

PERSONAL CAPITAL

A Journal for DIY Investors



THE MAPLE FIRE

ADRIANO STARINIERI AND WIFE ERICA
LIVING THE DREAM IN PANAMA

THE 5 CHARTS THAT MATTER

INSIDE BLOSSOM SOCIAL

the others.



you.



You invest to try and produce long-term wealth and reliable income.

We do too.

We help DIY investors build more resilient income portfolios with diversified sources of return like: enhanced-income ETFs, actively managed alternative and thematic strategies, and competitive cash solutions.

And every strategy is managed with the same discipline we apply across \$8+ billion in high net-worth and institutional mandates.

See for yourself:
ninepoint.com/advantage



This advertisement is for information purposes only and should not be relied upon as investment advice. We strongly recommend that you consult your investment professional for a comprehensive review of your personal financial situation before undertaking any investment strategy. Information herein is subject to change without notice and Ninepoint is not responsible for any inaccuracies or to update this information. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Funds may be lawfully sold in their jurisdiction.

table of contents



06 The Maple FIRE

Has Canada Accidentally Built a Better Path to Financial Independence?

16 The Canadian Income Machine

Canadians are converting their portfolios into monthly income through covered call ETF's, funds that trade a slice of tomorrow's growth for cash flow today, at a scale no other investing nation matches.

20 Blossom: Trust is the Product

Inside Blossom, the platform betting that transparency will make you a better investor, and what every DIY investor should understand before they follow the feed

30 The 5 Charts That Matter

Are you being paid enough to take the risk?

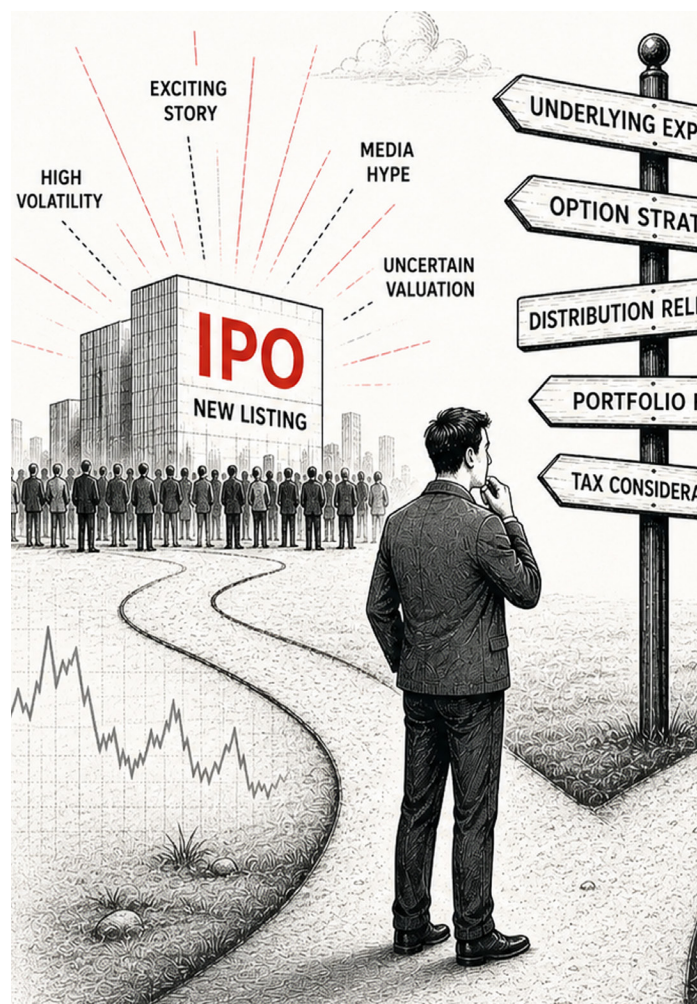


38 The Uncomfortable Truth

Canada finally woke up to its greatest asset. Have you?

48 The Barrels Next Door

Canada holds a top-five share of the world's oil, sells nearly all of it to one customer, and the biggest new buyer on Earth has just come within reach.



50 The Convergence

Why the Smartest Thing a DIY Investor Can Do Right Now Isn't Pick Stocks — It's Understand What's Being Built

60 Before You Buy the IPO Income ETF

Hot IPOs attract attention. High monthly distributions attract income investors.



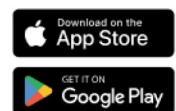
#1 U.S. STOCK
TRADING PLATFORM
FOR CANADIANS



Earn up to 30 Free Stocks*



*The free stock received will vary. Companies shown are for illustrative purposes only, and should not be considered a recommendation.
Moomoo is a financial information and trading app offered by Moomoo Technologies Inc. In Canada, investment products and services available through the moomoo app are offered by Moomoo financial canada inc, a broker-dealer member of CIRO and CIPF.



FROM THE PERSONAL CAPITAL TEAM

We believe stories are the fabric of what makes us human. Long before spreadsheets and stock tickers, people gathered to share accounts of risk and reward, of ventures that paid off and ones that didn't. It's how we've always made sense of an uncertain world. It's still how we do it today.

That belief is the foundation of this magazine.

The DIY investing space is growing fast. More Canadians than ever are taking their financial futures into their own hands, and with that independence comes a real need to understand the landscape. Not just the mechanics of markets, but the forces moving beneath them. The people building new platforms. The ideas reshaping how we think about money. The events, from energy geopolitics to artificial intelligence, that are redrawing the map of opportunity.

We think the best way to understand all of it is through story.

In these pages, you'll meet founders earning the trust of a new generation of investors. You'll hear from people who walked away from conventional careers to retire on their own terms, and the hard math behind how they did it. You'll follow the currents of global energy markets and consider what they mean for Canada. And you'll look ahead at how AI is changing the tools in every investor's hands.

Our goal is not to tell you what to do. It's to help shape the way you think, and to lean into the curiosity that lives in every investor. Because when you explore the world of investing, you're really exploring human nature: our ambitions, our fears, our capacity to learn and adapt. Done well, that exploration makes us better investors. It might even make us better people.

We want *Personal Capital* to be three things: aspirational, educational, and entertaining. A magazine you pick up because you have to, and keep reading because you want to.

Thank you for joining us. Let's see where the stories take us.

The Personal Capital Team



HAS CANADA ACCIDENTALLY BUILT A BETTER PATH
TO FINANCIAL INDEPENDENCE?

the Maple FIRE

On a weekday morning in Panama City, Adriano Starinieri pours his first coffee and opens his portfolio dashboard. It is not a ritual born of anxiety. He has not worried about money in years. It is closer to a farmer checking the weather: unhurried, curious, a man at ease with the system he has built.

He is forty years old and will likely never have to work again.



IMAGE: © ADOBE STOCK

Starinieri grew up in Montreal, the child of working-class Italian immigrants. He started tinkering with the stock market in his twenties, swing trading, chasing trends, burning time and energy for modest returns. Then he made a decision that would change the trajectory of his life. He and his wife paid off their twenty-year mortgage in seven years, sold their condo, and moved everything into an income-generating investment portfolio.

Today Erica & Adriano live off the monthly distributions that portfolio throws off. Most of it is sheltered inside a Tax-Free Savings Account, untouched by the Canada Revenue Agency. No financial planner. No drawdown plan. No sell decisions. The income arrives every month, automatically, tax-free.

Starinieri documents all of this publicly on his YouTube channel, Passive Income Investing, which has grown to over a quarter of a million subscribers. Every month he publishes a complete portfolio review with real numbers, real holdings, and real performance. His story is remarkable. Financial independence built using tools available to every Canadian.

THE PROMISE AND THE PROBLEMS

The FIRE movement — Financial Independence, Retire Early — has been one of the most compelling ideas in personal finance for three decades. The core proposition is elegant: track your spending, save and invest aggressively, and when your invested assets reach roughly twenty-five times your annual expenses, you are safe to retire. The portfolio sustains you. The alarm clock becomes optional.

The idea crossed into Canada largely intact from its American origins, with the same spreadsheets, philosophy, and aspirational energy. But FIRE has at least five execution problems that its community has discussed for years without cleanly solving:

1. You must accumulate a large portfolio and then sell it down gradually over decades, making continuous decisions about how much to sell, when to sell, and from which holdings.
2. It requires navigating sequence of returns risk, where a market crash in the early years of retirement can permanently impair a portfolio that is being drawn down.

3. It subjects every dollar of withdrawn income to annual taxation.
4. It depends on the four percent rule, a guideline calibrated on historical data in a low-inflation era that becomes genuinely fragile over a forty or fifty-year early retirement.
5. It imposes a psychological burden that is rarely discussed: the quiet anxiety of watching your portfolio shrink, year after year, as you spend it down.

These are not minor inconveniences. They are structural weaknesses in the way FIRE has traditionally been practised. And there are Canadian influencers who think there's a better way.

That transparency creates something the traditional advisory model cannot easily replicate: social proof at scale. When tens of thousands of Canadians watch someone build a TFSA from zero to six figures, or track a real income portfolio through a market crash and out the other side, the abstraction collapses. Financial independence stops being a concept discussed in hypothetical terms and becomes something concrete, observable, and achievable by people without specialised training or privileged access.

What follows doesn't come from textbooks or advisory credentials, but from their own portfolios, communities, and from watching the Canadian financial landscape change in real time.

“FIRE needs to be deconstructed and reconstructed with the modern investing environment in mind. I don't know if anybody's done that.”

— Candace Mountain

Candace Mountain is a Canadian investing educator whose YouTube channel, Mountain Finance, has built a devoted community of DIY investors. She came to finance from a science background, a double major in biology and chemistry, and brings a researcher's rigour to the way she analyses financial products and strategies. When she looks at the conventional FIRE playbook, she sees a framework that was built before the tools existed to do it better.

Starinieri and Mountain represent a generation of Canadian financial educators, sometimes called finfluencers, who are building large, engaged communities around ideas that traditional financial media has been slow to explore. Neither has a finance degree or an advisory licence. What they have instead is something that may matter more to the people watching: proof that it can be done by someone who started from the same place they did.

Both have built their credibility on a practice that is almost unheard of in traditional financial media: radical transparency. Starinieri publishes his complete portfolio every month (real holdings, real income, real performance), and those full-disclosure reviews are consistently his most-watched videos. Mountain is building her TFSA live in front of her audience through a series she calls the Zero to One Hundred K Challenge, contributing five hundred dollars a month and making every decision, including the mistakes, visible in real time. Their audiences do not have to take their word for anything. They can see the numbers.

A third voice, Jessica Moorhouse, brings a different perspective: a credentialed financial professional and bestselling author who has spent nearly fifteen years working with Canadians on the hidden, non-financial barriers between them and their goals. Together, the three offer something rare in financial media: the practitioner's experience, the educator's framework, and the counsellor's honest reckoning with what money can and cannot do.

THE CANADIAN RESPONSE

The Tax-Free Savings Account was introduced in 2009 and remains, nearly two decades later, one of the most powerful personal finance instruments any government has ever created. Every dollar that grows inside a TFSA, whether through capital gains, dividends, interest, or distributions, is permanently tax-free. Not tax-deferred, like an RRSP. Not subject to age gates and income limits, like the American Roth IRA. Permanently, unconditionally free of tax, at any age, for life.

Mountain is blunt about how Canadians misunderstand it. They should have called it a tax-free investing account, she says. She has encountered people, including her own mother, who put money in their TFSA without realising they could buy stocks with it. The money just sat there depreciating.

The annual contribution limit is seven thousand dollars, and unused room carries forward indefinitely. A Canadian who has been eligible since 2009 and has never contributed



IMAGE © ADOBE STOCK

has roughly one hundred and nine thousand dollars of room available today. That room grows every January, forever. And critically, whatever you withdraw, you can re-contribute the following calendar year.

For Starinieri, the TFSA is not a nice tax benefit. It is the foundation of his entire financial independence. When you go to school, he says, the first four letters you should learn are not A, B, C, D. They are T, F, S, A. It is the only thing in Canada that is completely tax-free. Your salary is taxed. Your RRSP is eventually taxed. Your real estate is taxed. The TFSA is the only place where money grows and comes out without the government taking a piece.

ADDRESSING THE FIVE PROBLEMS

What makes the TFSA transformative for financial independence is not just the tax shelter. It is what the tax shelter makes possible when combined with an income-oriented investment strategy.

The conventional FIRE approach requires selling assets to fund retirement. The income approach inside a TFSA does not. Distributions from covered call ETFs, split corporations, dividend stocks, and other income-generating investments arrive monthly, automatically, without requiring a sell decision. You spend what you need and reinvest the rest.

This addresses the drawdown problem directly. You are not selling anything. You are not calculating a sustainable withdrawal rate. You are not paying a financial planner to manage the mechanics of spending down your savings. The income arrives, and you live on it. It also changes the experience of a market crash. Starinieri's portfolio lost roughly thirty to thirty-five

percent of its market value during the COVID crash in early 2020, just months after he had moved everything in. But the income kept coming. The covered call premiums continued to generate distributions even as share prices fell. He did not have to sell anything at the bottom. He just kept collecting the income and reinvesting the surplus. The portfolio recovered. The income never stopped.

For someone using the conventional sell-to-live approach, that same crash would have been devastating. Selling assets at depressed prices to meet living expenses permanently impairs the portfolio's ability to recover. That is sequence of returns risk. The income approach does not eliminate it entirely, but it dramatically reduces its impact because the investor is not a forced seller in a falling market.

The tax advantage compounds the effect. Every dollar of income inside a TFSA is received in full, with no annual tax drag. Over a thirty-year retirement, the difference between taxable and tax-free income compounds into a sum that can dwarf almost any other financial decision a person makes. And because TFSA income is not reported as taxable income, it does not trigger Old Age Security clawbacks.

THE RRSP MELTDOWN STRATEGY

Mountain identifies one additional Canadian-specific strategy worth understanding: the RRSP meltdown. During retirement, when your taxable income is low, strategically draw down your RRSP and move the proceeds into your TFSA. The reason: an RRSP left intact at death is taxed in full at the marginal rate. A TFSA is not. By methodically emptying the RRSP into the TFSA during your lifetime, you convert taxable assets into the tax-free income engine, and whatever remains in the TFSA passes to your heirs without a tax event. It is practical, actionable, and uniquely Canadian.



Adriano Starinieri and his wife Erica started investing for fun in 2010, with no financial background, while aggressively paying down their mortgage.

They tried stock picking first and hated it: stressful, time consuming, and entirely at the mercy of prices. Dividend stocks came next, until high-yield holdings taught them the hard way that payouts can be cut. Covered call ETFs solved the puzzle, delivering high, consistent income from blue chip companies with none of the work.

In 2019 they sold their condo, paid off in seven years instead of twenty, invested everything, and became financially independent in their mid-thirties.

Erica quit her job that December. Adriano followed in 2021 to run Passive Income Investing full time. They now call Panama home.



**WATCH MORE OF THE
CONVERSATION**

Scan the QR code or visit
personalcapital.ca/maple_adriano

know the range of what your portfolio can generate: the best case, the worst case, and whether you can survive the worst case comfortably. If you can, the anxiety largely disappears. You are not watching a number shrink. You are watching a system operate.

ONE PRACTITIONER'S JOURNEY

Adriano Starinieri did not arrive at his investment philosophy overnight.

From 2011 to 2017, while he and his wife were focused on paying off the mortgage, he dabbled in swing trading, making more money than he lost. More importantly, he recognised the time and energy it consumed were enormous relative to the returns. He was playing a game that rewarded constant attention and emotional discipline, and he began to suspect that the people who always made money in the market were not the players.

“I’m a very lazy person. I want something automated where I don’t have to sell anything, I don’t have to manage anything. Have your cake and eat it too.” — Adriano Starinieri

That insight crystallised into a philosophy he describes with a casino analogy. Speculating is being a player at the casino, chasing the hot hand, hoping your timing is better than everyone else’s.

Investing is owning a tiny piece of the casino itself. You buy everything. You hold it. You collect the income. You let time do the work.

He migrated from swing trading to dividend stocks, then to covered call ETFs. During the COVID crash, he learned something permanent: his dividend stocks cut or reduced their payouts. High Yield Stocks trimmed dividends. REITs suspended distributions. But his covered call ETFs kept paying. The premiums are generated by the options market, not by company earnings. They cannot be cut the way a dividend can.

That experience was the catalyst. He migrated his entire portfolio to covered call ETFs, eventually moving to lightly leveraged versions that use modest borrowing at the fund level to enhance both income and total return. Today his portfolio is entirely in these products, generating monthly tax-free income that sustains his life in Panama.

The Canadian Covered Call Industry has evolved substantially in the last 5 years. If your goal is to maximise your net worth over ten or more years, covered call ETFs can also be a viable solution now, thanks to the innovative strategies and modest leverage integrated in the ETFs. The result is clear: Some of these funds have similar total returns vs Index funds with dividends reinvested. His strategy is optimised for consistent income but can also be a viable option for accumulation. It is a strategy for someone who has decided what enough looks like and has built a system to deliver it.

The YouTube channel started because friends at the gym kept asking how he was doing it. That transparency, he acknowledges, has made him a more disciplined and probably more conservative investor than he would be if nobody were watching. His advice to anyone starting out: start with a strong foundation.

‘Buy the S&P 500 or a broad market index. Build your knowledge from there. Do not start with the exciting, high-yield products. Those come later, after you understand what you own and why you own it.

“The risk with leverage is emotional. If you’re the type of person who trades with your heart instead of your head, leverage is throwing gasoline on that fire.”

— Candace Mountain

THE EDUCATOR’S FRAMEWORK

Candace Mountain is the analytical voice that explains what the practitioner’s experience means and where its limits lie. She agrees that the TFSA, used as an income engine, addresses the major execution problems of conventional FIRE. But she brings a researcher’s caution to the specific claims.

