



# Patient Capital Commentary

JANUARY 2025

Tariffs were the overhanging issue in financial markets since President Trump's election in November. In a process that can be described as unconventional and somewhat chaotic, tariffs were announced on February 1<sup>st</sup>, 2025, and then on February 4<sup>th</sup>, 2025, were paused for thirty days. What happens next is anybody's guess.

President Donald Trump's administration announced a 25% tariff on most goods from Canada and Mexico, with a lower 10% tariff on Canadian energy products. These tariffs were justified by citing national security concerns, particularly the flow of illegal drugs like fentanyl and issues related to illegal immigration. These tariffs have sparked significant controversy and concern.


In response, both Canada and Mexico have announced retaliatory tariffs. Canada's countermeasures include a 25% tariff on \$155 billion worth of U.S. goods, targeting products such as orange juice, peanut butter, wine, spirits, beer, coffee, appliances, apparel, and more. Notably, the latest development is a pause or delay of tariffs against Canada and Mexico due to a strong Canadian and Mexican commitment to increasing border security.

The tariffs imposed by the United States on Canada and Mexico have significant implications for financial markets, affecting everything from stock prices to currency values and inflation rates. We believe market volatility is sure to increase, particularly in Canada. Given the unpredictability and changing stance by the U.S. administration, the uncertainty of the potential impact highlights both the macroeconomic and company specific risks.

The uncertainty and potential for prolonged trade tensions will create a challenging environment for investors and businesses alike. While we expect short term volatility in equity markets, we are very



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**LYZ905**

Lysander-Patient  
Capital  
Equity Fund



confident in the businesses that we own. Our analysis shows that they have strong franchises, experienced management teams and excellent balance sheets. We believe that they will survive and, in many cases, grow at the expense of their weaker competitors.

We at PCM will closely monitor the situation but we will not waver from our process. We make investment decisions based on long term fundamentals, competitive position, balance sheet strength and valuation. We don't make decisions on something as short term as a tariff. A tariff can be imposed and dropped on the whim of a government.

Lysander-Patient Capital Equity Fund ("Fund") continues to be well positioned for current market conditions and we believe, will weather the current uncertainty created by potential tariffs.

The portfolio's overall characteristics compare favorably to major benchmarks such as the S&P 500 index and S&P/TSX Composite index. Our large cash balances provide a store of wealth and give us the opportunity to buy high quality businesses at very attractive prices should markets become extremely volatile.

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