

Leib Zeisler

Letters from Leib



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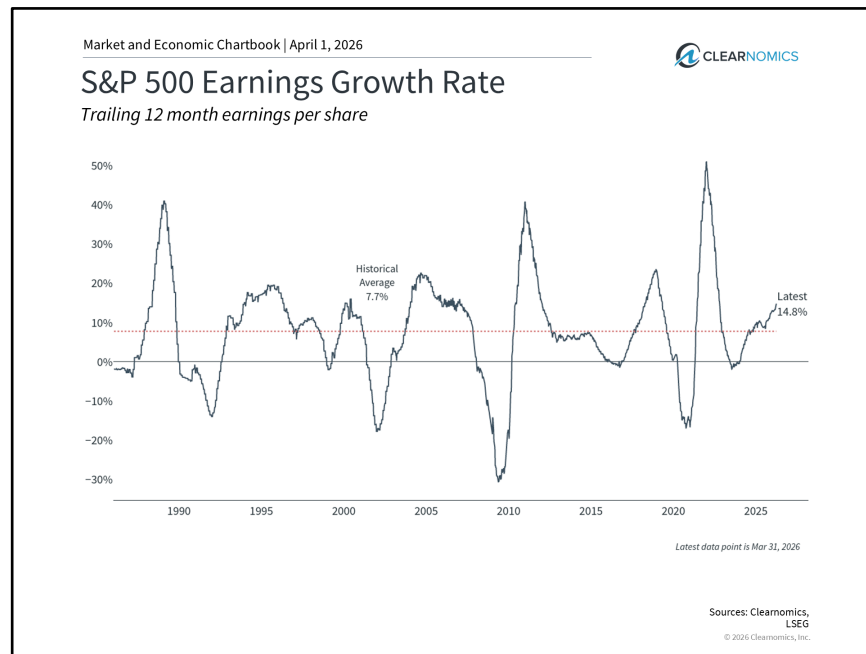
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The Shifting Risk Landscape

Something fundamental has changed in how policymakers, analysts, and institutional investors are assessing risk over the coming decade. Factors that used to be seen as temporary or “cycle-specific” are now being recognized as more durable features of a new economic reality.

Markets are still expected to rise over time. There is an abundance of capital available for investment, including private and corporate wealth, and government-directed business investment. Company profits are still growing, and many are growing faster than usual. Bond yields fluctuate, but they are now meaningfully positive after years near zero.



That said, markets seldom move in straight lines and short-term volatility is difficult to predict. Some risks affect the whole financial system and require us to respond and adapt, while others are portfolio-specific risks that can be managed through the choices we make.¹

For most investors, the right move is to make small adjustments rather than big changes. Portfolios built on a strong foundation of income producing assets and well selected growth stocks should mostly stay as they are.



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WEALTH MANAGEMENT

¹ <https://www.kitces.com/blog/charts-data-markets-q1-2026-geopolitical-conflict-war-oil-prices-us-tariffs-inflation-clearnomics/>

A New Normal

Debates about inflation, interest rates, debt, and narrow index concentration have shifted from “weather” (short-term turbulence to ride out) to “climate” (long term conditions that require planning and preparation).

High volatility is expected and can understandably make investors anxious. Trump’s tariffs, shortages of energy and key commodities, an aging workforce, immigration restrictions, and the enormous sums of money pouring into AI infrastructure are creating inflation pressures. Geopolitical events and supply chain disruptions can no longer be dismissed as one-time trade shocks. Recent conflicts in the Middle East have already pushed bond yields higher, further exacerbating rising costs.

Many governments around the world are heavily in debt. The United States is a stark example: federal debt is roughly the size of the entire U.S economy (surpassing 100% of GDP) — the highest level since World War II — and with current policies is projected to rise even further over the next decade.²The annual interest bill now rivals the cost of America’s largest and most important social entitlement programs. Other countries face similar pressures, driven by entrenched policies and aging populations. High levels of debt and debt-service burdens make it likely that interest rates will stay higher-for-longer, and a return to the ultra-low rates of the past is less likely.

Many Canadian investors are pessimistic about investing in Canada, but our nation benefits from a relatively stronger fiscal position than many other G7 countries. International investors and rating agencies view our net debt and deficits as broadly sustainable by global standards, which leaves more room for policy initiatives.

