

WIMAN & WONG

Wealth Management Group

Monthly Newsletter

May 2025 Comment

Clown Car!?

As we sit down to write this monthly state of the union and try to provide some insights into the subject title above, we understand that this title provides for an image that will be unique to each of us. Collectively we have heard the war call of Elbows Up and more globally heard the push back from China and the tariff noise escalated between China and the USA.

There have been exhaustive attempts to understand the misinformation and how tariffs work by those extolling the importance of them. In several cases those who report clearly have no idea what they are talking about because the information under a second glance is just comical. While this statement in and of itself seems critical, but it, under a microscope is just reiterating the facts. The degree of errors we see are at a minimum a standard deviation of error, is unimaginable, yet here we are!

So, what are we doing and what will we be doing?

In cases where we had exposure to US growth equities, we trimmed to provide some degree of defense. Tactically and prudently, this made sense in assessing the risk of misinformation and the ongoing volatility that comes along with it.

As we grind through this environment, we see companies where it appears nothing has changed. Or very little. Consider energy infrastructure, in many cases these are assets that are not replaceable or have a natural substitute. One might suggest that they are somewhat monopolistic. While there may be some tariff impact, we know the businesses are going concerns. Basically, we like these assets and continue to accumulate them.

We are trying to rely on modeling to provide some sense of a road map. Consider for example the changing earnings expectations of S&P 500 companies. We have seen lots of adjustments to this number. Below we are posting a grid of the earnings we see for the S&P 500. It is notable this this is and will change as we get deeper into the understanding and guidance we see through this earnings season:

Estimates	Current	Trend	
Morgan Stanley April 9	257	Neg	
Goldman Sachs March 26	262	Neg	
Fact Set April	268	Neg	Down from 280
Yardeni April	260	Neg	
Analysts Concensus April	267	Neg	
Barclays	262	Neg	
Deutsche	270	Neg	
UBS	257	Neg	
Average Average	262.875		

Source Wiman Wong, LESG, Fact SET, Yardeni

Why is this important?

If there is any future reliance on actual numbers and not just momentum, we can use the actual earnings and forward expectations to plot some forward outcomes. Consider today (April 22, 2025 that the S&P 500 is at 5285). Getting deeper into the numbers we could say that given the earnings above the market is trading at 20 times forward multiple (5285 divided by \$262 in earnings). Now we need some perspective. In uncertain times or recession experiences the market multiple can trade as low as 14 times and when times are good, and growth is robust the market can trade at 24 times or higher. The challenge is when we are in the eye of this storm (today ish) is to determine what the future looks like. This produces for us another model which we won't add in here because it would beg multiple other articulations which would go beyond the scope of this writing. But trust us we are looking and forecasting multiple outcomes pending shifts and changes...

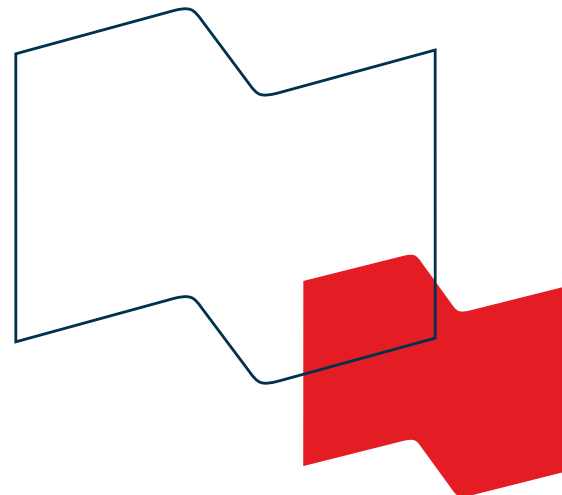
The World Changed

For as long as we can remember the world has moved towards globalization, supply chains developed, countries linked through trade deals, and in many cases, a common understanding and amicable reliance. That relationship has from this perspective gone out the door. It does not mean that it can't and won't be fixed but we might just need a better driver of the clown car to get it done?

From a data perspective we also see real change. Airlines are changing routes from the US and routing to Europe. We have also seen what may be coined as the greatest brand destruction since NEW Coke in the form of Tesler revoltees (new words in both accounts 😊 Tesler and revoltees). Some people are apologizing globally for bad behavior (refreshing). In Canada it is hard to go out to a restaurant and even find a bottle of California red on the menu? Things have definitely changed and will likely change more.

SO, what Can We Expect Next!!!???? Please tell me 😊

In all my life good always seem to find a way. Ultimately, I believe we do find a way out of this. The challenge we are faced with is what is the duration. I posted this question recently and while my guess is no better than the next forecaster or Truth Social announcement, I pondered a guess of 6 months to 2 years. Why 6 months? Well global repositioning at a minimum takes a couple of quarters to retool. Seems reasonable, maybe not.... On the long end the 2 years is reflected of the unknown (maybe it takes 4 years?). We have two global superpowers going at each other. On one hand China is a somewhat managed economy and on the other we have a country that seems to still be trying to figure out what just happened. Related, consider that Ship Tracker noted that ship traffic from China to LA ports has declined 29% week over week and 44% drop year over year. (Source CNBC and Ship Tracker) Bottom line, expect more change.



Final Thought

When we look at a lot of the companies we own, they are poised to continue paying dividends and in other cases hold some type of global positioning that will be hard to duplicate. These companies will remain going concerns. Other smaller companies that were or are reliant on global trade (China specifically) will be compromised or challenged.

Clown Car....??



[Click here to access your online account and tax statements.](#)



[Click here to learn more about the team.](#)



[Click here to contact us.](#)

Jason Wong, CIM®

Wealth Advisor & Portfolio Manager
416-869-7142 | jason.wong@nbc.ca

130 King Street West, Suite 3100, Toronto, ON M5X 1J9



WIMAN WONG
WEALTH MANAGEMENT GROUP



National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA).

The information contained herein has been prepared by John Wiman and Jason Wong, Wealth Advisors at NBF. The opinions expressed do not necessarily reflect those of NBF. We have prepared this report to the best of our judgment and professional experience to give you our thoughts on various financial aspects and considerations. The opinions expressed represent solely our informed opinions and may not reflect the views of NBF. The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.