On the four percent rule, she is unequivocal. It does not make sense for an income investor. It looks great on paper when the market is cooperating, but when the market turns, a person who depends on selling assets to live is forced to sell at a loss. The income approach avoids that trap. Distributions arrive regardless of what the share price is doing.

On total return, whether lightly leveraged covered call ETFs can match a plain index fund while generating higher



Candace Mountain came to investing with no financial background and two science degrees, a double major in biology and chemistry.

When the pandemic hit, a Kevin O’Leary video about compounding sent her down a rabbit hole she never came out of. She approached the market the way she was trained to approach everything: research first, test the thesis, follow the evidence.

That discipline became Mountain Finance, a YouTube channel where she gives DIY investors the frameworks to make their own decisions rather than telling them what to buy. She is currently building a TFSA from nothing, five hundred dollars at a time, live on camera, in a series she calls the Zero to One Hundred K Challenge.

Every decision, including the mistakes, is public.



**WATCH MORE OF THE
CONVERSATION**

Scan the QR code or visit
personalcapital.ca/candace



“Slow and steady wins the race and there’s a lot of glory in being boring. The people I know in real life who’ve built significant wealth have done the boring, slow stuff.”

— Jessica Moorhouse

income, she is more measured. The leverage helps. Holding an extra twenty-five percent of the underlying assets means receiving an extra twenty-five percent in distributions, even when the market is down. In moderate conditions, the leverage can recapture some of the upside that covered call writing sacrifices. But in a strong bull market, the leverage is not enough to close the gap. You should not expect to take the income and get the full growth at the same time.

On risk, she draws a distinction the income investing community often blurs. NAV erosion, the decline of an ETF’s value even when its underlying assets are rising, is real and diagnosable. If the assets inside the ETF are going up and the ETF itself is going down, something is wrong with the product. But return of capital, which many investors confuse with NAV erosion, is a tax classification, not a warning sign. The two are frequently conflated, and the confusion costs investors both money and sleep.

She offers a practical threshold. Fifteen percent. Once a fund’s yield goes north of fifteen percent, she starts looking hard. Below ten, she checks the fundamentals but does not

worry much. Between ten and fifteen is the zone. Above fifteen, the burden of proof shifts to the product.

Her view on portfolio construction diverges from Starinieri’s. She believes in diversifying across strategies, not just holdings. While she sees no inherent danger in lightly leveraged covered call ETFs, she would not put an entire portfolio in them. She recommends mixing in other income tools, including split corporations, a uniquely Canadian product that combines growth and income without capped upside. Split corps were invented in Canada and are available nowhere else in the world.

BEFORE YOU START: A REALITY CHECK

Jessica Moorhouse has spent nearly fifteen years in Canadian personal finance, first as a blogger, then as a podcaster, and eventually as a credentialed financial professional and the author of *Everything But Money*, a Globe and Mail bestseller about the hidden barriers between Canadians and financial freedom. She has been on both sides of the DIY question, and that dual perspective is what makes her observations worth hearing before you act on anything you have just read.



HEAR MORE FROM JESSICA MOORHOUSE

Jessica Moorhouse is the author of *Everything But Money* and the host of the More Money Podcast.

Watch the full conversation.

She has watched FIRE evolve from a niche internet subculture into a mainstream aspiration. She has spoken with people who achieved it and found exactly what they were looking for. She has also spoken with people who achieved it and discovered, as she puts it, that the feeling they thought would go away was still there.

Her perspective is not that FIRE is wrong. It is that FIRE, pursued without self-examination, can become an elaborate way of running from something you have not yet identified. Before you chase a number, she argues, you need to ask yourself questions that have nothing to do with investing. Why do you want to stop working? Why that number? Why that age? Keep asking why until you get past the financial surface to whatever is underneath. Sometimes the answer is a genuine desire for freedom. Sometimes it is a childhood spent hearing no, a career that erodes your sense of value, or an anxiety you have mistaken for ambition. Money can provide security, opportunity, choice, and freedom. But it cannot provide community, purpose, or belonging.

She is candid about the cost of extremes. You never get your twenties and thirties back. People who invested everything, sacrificing their social lives, their relationships, and their present for a future that turned out to feel different from what they imagined, sometimes look back and are not sure they would make the same choices. Some go back to work. Some go back to school. That is not failure. That is a sign they should have asked different questions earlier.

On financial content creators sharing portfolios publicly, Moorhouse sees both value and risk. The transparency is helpful, particularly for a generation that grew up in a culture where money was taboo. But someone showing you what worked for them is not the same as someone telling you what will work for you. Past returns are not promises. Risk profiles are personal. She herself deliberately does not share her own holdings.

What matters is not what someone else owns, but whether you understand why you own what you own.

Do not think the only way to achieve financial independence is doing something risky, exciting, or fast. And remember that the most important question is not how much you need, but why you need it.

A PRACTICAL ROADMAP

The hardest part of any financial journey is not tactical. It is the gap between knowing what to do and actually doing it. What follows is not financial advice. It is a practical framework, grounded in the Canadian financial system, that can compress the timeline to financial independence for a motivated Canadian investor.

MAXIMISE THE TFSA FIRST.

If it is empty, it should be the first account you fund. If it has cash sitting in it earning a savings rate, that cash should be invested. The TFSA is not a savings account. It is the most powerful wealthbuilding tool available to Canadians. The exception: do not put highly speculative investments in your TFSA. If they go to zero, you lose the contribution room permanently.

GLOSSARY

TFSA (TAX-FREE SAVINGS ACCOUNT): A Canadian registered account in which investment growth, dividends, and withdrawals are permanently tax-free. Annual limit: \$7,000. Lifetime room for eligible Canadians since 2009: approximately \$109,000.

RRSP (REGISTERED RETIREMENT SAVINGS PLAN): A tax-deferred account. Contributions reduce taxable income in the year they are made; withdrawals are taxed as income. Subject to US-Canada tax treaty protections that the TFSA is not.

COVERED CALL ETF: An exchange-traded fund that generates income by writing (selling) options contracts on its underlying holdings. The trade-off: higher income in exchange for capped upside potential.

SPLIT CORPORATION: A uniquely Canadian investment structure that divides a portfolio into preferred shares (stable income) and Class A shares (growth plus higher distributions). Invented in Canada; available nowhere else.

NAV EROSION: A decline in an ETF's net asset value that is not explained by a corresponding decline in its underlying holdings. A sign that the fund may be distributing more than it earns.

RETURN OF CAPITAL (ROC): A tax classification indicating that a portion of a distribution is being returned from the fund's capital rather than from earned income. Reduces the investor's adjusted cost base. Not inherently negative and frequently confused with NAV erosion.

RRSP MELTDOWN: A strategy of systematically withdrawing from an RRSP during low-income retirement years and re-investing in a TFSA, converting taxable assets into the tax-free income engine over time.

THE ENOUGH NUMBER: The monthly income a portfolio needs to generate, after accounting for eventual CPP and OAS, to sustain the life you actually want to live.

CPP (CANADA PENSION PLAN): A mandatory contributory pension. Maximum benefit at 65: approximately \$1,433/month. Delaying to 70 increases the payment by 42%, permanently.

OAS (OLD AGE SECURITY): A government benefit available to most Canadians 65 and older. Maximum: approximately \$727/month. Subject to clawback above roughly \$90,000 in annual income.

START WITH A STRONG FOUNDATION.

Begin with a broad market index fund. The S&P 500 or a Canadian all-in-one ETF. Build your knowledge from there. Do not start with gimmicky, high-yield products. Start with the most boring thing you can buy, and let compounding do the work while you learn. There is a lot of glory in being boring.

THINK IN TERMS OF RUNWAY.

If your runway is long, say twenty or more years, your priority is total return, not distributions. Growth assets. Broad market exposure. As the runway shortens, you begin to transition: gradually introducing income-generating investments, slowly converting a growth portfolio into an income machine. That transition might take a decade. You do not wake up one morning and decide you are an income investor. You work it in.

CALCULATE YOUR ENOUGH NUMBER.

The conventional FIRE formula asks: how much does the portfolio need to be worth? The income approach asks: how much does the portfolio need to generate each month? That is your Enough Number, the monthly income that sustains the life you actually want to live. But make sure you know why that number matters to you. Define what enough means before you start optimising for it.

USE THE RRSP STRATEGICALLY.

Use the RRSP strategically. If your employer offers matching, contribute enough to get the full match. For U.S. dividend-paying stocks or U.S.-listed ETFs, an RRSP can eliminate the 15% U.S. withholding tax that generally applies in a TFSA. In retirement, a planned RRSP drawdown ("meltdown") strategy may allow you to withdraw funds at lower tax rates, potentially move some assets into a TFSA, reduce future RRIF withdrawals, and lessen the tax burden that could arise from leaving a very large RRSP/RRIF estate.

INVEST WITH YOUR HEAD, NOT YOUR HEART.

Mountain identifies the primary risk of leveraged products as emotional: the panic that causes people to sell at the bottom and buy at the top. Starinieri frames it as the distinction between investing and speculating. And Moorhouse warns that in a bull market everyone is a genius, but the real test comes when things go down. The hardest thing you will ever do as an investor is nothing at all.

THE QUESTION

On that weekday morning in Panama City, Adriano Starinieri is thinking about a question someone asked in his YouTube comments: is it too late to start?

He hears this often. People in their forties who feel they have missed the window. People in their thirties watching the cost of living climb and wondering whether any of this is actually possible for someone like them. People in their twenties who are saving but do not quite believe it will ever be enough.

The best time to start investing, Mountain says, was yesterday. The next best time is today.

Has Canada accidentally built a better path to financial independence? For investors who take the time to understand the tools, who start with a strong foundation, who resist the temptation to chase yield before they have built the capital to sustain it, who invest with their heads rather than their hearts, and who know why they are doing it in the first place, the answer may be yes.

The infrastructure is there. The tools exist. The number is not the point. The life is the point. The question is whether you will use them.

The Canadian income machine

Canadians are converting their portfolios into monthly income through covered call ETF's, funds that trade a slice of tomorrow's growth for cash flow today, at a scale no other investing nation matches.

\$10B →
\$35B+

ASSETS UNDER MANAGEMENT
2019 TO SEPTEMBER 2025

~50 → ~200

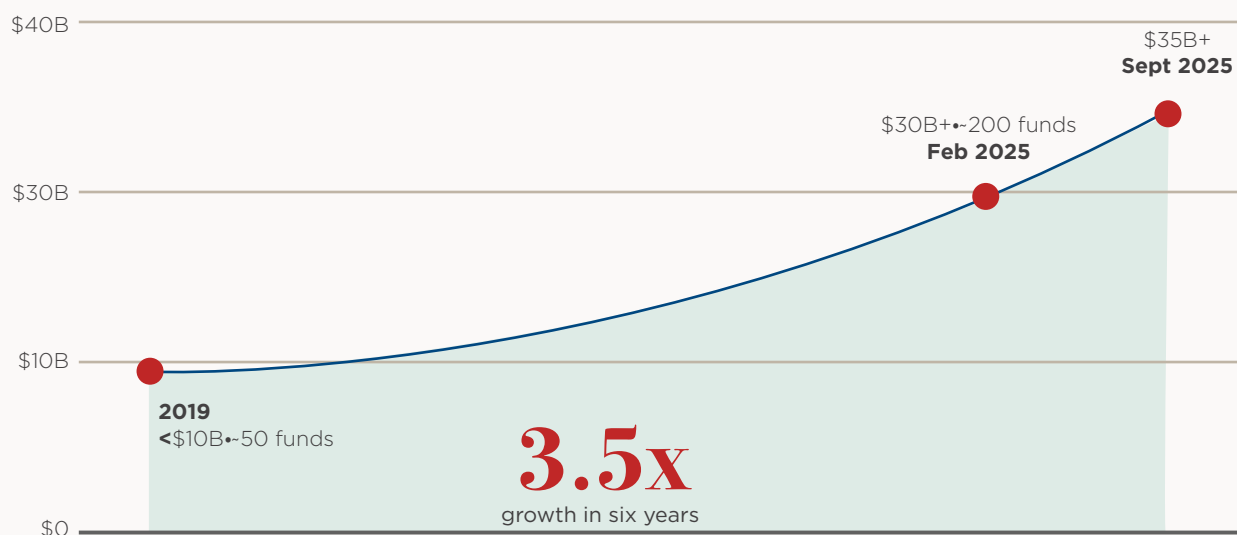
COVERED CALL ETFs IN CANADA
2019 TO FEBRUARY 2025

\$9.8B

FLOWED IN DURING
2025 ALONE

ASSETS UNDER MANAGEMENT, CANADIAN COVERED CALL ETFs

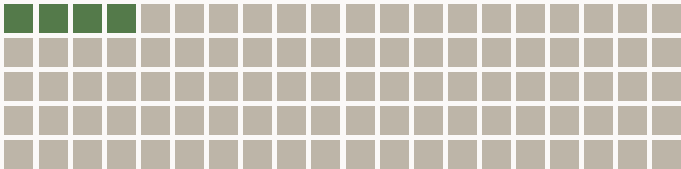
Verified milestones. The category has more than tripled since 2019.



- 2011**
The first Canadian covered call ETF launches. A classic options strategy becomes a product anyone can buy.
- 2019**
Roughly 50 funds managed under \$10 billion. Still a specialist's corner of the market.
- 2020-22**
A pandemic, a rate shock, and a bear market send investors hunting for income that doesn't depend on selling.
- 2025**
\$9.8 billion flows in during a single year. Seventeen providers now compete in the category.

A NATIONAL HABIT

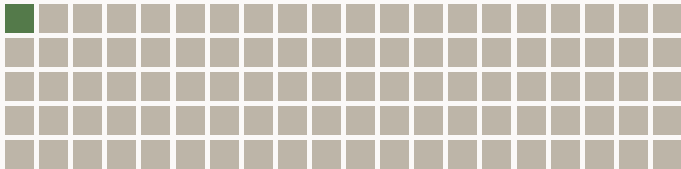
The American covered call market is larger in raw dollars, roughly US\$145 billion. But measure it against each country’s total ETF wealth, and Canada’s commitment stands alone.



CANADA

~\$4

Of every \$100 Canadians hold in ETF’s, nearly four dollars sit in a covered call fund.



UNITED STATES

~\$1

Of every \$100 Americans hold in ETF’s, just over one dollar sits in a covered call fund.

Measured as a share of each country’s ETF market, **Canadians hold roughly three times more** of their ETF wealth in covered call strategies than Americans. The behaviour indicates something simple: Canadian investors are prioritising steady monthly income over maximum growth.

WHAT THE MONEY IS SAYING

Every dollar here accepts the same trade: capped upside in exchange for monthly income. Thirty-five billion dollars is not a fad. It is a preference. Canadians want income they can plan a life around.

FOUR FORCES BEHIND THE FLOW

Why the money keeps coming.

1 FOUR FORCES BEHIND THE FLOW As GIC and bond yields slid below the 5% investors had grown used to, high-distribution equity funds absorbed the demand.	2 THE INDEPENDENCE MOVEMENT A generation of self-directed investors is building monthly income to buy back their time, decades ahead of traditional retirement. Cash flow is not a retirement feature, it’s the plan.
3 TAX TREATMENT Option premium income is generally taxed as capital gains, more favourably than interest income in non-registered accounts.	4 THE TRADE-OFF, PRICED IN Capped upside in exchange for income today. In flat or falling markets the trade looks smart; in roaring bull markets it costs. The flows suggest Canadians know, and choose income anyway.

A CURIOUS FACT

Single-stock ETFs reveal the instinct gap most starkly. Handed the identical building block, **87% of American** single-stock ETFs amplify the bet with heavy daily-reset leverage, while **98% of Canadian** ones monetise it with covered calls. Even when Canadian funds borrow, it is typically a modest 1.25x in service of higher income, not 2x in service of bigger swings. Same tool. Opposite instinct.

FOR EDUCATION ONLY. NOT INVESTMENT ADVISE. Category data describes the Canadian covered call ETF market as a whole and no specific product. Capital call strategies cap upside participation in exchange for option premium income and can underperform broad market indexes over long horizons; distributions may include return of capital. Sources: Morningstar Canada (Canadian fund count and AUM, 2019 and February 2025); Mackenzie Investments via The Canadian Press (AUM and provider count, September 2025); TD Securities (2025 Canadian flows; single-stock ETF composition); Morningstar via Reuters (U.S. derivative-income fund assets, min-2025). Market-share comparison based on approximate total ETF assets of roughly C\$950 billion (Canada) and US\$11 trillion (United States). Figures as reported; category totals evolve monthly.



The ETFs do not have a fixed distribution amount. The amount of monthly distributions may fluctuate monthly, quarterly or annually, as applicable, and there can be no assurance that the ETFs will make any distribution in any period. The amount and date of any ordinary cash distributions of the ETFs will be announced in advance by issuer. Each ETF intends to pay monthly distributions based on its ability to generate monthly cash flows from writing covered call options and any dividends received on the Portfolio Securities held in such ETF's portfolio, as applicable (collectively, the "Funds"). Commissions, trailing commissions, management fees, performance fees (if any), and other expenses all may be associated with investing in the Funds. Please read the prospectus carefully before investing in the Funds. Other risks include: market risk; interest rate risk; foreign currency risk; credit risk; counterparty risk; operational risk; liquidity risk; volatility risk; leverage risk; derivatives risk; energy risk; equity investment risk; exchange risk; mutual fund corporation risk; fund of funds investment risk; halted trading; and other risks associated with an investment in a Canadian public issuer; specific issuer risk; tax risk; trading price of ETF shares risk.

Take your yield higher.

Ninepoint HighShares are designed for income-focused investors, combining blue-chip Canadian or U.S. stock exposure with covered calls and modest leverage to target higher monthly income.

Why invest in Ninepoint HighShares?

Lower Fee

At 0.29%, Ninepoint HighShares is the lowest-cost Canadian single-stock covered call ETF — helping reduce cost drag on compounded monthly income.