AI is still a wildcard and not a guaranteed fix for today’s economic challenges. The race to build data centers is driving up demand for energy, skilled labour, specialized materials, and computer chips. Many of the productivity gains promised by these investments will take years to arrive, while the disruptions — especially to industries, jobs, and wages — are already well underway.³



Is history repeating? In 1987, the Nobel prize-winning economist Robert Solow joked that “you can see the computer age everywhere but in the productivity statistics,” a paradox that perfectly captures today’s economic frustration with artificial intelligence. Although billions of dollars have been pouring into AI infrastructure, broad gains in productivity and profits have been slow to show up in economic data because organizations are still re-engineering their processes and business models. AI, to many observers, seems like an invisible revolution.

Protect and Prepare

For investors, the key point is that these risks build on one another. Recessions and inflation rarely have a single cause; they emerge from interacting pressures that can rapidly amplify one another.

Persistent inflation and concerns about debt sustainability are cross-asset issues affecting almost every type of investment, putting pressure on public finances, bonds, and stocks at the same time. Concentrated equity markets mean portfolios are more exposed to a smaller group of companies and sectors. Traditional strategies for diversification may offer less protection than in the past and large fiscal deficits may severely limit the policy tools available to cushion the next downturn.

Looking Ahead

Big structural shifts and market volatility create opportunities as well as disruption. As market commentator James Liu recently noted: “Periods of volatility and discomfort are not anomalies to be avoided, but inherent features of markets that reward discipline and long-term thinking.”⁴

Our focus remains on building portfolios that can withstand specific investment risks (such as index concentration and sequence of returns), as well as broader system-wide risks (like ongoing inflation and technology change), rather than trying to guess which headlines will dominate the next quarter.

Historical averages hide big differences, including long stretches of gains or losses. The frequently cited long-run real equity return of roughly 5.9% after inflation was generated during an exceptional tailwind era — a period marked by falling interest rates, growing globalization, and strong productivity gains from successive technological revolutions, including the internet, mobile connectivity, and the early stages of artificial intelligence.⁸ This combination of powerful tailwinds is unlikely to repeat on the same scale. The decades ahead are more likely to feature volatile interest rates and fragmenting globalization, compounded by shifting demographics, deepening inequality, rapid technological disruption, social tensions, and political polarization.

You can manage risk and handle uncertainty by being clear about your time horizon and building cash reserves, so market declines become opportunities rather than crises.

The Concentration Risk Hiding in Index Funds

For decades investors have been encouraged to “buy the whole market” through index funds that track broad benchmarks like the S&P 500.⁵ The idea was to simplify investing and manage risk by owning shares in a fund that owns shares in hundreds of top companies. But this approach is no longer as safe as it used to be. Today a handful of giant tech companies — including Nvidia, Apple, Microsoft, and Alphabet — have “highjacked” the major stock indexes. By the end of 2025, the top 10 holdings of the S&P 500 accounted for about 40% of its total weight, leaving the other 490 companies to account for the remaining 60% of the index. This pattern of concentration is even more extreme in growth oriented indexes like the Russell 1000 Growth Index and is spreading to emerging market indices.

At the same time, passive investing in products that follow indexes now account for more than half of the U.S. equity fund assets and continues to gain share. With more money flows

to index products, a reinforcing feedback loop has developed that tends to funnel fresh capital into the same handful of mega-cap companies.

What this means practically: if a few of these very large tech stocks stumble, “diversified” index fund will take a much harder hit than most investors expect. Index funds are still a low-cost, sensible way to invest, but your overall portfolio should be balanced across a broad range of equities and different asset classes, such as bonds, cash, and international allocations.

Top 10 US Stocks' Historical Market Share

% of Market Value 1926-2025



Source: CRSP. Data as of Dec. 31, 2025. US stock market is defined as the sum of the market capitalization for corporations incorporated in the US that issued common stock. For more information, please refer to CRSP US Stock & US Indexes Database Data Description Guide. [Download CSV.](#)

Sequence of Returns Risk

It’s not just how much your investments return — it’s also when the bad years hit and how you respond. The same average rate of return can lead to different outcomes depending on the sequence of returns you are faced with (when the bad years happen) and your sequence of withdrawals. Selling core positions in bad markets locks in losses, leaving fewer assets to recover. Sequence of returns and withdrawals are a consideration for all investors but affect some cohorts more than others. For younger investors, sequence-of-returns risk works very differently. As the saying goes: “Bad years early, good years late = better outcome.” Bear markets early on make it possible to buy more shares at lower prices. Small, regular contributions, particularly in blue chip companies in registered investment vehicles offering tax savings will build wealth over time. Bottom line for younger investors: Don’t fear early bear markets — they can actually accelerate wealth-building. Stay invested, keep contributing.⁶

Investors nearing or just entering retirement have less time to recover from a major market crash, which makes smart planning essential.

