



GOLD INVESTMENT
PORTFOLIO MANAGER

Investment Letter

Q4-25 Investment Letter (No. 74)

January 30, 2026

OVERVIEW

Dear Clients & Friends,

We are pleased to provide this quarterly report for the period ended December 31, 2025. This report will be divided into three sections: (1) What's New, (2) Market Recap and (3) Commentary.

WHAT'S NEW

2025 TAX DOCUMENTS

All tax documents are expected to be available by March 31, 2026. Tax documents will vary depending on the types of accounts you have, the transactions made, and the securities held. If you do not see any tax documents issued in 2026 in Aviso's online portal or you have not received anything by mail, then you may not have tax documents for your account(s) for the 2025 tax year. If you have any questions regarding tax documents for your accounts, online login information, document delivery preferences or your mailing address, please do not hesitate to [contact us](#). You can view Aviso Financial's tax mailing schedule [here](#). Your documents will be listed under the *Aviso Correspondent Partners* section.

BANK TRANSFERS TO/FROM AVISO FINANCIAL

Any Electronic Fund Transfer (EFT) deposits to or from Aviso Financial accounts will now have a description of "AVISO FNCL" instead of "CSI". This is only changed on the activity section of your banking information where transactions are posted. EFTs are only used for automatic transactions (such as scheduled monthly deposits, withdrawals, or income fund payments). If you send money via 'bill payment' using your online banking account, please note that the payee's name has not changed. It still may appear as "Credential Securities", "Credential Qtrade Securities", "Aviso Financial", or "Aviso Correspondent Partners" depending on your bank.

CONTRIBUTION ROOM

You are encouraged to check your contribution room with Canada Revenue Agency prior to making any contributions to RRSPs, TFSA's, RDSPs, RESPs, or FHSAs. It is very important to note that contribution room takes time to update on the CRA's online portal. We recommend checking room from the past 2 years and checking your activity to ensure that the right room is reflected before any contributions are made. Overcontributions can cause penalties to be charged by CRA.

2026 REVIEWS

GIM would like to remind you of its obligations to conduct annual "Know Your Client" ("KYC") reviews. Investment reviews are a great way for us to update you on your account and for you to keep us informed about your personal and financial circumstances so we can best serve you. You may receive communication from our admin department shortly to schedule a review with one of our portfolio managers. If you wish to speak with someone or have a change in your circumstances, please do not hesitate to contact our office.

2026 INVESTMENT SEASON

The TFSA limit for 2026 is \$7,000; you can deposit up to \$109,000 (\$218,000 per couple) if you have never contributed to a TFSA provided you have been over 18 years of age since 2009.

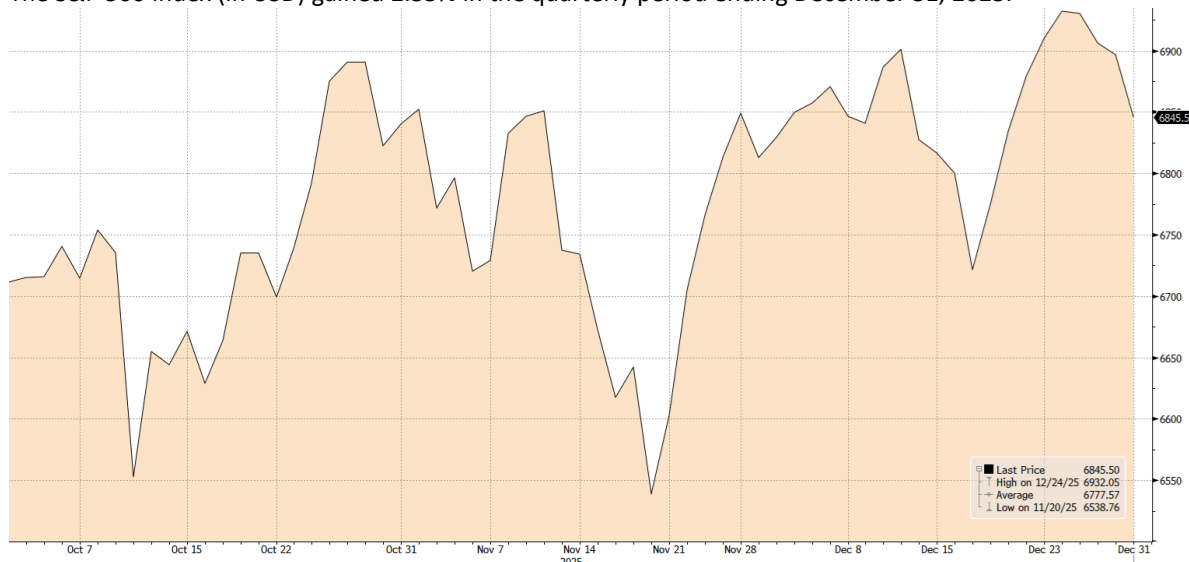
RRSP limits for 2025 and 2026 are \$32,490 and \$33,810, respectively; You may be able to contribute up to 18% of your earned income for the prior year up to the annual limit. The deadline for RRSP contributions for the 2025 tax year is March 2, 2026.