Active Management

Covered calls demand daily, active decisions that directly influence income and total return.

Institutional Experience

Every option is managed with the same discipline. Ninepoint applies across \$8+ billion in high net-worth and institutional mandates.

Learn more:
ninepoint.com/highshares



particular period or periods. The amount of ordinary cash distributions, if any, will be based on the Manager's assessment of the prevailing market conditions. The amount of distributions may vary if there are changes in any of
ance of a press release. Subject to compliance with the investment objectives of the ETFs, the Manager may, in its complete discretion, change the frequency of these distributions and any such change will be announced by press
pplicable. The Manager will review the level of distributions for each ETF on a quarterly basis to consider the sustainability of such distributions. Ninepoint Partners LP is the investment manager to the Ninepoint HighShares ETFs
vesting. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any
financial advisor to determine whether securities of the Funds may be lawfully sold in their jurisdiction. The Fund is generally exposed to the following risks: absence of an active market for ETF Shares risk; borrowing risk; capital
ding of ETF shares risk; inflation risk; interest rate risk; large capitalization issuer risk; leverage risk; market risk; no ownership risk; passive Canadian public issuer investment risk; performance risk; regulatory risk; risks associated





Trust is the product

INSIDE BLOSSOM, THE PLATFORM BETTING THAT TRANSPARENCY WILL MAKE
YOU A BETTER INVESTOR, AND WHAT EVERY DIY INVESTOR SHOULD
UNDERSTAND BEFORE THEY FOLLOW THE FEED

It starts with a feeling you already know. You open the app on a Tuesday morning and see that three investors you follow have bought the same mid-cap stock overnight. Their portfolios are verified, linked to real brokerage accounts, showing real money. One of them has posted a short thesis: undervalued relative to sector, strong free cash flow, catalysts in the next quarter. The other two have simply bought. The urge to follow is immediate and visceral. You trust these people. You can see what they own. The question is whether that's enough.

That question, what it means to trust what you see in a social investing feed, and whether trust alone makes you a better investor, is the question that Blossom Social was built to answer. Four years in, with 800,000 users across Canada and the United States, the answer is still evolving. But the conversation it has started is one that every DIY investor needs to hear.

A SCARY PLACE

Annika Ng, Blossom's co-founder and chief operating officer, remembers the moment clearly. It was 2021, the height of the GameStop frenzy, and she was just getting into investing herself. She went looking for community online and found what millions of other new investors found: Reddit threads full of anonymous accounts making unverifiable claims, Twitter personalities promoting positions they may or may not have held, and a culture that rewarded confidence over competence.

"It was kind of like a scary place," she says. "It wasn't somewhere that I would necessarily want to go to learn about investing."

Ng didn't fit the mould of the traditional investor. She knew it. She came from an immigrant family where money was a source of anxiety, not opportunity. She had worked at a bank branch and seen, up close, how financial advisors' incentives didn't always align with their clients' best interests. And she had watched the



Kartik Bhutani, Maxwell Nicholson, Brandon Beavis, Annika Ng

GameStop saga reveal, in real time, how dangerous social media could be when it intersected with financial decisions.

The idea she and co-founder Maxwell Nicholson landed on was deceptively simple: what if you built a social platform for investors where every profile was a verified portfolio? Not a curated bio or a persona, but your actual holdings, linked directly to your brokerage account. When you made a trade, it would automatically share with the community. And the platform would ask you a question that most social media never bothers with: *why*?

That was Blossom. And four years later, the response has exceeded anything its founders anticipated. One in ten millennial investors in Canada now uses the platform. Half the community is American. The app was named to Apple's Top 25 list. And the conversations happening inside it, about markets, psychology, and the relationship between money and identity, have become something that its founders find as interesting as the business itself.

TRUST IS THE PRODUCT

Ask Ng what makes Blossom different from the platforms that came before it, and she doesn't talk about features or technology. She talks about trust.

The mechanics of that trust are straightforward. Users link their brokerage accounts (Wealthsimple, Questrade, BMO, whatever they trade with) and their holdings are verified and shared publicly. You can't claim to own something you don't. You can't hide the parts of your portfolio you're not proud of. And when you make a trade, the platform notifies your followers and prompts you to explain your reasoning.

This matters. Blossom doesn't just show you what someone bought. It asks them why they bought it. And because you can see their entire portfolio, not just the trade in isolation, you can evaluate the decision in context. How much of their portfolio does this position represent? What else do they hold? Is this a small speculative bet inside a conservative core, or a concentrated position that defines their strategy?

That depth of context is something you cannot get on any other platform. On Reddit or Twitter, someone tells you they're bullish on a stock. On Blossom, you can see whether they actually own it, how much of their portfolio it represents, and whether they're adding to the position or quietly reducing it while talking it up.

"You literally can't get these insights anywhere else," Ng says. The data the platform generates (how many users hold a particular ETF, what the most-bought and most-sold securities are in any given period, which products are trending on watchlists) is a form of market intelligence that is unique to a verified community. It is social proof, but it is social proof with receipts.

THE DISCIPLINE OF BEING WATCHED

There is an interesting side effect of building a platform on radical transparency: it changes the behaviour of the people being transparent. Ng has seen it in herself.

"I've maybe wanted to invest in a stock that was a little bit... who knows?" she says, choosing her words carefully. "And I thought, can I actually justify this to the community when this gets posted? Can I explain to people the reason why I'm investing, with conviction, with data and facts to back it up? And if the answer is no, maybe I think twice."

This is the observer effect applied to investing, a concept rooted in the idea that being watched changes the behaviour of the person being watched. On most social media platforms, that effect is corrosive: people perform confidence they don't feel, curate success they haven't earned, project an identity that serves their audience rather than their actual interests. Ng argues that on Blossom, the effect runs in the opposite direction. Transparency becomes a form of self-discipline.

Her co-founder Brandon Beavis, who has 250,000 subscribers on YouTube and a large following on Blossom, experiences this acutely. Ng notes that his portfolio is more conservative than it might otherwise be, specifically because he knows how many people are watching. The ETFs he picks, the allocation he holds, the brand partnerships he takes on. All of it is shaped by an awareness that his decisions have

downstream effects on the people who follow him. Blossom enforces this transparency structurally. Users cannot share a partial portfolio. If you link your brokerage, you share everything. Ng explains the philosophy: "If there is a part of your portfolio that you want to hide, ask yourself why. What is the psychology there? Why don't you want people to know about it? And if you don't want people to know about it, should you be investing in that?"

It is an interesting inversion of the usual social media dynamic. Instead of transparency enabling performance, it enables accountability. Whether that accountability is always comfortable is another question, and one the platform is still learning to answer.

THE TRAP THAT MOST SOCIAL MEDIA FALLS INTO

Ng names the tension at the heart of Blossom's business without being asked.

"It's really easy to fall into this trap that most social medias are, which is how to get you to stay on the platform as long as possible until your brain rots." — Annika Ng

Consider what she is saying. Ng is describing the fundamental incentive structure of every feed-based product: engagement drives revenue, and the most reliable way to drive engagement is to keep users on the platform as long and as often as possible. Blossom is not immune to this. Eighty percent of its revenue comes from media partnerships with ETF issuers and financial brands paying to reach its verified, financially active audience through educational content. Those partnerships are worth more when users are engaged frequently and deeply.

The tension is structural: Blossom's business succeeds when users engage more. But the most consistent finding in behavioural finance is that retail investors who check their portfolios less frequently and trade less often get better returns. The best investing, for most people, is boring, infrequent, and largely automatic.

“Blossom wouldn’t be successful
or exist without trust.
Trust is our product.”

— Annika Ng



So how does Blossom reconcile these two realities?

Ng points to the natural rhythm of the markets: there is always something to discuss, and engagement patterns track sentiment. Red days produce less activity on the platform; green days produce more. She argues that the engagement Blossom generates is educational rather than transactional, with users learning and discussing, not necessarily trading. And she points to specific design decisions: the daily streak feature, for instance, asks trivia questions about markets and investing concepts rather than prompting trade activity.

“I wouldn’t say we’ve cracked it yet,” she says of the challenge of amplifying the right kind of content. “But it’s definitely something we’re constantly thinking about.”

THE USER THEY REMOVED

The most revealing moment in the interview comes when Ng describes a specific decision the company made about a high-profile user.

The user was posting constantly. They were generating enormous engagement: followers, likes, comments, all the metrics a social media platform lives on. From a pure business perspective, this person was exactly what you want: an active, magnetic presence driving the kind of activity that makes a platform sticky and attractive to advertisers.

“Objectively, as a social media platform, this is awesome,” Ng says. “We have a really engaged person who’s posting all the time. He’s getting followers, he’s creating engagement.”

But the content didn’t align with what Blossom was trying to build. The user was veering into territory that looked more like trade signals and hype than education and analysis. And so Blossom made the decision to remove them.

“It just didn’t align with our values,” Ng says. “There are other platforms out there where they can go and do that, and that’s probably a better community for them. But that was a very difficult decision for us as a business.”

Stories like this are easy to tell after the fact and hard to verify from the outside. But what makes Ng’s account credible is the tension she leaves in it. She doesn’t pretend the decision was easy or obvious. She names the business cost explicitly. And she frames it as a choice between what the metrics wanted and what the mission required. It is a choice that every platform built on trust will eventually face, and that most will resolve in favour of the metrics.

WHAT 800,000 INVESTORS HAVE TAUGHT BLOSSOM ABOUT YOU

Four years of watching hundreds of thousands of people make financial decisions in a social context has given Blossom’s founders an unusual vantage point on investor behaviour. Some of what they’ve learned confirms what behavioural finance has long suspected. Some of it is new.

The gender differences are real but nuanced. Ng observes, speaking generally as she is careful to note, that men on the platform tend to take bigger bets and gravitate toward riskier, more analysis-heavy topics. Women tend to be more conservative and more

FIVE QUESTIONS TO ASK BEFORE YOU FOLLOW A TRADE

Before you act on anything you see in a social investing feed, whether Blossom or otherwise, take sixty seconds with these five questions.

1. What percentage of their portfolio is this? A position that makes up two percent of someone’s holdings is a speculative bet. A position that makes up twenty percent is a conviction play. The same trade means very different things at different sizes.

2. Do I understand their why, not just their what? Verification tells you what someone owns. It does not tell you why. If you cannot articulate the thesis behind a trade in your own words, you are not learning from it. You are imitating it.

3. Does this fit my money psychology, or theirs? Someone who grew up watching risk pay off will invest

differently from someone who carries anxiety about money. Both can be right. But their right trade might be your wrong one.

4. Am I following the crowd, or learning from it? Social proof is most valuable when it challenges your thinking, not when it confirms it. If three people you follow all bought the same stock, that is interesting. It is not a recommendation.

5. Would I make this trade if nobody were watching? The observer effect works both ways. If the only reason you are considering a trade is that someone you respect made it, that is social proof doing your thinking for you. The best trade is always the one you can justify to yourself, alone, with the screen off.

MARKET PSYCHOLOGY VS. MONEY PSYCHOLOGY

One of the most useful ideas to emerge from the interview is Annika Ng's distinction between two types of investor psychology that every DIY investor should understand.



MARKET PSYCHOLOGY is your short-term emotional reactivity. When the market drops, do you panic and sell? When it surges, do you pile in? When a stock you own has a bad earnings day, do you react to the price or re-evaluate the thesis? This is the psychology that most financial writing covers, and the one Blossom sees play out in real time: red days produce less engagement; green days produce more.

MONEY PSYCHOLOGY is deeper, longer-term, and more personal. It is your fundamental relationship with money, shaped by family, culture, class, and experience. Ng speaks to this from her own life: as the child of immigrants for whom money was always tight, she carries what she calls “trauma around money.” Looking at her portfolio causes anxiety. Her ideal investment style, set it and forget it, is not a market thesis. It is a psychological reality.

The insight for the DIY investor: before you decide what to invest in, understand why you relate to money the way you do. Your market psychology tells you how you'll react to a red day. Your money psychology tells you why.

Social platforms Canadian DIY investors use for research & education



Sources: BC Securities Commission Research (2024); Blossom internal data (2026)

inclined toward a set-it-and-forget-it approach. But the more interesting finding cuts across gender: even users whose loudest conversations are about exciting, speculative positions typically hold those positions as a very small portion of their overall portfolio. The signal is louder than the position. The hot stock that generates the most discussion might represent two or three percent of someone's actual holdings.

This is a crucial insight for anyone using a social investing platform. What people talk about and what they actually do are not the same thing, and on Blossom, unlike on Reddit, you can see both. The verified portfolio doesn't just show you what someone owns. It shows you the ratio between what they talk about and what they actually bet on. That ratio is often more instructive than any individual trade.

What surprised Ng most, though, is how much of the conversation on Blossom has nothing to do with stock picks. A significant portion of the discussions are about psychology itself: how people react to

market events, what they've learned about their own patterns, how their background shapes their investing style. The community, at its best, functions as a kind of collective self-examination, with people using transparency not to copy each other's trades, but to understand their own behaviour.

HOW BLOSSOM MAKES MONEY, AND WHAT THAT MEANS FOR YOU

The DIY investor who takes this magazine seriously is the kind of person who asks how any platform they use generates revenue. The answer tells you what you are in the ecosystem: the customer, or the product.

Blossom is transparent about this. Eighty percent of its revenue comes from media partnerships, with ETF issuers and financial brands paying to reach Blossom's audience through educational content. The flagship format is what Blossom calls Learn & Earn: structured video series and quizzes that teach users about investing concepts, with a brand sponsor attached. A recent example is a Ninepoint Partners



WHERE HER MONEY PSYCHOLOGY BEGAN

Annika Ng didn't come to Blossom through finance or technology. She came through money, specifically through the complicated relationship with money that shaped her childhood and her career before she ever thought about building a platform.

She grew up in an immigrant family in Vancouver where money was, in her words, always a sticking point. Her parents taught her the importance of saving out of necessity rather than theory. Her mother, who “truly came from nothing,” invested consistently enough to pay for both Annika's and her brother's university education and to help with down payments on their first homes. That example, of what disciplined, unglamorous investing can actually do for a family, is the emotional foundation of everything Blossom is trying to build.

Before Blossom, Ng worked at a bank branch, the kind of branch-level role where you sit with everyday people and see how they actually manage their money. She saw something that troubled her: the financial advisors in the branch weren't always acting in their clients' best interests. The incentive structures pointed elsewhere. One memory stands out: a nineteen-year-old came in with his mother, and Ng mentioned he was eligible for a credit card. His mother told him never to open one. Credit cards were dangerous, she said. The advice was well-meaning and completely misinformed, but Ng felt she couldn't correct it. The moment crystallised something: financial literacy was not reaching the people who needed it most.

When she left Arc'teryx, where she had run global after-sales operations, to start Blossom with Nicholson, her family's reaction was predictable. “I am Asian, so it was definitely taboo,” she says, laughing. Her father, who had grown up with instability, wanted stability for his daughter. Choosing instability was, as she puts it, “crazy for them.”

Her philosophy was simpler: “If Blossom fails, I go back to the corporate life. Who cares? I had nothing to lose.”



WATCH THE FULL CONVERSATION WITH ANNIKA

Scan the QR code or visit
personalcapital.ca/blossom

series on covered call strategies, a topic that is relevant to DIY investors and not widely understood, presented in an educational format with the sponsor's products introduced at the end.

Ng frames the standard clearly: education first, brand second. "We will never work with a company, no matter how much they're offering us, that doesn't align with our values," she says. The claim is a strong one, and the reader should hold it to the same standard of verification that Blossom holds its users to. The evidence in its favour is the removal story, a demonstrated willingness to sacrifice engagement for alignment. The evidence against it is the structural reality that eighty percent of revenue from brand partnerships creates a gravitational pull that no amount of intentionality can entirely eliminate.

The honest framing, for the DIY investor, is this: Blossom is a media business that sells access to a highly engaged, financially active audience. Its editorial standard, education first, is genuine and well-intentioned. But the reader should understand that when they engage with a Learn & Earn module, they are participating in a transaction that serves both their education and the sponsor's distribution. Those two things can coexist. Knowing that they do is part of being an informed user.

TWO COUNTRIES, TWO CULTURES

One of the more interesting things Blossom has learned through its US expansion is just how different Canadian and American DIY investors are, and the differences are more cultural than financial.

Canadian investors, Ng says, are more conservative. They gravitate toward ETFs and tend to build portfolios that emphasise stability and diversification. American investors, by contrast, fall more easily into trend-chasing. They are more drawn to stock picking, more willing to take risk, and more susceptible to the gravitational pull of whatever is viral at the moment.

"It was very surprising to us in some ways," Ng says. "Of course they're different. They're a whole different culture. But building the platform for the two audiences has been really interesting."

For the *Personal Capital* reader, this observation is worth internalising. The Canadian DIY investor's instinct toward conservatism and ETF-driven portfolios is not timidity. It may be one of the most reliable investing cultures in the world. When a platform that serves both markets tells you that the Canadians, as a group, are doing something different from the Americans, and that the difference looks a lot like discipline, that is a data point worth holding onto.

Looking ahead, Ng describes a vision for Blossom that goes beyond social investing into the broader "money journey." As users build wealth, some will want professional advice alongside their DIY approach. Blossom is thinking about how to bridge that gap, to be useful to someone at every stage of their financial life, not just the beginning. It is an ambitious vision, and whether the platform can execute on it remains to be seen. But the direction is right: meet people where they are, and grow with them.