Two strategies can work together to protect them:

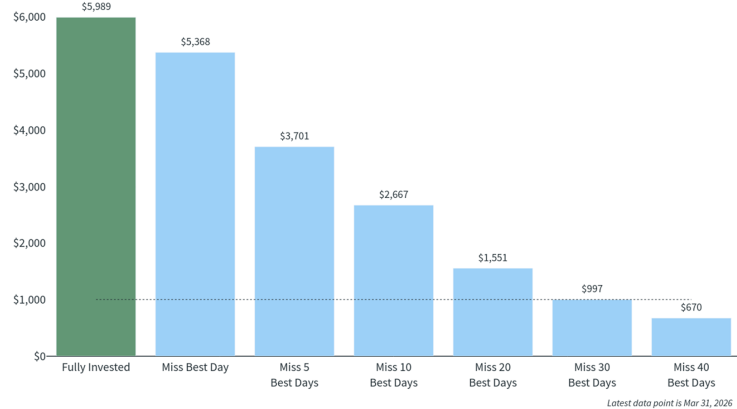
Build a paycheque portfolio. Shift toward a

Market and Economic Chartbook | April 1, 2026



Staying Invested: Missing the Best Days

The impact of missing the best market days over the past 25 years
Based on an initial \$1,000 investment using S&P 500 returns before transaction costs



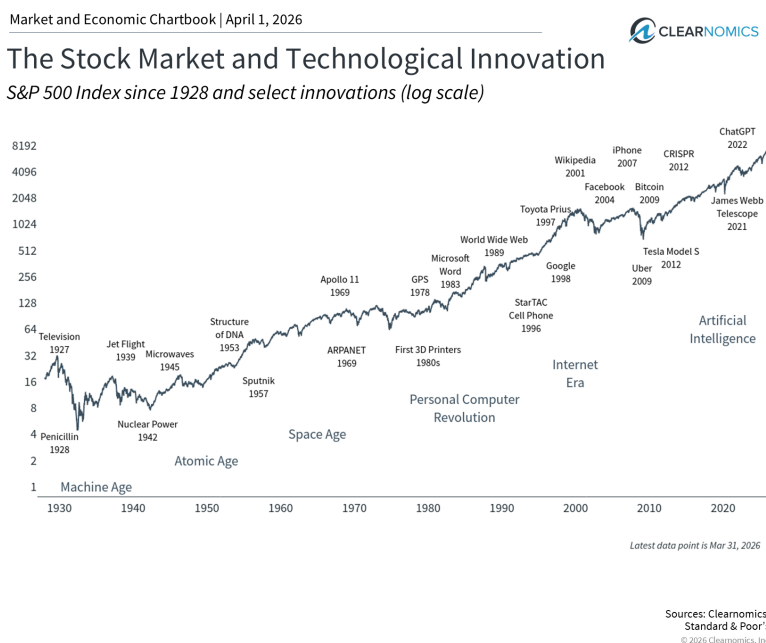
Sources: Clearnomics, Standard & Poor's
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diversified mix of investments designed to generate steady monthly income regardless of market conditions. The goal is to, as much as possible, live off that income rather than selling holdings, preserving capital for the long run.

Ditch rigid withdrawal rules. The “withdraw 4% every year” rule is outdated; instead adopt a flexible “dynamic withdrawal” approach. Starting a small withdrawal rate, for example, in the low-to-mid 3% range can significantly improve your odds of lasting through periods of high inflation or poor returns. Treat 4.5% as an upper guardrail — a ceiling and not a target or an entitlement. Trim spending modestly during prolonged downturns. If markets perform well and inflation stays low through your first decade of retirement, allow spending to drift up. This kind of flexibility — the essence of dynamic withdrawal — is the key to financial longevity.

“Giving While Living”: A Wealth Transfer Strategy

Because Canada has no gift tax, individuals can transfer any amount of cash or property without the recipient incurring taxes or declaring gifts as income. The giver, however, is deemed to have sold the assets at fair market value and may be subject to capital gains tax. Regular planned transfers make it possible for investors to realize capital gains gradually over several years, using tax credits strategically to minimize taxes at the time of estate settlement. Periodic cash gifts can build wealth for your family by assisting adult children and grandchildren to finance home purchases, education, and contributions to their own RRSPs and TFSA.



