



Wealth Management
Dominion Securities

Milau Private Wealth Management Group presents

Milau's Market Musings



Friday, August 29th, 2025

Weekly Wrap

Stocks were mixed this week, but Canadian stocks were again the top performer. Canadian bank profits came in strong this week with RBC leading the way as all of Canada's largest bank's segments produced robust growth. The TSX was up 0.4% this week with RBC's gain responsible for over half of the index's move up. Meanwhile, news that PM Carney is likely to reduce or eliminate most retaliatory tariffs on US goods appears to be the more sensible move for our economy and was generally lauded by experts. US stocks are off as Trump continues to threaten tariffs around the world with India being on the receiving end of a 50% tariff this week. European stocks are off 3% as they gave back some of their otherwise very strong gains for 2025. Emerging Markets, perhaps reeling from said tariffs, shed 2% this week but they also have had a strong 2025 as their economies continue to produce GDP growth numbers that are double that of the developed world in spite of trade threats. Interest rates had another interesting week with short-term rates creeping *down* 0.12% for 2-year US bonds but *rising* slightly for 30-year bonds sending a clear signal of confidence in Powell's policies and concern about Trump's policies (see below).

Market Insights

Rate cut hints, tight spreads and unhinged US inflation. At a speech last week Fed chair Powell cited job market concerns as a potential reason to cut in September. However, the Fed faces a “challenging situation” as US tariffs are driving up costs, the One Big Beautiful Bill strains the US Treasury and Trump continues to attempt to take control of the Fed. Jerome Powell received a standing ovation at the bank’s annual symposium in Jackson Hole, seen as support for the embattled governor who is under pressure from President Trump to cut rates drastically while one Fed governor is *accused* of mortgage fraud (by a President who was *convicted* of the same). In what appears somewhat ironic, the hints of a rate cut coincided with a bump higher for long-term US bond rates indicating that investors are worried about inflation as the Fed would lose credibility if it lost its independence. The concerns are reasonably well founded. Just yesterday, the Bank of Canada governor lauded the BoC’s independence as the reason Canada has kept (and continues to keep) inflation at or near our 2% target...something the Americans are having real difficulty doing. I suspect the timing of this speech was no coincidence given the threats to the Fed. Corporate bonds, meanwhile, offer the lowest spreads (the amount of extra interest they pay above government bond rates) in the past 30 years as corporate bondholders remain complacent about risks.

US Companies push back against Anti-DEI initiatives. Increased political scrutiny of ESG (Environmental, Social, Governance) practices in the US has contributed to a notable shift in fund flows. Global responsible investing mutual funds and ETFs saw net redemptions of approximately US\$8.6 billion in the first quarter of 2025. This pullback was mostly driven by US investors, who continued to withdraw assets for the tenth consecutive quarter. In contrast, sentiment remained more resilient in Canada and Australia/ New Zealand, where responsible investing continued to attract capital, with each market bringing in around US\$300 million in inflows. In the US, anti-diversity, equity, and inclusion (DEI) shareholder proposals have surged in response to heightened political pressure and regulatory shifts, signaling growing resistance to corporate DEI initiatives. However, such proposals have received low levels of support. Some companies have rolled back their DEI initiatives in response to online pressure and legal threats, and many stopped publicizing their DEI efforts out of fear of criticism. A recent global survey of 760 organizations found that 63% still prioritize DEI targets, with 31% identifying them as a top priority. In response to shifting sentiment, corporate leaders are increasingly rebranding these efforts under softer language, with terms such as “inclusion” and “belonging.” A recent survey from the Responsible Investment Association showed that younger investors continue to show much higher ownership of responsible investments and are more likely to approach their advisors about it proactively. However,

there was also a marked increase in interest among those 55 years old and over. As the space matures and regulations improve, investors are now better positioned than ever to incorporate ESG data into financial decision making through responsible investing solutions.

Portfolio Update

This week we did some profit taking in our top two performing banks: RBC and JP Morgan. Both companies continue to perform well and the environment for banks remains attractive. However, given the strong run both have had we feel that valuations are getting a little stretched and we are seeing some other opportunities elsewhere and exploring some new ones. We trimmed 10% of our RY shares and 25% of our JP Morgan shares but I can assure you that we expect that both stocks will remain staples in our portfolios for the foreseeable future. With the proceeds from the RBC shares we purchased more shares of Pembina Pipelines, which pays a 5.5% dividend and, given its modest performance thus far in 2025, trades at a cheap price. For the JP Morgan proceeds we have invested this into a short-term USD T-Bill index fund which yields about 4.2% while we continue to explore longer-term options. This has been a busy few weeks for our portfolios and we expect the weeks ahead to also be busy. **We would encourage everyone to tune in to next week's conference call where we will provide a more fulsome explanation of our thoughts on recent and upcoming portfolio changes.**

*Please note any changes apply to our PIM Portfolios Only, subject to restrictions. Please call to clarify if you have any questions.

Planning On

95. That is the life expectancy we use when going through our financial projections exercise with clients. Often times, clients joke about that age as it does seem a little far off for many, but it is not unfathomable. We certainly have clients who are older and in conversations with clients all the time I hear of parents who are 90 plus, with some even approaching their 100th birthday which was shared to me last week. It is why we plan for it. Canadians are living longer and planning for it requires financial foresight.