BACK TO THE FEED

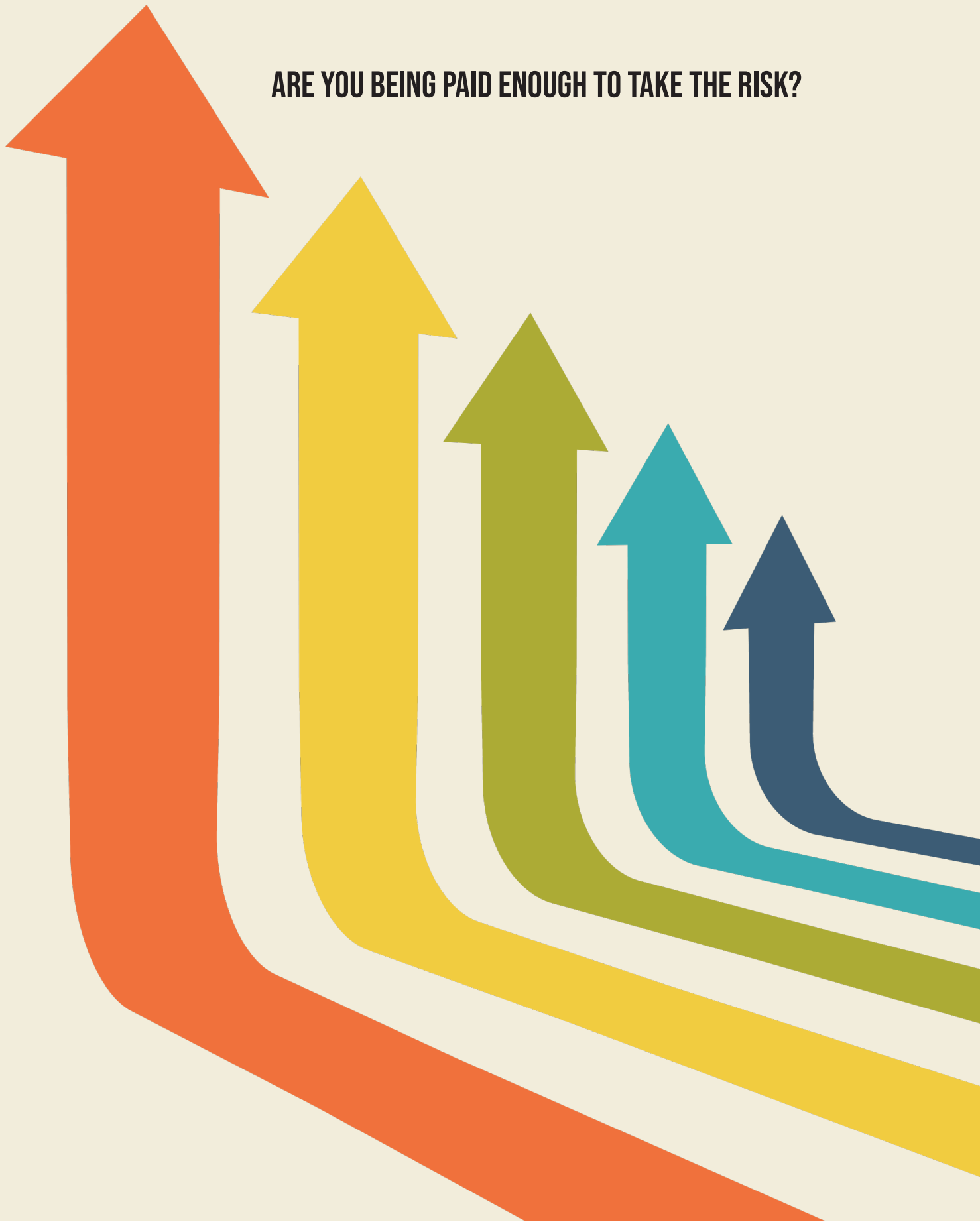
You are still looking at your phone on a Tuesday morning. Three people you follow have bought the same stock. Their portfolios are verified. Their money is real.

But now you understand something about what you're seeing that you didn't before. And the most important thing you can bring to this feed, or any investing platform, is not capital or sophistication. It is self-knowledge.

Annika Ng and her partners built Blossom because the investing internet was a scary place for someone like her. Four years later, what she and her co-founders have created is a community where trust is the product, where transparency disciplines as much as it reveals, and where the most valuable conversations are often not about what to buy, but about why you invest the way you do.

The three investors in your feed bought the same stock this morning. You can see their portfolios. You can read their reasoning. You can follow their trade. Or you can do something harder and arguably more valuable: you can use what they've shown you to ask better questions of yourself.

ARE YOU BEING PAID ENOUGH TO TAKE THE RISK?



the 5 charts that matter

Here's the simple idea that ties them all together. At any moment, you can earn a *guaranteed* return by lending money to the government and doing nothing else. That safe return is your starting line. Every other investment — stocks, company loans, property, infrastructure — is asking you to take on more risk, so each one has to pay you *more* than that safe baseline to be worth it.

The five charts walk through that logic step by step:

1. **THE RISK-FREE RETURN** sets the baseline — what you can earn with no risk at all.
2. **THE EQUITY RISK PREMIUM** asks whether stocks pay you enough above that baseline.
3. **PROFIT MARGINS VS. HISTORY** checks whether the profits holding up stock prices can actually last.
4. **CREDIT SPREADS** reveal whether lenders are calm or quietly bracing for trouble.
5. **REAL ASSET YIELDS** test whether buildings and infrastructure still beat just holding a safe bond.

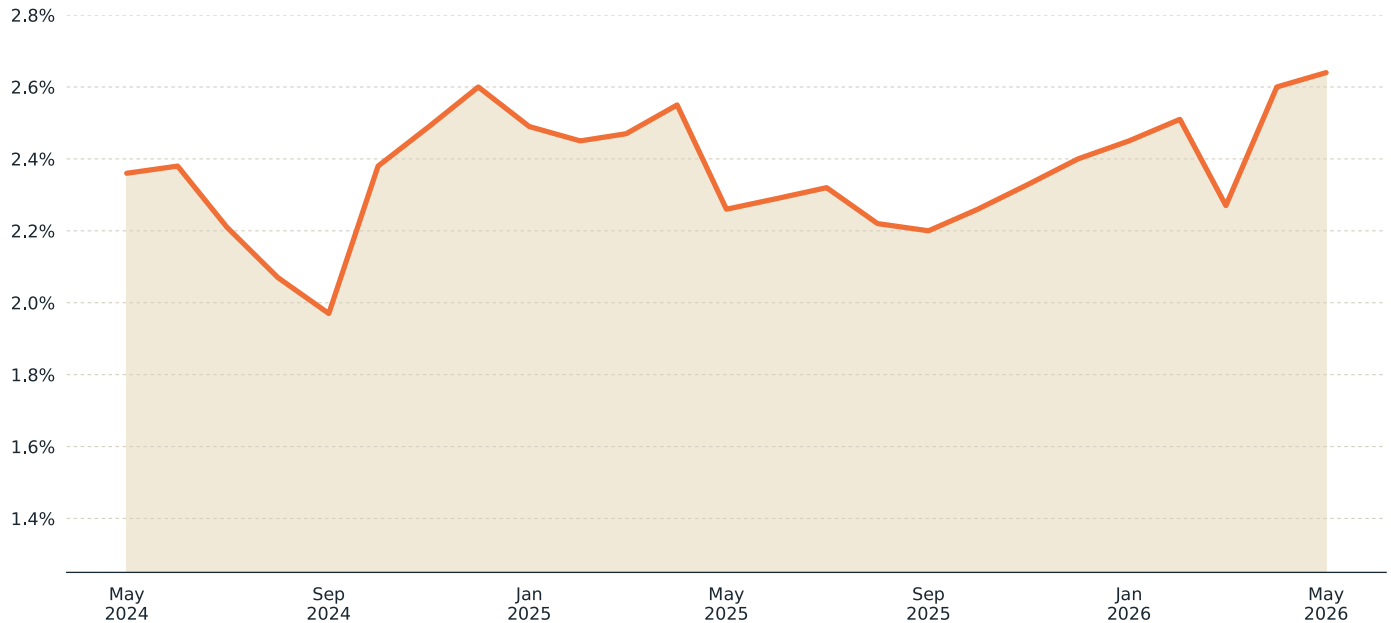
Read in order, they tell a single story: **when safe returns rise, every risky asset has to prove itself all over again.** That one sentence explains most of what moves markets — and once you can see it in these five pictures, the headlines start to make a lot more sense.

You don't have to memorize anything. Each chart comes with a plain-English translation and a simple cue for which direction is good news and which is a warning. Think of this as learning to read the weather, not predict it.

Chart 1

THE “RISK-FREE” RETURN

Real Yields on Safe Government Bonds (TIPS)



The one-sentence version: This is the return you can earn *guaranteed*, after inflation, without gambling on anything.

What you're looking at: The U.S. government sells bonds that promise to pay you back plus a little extra *on top of inflation*. This chart shows how much “extra” you get. If the line says 2%, it means your money grows 2% faster than prices rise — locked in, backed by the government, almost no chance of loss.

Why this is the most important chart to understand first:

Think of it as the *finish line everything else has to beat*. If a safe government bond pays you 2% above inflation for doing nothing, then a risky stock, a rental property, or your cousin's startup all have to offer *more* than that to be worth the risk. When this line goes up, the bar for every other investment goes up with it — and risky assets often get cheaper as a result.

The question it answers: “What's the most I can earn without *risking my money?*”

A way to feel it: Imagine a bank account that's guaranteed to beat inflation. When that “free money” rate is near zero (like 2010–2021), people pile into risky stuff to earn anything. When it climbs to 2%+ (like now), suddenly doing nothing pays decently — so money pulls *back* from risky bets. That tug-of-war moves markets.

CUES

Reading the line: *Higher = better for savers, tougher for risky assets like stocks. Lower = cheap “free money,” which pushes people toward risk.*

Don't be alarmed by this line's volatility — this line moves with every shift in growth and inflation news. Markets are constantly repricing these expectations.

What “good” and “bad” look like here:

- **Line going up** → The safe, do-nothing return is getting *better*. Good if you're a saver. A headwind for stocks, property, and anything risky, because they now have a higher bar to beat.
- **Line going down** → Safe returns are shrinking. Investors get pushed *out* of safety and into riskier bets to earn anything — often lifting stock and asset prices.

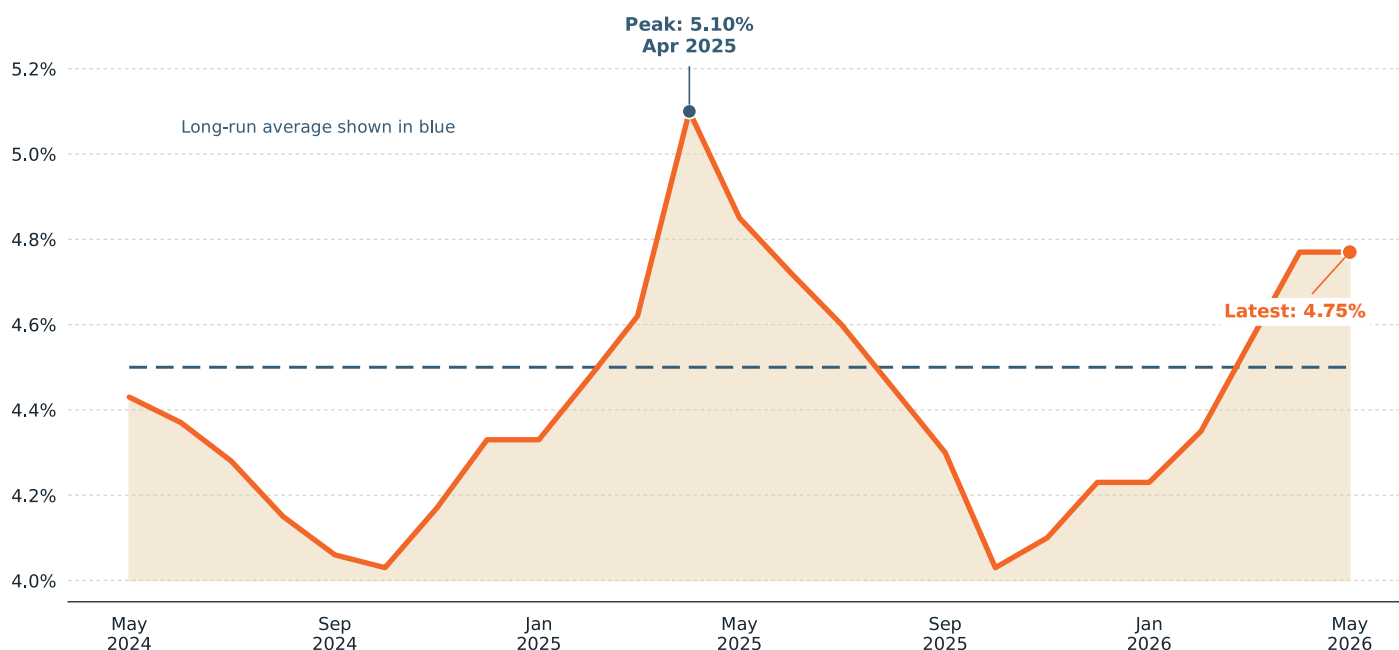
Where we are now: The line sits near **2.1%** and has drifted *upward* over two years. In plain terms: **a safe government bond now pays you about 2% above inflation for taking almost no risk**. That's a real return savers haven't seen in over a decade — and it means every risky investment has to work harder to justify itself.

Source: U.S. Department of the Treasury, Daily Treasury Real Yield Curve Rates (R-CMT). End-of-month readings. 5-yr, 10-yr, and 30-yr real maturities. May-2026 = 27-May snapshot.

Chart 2

ARE STOCKS WORTH THE RISK RIGHT NOW?

Implied Equity Risk Premium (ERP)



The one-sentence version: This is the extra reward you're being paid to own stocks instead of safe government bonds.

What you're looking at: Stocks are risky — they can crash. So investors expect to earn *more* from stocks than from a safe bond to make that risk worthwhile. The ERP measures exactly how much more. If safe bonds pay 4% and stocks are priced to return 9%, the equity risk premium is 5% — that's your "danger pay" for holding stocks. The **dashed line is "normal"** — the typical premium investors have demanded over the long run (about 4.5%). The **moving line is "right now."** When the moving line sits *above* the dashed line, you're being paid better-than-usual to take stock risk; when it dips *below*, you're being paid less than normal.

Why it matters: This tells you whether stocks are a good deal *relative to the safe alternative*. A big premium means you're being well paid to take the risk — stocks are attractive. A thin premium means you're taking on all that stock-market risk for barely more than a safe bond would give you — a warning sign that stocks may be expensive.

The question it answers: "Am I being paid enough to take the risk of owning stocks?"

A way to feel it: Imagine two job offers: a stable government job paying \$80k, or a startup paying \$130k that might fold next year.

The \$50k gap is your "risk premium." If the startup only offered \$85k, you'd think twice. Stocks work the same way — when the premium shrinks, the risk stops being worth it.

CUES

Reading the line: *Higher = stocks are a better deal (more "danger pay"). Lower = you're barely paid to take stock risk.*

- **Line going up** → Investors are demanding more reward to own stocks. Stocks are getting *cheaper* relative to safe bonds — historically a better time to buy.
- **Line going down** → The reward for risk is shrinking. Stocks are getting *expensive* relative to bonds — a caution flag.

Where we are now: The premium sits around 4.75%, in the *middle* of its two-year range (roughly 4.0% to 5.1%). It spiked to ~5.1% in **Apr-25** — that's the market briefly getting scared, which actually made stocks a better deal — then settled back. In plain terms: **you're being paid a normal, not generous, amount to own stocks right now.** Not a screaming bargain, not alarmingly expensive.

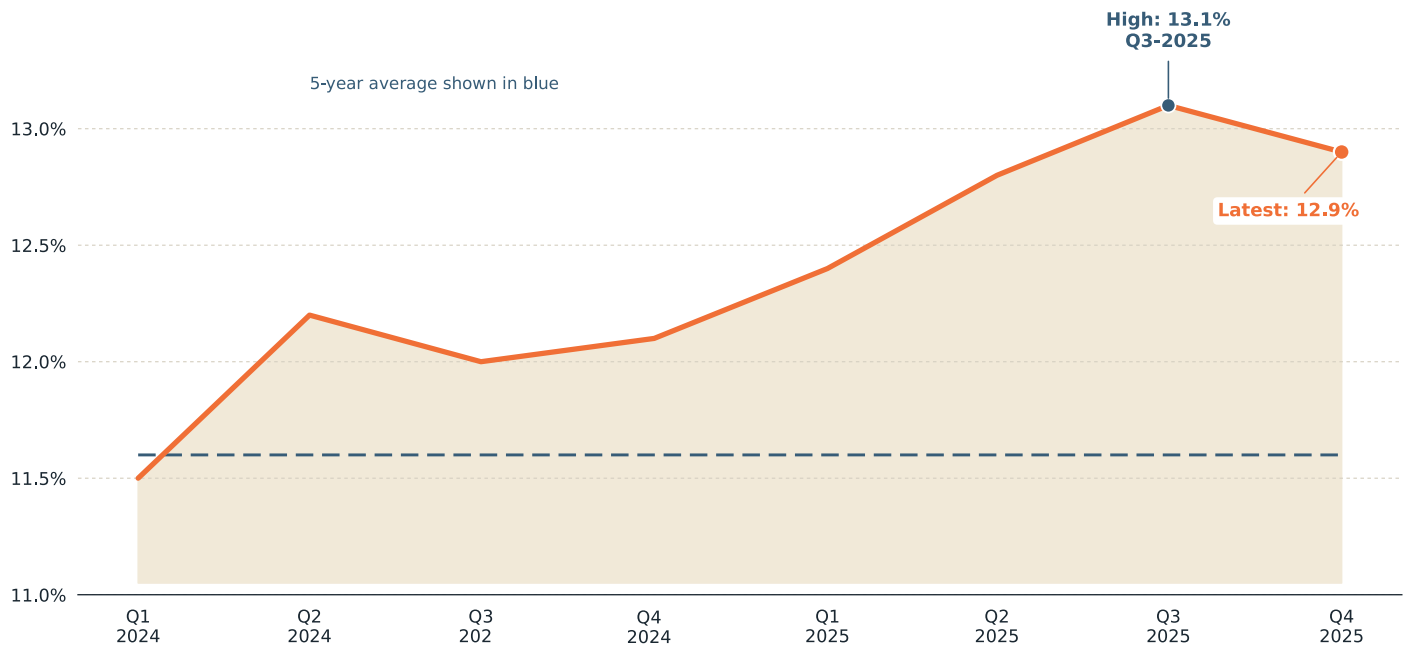
ERP = Implied expected return on S&P 500 minus US 10-year Treasury yield (trailing 12-month cash yield method)

Source: Prof. Aswath Damodaran, NYU Stern School of Business. Monthly estimates compiled from public blog posts and data files.