A Question for Leib and Team:

Are you changing your investment strategy, given the uncertainty?

Our investment philosophy does not change with the headlines. Experience has taught us that markets move in cycles and disciplined long-term plans tend to hold up best.

We advise individuals and families on how to invest, protect, and transfer wealth, combining portfolio allocation, risk management, financial planning, and tax awareness. As needed, we coordinate

among family members, accountants, lawyers, and insurance specialists. Our work begins by clarifying each client’s situation, developing a long-term strategy, and identifying appropriate investments to support it.

At a time when many wealth managers are standardizing their investment approach, we favour a hybrid model. We make adjustments as our clients’ lives change—shifting risk allocation or increasing liquidity as they navigate major transitions—while keeping their broader investment strategy intact. We focus on fundamentals, maintain broad exposure, and seek to take advantage of opportunities as they arise.⁷

Over time, we respond to changing markets in ways that are both opportunistic and defensive. For many investors right now, our guidance is to make adjustments at the margins. That can mean trimming positions that have grown significantly in order to redeploy funds when new opportunities emerge. It can also mean adding defensive positions—such as utilities and consumer staples, short-term bonds, cash, and money market funds—to help cushion portfolios against market declines without abandoning a long-term strategy. We also look to protect future purchasing power with investments in smaller-capitalized and commodity companies.

Diversification across sectors, asset classes, and geographies remains important, as different parts of the market respond differently to inflation and global events.

We work best with clients who take a genuine interest in their investments: we want them to know what they own and why. At a time when many wealth managers are standardizing their approach, our focus is on aligning each portfolio with the client’s life, not with market noise. We judge the success of our day by the value we add, not the revenue we generate. What is important to us is that our clients remain on track to meet their goals and needs.

We thank you for your business and for the trust and confidence you place in us. It all starts—and ends—with you.

Sincerely,



Leib Zeisler
Senior Wealth Advisor



It’s A Team Effort

Many of you responded to the NBF customer satisfaction survey, giving us the highest scores in the region and among the top scores nationwide within the company. We appreciate that you often took the time to add comments, noting that you value both our process and your results. There is sincere and warm appreciation for the evolving and expanding roles that Amrita and Rebecca have taken on. Both are fully licensed and actively involved in portfolio construction and presentations, adding even more insight and oversight to our process and relationships.



A Gentle Reminder: Preserving Wealth Through the Generations

Be sure your account designations are up to date. Registered plans and beneficiary designations are tools for tax-efficient wealth transfer. RRSPs/RRIFs are normally fully taxable as income in the year of death but can roll tax-deferred to a spouse, and in certain cases can be rolled or taxed in the hands of financially dependent children or grandchildren at a lower tax rate. Permanent life insurance (owned personally or via a holding company or trust) can create a tax-free lump sum at death to equalize inheritances, fund tax on deemed dispositions, or provide additional wealth to heirs. The death benefit passes outside the estate if beneficiaries are named. Naming children or grandchildren as beneficiaries on registered accounts and insurance contracts avoids probate on those assets and speeds up the transfer. Upon death, assets that have been growing tax free in your TFSA can be transferred by direct beneficiary designations or successor holder status outside of the estate, avoiding probate.

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² <https://worldpopulationreview.com/country-rankings/debt-to-gdp-ratio-by-country>
<https://tradingeconomics.com/united-states/government-debt-to-gdp>

³ <https://www.imf.org/en/blogs/articles/2025/05/13/ai-needs-more-abundant-power-supplies-to-keep-driving-economic-growth>

⁴ <https://www.kitces.com/blog/charts-data-markets-q1-2026-geopolitical-conflict-war-oil-prices-us-tariffs-inflation-clearnomics/>

⁵ <https://www.schwab.com/learn/story/stock-sector-outlook>
<https://www.nytimes.com/2026/01/30/business/stock-market-concentration-risk.html>
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<https://indexes.morningstar.com/insights/perspective/bltee54159d2b5e2108/stock-market-concentration-has-surpassed-its-1930s-peak-should-investors-worry>

⁶ <https://www.kitces.com/blog/charts-data-markets-q1-2026-geopolitical-conflict-war-oil-prices-us-tariffs-inflation-clearnomics/>

⁷ <https://www.kitces.com/blog/charts-data-markets-q1-2026-geopolitical-conflict-war-oil-prices-us-tariffs-inflation-clearnomics/>

⁸ https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html