The 2026 FHSA limit is \$8,000. You may have carry-forward room for contributions if you opened a FHSA in 2023 to 2025. You can contribute up to \$16,000 in one calendar year *if you have carry-forward room to use*. As a reminder, contribution room only grows *after* you have opened a FHSA. For example, a new account opening in 2026 only generates \$8,000 of room in the first year.

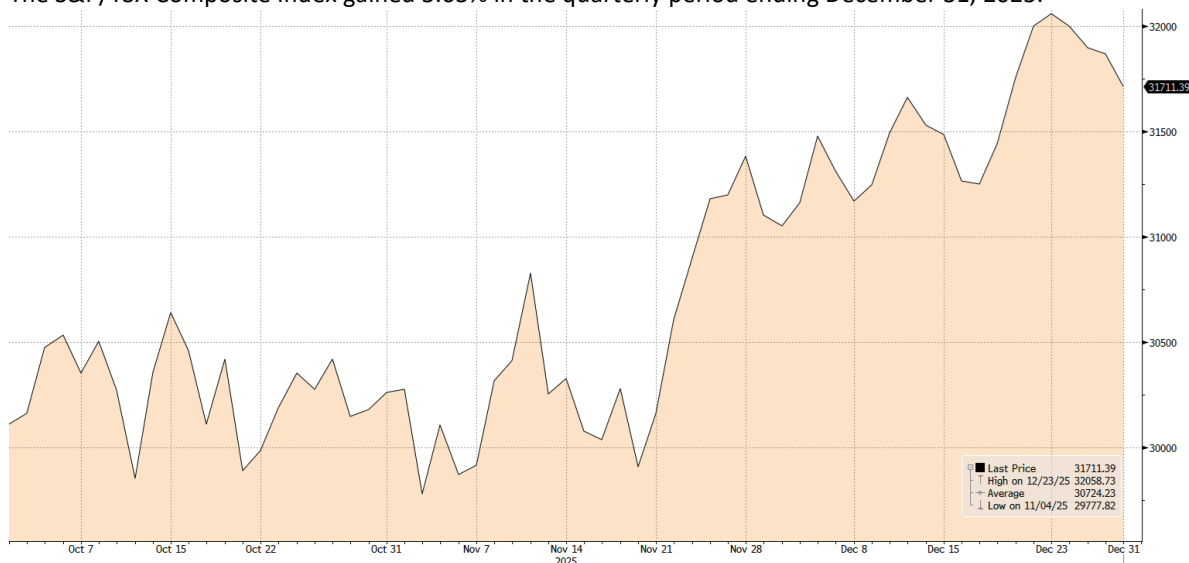
Other great ways to invest include pre-authorized contributions (PACs), RESPs, RDSPs and open/taxable accounts. Please visit [GIM's investment blog](#) for more information.

MARKET RECAP

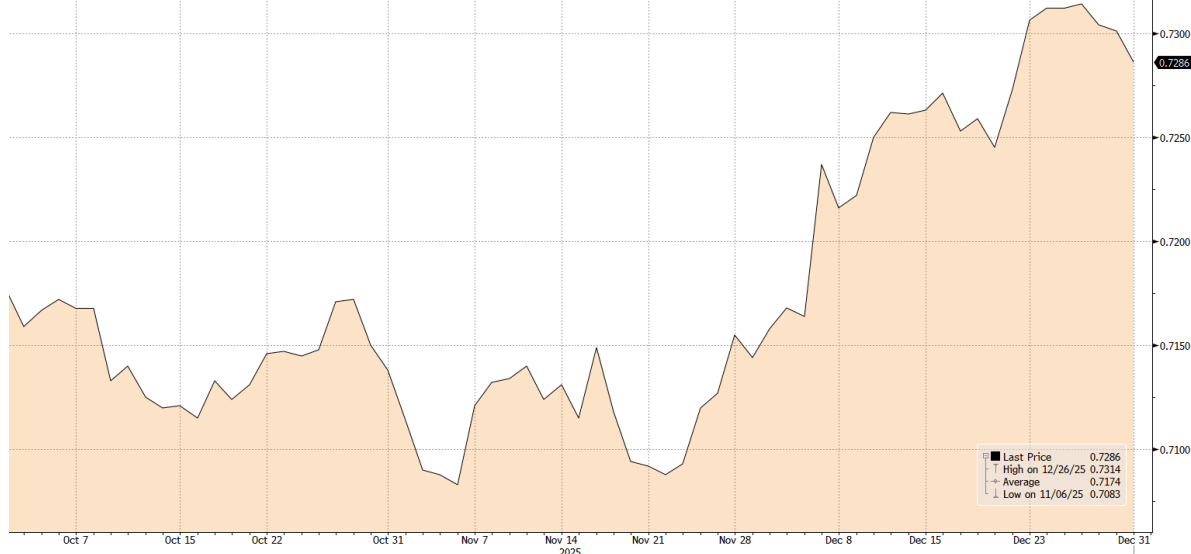
The S&P 500 Index (in USD) gained 2.35% in the quarterly period ending December 31, 2025.



