

Barenaked Money

QUARTERLY UPDATE | MARCH 31, 2024



Barenaked Update

Baxter International has a history of delivering cutting edge devices for dialysis. It's interesting, then, that they are spinning off their kidney care unit from their core business in summer 2024. These types of business reorganizations are always a bit messy, but they provide opportunities for people like us to sift through the mess to put together a tidy story.

Change is often scary, but we feel we have an advantage in that we are willing to do the work to deeply understand these events. We continue to invest in companies with a long-term focus and believe Baxter's diverse product offering will continue their success in the healthcare industry.



Recent Developments

HARD TO QUIT: Inflation is stubbornly above targets, although much improved over last year.

A LAND DIVIDED: The Canadian & US economies appear to be diverging, with weaker growth in Canada.

STOCKS ARE AMAZING: Another great quarter for stock returns, following a superb fourth quarter 2023.



Implications for Portfolio Positioning

JUMPED THE GUN: Calls for lower interest rates have been premature. Bonds haven't rebounded as quickly as some expected.

PUMP THE BRAKES: Stock market participants are very optimistic. That is typically a sign to be cautious.



Reasons for Optimism

POSITIVE THINKING: Economic growth is resolutely positive, despite many predictions of a recession.

INFLATION: Much lower than recent years and getting close to target.



Key Risks

ALSO INFLATION: Stubbornly high inflation can fan the flames of many concerns.

HIGH EXPECTATIONS = HIGH BAR: Even a modestly less good outlook may lead to disappointment for stocks.



Investment Principles

A lighthouse.

Resistant to wind, rain, and waves.

A guiding light in the fog.

- Markets go up over the long-term. That's the headline. It's a boring one, that's why you don't see it.
- Market timing is impossible. The world is unpredictable and being reliably able to catch the up days and avoid the down days just isn't a thing.
- Time is your protection for long term money. Cash is your protection for short term money.
- Emotion destroys wealth. Rash decisions or decisions made with a lack of logic or sound advice can really wreck your retirement plans.



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