

# Why investors should look beyond the US to the Great White North



A professional investor tells us where he'd put his money. This week: Greg Eckel, portfolio manager, Canadian General Investments, highlights four favourites

Investors need reminding that North America extends beyond the US. Canada, often overlooked but certainly not a laggard, is projected to be the fastest-growing economy in the G7 in 2025 and stands as a beacon of stability on the global stage in an era of uncertainty. This strength is rooted in its historic banking system, which has not missed a single dividend for 200 years – a feat unmatched by its counterparts in the US or the UK.

Ultimately, the most critical factor in long-term investment performance is the price paid for assets. From this perspective, Canadian stocks present a compelling opportunity, with the country's exchange trading at its deepest discount to the US market in history. The market's performance has already begun to broaden: the Canadian S&P/TSX Composite Equal Weight index has outpaced the S&P 500 Equal Weight index in 2024, gaining 17.8% compared with 12.3%.

At Canadian General Investments (CGI), North America's second-oldest investment trust, we adhere to a disciplined buy-and-hold strategy. Our focus is on high-quality Canadian companies with US exposure limited to 25% of the portfolio. CGI offers a cost-effective gateway to Canadian stocks, which remain underappreciated despite Canada's financial stability, vast natural resources, and strong ties to the world's largest economy.

## A rising industrial power

Industrials have benefited from increased infrastructure spending in the US, driven by trends such as nearshoring, electrification, and decarbonisation. One standout in our portfolio is **Stantec (Toronto: STN)**, a global leader in sustainable design and engineering. Stantec's focus on operational efficiency and project execution has led to industry-leading margins, with strong growth prospects fuelled by public and private investments, particularly from US initiatives such as the Infrastructure Investment and Jobs Act.

While Canada's economy is often associated with "old world" sectors like energy and banking, the country also boasts a rich technological legacy. From BlackBerry to Shopify, Canadian innovators have reshaped their respective markets. One standout example is **Descartes Systems Group (Toronto: DSG)**, a global leader in software-as-a-service (SaaS) solutions designed to enhance the efficiency, security, and sustainability of logistics-heavy businesses.

*"Stantec, a leader in sustainable design and engineering, has benefited from US spending on infrastructure"*



Descartes serves more than 26,000 customers worldwide, including major corporations like Coca-Cola, Home Depot and Mondelez International, helping them streamline supply chains. With a history of 28 successful acquisitions since 2016, totalling US\$1.1bn, Descartes is well-positioned for continued growth. Its financial strength allows it to seek out undervalued assets patiently, ensuring strategic expansion while maintaining profitability.

## Fuelling a nuclear renaissance

The 2011 Fukushima disaster led to a dramatic decline in uranium prices. But today the drive to cut carbon emissions has reignited interest in nuclear power. Demand for uranium is outstripping supply, and Canada, home to some of the world's richest deposits, is uniquely positioned to capitalise on this trend.

CGI has established positions in both **Cameco (Toronto: CCO)**, the largest publicly traded, uranium-related company in the world, and in the lesser-known **NexGen Energy (Toronto: NXE)**. NexGen's Rook I project, the largest development-stage uranium mine in Canada, is expected to begin production by 2029, potentially delivering up to 30 million pounds of uranium annually.