The S&P/TSX Composite Index gained 5.63% in the quarterly period ending December 31, 2025.



The Canadian Dollar quoted in USD (CADUSD) fell by 1.61% for the quarterly period ending December 31, 2025.



COMMENTARY

Welcome 2026! We ended 2025 with new highs in the stock markets around the world. For this quarter's newsletter we want to focus on a couple of investing related topics. The first topic is Canadian energy, as materially all of our oil and gas exports go to the U.S. The second topic is economic productivity and how we perform against our largest trading partner, which is also the U.S.

Part 1. Venezuela crude oil and impact to Canada

On Saturday January 3, 2026, the U.S. military forcibly removed Venezuelan President Nicolas Maduro from power.¹ This is important as it relates to Canada's economy, which we will explain.

First, we need to set the context. Venezuela is considered by many to be a failed state. In the 1950's it was amongst the most prosperous countries in Latin America, but it squandered its resources with catastrophic consequences. The latest events happened under President Hugo Chavez and, upon his death from cancer in 2013, continued under his chosen successor Nicolas Maduro.

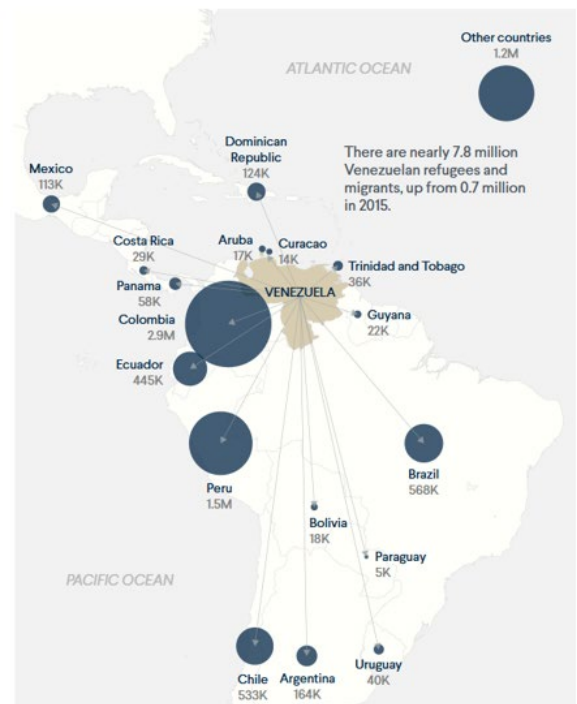
Venezuela's situation has been grim. There have been widespread food shortages,² a collapse of its currency, hyperinflation, a dictatorship with a horrible human rights record, and rigged elections. There has been a collapse of export revenue as oil has plunged from \$100/barrel in 2014 to the current \$60/barrel and exports have fallen from 2 million barrels/day 20 years ago to about 1 million barrels/day currently.³

There is one additional issue we would like to elaborate on. The current population is 30 million⁴ but 7.8 million people have fled the country since 2014 – that is 20% of the population. No country has 20% of its population flee unless extremely bad things are happening or the government has failed its citizens.