Chart 3

ARE COMPANIES SUSTAINABLY PROFITABLE?

Market Operating Margins vs. Their Long-Term



The one-sentence version: This shows whether companies are squeezing out more profit than they normally do — and whether that can last.

What you're looking at: An operating margin is simply how much profit a company keeps from each dollar of sales. This chart compares today's margins against the typical level over many decades. The flat reference line is "normal." The moving line is "right now."

Why it matters: Profits tend to be *mean-reverting* — when they get unusually high, competition, wages, and costs usually drag them back toward normal over time. If margins are way above their historical average, today's stock prices may be resting on profit levels that are hard to sustain. If they're below, there may be room to recover.

The question it answers: "Are today's profits built to last, or are they running hot?"

A way to feel it: Picture a restaurant having its best year ever because a rival closed down. Great — but a new competitor will probably open next door eventually. The question isn't "are profits high?" It's "will they *stay* high?" When the line is far above its average, history says be skeptical.

Are company profits unusually high?
Right now: yes — which is great, but historically hard to sustain.

CUES

Reading the line: *Far above the average line = profits running hot and may not last. Near or below = normal and more durable.*

- **Line well above its average** → Companies are unusually profitable. Great today, but history says competition usually drags this back down — so stock prices leaning on these profits are vulnerable.
- **Line near/below average** → Profits are normal or depressed, with more room to recover.

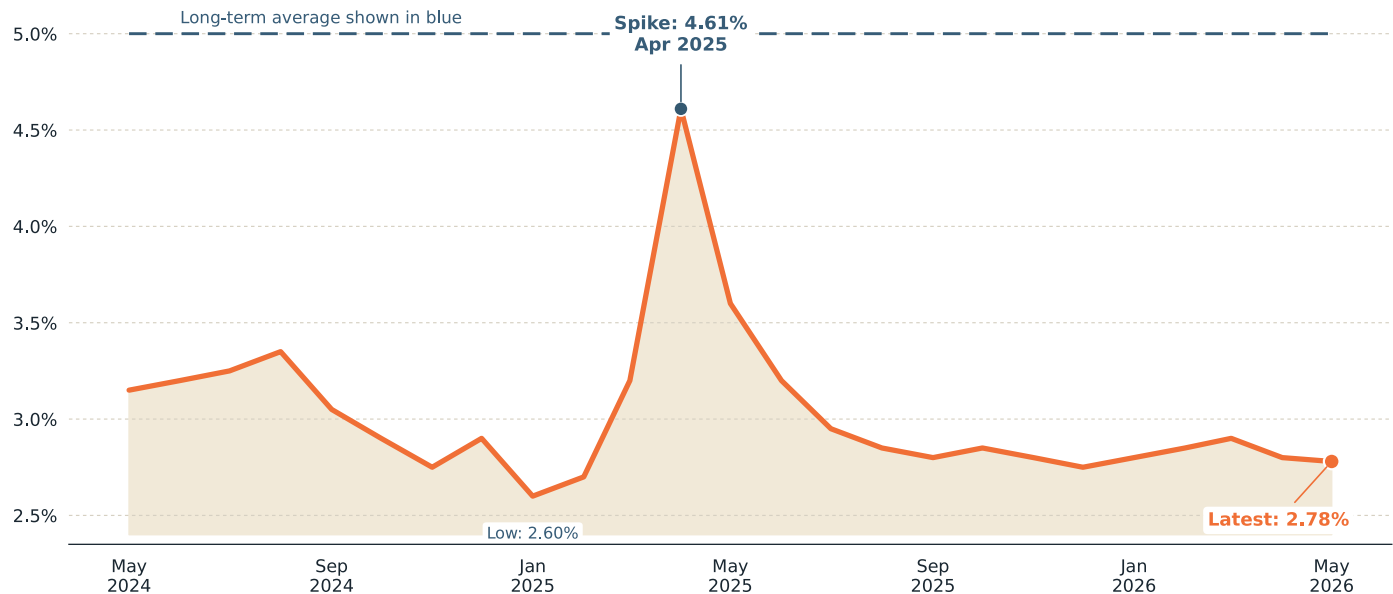
Where we are now: Margins have been sitting **above** their long-term average, lifted by big, high-margin tech companies. The takeaway: **today's profits are strong, but "strong" isn't the same as "permanent."** If margins drift back toward normal, stocks priced for today's profits could feel it.

Source: FactSet Earnings Insight. Blended (actual + estimated) S&P 500 net profit margin. Q3-2025 was the highest net margin in FactSet's data back to 2009. 5-yr avg = 11.6%.

Chart 4

IS THE MARKET WORRIED ABOUT DEFAULTS?

Credit Spreads vs. History



The one-sentence version: This is the market's built-in fear gauge for companies failing to pay back their debts — and right now it's unusually calm.

What you're looking at: When riskier companies borrow, they pay a higher interest rate than the ultra-safe government does. That gap is the "credit spread." The solid line is "right now." The dashed line is "normal" — the level this gap has typically sat at over the long run (about 5%). When the solid line is *below* the dashed line, lenders are calmer than usual; when it spikes above, they're more frightened than usual.

Why it matters: Credit markets often sense trouble before stock markets do. A spread far below its normal level signals confidence and easy borrowing — good times, but it can also mean lenders are *complacent*, leaving little cushion if something goes wrong. A sudden spike toward or above the dashed line is one of the earliest warning sirens in all of finance.

The question it answers: "Is the market relaxed or scared about companies going bust — and how does that compare to usual?"

A way to feel it: Think of lending \$20 to a flaky friend. Normally you'd want an extra \$5 to take the risk. Right now, lenders are accepting barely \$3 — they're *unusually* relaxed. That's comfortable while it lasts, but it means there's not much padding if that friend suddenly looks shakier.

The market's fear gauge for company debt. Right now: calm — which is reassuring but leaves little room for surprises.

CUES

Reading the line: *Below the dashed line = calmer than normal (good, but watch for complacency). Spiking toward or above it = fear building fast.*

- **Line low and flat** → Lenders feel safe; borrowing is easy. Good times — but can signal complacency.
- **Line spiking up** → Lenders are suddenly nervous about defaults. One of the earliest warning sirens of trouble ahead.

Where we are now: The spread sits around 2.8% — far below its ~5% long-run normal, and it's been below normal for the entire two years. It hit a record low near 2.59% in January 2025 and spiked to 4.61% in April 2025 during the tariff shock — but notice that even that scare didn't reach the dashed line. The takeaway: **lenders have been calm-to-complacent the whole period; the one moment of real fear (April 2025) still fell short of "normal."**

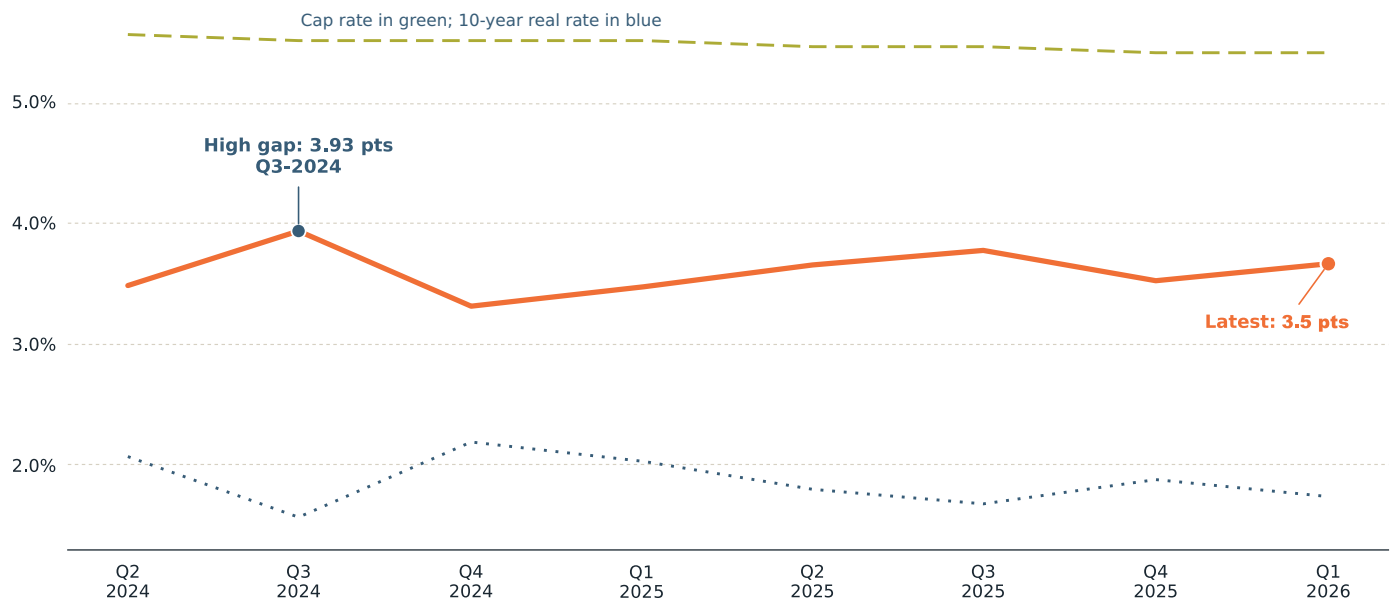
Source: ICE BofA US High Yield Index Option-Adjusted Spread (FRED: BAMLH0A0HYM2), monthly. Record low ~2.59% (Jan-2025); Apr-2025 spike to 4.61% during the spring-2025 tariff shock. Long-run average ≈ 5.0%.

Chart 5

DO BUILDINGS STILL BEAT A SAFE BOND?

Real Asset Yields vs. Real Rates

Real Asset Yield (Cap Rate) vs. Real Rates



The one-sentence version: This checks whether physical assets like buildings still pay you enough above a safe inflation-protected bond to be worth the hassle.

What you're looking at: Two lines. The green dashed line is the income yield on real assets (the property "cap rate" — income divided by price). The blue dotted line is the safe real bond yield from Chart 1. The space between them, calculated by the orange line, is your reward for taking on the risk and effort of owning real things instead of just holding a government bond.

Why it matters: Notice that the green line (cap rate) barely moves — so the gap is really driven by the blue line. When safe real rates rise, the reward shrinks; when they fall, it grows. For a decade, safe bonds paid almost nothing, so that gap was huge and investors piled into property. Now that safe real bonds pay ~2% again, real assets have to compete — and the reward, while still positive, is thinner than it was in the cheap-money era.

The question it answers: "Are real, physical assets still paying me enough extra to bother owning them?"

A way to feel it: Owning a rental is real work — tenants, repairs, vacancies. You accept that because it pays more than a hands-off bond. The green line is what the building pays; the blue line is what doing nothing pays. The gap is your reward for the hassle. When the blue line climbs toward the green one, the hassle stops being worth it.

Do buildings still beat a safe bond?

Right now: yes, by about 3.5% — but that cushion shrinks every time safe rates rise.

CUES

Reading the line: Wide gap between the lines = real assets still rewarding. Lines squeezing together = the extra reward is disappearing.

- **Wide gap** → Buildings and infrastructure pay you well above a safe bond. Worth the hassle and risk.
- **Narrow/closing gap** → Safe bonds now pay nearly as much. Why deal with tenants and repairs for barely more?

Where we are now: The cap rate sits around 5.4% and the real rate around 1.7–1.9%, leaving a reward of roughly 3.5% — and that gap has been fairly steady across the two years, not collapsing. It widens when real rates dip (like late 2024) and narrows when they climb. The takeaway: **real assets still pay a solid premium over safe bonds right now — but that premium now rises and falls almost entirely with the safe rate, not with property itself.**

Source: CBRE U.S. Cap Rate Survey (all-property cap rate) and U.S. Treasury 10-yr real yield (TIPS). The reward (gap) is the cap rate minus the real rate. CBRE notes cap-rate spreads to bonds have compressed well below their long-run average.



THE 5 PROMPTS TO HELP YOU PRODUCE THE 5 CHARTS

Enter these prompts into your favourite AI engine to produce the **5 Charts That Matter** on a monthly basis.

1. Real Yields on Safe Assets

Chart the U.S. 10-year TIPS real yield (FRED series DFII10) monthly for the last 24 months. Label it “the guaranteed return after inflation.”

2. Implied Equity Risk Premium

Chart Damodaran’s monthly implied equity risk premium for the S&P 500 over the last 24 months, with a dashed line at its ~4.5% long-run average. Label it “extra pay for owning stocks over safe bonds.”

3. Profit Margins vs. History

Chart the S&P 500 quarterly net profit margin (FactSet) for the last 8 quarters, with a dashed line at the 5-year average (~11.6%). Label it “how profitable companies are vs. normal.”

4. Credit Spreads vs. History

Chart the ICE BofA US High Yield spread (FRED series BAMLH0A0HYM2) monthly for the last 24 months, with a dashed line at its ~5% long-run average. Label it “the market’s fear gauge for company debt.”

5. Real Asset Yields vs. Real Rates

Chart the U.S. all-property cap rate (CBRE) against the 10-year TIPS real yield (FRED series DFII10), quarterly for the last 8 quarters. The gap is “the reward for owning real assets over safe bonds.”

Note: Charts 1 & 4 update daily. The other charts update on a monthly or quarterly basis. Add “use only fetched data from the named source — do not estimate” to each prompt, and use an AI tool with web access.

SUMMARY OF FINDINGS AS OF MAY 2026

The five charts point to a market offering fair but unspectacular prospects, with unusually little margin for error.

Safe assets are finally doing their job — the inflation-adjusted return on government bonds sits near 2%, the highest in over a decade, meaning an investor can now earn a real return without taking any risk at all.

That higher safe baseline raises the hurdle for everything else, and the risky assets are clearing it only modestly: stocks offer a premium just above their long-run average (a fair, not generous, reward for the risk), and that reward rests on corporate profit margins at record highs that history suggests are hard to sustain.

Credit markets are priced for calm, with default fears well below normal — reassuring, but leaving little cushion if conditions sour.

And real assets like property still pay a premium over safe bonds, though a thinner one than the cheap-money era afforded.

The common thread is that investors are being paid roughly *normal* rewards for taking risk while a lot is assumed to go right — no flashing red light, but a clear signal that with safe assets paying real money again, the case for reaching aggressively for risk is weaker than it’s been in years, and diversification and patience are better rewarded than stretching for return.

This is a general reading of market conditions, not personalized investment advice — your own time horizon, goals, and circumstances should drive any decision.

the
Uncomfortable
Truth



CANADA FINALLY WOKE UP TO ITS GREATEST ASSET. HAVE YOU?

Featuring Eric Nuttall
Partner & Senior Portfolio Manager,
Ninepoint Energy Fund



THE PIVOT

Mark Carney helped found the Glasgow Financial Alliance for Net Zero. He served as the United Nations Special Envoy on Climate Action and Finance. He came from a government that debated windfall profit taxes on energy companies, proposed a hard cap on oil and gas emissions, and told Canadians that the era of fossil fuels was ending. He was, by almost any measure, the most prominent champion of global climate finance on the planet.

He is now the Prime Minister of Canada. And in the space of a few months he has scrapped the national EV mandate, abandoned the oil and gas emissions cap, fast-tracked approval for LNG expansion,

opened the door to a new oil pipeline to the west coast, and begun describing Canada as a future energy superpower. The green banking alliance he helped create has shut down, having lost most of its membership, including every one of Canada's largest banks.

Something has changed. Not at the margins. At the foundation.

For the self-directed Canadian investor, this shift should command attention. It is not a rhetorical adjustment or a campaign pivot. It is a fundamental reorientation of how this country's leadership views its most valuable natural resource.

It happened in steps. First, the United States made Canada look foolish. Trade threats and tariff brinkmanship exposed a vulnerability that the energy sector had been warning about for years: 98 percent of Canada's oil was going to a single customer. The political will to diversify arrived almost overnight.

Then the world validated the urgency. A global supply crisis, triggered by the closure of the Strait of Hormuz, proved that the structural need for oil is not going away and that the countries that produce it reliably have never been more valuable. And while both of those forces were reshaping the landscape, something quieter was happening at home. Canadian energy companies have spent years paying down debt, buying back shares, and rebuilding their balance sheets into the strongest in the sector's history. Now that the moment has arrived, they are ready.

Eric Nuttall has been arguing for years that this moment was coming. As Partner and Senior Portfolio Manager of the Ninepoint Energy Fund, he has been one of Canada's most vocal and persistent advocates for the energy sector at a time when that position was culturally, politically, and professionally unfashionable. He has made his case on BNN Bloomberg, before the House of Commons, in weekly videos that reach thousands of subscribers, and through an energy income fund built specifically for retail investors.

For most of that time, the consensus dismissed him. The consensus was wrong.

SOMETHING NEEDS TO BE DONE

Before the Strait of Hormuz. Before Iran. Before any of the geopolitical drama that has dominated headlines in 2026, something else happened that changed Canada's relationship with its own energy sector. The United States, Canada's closest ally and overwhelmingly dominant trading partner, turned hostile.

