THE MOVER

Why this money manager is bullish on Canadian stocks despite Trump's tariff threats

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Stephen Takacsy, chief executive officer and chief investment officer at Montreal-based Lester Asset Management.THE GLOBE AND MAIL

It isn't home bias that has money manager Stephen Takacsy bullish on Canadian stocks and bonds, but rather a hunt for value and an optimistic view of the country's longer-term economic growth.

"Canada has been underinvested in and overlooked," says Mr. Takacsy, chief executive officer and chief investment officer at Montreal-based Lester Asset Management Inc., which oversees around $360-million in assets.

"Low inflation, lower interest rates and a low Canadian dollar are all very positive for stocks and bonds," he says, adding that U.S. and global indexes have been driven higher by technology and AI-related stocks while other sectors have lagged.

"In Canada, gold stocks, financials, energy and Shopify have largely driven the [Toronto Stock Exchange], so there's plenty of good value in other areas of the market, which are also trading at a large discount to U.S. peers," he says.

And while the threat of U.S. tariffs is a concern, Mr. Takacsy says the fervent "Buy Canada" movement and a potential easing of interprovincial trade barriers could benefit several areas of the economy.

In fixed income, he notes there are still securities yielding well above inflation, which has dropped below 2 per cent. He highlights his firm's focus on corporate bonds and other higher-yielding securities such as preferred shares.

His firm's Canadian Equity Fund returned 20.9 per cent last year and has seen a five-year annualized return of 7.5 per cent. Its annualized return since inception 18 years ago is 9.9 per cent.

His Canadian Fixed Income Fund returned 11.4 per cent last year and has seen a five-year annualized return of 4.3 per cent. Its annualized return since inception 16 years ago is 6.2 per cent

The performance is based on total returns, gross of fees (which he says vary depending on account size), as of Dec. 31, 2024.