Chart 1 – Venezuelan migration

The Exodus From Venezuela

Estimated refugees and migrants in 2024 or the most recent year available



Source: <https://www.cfr.org/background/venezuela-crisis>

¹ <https://www.cbc.ca/news/world/trump-venezuela-explainer-9.7033725>

² <https://www.ap.org/news-highlights/spotlights/2025/for-many-families-every-meal-is-a-struggle-in-venezuelas-economic-crisis/>

³ <https://www.cfr.org/background/venezuela-crisis>
https://en.wikipedia.org/wiki/History_of_Venezuela

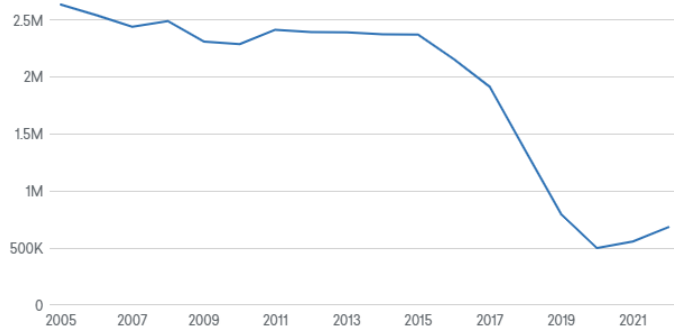
⁴ <https://www.macrotrends.net/global-metrics/countries/ven/venezuela/population>

Oil is the driver of the economy. The main source of foreign currency for Venezuela is from sale of heavy crude. Venezuela is a “petrostate”, meaning oil is the main driver of its economy. Venezuela’s oil is considered heavy crude and will trade at a discount to the world price. With current production at approximately 1 million barrels/day, 700,000 barrels/day were being sold to China, with a significant portion as payment for the Chinese government to construct infrastructure under China’s Belt & Road Initiative.⁵ The Belt & Road is a topic we have previously written about, where China builds infrastructure for other countries and it is counted as a loan. It looks like Venezuela could not pay back China in cash, so it had to repay in heavy crude. ***Repaying Belt & Road debt with crude oil does not generate badly needed cash for Venezuela. But with Maduro’s removal there is no longer any need to repay Belt & Road loans with crude or cash; the infrastructure is built and in the sovereignty of Venezuela.***

Chart 2 – Venezuela still produces/exports up to 1 million barrels of oil a day

Venezuela’s Oil Output Has Been Dropping for Years

Crude oil production (barrels per day)

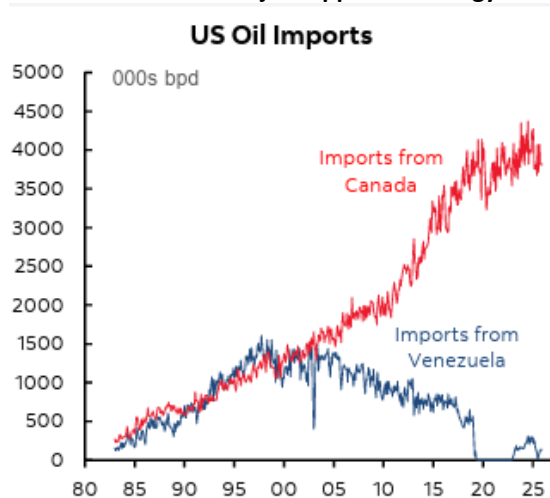


Source: <https://www.cfr.org/backgrounder/venezuela-crisis>

Venezuela crude vs. Canadian crude. Venezuelan crude via tanker to U.S. refineries is a direct competitor to Canada’s crude oil, which we export to U.S. refiners by pipeline. While Venezuela was under sanctions, a minimum amount of its crude oil made it to the U.S. for refining. With the removal of Maduro, there is every possibility crude exports will resume to American refineries.

Herein lies the problem for Canada. It used to be that Canadian heavy crude was the main supplier to the U.S. Now with a competitor returning to the U.S. market, the risk is we can either sell less volume, or we have to sell at a lower price, or a combination of both. Take a look at the chart below – there is nothing but upside for Venezuela when it comes to the possibility of crude exports to the U.S.

Chart 3 – Canada is major supplier of energy to USA... for now



Source: Scotiabank Global Economics, *Daily Points*, January 5, 2026

Canada accounts for 60% of US crude oil imports at present.

Venezuela crude exports to US has only upside at this point.

Competition for capital. The above chart shows that Canada is currently the main supplier of heavy crude to the U.S. and, according to Desjardins Securities’ research, investments in rebuilding energy infrastructure in Venezuela will likely be US\$10 billion per year for the next 5-10 years.⁶ Oil is a global commodity, so this will also be direct competition for investments in Canadian energy.