Tariffs, trade threats and public humiliation. Whatever one's view of the politics, the practical effect was unmistakable: Canada was forced to confront a dependency it had been ignoring for decades.

Canada's most valuable commodity, the single largest contributor to its export economy, flowing almost

entirely to one buyer. A buyer who, as it turned out, was willing to use trade as a weapon against the country that supplied it. No corporation on earth should tolerate that level of customer concentration in a critical product line.

The US pressure did something that a decade of industry advocacy could not. It galvanized public opinion. Eighty percent of Canadians now support the expansion of pipeline infrastructure. A debate that once split the country along East-West lines is effectively settled. The political will to diversify, to build new export capacity, to find new customers for Canadian energy, arrived for the first time in a generation.

“Thank God we finally recognized as a country that energy is incredibly important to our economy. It's our biggest net export by product. From a strategic perspective, it is imperative to diversify our customers because 98 percent of our oil was being sent to the United States. Just the epitome of idiocy. No business would want 98 percent customer concentration. Well, that was Canada.” — *Eric Nuttall*

Nuttall describes the shift as a radical change. Under the previous leadership, the conversation was about transition, about phasing out the sector, about retraining workers for different industries. Now the Prime Minister is saying the last barrel of oil produced should be a Canadian barrel. Countries are flying to Ottawa asking for supply. The ethos has reversed entirely.

But political will alone does not create an opportunity. Something else was needed: confirmation that the world actually wants what Canada has to offer.

NUTTALL IS CLEAR THAT HIS POSITION IS NOT
ANTI-ENVIRONMENT. THE WORLD NEEDS SOLAR. IT NEEDS WIND.
IT NEEDS EVERY TOOL AVAILABLE.

BUT THE TRANSITION ITSELF
RUNS ON OIL.



THE WORLD AGREES

On this point, 2026 has been unambiguous. The closure of the Strait of Hormuz produced the largest supply disruption in the history of the global oil market. Fifteen million barrels per day of production were removed. Global inventories drew down by more than 430 million barrels. OECD strategic petroleum reserves fell to their lowest levels since 1990. Seventy facilities across the Gulf were hit by cruise missiles and drones, a third of which the International Energy Agency classified as severely damaged. Even with flows now partially resuming, it will take years for supply chains to normalize and stockpiles to be rebuilt.

failing have been abandoned by the very people who built them.

Nuttall is clear that his position is not anti-environment. The world needs solar. It needs wind. It needs every tool available. But the transition itself runs on oil. The steel in turbines, the plastics in panels, the ships and trucks and mining equipment. Record amounts of oil, natural gas, and coal were consumed globally last year. The drivers of that consumption are enduring and will continue. Demand for oil, Nuttall argues, will grow for decades to come. The rate of growth will slow, but the call on the industry to produce will remain enormous, because depletion never stops.

“The world’s clearly changed from what’s happened over the past six months. We’ve had the biggest drawdown in global oil inventories in history. We’ve had the realization that the most important strategic choke point in the world can be closed and not just can be closed, but was actually closed, which nobody actually contemplated before.”

— Eric Nuttall

But the crisis only exposed what Nuttall and others had been warning about for years: a structural supply deficit created by chronic underinvestment. The biggest source of new barrels over the past decade, US shale, is entering decline. New oil discoveries are near all-time lows. The world’s largest oil companies have an average of just eleven years of reserves on their books. Every well on the planet loses productive capacity as it produces, and the global decline rate means the industry must find and develop roughly seven million new barrels per day every year just to stay flat. That was true before the Strait closed. It will be true after it reopens.

At the same time, the ideological framework that suppressed energy investment for a decade has collapsed. The European Union reversed its 2035 combustion engine ban in December 2025, its most significant retreat from green policy in five years. Carney’s own trajectory tells the story as clearly as any policy document. The institutions, the mandates, the narratives that made oil investment feel like a moral

The uncomfortable lie was never just that oil is bad. It was something more specific and more damaging: that viable alternatives exist right now, and that if governments simply committed to them, oil would no longer be necessary. That was false. And the cost of believing it, the decade of underinvestment, the capital that fled the sector, the pipelines that were never built, is now being paid by everyone.

For the investor, the critical insight is this: the forces that suppressed energy investment for a decade were political, cultural, and institutional. All three have now permanently fractured. The political cost of expensive energy exceeds the political cost of supporting oil. That inversion is structural. The genie does not go back in the bottle.

So the world needs more oil, the old barriers to investing in it have fallen, and countries are actively seeking new supply from stable, democratic, allied producers. Which brings us to the question that matters most to the Canadian investor.

CANADA IS READY

While the world was looking elsewhere, Canadian energy companies were quietly rebuilding themselves into something most investors would not recognize.

The memory that haunts the self-directed investor is 2014 and 2015. Companies leveraged to the hilt, chasing production growth at any cost, returning almost nothing to shareholders. When oil crashed, there was no cushion. Investors were destroyed. That experience is seared into the collective memory of a generation of Canadian retail investors, and it is one of the reasons the sector has been avoided since.

But during the pandemic crash and the years that followed, the major Canadian producers made a decision that broke with every previous cycle. Instead of chasing growth when prices recovered, they chose discipline. They slashed capital budgets. They paid down debt. They committed to returning cash to shareholders. And when oil recovered, they held the line.

“We have everything the world is looking for. We have an abundance of resource. The value of the resource is growing because we’re increasing takeaway capacity. And we trade still at or below the market average. What more could you want?”

— Eric Nuttall

The results are staggering. The five largest oil sands producers, Canadian Natural Resources, Suncor, Cenovus, Imperial Oil, and MEG Energy, paid down a combined \$22 billion in debt between 2021 and 2024. Canadian Natural Resources alone returned \$9 billion to shareholders in 2025 through dividends, buybacks, and debt reduction. The company has raised its dividend for 26 consecutive years at a compound annual growth rate of 20 percent. It holds nearly 16 billion barrels of proved reserves, 73 percent of which are long-life, low-decline assets. It can still generate profits at \$35 oil.

Suncor hit its net debt target ahead of schedule and is now returning 100 percent of excess funds to shareholders. It is projecting \$3.3 billion in share buybacks in 2026 alone. In the first quarter of this year it generated \$4 billion in adjusted funds from operations, a 32 percent increase over the same period last year. Imperial Oil has raised its dividend for 31 consecutive years. National Bank of Canada expects the sector’s payout ratio to reach 70 percent by 2026, with leverage dropping to just 0.6 times cash flow. Return on invested capital across the sector is averaging nearly 20 percent, compared with low single digits just a few years ago.

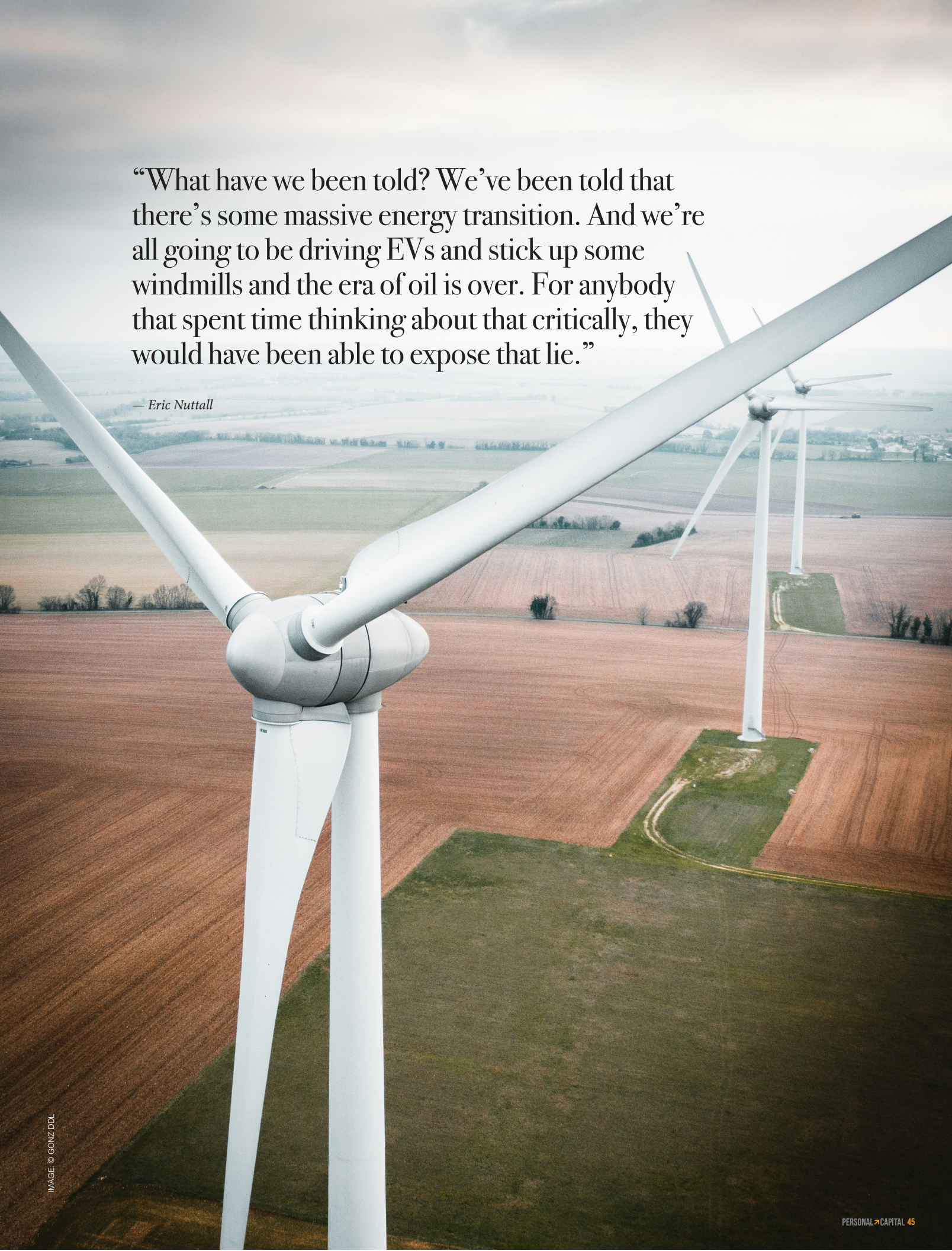
Nuttall explains the mechanism in terms any investor can understand. The mantra now, he says, is not to grow aggressively. Instead, harvest the excess cash, the free cash flow, and use it to buy back shares. As shares are bought back and retired, fewer remain, and each becomes more valuable, even if the oil price stays flat. Some companies, he notes, could privatize themselves in ten years from free cash flow alone. And yet they have 50 years of inventory.

The transformation extends to emissions. Oil sands emissions peaked in 2015. The conventional upstream sector has cut CO2 equivalent emissions by 24 percent while growing production by 21 percent. Canadian producers are now below the global average in emissions intensity. Nuttall makes the point directly: by growing Canadian production and reclaiming lost market share, Canada is actually displacing dirtier barrels produced elsewhere.

And then there is the number that puts everything into perspective.

Nuttall visited Qatar several years ago. A country rebuilt entirely on the revenues from liquefied natural gas. Brand new infrastructure everywhere. Three times more doctors per capita than Canada. Not a pothole in sight. He contrasts this with his own experience in Toronto, where pulling out of his driveway feels like off-roading.

Then he does the math. One pipeline. One million barrels per day of additional capacity. The royalties and taxes generated by that single piece of infrastructure would be enough to fund healthcare for 34 million Canadians.



“What have we been told? We’ve been told that there’s some massive energy transition. And we’re all going to be driving EVs and stick up some windmills and the era of oil is over. For anybody that spent time thinking about that critically, they would have been able to expose that lie.”

— Eric Nuttall



“When you buy a share in a Canadian oil company, you are supporting some of the best actors on planet Earth in a sector that produces a commodity that everybody in the world either uses or wants to use. There are several billion people on the planet that have literally no access to energy. We’re one of the few countries that can actually grow production in the years ahead. We have the resource. We have the environmental stewardship. We have the opportunity.”

— Eric

WHAT THIS MEANS FOR YOU

The self-directed investor reading this is likely asking: so what do I do with this?

The answer is not a stock pick. It is a framework. And the framework begins with a recognition that most investors have backwards: energy is not a sector allocation. It is a position in your portfolio whether you hold it or not. Oil price moves inflation, which moves interest rates, which moves bond prices and equity valuations and the Canadian dollar and grocery bills and housing costs. An investor who holds zero energy stocks is not avoiding energy exposure. They are short energy without knowing it.

Nuttall has a concept he calls the day after. The instinct during an energy crisis is to chase the spike, to buy when oil is surging toward \$200. He argues that instinct is exactly backwards. A price spike craters demand and triggers recession. The real opportunity is what comes next: a world where the supply deficit persists, where restocking takes years, and where the structural tension between supply and demand supports an oil price high enough for producers to generate meaningful free cash flow and return it to shareholders. By his math, restocking global strategic reserves alone represents roughly

450,000 barrels per day of new demand per year for three years.

And the prices are telling. Energy stocks today are discounting oil at \$60 a barrel. The actual commodity trades near \$70. The minimum cost required to grow production is \$70. Nuttall believes the opportunity lies in the gap between what the market is pricing and what the fundamentals say.

There is a reason prices remain suppressed despite the tightest inventory environment in recorded history. A rising oil price benefits only three groups, Nuttall points out: OPEC, oil companies, and energy investors. Everyone else gets hurt. That asymmetry explains the constant negative bias in coverage, the political manipulation of supply, the willingness of successive US administrations to flood markets or suppress prices in service of polling numbers. The self-directed investor who understands that dynamic has something valuable: the ability to see through a narrative that is designed to keep them on the sidelines.

The old objections have fallen away. The ideological framework that made energy uninvestable has been abandoned by its own architects. The companies that burned investors a decade ago have been replaced by



capital-return machines with fortress balance sheets and decades of reserves. The country you live in has shifted its posture from hostility to championship. And the world is coming to Canada, asking for exactly what sits beneath its soil.

If you are going to pay attention to the energy sector at any point in your investing life, this is the moment.

MORE THAN A TRADE

Near the end of our conversation, something shifts in Nuttall's tone. He has spent an hour marshalling data, debunking narratives, and building a case with the intensity of someone who has been making this argument to resistant audiences for a very long time. But when asked what he loves about the energy sector, the fund manager gives way to something more personal.

He talks about the privilege of engaging with geopolitics, with business at the highest level, with a commodity that affects every human being on earth. He talks about the David-and-Goliath quality of having argued, for years, that Canada was making a catastrophic mistake, often to audiences that did not want to hear it. He talks about the excitement of finally having government support for views he has been shouting from the rooftops for a decade.

And then he says something that reframes the entire conversation.

For the self-directed investor, that may be the most uncomfortable truth of all. The sector you were told to avoid is the one that matters most. The commodity you were told was dying powers every aspect of your daily life. The country you live in possesses one of the largest reserves of it anywhere on earth. And the companies that extract it have never been in a stronger position to reward the investors who believe in them.

The convergence is real. The political will has arrived. The world is asking. And Canada, for the first time in a generation, is ready to answer.

WATCH THE FULL CONVERSATION WITH ERIC NUTTALL



Scan the QR code
or visit
personalcapital.ca/eric_nuttall

The barrels next door.



Canada holds a top-five share of the world's oil, sells nearly all of it to one customer, and the biggest new buyer on Earth has just come within reach.

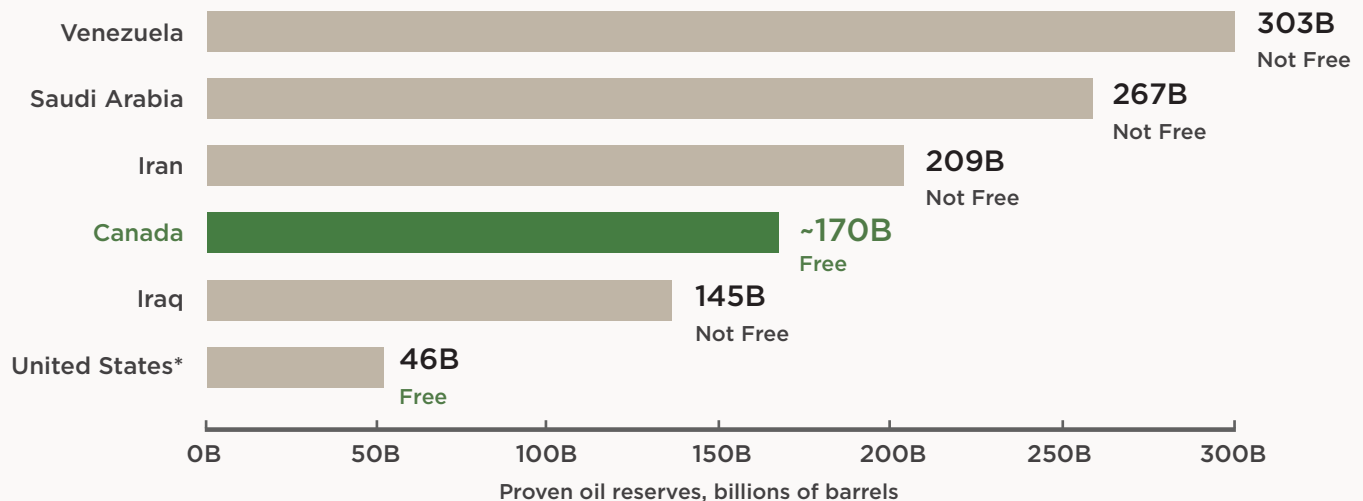
EXHIBIT A RESERVES

Where the oil is.

Among the five largest reserve holders, Canada is the only one rated Free by Freedom House.

~170B
barrels
of proven reserves

about 10% of the world total.



