the former reality TV star has long kept an eye on the S&P 500 and is always quick to take credit during bull market runs.

“He cares about the stock market,” he said. “The financial services sector will do well with less regulation and the lifting of some of the government oversight that’s imposed on it. The energy sector should do well, too.”

Lukens was quick to add solar and wind will likely be exempt from any such growth in the sector as the Trump administration is expected to be “very antagonistic” towards renewable energy and the climate.

#### DIVIDEND INCREASES

COMPANY	INCREASE
Becton, Dickinson & Co.	9.5%
Canadian Tire	1.4%
Element Fleet Management	8.3%
Merck	5.2%
Siemens	10.6%
Suncor Energy	4.6%
Sun Life Financial	3.7%
Telus	3.4%
For the month ending Nov. 30, 2024	

# COMPANY FOCUS: CCL INDUSTRIES



What makes CCL Industries, the world’s largest label maker, particularly compelling is its balanced approach to growth investments during uncertain times.

The Toronto-based company is undertaking several major projects, including facilities supporting the booming GLP-1 weight loss drug market, a 50 per cent expansion of a Mexican aluminum bottle plant, and a new label plant in Italy for a global spirits brand.

CCL’s customers include Proctor & Gamble, Coca-Cola, Heineken, Nestle and Mercedes-Benz.

Most exciting is CCL’s expansion in radio frequency identification (RFID) technology. The company is tripling its RFID capacity to five billion inlays, which will give it roughly 10 per cent of the global market.

CCL maintains a fortress-like balance sheet, which provides substantial dry powder — about \$2.5 billion — for acquisitions. Strong free cash flow supports growth investments and shareholder returns through share buybacks and dividends.

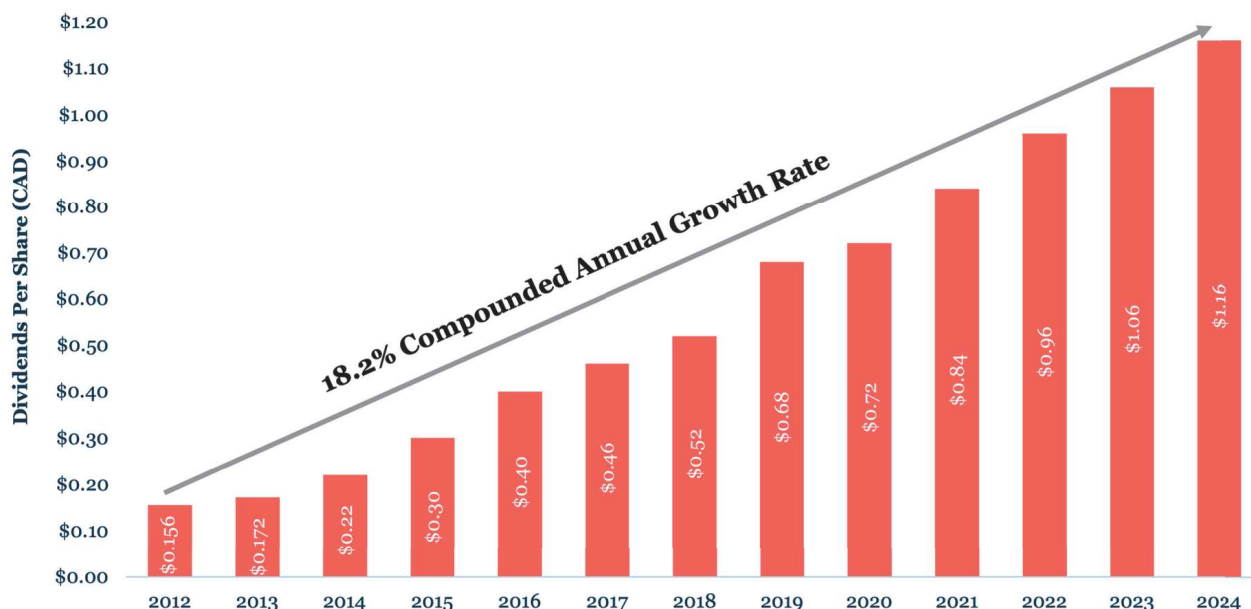
CCL should be insulated if the incoming Trump administration

follows through on its threats to raise tariffs on Canadian products. The company operates on a “local to local” basis, exporting little product to its customers.

Despite solid performance and growth initiatives, CCL still trades at an attractive 16.7 times 2025 earnings. Its shares have strong upside potential, with additional upside from potential merger and acquisition (M&A) activity.

CCL offers a little bit of everything: growth, defensiveness, shareholder returns, upside from M&A and an attractive valuation.

## CCL Industries– Commitment to Dividends



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