⁵ <https://www.msn.com/en-ca/news/world/from-caracas-to-taiwan-how-venezuela-has-changed-china-s-calculations/ar-AA1TxSP2?>

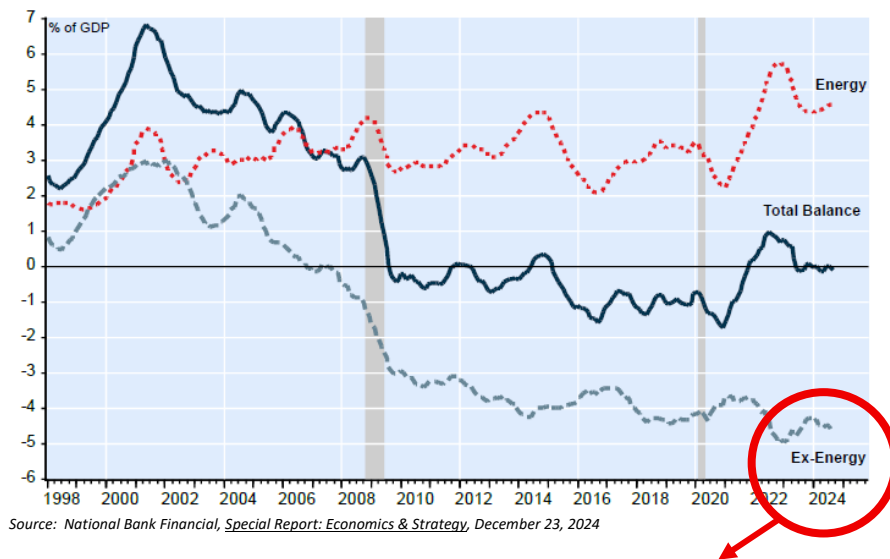
⁶ Desjardins Securities, *Daily*, January 5, 2026

Summary. We wrote in our Q4 2024 newsletter, published January 2025, that Canada's most important export to the U.S. is our crude oil. If we remove oil & gas exports, then our balance of trade with them goes from a large surplus to a massive deficit. We replicate the chart below.

Chart 4 – Canada a Petro-state? Energy supports our balance of trade

Canada: As the manufacturing base goes, so goes the trade balance

Global trade balance for goods: Total and ex-energy balance



Canada's Overreliance on energy exports to U.S. to maintain balance of trade

The punchline. Here lies the biggest risk for Canada. By relying on a single commodity (energy) for its balance of trade, we have become a petrostate ourselves. With the upcoming USMCA free trade negotiations in 2026, a key Canadian bargaining chip has been removed because the Americans can substitute our heavy crude for Venezuelan heavy crude. We don't buy the counterargument that this will take years to take effect. Venezuela is currently producing up to 1 million barrels a day and this can be directed to the U.S.A. We are not in a good negotiating position.

The popular counterfactual is that that 1 million barrels per day of volume is not much and will have limited impact on Canadian crude exports to the U.S.⁷ We disagree. The problem here is not about volume, it's about *price*. *Oil is a commodity that is traded at the last marginal price.* If a gas station is 90% full of gasoline purchased for \$1.50/litre and sold for \$1.60 last week, but this week's delivery top-up costs \$1.00/litre and the current price is \$1.10/litre, then the sale price is \$1.10 for all the gas in storage, regardless of what the cost price to the gas station. Likewise, if Western Canadian Select oil is selling at \$60/barrel but Venezuelan crude is suddenly available for \$30/barrel, then there is downward pressure on Canadian oil prices even if the volume sold is unchanged. As a final note, none of this mitigates the fact we are in a weaker bargaining position for the 2026 free trade negotiations with the Americans. We now have competition that can substitute Canadian crude over the short and long term.

Part 2. Canada vs. the U.S. economy

Our friend and former Scotia Capital Market investment strategist Peter Gibson introduced us this quote "*It is not good enough to succeed; your friends have to fail.*" This quote has been variously attributed to tech billionaire Larry Ellison, writer Gore Vidal and warlord Genghis Khan.⁸

The context of this quote in investment terms is that when comparing the economic success of one country to another, the country with the most productivity, greatest entrepreneurship, and best economic growth will attract investments and become wealthy. The other country will become more and more uncompetitive over time and will remain so until the dynamic changes.

For Canada, we think private sector productivity is extremely important for measuring the success of our economy. For the business sector, labor costs (ULC, "unit labor cost") are still elevated and labor productivity is not healthy.