Top 4
in global reserves

4th-largest
producer

3.7x
the U.S reserve base -
the reserve holdings of
Canada's only major customer.

“ 98% of our oil was being sent to the United States. Just the epitome of idiocy. No business would want that kind of customer concentration. Well, that was Canada. ”

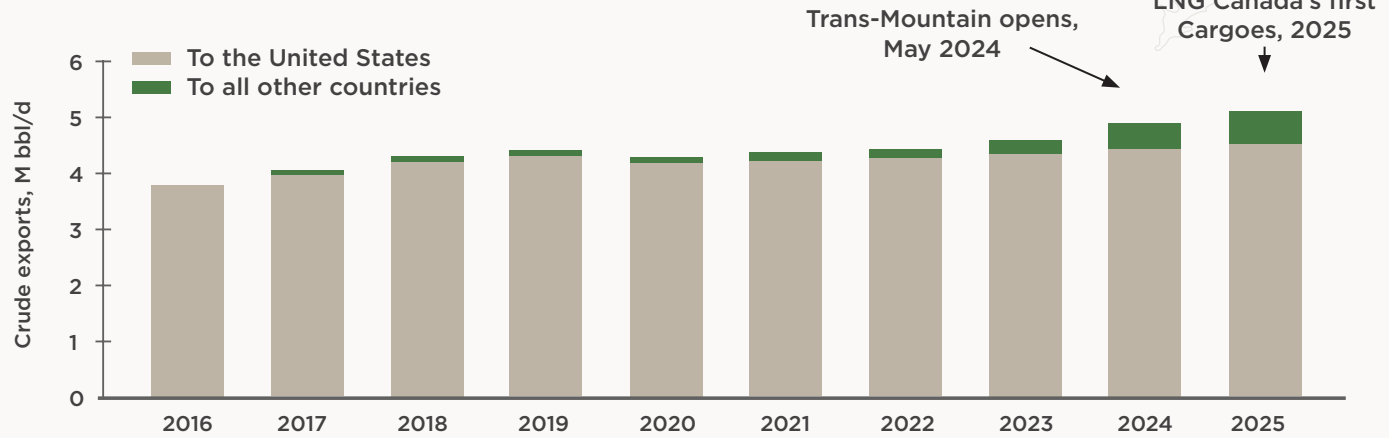
ERIC NUTTALL, NINEPOINT PARTNERS

* The United States ranks outside the top five reserve holders and is shown for comparison.

EXHIBIT B ROUTES

Where it goes.

91% of all hydrocarbon exports still go to the U.S.
Diversification began only when the Pacific opened.



91% of all hydrocarbon exports (crude, natural gas, NGLs and refined products, 6.5 million BOE/d* in total) went to the U.S. in 2025.

10.9% The non-U.S. share of crude exports in 2025, more than triple the 2016-2024 average.

* BOE/d = Barrels of Oil Equivalent, is a way to combine oil, natural gas, and other hydrocarbon production into a single unit

The discount on Western Canadian Select versus West Texas Intermediate narrowed from Roughly **US\$15** per barrel to about **US\$10** after the Trans-Mountain Pipeline opened – better pricing on every barrel, not just the diverted ones.

EXHIBIT C DEMAND

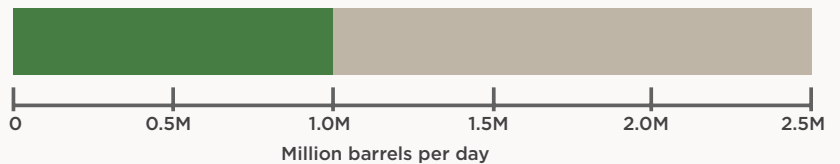
Where demand is growing.

The IEA projects global demand to grow 2.5 million barrels a day by 2030.
India leads the world.

INDIA
+1.0M
barrels/day
by 2030

40%
of global demand
growth

Projected growth in world oil demand,
2024-2030 (IEA)



India imports more than 85% of the oil it consumes.



India's domestic production is declining.



India plans at least 80 GW of new coal-fired capacity by 2031-32 to keep pace with the electricity demand.



THE BOTTOM LINE

The question isn't whether India buys energy.
It's from whom.

Sources: OPEC Annual Statistical Bulletin (year-end 2024); Natural Resources Canada (Canada 163B-171B depending on oil sands treatment; U.S. EIA (468 at year-end 2024, crude oil and lease condensate proved reserved; Freedom House, Freedom in the World, 2025; Statistics Canada Table 25-10-0063-01; Canada Energy Regulator, Canada-U.S. Energy Trade 2025; CME Group.



The Convergence

**WHY THE SMARTEST THING A DIY INVESTOR CAN DO RIGHT NOW ISN'T PICK STOCKS
— IT'S UNDERSTAND WHAT'S BEING BUILT**

Almost nobody beats the index. Alex Tapscott will tell you this plainly. The Nasdaq 100 has compounded at roughly twenty-two percent annually for the past decade, and there are almost no fund managers in the world who have beaten that number. Not the hedge funds. Not the algorithmic systems. And not most DIY investors, who tend to trade too often, react to headlines, and underperform the simple strategy of buying a broad market index and going about their lives.

Tapscott is one of the most experienced voices in the Canadian digital asset and blockchain space, someone who has spent a decade building, investing, and writing at the frontier of financial technology.

He is not saying this to be discouraging. He is saying it because it leads somewhere important.



If the edge is not in stock-picking, where is it? Tapscott's answer, earned over twelve years of watching technology reshape financial markets from the inside, is that the real advantage has never been about choosing the right stock. It has been about understanding, at a structural level, what is happening in the world your money operates in. The investors who built wealth through the rise of indexing understood something about markets that other people did not. The investors who got into Bitcoin when it was worth five billion dollars understood something about technology that institutional investors had not yet absorbed. In each case, the edge was seeing a transformation clearly before it became consensus.

Tapscott believes we are at the beginning of the next transformation, one that is bigger than any single stock and more important than any single trade. He has been watching it develop

for longer than almost anyone else in the country. And it starts, as these things often do, with a story about being in the right place at the right time with the right question.

WHERE THIS STARTED

Alex Tapscott first encountered Bitcoin in 2013, when the entire digital asset market was worth roughly five billion dollars. He was working in capital markets at the time, and his initial interest was straightforward: the asset was volatile, it was going up, and he wanted to understand why. The more he looked, the more he became convinced that the story was not about a single asset. It was about what was underneath it.

What he found was that blockchain technology, the thing that makes Bitcoin possible, was essentially the first digital medium for value. The internet had created a way to move information between people without

intermediaries. Blockchain offered the possibility of doing the same thing with money, with assets, with anything that required scarcity to have value. If the first era of the internet was the internet of information, perhaps blockchain was ushering in something new: an internet of value.

Part of what drew him in was ideological. Bitcoin was born in the aftermath of the 2008 financial crisis, and its origin story was a direct response to the concentration of power in a handful of large financial institutions. It offered something different: a way to move and store value that was governed by code rather than controlled by a company or a government, decentralised in a way that did not allow power to concentrate in any single entity. That was a powerful idea for a young capital markets professional who had watched the financial crisis unfold from the inside.

But the bigger draw, for Tapscott, was the realisation that blockchain could be programmed to handle not just money but any kind of value. If digital scarcity worked for Bitcoin, it could work for shares, bonds, property titles, intellectual property, even votes. The technology was not limited to one use case. It was a platform.

That insight, developed on nights and weekends, tested in a research collaboration with his father, and eventually published as *Blockchain Revolution* in 2016, translated into more than 20 languages and selling close to a million copies. This launched a career that has now spanned a decade, several institutions, a research institute backed by Fortune 500 companies, and a front-row seat to one of the most volatile and consequential technology stories of the past generation.

So what did that decade produce? For the technology and for the individual investor?

WHAT A DECADE OF BLOCKCHAIN DELIVERED

Start with the numbers. When Tapscott entered this space, the value of all digital assets was roughly five billion dollars. Today it is roughly two and a half to three trillion. The thesis that blockchain could serve as a platform for assets beyond Bitcoin turned out to be true. Ethereum, a general-purpose blockchain launched at five dollars per token, enabled entirely new markets. Stablecoins, digital tokens backed by US dollars, now represent over \$350 billion in supply and process more transaction volume than Visa and Mastercard combined. Tokenized securities are growing faster than almost any asset

class, backed by firms like BlackRock, Fidelity, and WisdomTree. For the individual investor specifically, Tapscott makes an argument that runs directly counter to the conventional narrative.

His reasoning is worth following. When Amazon went public in the 1990s, a DIY investor could buy the IPO at a market cap in the hundreds of millions. When Google went public in 2004, it was a few billion. Those were opportunities where an ordinary person could get in at the ground floor of something transformative and, with the conviction to hold, generate extraordinary returns. Today, SpaceX goes public at two trillion dollars. The value creation happened before the stock was widely available. The ground floor is gone.

CRYPTO MAY BE THE LAST TIME THAT RETAIL INVESTORS CAN PARTICIPATE IN THE FULL UPSIDE OF A MAJOR GROWTH OPPORTUNITY.

Alex Tapscott

Crypto was the opposite. For a decade, institutions ignored it. An individual could buy Bitcoin when it would not have registered on any institutional radar. They could participate in Ethereum's

launch. The barrier was not capital or connections. It was conviction: understanding what you were looking at and having the patience to hold it. In that specific sense, the blockchain story was not one of institutional capture. It was one of the rare moments where the individual investor had first-mover advantage, precisely because the institutions had not yet arrived.

THE OTHER SIDE OF THAT STORY

The positive case is real. But for every early adopter who held through the volatility and built wealth, there were investors who entered at cycle peaks, who were burned by projects that failed, who discovered that conviction without timing can be extraordinarily painful, and who learned that understanding a technology's direction does not automatically protect you from the markets that trade it. The blockchain chapter delivered genuine value to individuals who got in early and held. It also delivered genuine pain to individuals who entered at the wrong moment or without sufficient understanding of what they were holding. Any honest telling of this story has to include both.

When asked whether blockchain's original promise of decentralisation had been fulfilled, Tapscott was notably candid. The jury, he said, is still out. He noticed that his own answer was revealing: he was pointing to large companies adopting the technology as evidence of success, which was not what Bitcoin's earliest believers had in mind. They wanted to shake the walls of Wall Street, not invite



WHO IS ALEX TAPSCOTT?

The story begins on a ski trip. January 2014, somewhere in the mountains with his father. Alex Tapscott was twenty-something, working in institutional equity sales at Canaccord Genuity, spending his evenings reading about Bitcoin. His father, Don Tapscott — the prolific author and technology thinker — asked what he was working on. Alex said he was interested in Bitcoin. His father said he was too. The university research team needed someone with a financial background to write a report on it. Would he be interested?

That report, written on nights and weekends in 2014, became the seed. The research led to more research, which led to a book proposal. Penguin Random House bought the rights. In May 2016, when Bitcoin was four hundred dollars and Ethereum was five, father and son published *Blockchain Revolution*. It argued that blockchain was a general-purpose technology that would reshape finance, business, and society. The book sold nearly a million copies worldwide, was translated into twenty languages, and launched Alex into a decade-long career as an educator, researcher, investor, and one of the most recognizable voices in the Canadian digital asset space.

He and Don co-founded the Blockchain Research Institute, backed by dozens of Fortune 500 companies — Accenture, Microsoft, Coca-Cola, Tencent, the Bank of Canada. They built an online course with INSEAD that has reached over 200,000 learners globally. Alex wrote a second book, *Web3*, which became a Wall Street Journal bestseller. He joined Ninepoint Partners as Managing Director of the Digital Asset Group, helping launch one of the world's first closed-end Bitcoin trusts. He now co-leads CMC Global Capital Markets, a firm focused on the intersection of AI and digital assets.

THE THROUGH LINE

What distinguishes Tapscott is the sequence. The writing came first. The conviction came from research. The investing came from conviction. Each role informed the others in ways that doing any one of them alone would not have produced. He describes himself as someone who gets to satisfy his curiosity about the world for a living. He reads a lot of science fiction. He thinks about self-driving cars that own themselves. And he still believes, twelve years in, that the most exciting thing about this technology is that it can be programmed to do almost anything.

That was what drew him in at twenty-something on a ski trip with his dad. It is what draws him still.



Wall Street in. What happened instead was more complicated: the technology works, adoption is real, the industry is changing how finance operates. But the existing structures of institutional power have not been dismantled. They have adapted.

Whether that represents failure, maturity, or simply the reality of how transformative technology interacts with existing power depends on what you expected. But for the investor trying to understand what comes next, the relevant observation is this: the technology delivered. It did not deliver everything it promised, and it did not deliver equally to everyone. But it built something real. And that something is now converging with other forces in ways that most investors have not yet absorbed.

THE CONVERGENCE — WHY THIS IS BIGGER THAN ANY SINGLE TECHNOLOGY

Tapscott's argument for what comes next begins with a historical analogy that is, once you hear it, difficult to unhear.

In the 1970s and 1980s, several technologies that would define the modern world existed in apparent isolation. Computers were for enterprises. Video game consoles were consumer toys. The internet was for academics. Mobile phones cost fifteen thousand dollars and were bolted to car consoles. These seemed like completely separate stories. They were not. Over the following decades, they collapsed into each other. Today you use the internet on a smartphone, which

is a computer connected to GPS, running applications that used to be distinct products. The first digital age was not defined by any single technology. It was defined by the convergence of several technologies into something more powerful than any of them alone.

Tapscott believes we are at exactly the same point with a new set of technologies: AI, blockchain, robotics, and the Internet of Things, the vast and growing network of connected devices that will eventually outnumber human users of the web. Right now, these are treated as separate stories with separate headlines. AI is one investment theme. Crypto is another. Robotics is a third. But they are converging, in the same way that computers and the internet and mobility converged a generation ago. And the result, Tapscott argues, will be more powerful and more important than any of the individual parts.

A useful way to picture it, courtesy of Tapscott's partner at CMC Global: think of the human body. Robotics and IoT are the muscles and bones, the physical infrastructure that interacts with the world. AI is the brain, the capacity to think, reason, and solve problems. And blockchain is the nervous system, the thing that regulates the flow of information and value and allows the whole organism to function. None of these works well without the others.

The most concrete expression of this convergence, and the one most

likely to reshape financial markets, is the AI agent. The concept is straightforward: software that can reason through problems and achieve objectives autonomously. An agent lawyer. An agent accountant. An agent financial analyst. We are not fully there yet, but the direction is clear and the pace of development is rapid.

THESE TECHNOLOGIES ARE NOT SEPARATE. THEY ARE NOT IN COMPETITION. THEY ARE CONVERGING — AND THE INVESTOR WHO SEES ONE HEADLINE AT A TIME IS MISSING THE PICTURE.

Here is the part most commentary misses. As these agents become capable of doing economic work, they will need to get paid, to transact, to enter into agreements, and to store value. But they are not people. They cannot open a bank account or send a wire or sign a legal agreement. They have no legal standing in the traditional financial system. So they need a digitally native toolkit for doing business. That toolkit exists. An agent cannot open a bank account, but it can have a wallet. It cannot send a wire, but it can send a stablecoin. It cannot sign a legal agreement, but it can execute a smart contract. Companies like Circle have already built infrastructure for this, and agents

are choosing it because it is faster, cheaper, and natively digital. This is the convergence in practice. AI creates the demand for autonomous economic activity. Blockchain provides the infrastructure for it. Neither story makes full sense without the other. And the investor who sees them as separate investment themes is looking at the muscles and the brain and the nervous system and somehow missing the body.

Tapscott makes a practical observation worth sitting with. One of the most common mistakes DIY investors make is having enormous conviction about an idea and then allocating timidly, putting one percent of their portfolio into their highest-conviction thesis, watching it triple, and discovering that it barely moved the overall needle. The understanding was there. The conviction was there.

investor: not every impulse is conviction. The urge to act on something exciting is not the same as a thesis built on genuine understanding. AI can help you tell the difference. You can use it to stress-test your thinking, to surface what you have missed, to challenge your assumptions before you commit capital. Sometimes the most valuable thing it will tell you is to take a beat, go for a walk, and not make the trade you are about to make.

AND IT GOES FURTHER THAN AI

The convergence is not limited to AI and blockchain. As connected devices multiply — autonomous vehicles, smart infrastructure, delivery drones, industrial robots — the Internet of Things creates yet another layer of demand for the same infrastructure. A self-driving car that pays for its own charging. A warehouse robot that orders its own parts. Tapscott offers a vivid thought experiment: could a self-driving car own itself rather than being owned by a company? Could it have a crypto wallet, accept payments in stablecoins, and operate as a sovereign economic unit? Could fleets of self-owned cars band together and compete against the human-owned version of the company? It sounds like science fiction. But the infrastructure to make it possible is being built right now.

WHAT THIS MEANS FOR YOU

The convergence is not an investment recommendation. It is a structural reality. These technologies are merging, the demand patterns are forming, and the infrastructure is being built. Understanding this does not tell you what to buy tomorrow morning. But it gives you something more valuable than a stock tip: a framework for evaluating what you are seeing. When you read a headline about AI, you now see one part of a larger picture. When someone dismisses crypto as speculation, you can see what they are missing. When someone tells you a single technology is going to change everything, you can see the fuller truth: it is several technologies, converging, and the power is in how they combine.

But the commitment was not proportional to either.

The investor who understood blockchain in 2014 and made a meaningful allocation did extraordinarily well. The one who understood it just as clearly but treated it as a minor satellite position missed the opportunity their own understanding had identified. The same logic applies to the convergence. If your research leads you to genuine conviction about the direction of this transformation, the question is not just what to invest in. It is whether you are committing at a scale that will actually matter to your financial life.

But here is the counterweight, and it may be AI's most valuable contribution to the self-directed

THE EDGE THAT HASN'T CHANGED

The decision to manage your own money is, at its core, a decision to be the person who understands the world their money operates in. Not picking stocks better than a fund manager. Not timing markets. Understanding what is actually happening, structurally, directionally, at the level where the landscape itself is shifting.