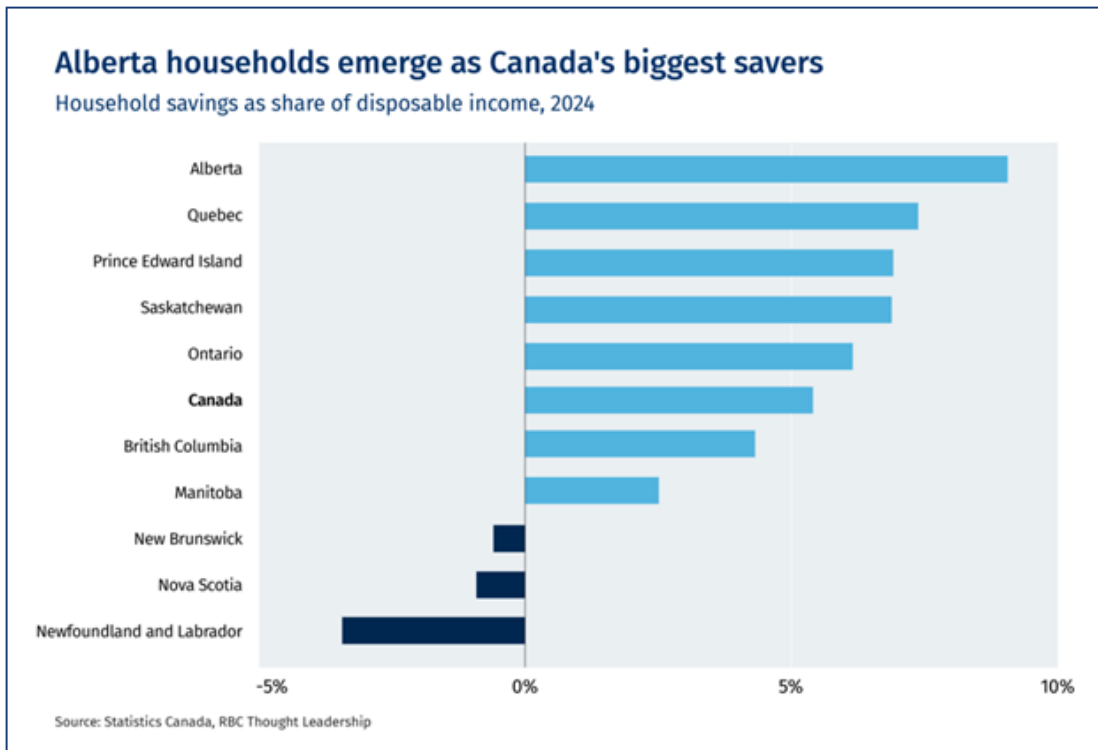
For those willing to consider the possibility of ageing with security, independence and control join_Dr. Joe Coughlin from MIT Age Lab, Dr. Khalil Sivjee from Cleveland Clinic Canada, Lynn Posluns from Women's Brain Health Initiative

and Audrey Miller from Elder Caring Inc. to hear their insights on finances, planning, lifestyle choices and care needs as we age.

[Video: Explore the connection between wealth, health and aging](#)

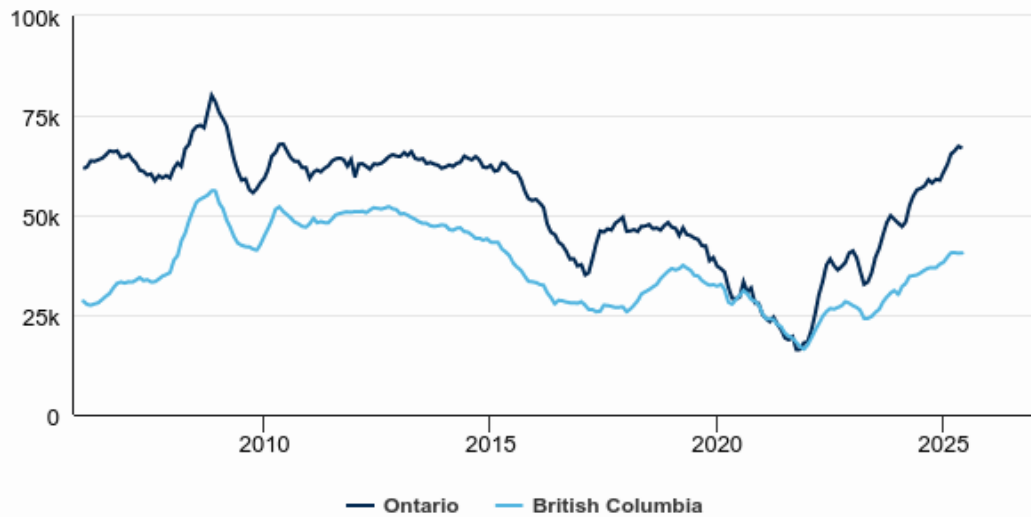
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Charts of the Week



Homes for sale are at a decade high in parts of Canada

Active listings on Multiple Listing Service, number of units, seasonally adjusted



Source: Canadian Real Estate Association, RBC Economics

Spare Time Updates



[The US island with no cars and one horse for every person](#)

In the midst of "the car capital of the world", there's a serene vehicle-free island home to 600 people, 600 horses and a once-upon-a-time way of life.



[Dopamine dressing: How the colour of your clothes could change your brain](#)

Dopamine dressing may one of the hottest TikTok trends, but is there any science to it?

Feel free to pass on this email to anyone you think would benefit from its information or see some value in it.

Thank you very much for reading through our commentary.

Feedback is welcome!

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