⁷ <https://www.bnnbloomberg.ca/business/2026/01/07/only-10-of-canadian-oil-could-be-replaced-by-venezuela-in-short-term-says-analyst/>
<https://nationalpost.com/opinion/kelly-mcparland-canada-shouldnt-panic-over-venezuelan-oil>

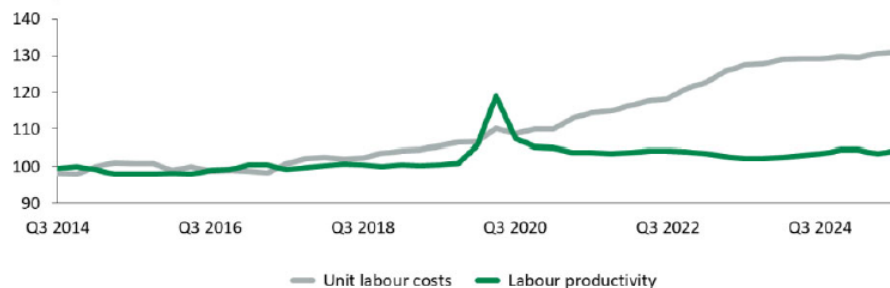
⁸ <https://quoteinvestigator.com/2012/08/06/succeed-fail/>

The next chart is courtesy of Desjardins Securities research, which used data from Statistics Canada.

Chart 5 – Canada’s labor productivity needs improvement Labour Productivity Rose in Q3 2025 but Remains Subdued While ULCs Are Still Elevated

Unit labour costs and labour productivity, business sector

Index, 2017=100



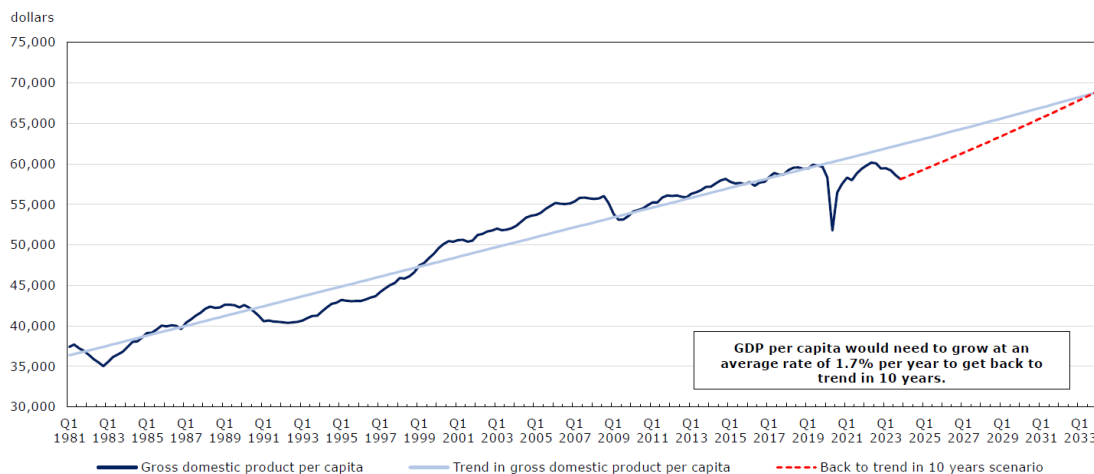
Source: www.desjardins.com/ab/en/savings-investment/economic-studies/canada-productivity-december-3-2025.html

A key measure for productivity is GDP per capita, namely economic output per person. We discussed the topic of Canada’s productivity in our Q4 2024 report, and we will repeat a key chart from Statistics Canada (StatsCan) along with their report’s commentary.

- “GDP per capita would need to grow at an average rate of 1.7% per year to get back to trend in 10 years.”
- In actual dollar terms, real GDP per capita (i.e. adjusted for inflation) declined by \$4,200 per Canadian after COVID. “The shock of the COVID-19 pandemic, coupled with falling per capita output in recent quarters, has left real GDP per capita 7% below its long-term trend, equating to a decline of about \$4,200 per person.”⁹

Chart 6 – GDP per person badly needs to accelerate to get back to long term trendline

Gross domestic product (GDP) per capita return to trend scenario analysis



Sources: Statistics Canada, tables 36-10-0104-01 and 17-10-0009-01.

Canada is unfortunately a high cost and low productivity country, especially when compared to the U.S.A. The result is that the American economy has seen higher economic growth.

According to the economics team at Bank of Montreal, “A sudden surge in (U.S.) productivity in recent quarters – averaging a towering 4.5% [annual rate] in Q2 and Q3 – helps explain the seeming conundrum of hearty GDP results amid sluggish employment.” BMO goes on to say “The U.S. economy is well positioned to maintain a similar growth rate or better over the rest of 2026. GDP growth year/year is forecast to improve to 2.5% in 2026 from 2.2% in 2025. The AI investment boom and stronger productivity gains should support continued business investment, solid profits, and nominal hourly earnings growth.”¹⁰ Subsequently, on January 23, 2026, BMO Economics raised the U.S.’s expected real GDP even higher to 2.3% for 2025 and 2.6% for 2026 – this reflects even stronger U.S. economic performance.