DIY IS NOT “DO IT YOURSELF.” IT’S “DO IT WITH AI.” AND MAYBE THE MOST IMPORTANT THING AI CAN DO FOR YOU IS HELP YOU TRADE LESS, NOT MORE.



A CONVERSATION WITH ALEX

Alex had a lot more to say than we could fit on the pages of Personal Capital.

To watch the highlights of the conversation use the QR code below.



The convergence of AI, blockchain, robotics, and the Internet of Things is what is happening now. It is not a niche interest for crypto enthusiasts or a speculative bet on any single technology. It is the infrastructure of the next financial system being built in plain sight. You do not need to become an expert in any of these technologies. But an investor who does not know this transformation is underway is making decisions in a landscape they cannot fully see.

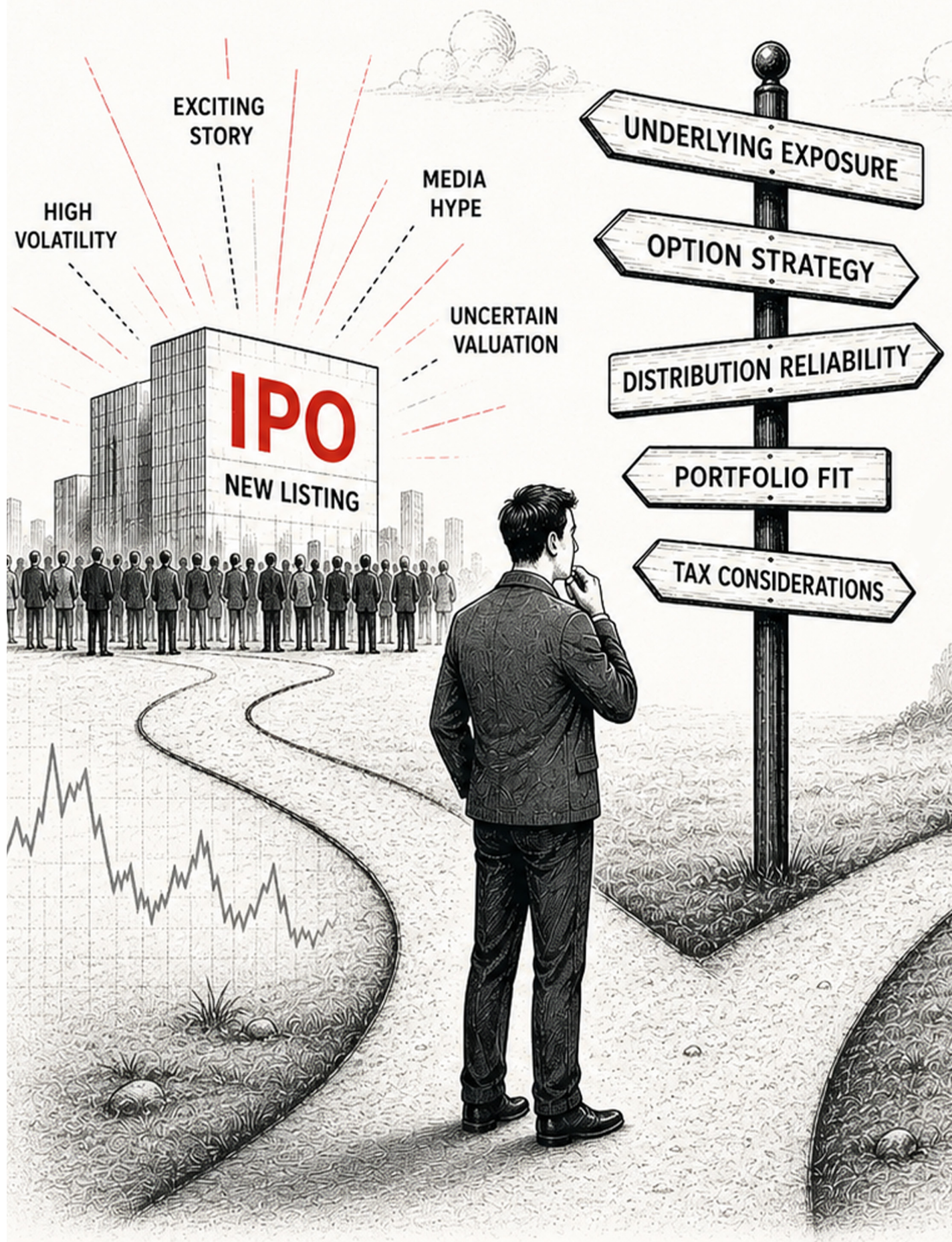
A CAUTION WORTH HEARING

Tapscott noted that the share of trades made by DIY investors is currently the highest it has been since the late 1990s. A lot of people are watching markets go up and piling in. If you are newer to investing and have not experienced a significant downturn, the risk is real and worth naming: understanding a transformation does not protect you from the volatility of the markets that trade it. The blockchain chapter taught that lesson painfully to many investors. Conviction matters. But so does patience, and so does the discipline to size your positions in a way that lets you survive being early.

You took on the responsibility of seeing that landscape when you opened a self-directed account. It comes with exactly one ongoing obligation: keep understanding the world your money lives in. The convergence is now part of that world. And you understand it better today than you did thirty minutes ago.

Use the new technologies to sharpen your thinking, to build your thesis, and to test your convictions before you act on them. Invest when you have done the work and developed genuine understanding. Speculate when you are willing to accept the risk and have sized accordingly. Just make sure you always know which one you are doing. The tools have never been better. The landscape has never been more interesting. And the DIY investor's edge has never changed: it is, and always has been, caring enough to understand what most people do not bother to learn.

DISCLOSURE: This article is for informational and educational purposes only. It does not constitute investment advice. The views expressed by Alex Tapscott are his own and do not necessarily represent those of Nine Point Partners. Nine Point Partners and its affiliates may hold positions in securities or digital assets mentioned. Past performance is not indicative of future results. Digital assets involve significant risks including high volatility, potential total loss of capital, and evolving regulatory frameworks. DIY investors should consider their personal circumstances and consult a qualified financial advisor before making investment decisions.



A COVERED-CALL ETF FOMO FILTER FOR INCOME INVESTORS - CHECKLIST

Before You Buy the IPO Income ETF

Hot IPOs attract attention. High monthly distributions attract income investors.

Put the two together and you can get one of the most compelling — and potentially confusing — products in the ETF market: an income ETF built around a newly public, high-profile, high-volatility stock or theme.

For income-focused investors, the appeal is easy to understand. Instead of trying to pick the next great public company directly, you may be able to access the story through an ETF that generates regular cash flow by using an options strategy, often covered calls. That can feel like a more disciplined way to participate.

But it is important to understand what you are really buying.

An IPO income ETF is not simply “yield from a famous new company.” It may combine equity exposure, options premiums, distribution policy, active trading decisions, fees, tax considerations and single-stock or theme-specific risk. The monthly payout may look familiar, but the risk underneath may be very different from a traditional income holding.

Before investing, use this scorecard.

PART 1: WHAT ARE YOU ACTUALLY EXPOSED TO?

1. Is the ETF based on a single stock, a narrow theme, or a diversified basket?

A single-stock covered-call ETF can behave very differently from a broad-market covered-call ETF. If the underlying company falls sharply, there may be very little diversification to cushion the decline. A theme ETF may be somewhat broader, but still concentrated in one economic story.

Score:

- 0 = single stock or highly concentrated exposure
- 1 = narrow theme with limited diversification
- 2 = diversified basket with multiple drivers of return

2. Would you still want to own the underlying exposure if the distribution fell?

This is one of the most important questions. If your interest depends entirely on the advertised yield, the ETF may be more fragile than it appears. Option income can fluctuate. Distributions can change. The underlying investment case should still make sense if the payout is lower than expected.

Score:

- 0 = no, the yield is the main attraction
- 1 = maybe, but only at a small position size
- 2 = yes, I understand and accept the underlying exposure

3. How much of this same theme do you already own?

Many investors already have meaningful exposure to popular themes through broad equity ETFs, technology funds, growth funds, innovation funds or even other income ETFs. Buying a new IPO-linked income ETF may add more concentration than you realize.

Score:

- 0 = I have not checked my existing exposure
- 1 = I may already have some exposure
- 2 = I have reviewed my portfolio and understand the overlap

PART 2: HOW IS THE INCOME BEING GENERATED?

4. Is the fund generating income mostly from option premiums?

Covered-call ETFs typically generate cash flow by owning securities and selling call options. The premium collected can support distributions. But the premium is not free money. It is compensation for giving another investor some of the upside above a certain price.

Score:

- 0 = I do not know how the income is generated
- 1 = I understand generally, but not the details
- 2 = I understand the role of option premiums and the trade-off

5. How much upside is being sold away?

Some covered-call strategies sell calls close to the current stock price. Others sell calls further above it. Some write calls on most of the portfolio. Others write on only part of it. The more aggressive the call-writing strategy, the more income potential there may be — but the more upside may be capped.

Score:

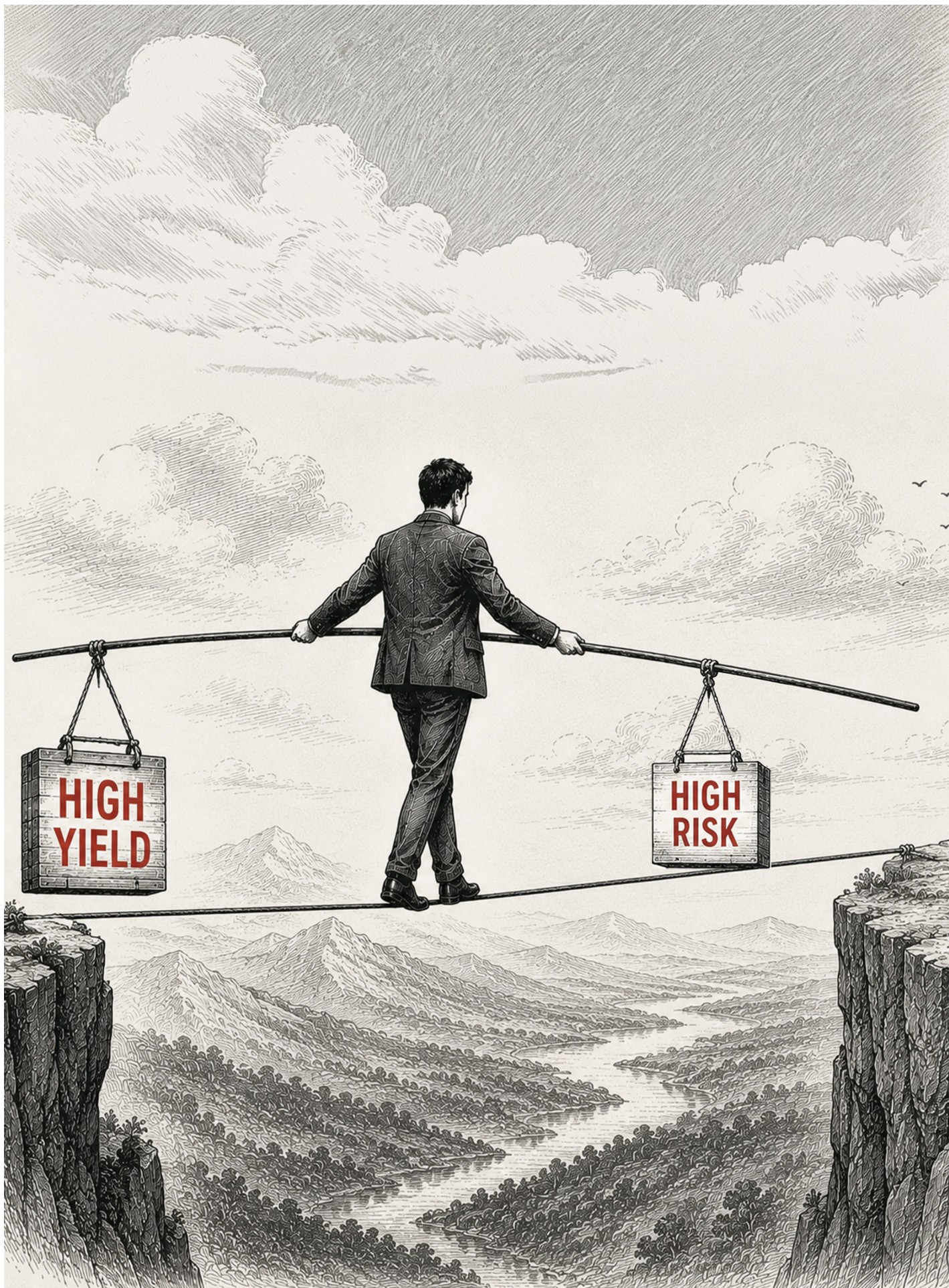
- 0 = I do not know the call-writing approach
- 1 = I know it uses covered calls, but not how aggressively
- 2 = I understand whether the strategy prioritizes income, upside participation, or a balance of both

6. Is high volatility the reason the yield looks attractive?

Newly public stocks can have limited trading history, intense media attention, uncertain valuation, low float and sharp price swings. That volatility can make options more expensive, which can support higher distributions. But high option premiums usually reflect higher uncertainty, not lower risk.

Score:

- 0 = I am mainly focused on the high yield
- 1 = I understand volatility matters, but have not assessed the risk
- 2 = I understand that higher income may be compensation for wider return outcomes



PART 3: HOW RELIABLE IS THE DISTRIBUTION?

7. Is the distribution target fixed, variable, or dependent on market conditions?

Some funds may aim for a target yield. Others may distribute income based on premiums collected. In practice, distributions can rise or fall depending on volatility, option pricing, portfolio performance and manager decisions.

Score:

- 0 = I assume the current distribution will continue
- 1 = I know distributions can change
- 2 = I understand what could cause the distribution to rise or fall

8. Are you looking at yield, or total return?

A high distribution can still come with a negative total return if the ETF's price falls enough. Income investors should track both cash received and capital value. A 15% or 20% yield does not automatically mean a good investment outcome.

Score:

- 0 = I am mostly looking at headline yield
- 1 = I look at yield and price movement separately
- 2 = I evaluate yield, price return, fees and after-fee total return together

9. Do you understand the tax character of the distribution?

Distributions may include option income, dividends, capital gains, return of capital or some combination. The tax treatment can matter, especially for non-registered accounts. A high distribution is not always taxed the same way as eligible dividends or interest income.

Score:

- 0 = I have not considered tax treatment
- 1 = I know it may matter, but have not checked
- 2 = I understand the likely tax character or will confirm before investing

PART 4: DOES IT FIT YOUR PORTFOLIO?

10. Is this a core income holding or a satellite position?

A broad equity income ETF, bond ETF or diversified dividend strategy may serve as a core holding. A thematic IPO income ETF may be better understood as a satellite: potentially useful, potentially rewarding, but more specialized and more sensitive to a specific story.

Score:

- 0 = I would treat it like a core income holding
- 1 = I would use it as a moderate satellite position
- 2 = I would size it carefully as a specialized or tactical position

11. Could you tolerate a 20% to 40% decline in the underlying stock or theme?

IPO-related investments can be volatile. Covered-call income may soften some of the downside, but it may not prevent meaningful losses. If a large drawdown would force you to sell, the position may be too large or too speculative for your income portfolio.

Score:

- 0 = no, that would be unacceptable
- 1 = maybe, if the position were small
- 2 = yes, I would size the position with that risk in mind

12. Are you buying income, or are you buying the story?

This is the final behavioural check. There is nothing wrong with wanting exposure to an exciting company or theme. But an income wrapper can make a speculative idea feel more conservative than it really is.

Score:

- 0 = I am attracted mainly by the story and the yield
- 1 = I see both the opportunity and the risk
- 2 = I can clearly explain why this belongs in my income portfolio



YOUR SCORE

In all cases, please note that the recommended next step is to review your findings with a trusted, qualified industry professional to ensure that the fund's holdings, strategy, fees, distribution history, tax information and overall fit within your investment objectives.

0–8: Stop and review.

The ETF may be more speculative than it appears. Before investing, spend more time understanding the underlying exposure, option strategy, distribution policy and downside risk.

9–16: Possible satellite only.

This score suggests an understanding of some of the trade-offs, but this may still be better suited as a small, specialized position rather than a core income holding.

17–24: Worth deeper due diligence.

This score suggests an understanding of some of the main risks and trade-offs. The next step is to review the fund's holdings, strategy, fees, distribution history, tax information and fit within your overall portfolio. You may want to consult with an investment professional.

BOTTOM LINE

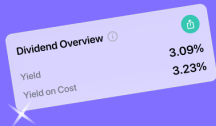
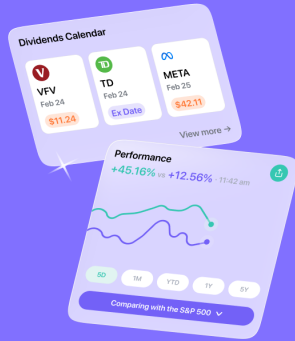
An IPO income ETF can be an interesting tool for investors who want cash flow from a high-volatility opportunity. But the yield is not the whole story.

The real question is not simply, “How much does it pay?”

The better question is:

“What risk is being transformed into that cash flow — and do I want that risk in my portfolio?”

This article is for information purposes only and should not be relied upon as investment advice. We strongly recommend that you consult your investment professional for a comprehensive review of your personal financial situation before undertaking any investment strategy. Information herein is subject to change without notice and Ninepoint is not responsible for any inaccuracies or to update this information. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Funds may be lawfully sold in their jurisdiction.



join the
community

the investing social network



800K+ DIY investors.
Verified portfolios and trades.
Watch, learn, and build your own portfolio.



4.8 ★★★★★