⁹ www150.statcan.gc.ca/n1/en/pub/36-28-0001/2024004/article/00001-eng.pdf?st=Q0Wf0HWV

¹⁰ BMO *Focus*, January 9, 2026 and BMO *Focus*, January 23, 2026

The net result is that U.S. economic growth (as measured by GDP or Gross Domestic Product) has been higher than Canada's and this is expected to continue in 2026.

Table 1 – Bank of Montreal estimates Canada vs. USA

CANADA	2024	2025E	2026E	Comments
Real GDP	2.0%	1.7%	1.4%	Real GDP is after inflation
Inflation (CPI)	2.4%	2.1%	2.5%	
Unemployment rate	6.4%	6.8%	6.7%	
Bank of Canada interest rate	4.48%	2.65%	2.25%	
Average for year				
UNITED STATES	2024	2025E	2026E	Comments
Real GDP	2.8%	2.3%	2.6%	Estimate going up for 2025 & 2026, stronger than Canada
Inflation (CPI)	3.0%	2.7%	2.4%	
Unemployment rate	4.0%	4.3%	4.6%	
US Federal Reserve interest rate	5.15%	4.21%	3.19%	
Average for year				

Source: BMO Focus, January 23, 2026

Summary. There has been much talk in the media about how President Trump's tariffs will backfire and wreck the U.S. economy. It has been an interesting "narrative", but the actual results point to the U.S. having more productivity gains, a lower unemployment rate than Canada's and a higher economic growth rate.

As can be seen in the above table the Americans have seen economic (GDP) growth at a higher rate than Canada each year. A single percent better for a year may not seem much, but over several years the difference will widen out in a very large way. The U.S. economy has been stronger, and its unemployment rate has been much better. As noted by StatsCan in the above chart, Canada has a long way to go to get back to trendline. Until that happens, we remain a high cost, low productivity country as compared to the U.S., and we will attract relatively less investment.

Our discussion of Canada's need to improve our economic performance is not something abstract. This becomes very real for many Canadians. A survey conducted by Food Banks Canada, released March 2025, has some damning statistics. Food bank usage doubled from March 2019 to March 2025. There were 2.2 million visits to the food bank for March 2025, a record high for Canada. Food bank users with a job: 19%, compared to 12% in 2019. Food bank users who are children: 33%. Food bank users who are senior citizens: 8.3%.¹¹ These are distressing numbers.

Part 3. Concluding Comments

Canadian versus Venezuelan crude. The sole buyer of Canadian crude exports is the U.S.A. We started writing our newsletter the first week of January and we opined in Part 1 that Venezuelan heavy crude is a substitute competitor for Canadian heavy crude exports to the U.S. We don't buy the *narrative* that Venezuela is going to take a long time to be competitive. A narrative is a story, and it ignores the fact Venezuela can ship 1 million barrels a day. Sure enough, on January 7, 2026, Reuters announced there is a deal to export crude from Venezuela to the U.S., which results in diverting shipments from China to the Americans.¹² We admit the total is not a large amount – under 50 million barrels. But it is a directional signal of the developing trend. We believe there is a risk of an adjustment of Canadian crude volume and/or price, with the risk tilted towards *price*.

Oil is a global commodity, so we also have Venezuela requiring capital investment in its energy infrastructure. This means Canadian infrastructure investments now have new competition. On the margin it is not good news for us.

USMCA negotiations. With the change of oil export dynamics in Venezuela, we may have just lost an ace from our poker hand. If we can figure this out, then U.S. trade negotiators can figure it out too.

Canada's economic competitiveness. The declining productivity has gotten worse since 2016 – going on 10 years. We are certain that the Government of Canada is aware of the precarious situation we face with respect to Canada's competitiveness. P.M. Carney is a trained economist and former head of the Bank of Canada, so he understands Canada's relative situation compared to the U.S. In a speech on November 19, 2025, the Bank of Canada's Deputy Governor Nicholas Vincent explicitly called out the need to improve Canada's labor productivity.¹³ He said labor productivity is one of the most used measures of productivity, defined by the Gross Domestic Product (GDP, or economic output) divided by the number of people employed. He highlighted that it is critical to have good productivity for growth and wealth creation, and stronger countries will get stronger while weaker countries will struggle. Without good productivity, Canada will have an inflation and affordability problem. Mr. Vincent said that if our productivity growth

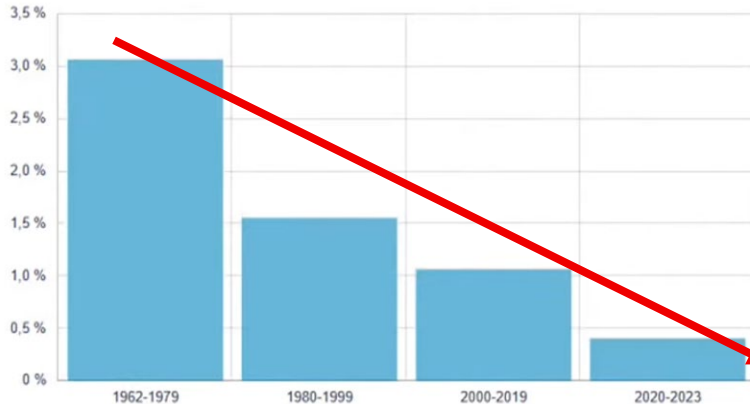
¹¹ <https://foodbanksCanada.ca/hunger-in-canada/hungercount/overall-findings/>

¹² <https://www.msn.com/en-ca/money/topstories/venezuela-to-export-2-billion-worth-of-oil-to-us-in-deal-with-washington/ar-AA1THVPj?https://www.msn.com/en-ca/money/topstories/oil-falls-after-trump-says-venezuela-will-supply-to-us/ar-AA1TJz51?>

¹³ <https://www.youtube.com/watch?v=O1HjrCp4uVw>

since 2000 was like the G7 countries, our real (after inflation) GDP per capita would be \$7,000 (9%) higher than it currently is. According to the International Monetary Fund, Canada's GDP per capita is expected to be US\$54,930 for 2025.¹⁴ Imagine having an extra \$7,000 in our wallets to make the cost of living more affordable today.

Chart 7 – Canada's Productivity Trend



Bank of Canada speech: <https://www.youtube.com/watch?v=O1HjrCp4uVw>

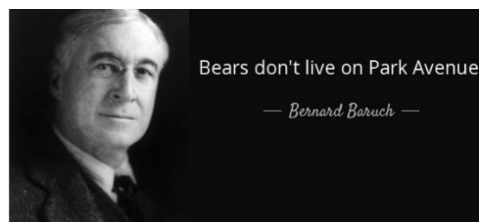
The trend line is not going the right way.

Average annual growth of labor productivity was 3% in the 1960s-1970s, fell to 1% per year between 2000 and 2019, and is now below 0.5% per year.¹⁵

As Canadians, we truly wish for the best economic outcome for Canada. Regardless of who is leader of our country it will be a daunting challenge to reverse the trendline of the last 10 years.

Political prejudice. Since President Trump's re-election in November 2024, we have had some clients considering exiting the stock market and going into cash. We believed this would have been a hasty decision. Going to cash is another way of market timing, which we do not agree with. The U.S. stock market (S&P500) made all-time highs by the end of 2025. We see similar reactions every time political leaders change, regardless of country, or where on the political spectrum they sit. We always remind clients that they should stick to their long-term strategies. Investing requires us to set bias aside, invest in good or bad times, or regardless of who holds political office in any country. Snap decisions can have dire consequences on portfolio returns. GIM's clients are invested according to their levels of risk tolerance, and we will stay invested throughout thick and thin.

We conclude with a quote from legendary financier Bernard M. Baruch¹⁶, who amassed a fortune on the New York Stock Exchange in the early 20th Century, and aided Presidents Woodrow Wilson and Franklin Roosevelt in managing the economy through WW I and WW II. He famously said...



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Thank you for entrusting us with your investments. As always, we welcome your questions and comments. You can [contact](#) GIM by telephone: 1.888.436.9955, fax: 1.866.541.7947 or email: invest@gold-im.com

Yours truly,
GOLD INVESTMENT MANAGEMENT LTD.

¹⁴ <https://www.imf.org/external/datamapper/NGDPDPC@WEO/CAN>

¹⁵ <https://www.bankofcanada.ca/multimedia/speech-association-economistes-quebecois-asdeq-cfa-quebec-2025-11-19/>
<https://www.reuters.com/world/americas/bank-canada-urges-coordinated-approach-boost-weak-productivity-2025-11-19/>
<https://www.youtube.com/watch?v=O1HjrCp4uVw>

¹⁶ <https://www.azquotes.com/quote/943272> https://en.wikipedia.org/wiki/Bernard_Baruch



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