



The David Miner Communiqué Spring 2026

*“Successful investing
is about managing risk,
not avoiding it.”
— Benjamin Graham*



Spring Warmth Arrives



With RRSP season behind us and tax season underway, it feels as if we blinked and it is suddenly mid-March! At least spring, sunshine and warmer weather are around the corner; we hope everyone has had a good start to 2026 so far!

Market Commentary

Markets continued where they left off coming into 2026 as strong corporate earnings supported valuations, but many markets have slipped into negative territory on the year as conflict in the Persian Gulf weighs on short-term expectations.



*David & Dorinda on their trip to India in front of the
Taj Mahal*

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The Strait of Hormuz is closed as of this writing, crippling oil exports (approximately one fifth of the world’s supply), straining supply chains and sending crude oil prices surging.

Canadian banks and tech names have been pressured, while energy and commodity stocks have shown relative resilience with higher crude prices. We’re monitoring the private credit market, where some liquidity risk has been observed, most recently with firms like Blue Owl and Blackstone. While we are not expecting another 2008-style crisis, the disruption of AI to the business models of small and mid-cap tech companies could underpin some of the risk in private credit markets as corporate defaults have risen from 8.1% in 2024 to 9.2% in 2025 according to Fitch ratings.

Inflation data was beginning to look tame in January, but the path forward is more challenged as rising oil prices impact input costs around the globe, reigniting inflation concerns or worse if the strong corporate profits we've enjoyed begin to stall. Markets have historically overreacted to geopolitical shocks and find equilibrium once a new 'normal' is reached.

Digital Security

Data security has become paramount since the digitization of our industry (like many others), and today the risk of sensitive data being compromised has soared. Malicious efforts to access data are becoming increasingly sophisticated, often evolving at a rate that outpaces efforts undertaken to protect data since many of the technologies used to share or store data have evolved with convenience at the forefront. Social engineering/phishing, identity or credential theft and ransomware/extortion, are among the most common and unfortunate examples of the day-to-day attempts targeting many of us.

For David Miner & Associates, most threats are quarantined by our cybersecurity suite (yes, sometimes the filters are so tight that they erroneously quarantine real client emails - apologies!). We try to be extremely diligent about protecting client data and remind clients that we will call if we receive an email



Mark deep in the Ontario wilderness making the most of snow-mobile season

or voicemail that does not align with our expectations, your communication style, or if anything seems out of place. Our objective is not to be a nuisance, but in a world where convenient is now easiest to exploit, a quick phone call has become the best defence.

Unlike digital trading platforms, where no person is behind the screen, we have a relationship with our clients, and we will cross reference to ensure the authenticity of any requests.

Important: Housekeeping Item

A few clients have received a letter from CIRO indicating that some of their personal information was exposed in a recent data breach. Regulators are not currently providing information to advisors regarding impacted clients, and we are still learning about the incident as the investigation unfolds. If you received a letter, please let us know so we can keep you up to date as information becomes available.

Digital Security

We monitor client accounts and transactions daily. *We always have.* We remind clients that action on your investment accounts must go through us, as advisors, for approval and execution – this includes any requests to change banking information or contact information, that could perpetuate fraudulent activity.

Good digital hygiene habits that we remind clients:

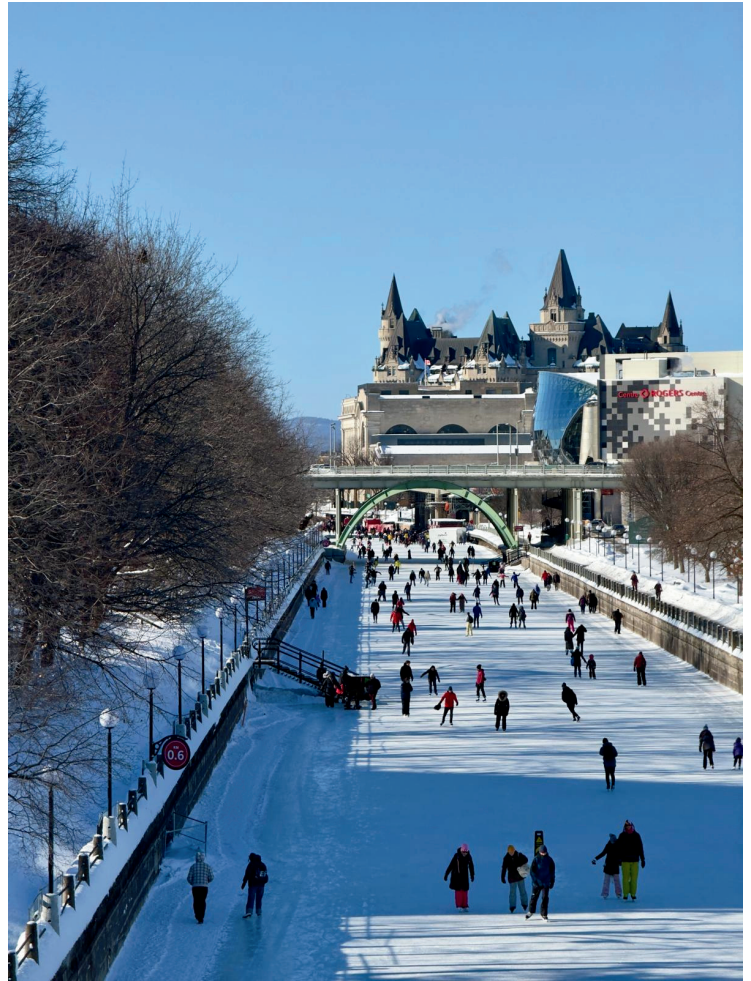
-Monitor your own accounts: Check your account activity and balances through secure networks (ie: do NOT access your accounts using the public Wi-Fi at your favourite coffee shop!) and please do not delay asking questions if you suspect unauthorized activity.

-Use protection services: -Utilize free credit monitoring and identity theft protection services. Some services offer additional features like dark-web monitoring with daily push notifications for a cost.

-Verify communications: -If in doubt, a phone call to the sender can serve to validate the authenticity of any communication received. Do not reply to the same email address.

-Multi-Factor Authentication (MFA): - Initiate MFA as a secondary security measure using a separate device (eg: authenticator apps, or codes that are texted or emailed to alternate accounts) or a biometric security measure (eg: a fingerprint).

Data security must evolve to meet the ever-changing landscape, and we continue to evolve our own processes internally to ensure your investment accounts remain safe.



Oliver's view of the Rideau Canal on a recent trip to Ottawa



Taking a break with the team to catch some Olympic Hockey

We're in an AI bubble, right?

One question we're often asked by investors is 'Are we in an AI bubble'?

One truth is that AI and the sophistication and accuracy of the large language models driving them are improving at rates that are becoming hard to appreciate, let alone keep up with. It's here to stay. The most recent version of ChatGPT was the first model primarily developed by its predecessor. When it was complete - and in a fraction of the time it would take humans - it was near bug-free. Even the free version is a strong and easy to use tool - not buggy or spitting out fiction to the degree it did even one year ago. This really highlighted that software engineers are quickly becoming an endangered species. AI is now making jobs in AI redundant, and we're not sure exactly what or how quickly that will impact the rest of us, but entry level corporate jobs in business, finance and data management are already disappearing fast.

Using real data, Nvidia is a name that many investors perceive to be a strong-momentum growth stock. The stock price is close to \$200/share. On the other side, name-brand consumer staples such as Walmart or Colgate-Palmolive are boring, value plays. Right?

Wrong.

Walmart for example is currently valued at ~44X earnings with roughly 11% expected earnings growth. Costco is valued at ~48X forecasted earnings. Colgate-Palmolive is at ~27X P/E. By contrast, Nvidia is trading at ~22X P/E with growth expected to be closer to 70%. The 'boring' stocks have quietly become more expensive than their glittery AI counterparts. Why are we paying 1/2 of the P/E multiple on a stock such as Nvidia that also touts 6-7X more forecasted growth than Walmart? We're seeing about a 15% YTD return in US consumer staples as of the end of February while the NASDAQ and S&P500 have been relatively flat over the same time.

Here's our hypothesis: markets have been baking in the AI hype and downside risk in markets for a while now, including the fear of bubbling AI stock prices. These jitters have inflated parts of the markets perceived to be inelastic to AI. Moreover, we're seeing a flight to safety given geopolitical conflict and external threats towards the boring 'Steady-Eddie' value stocks (think back to COVID and the demand for toilet paper...).

Another thing we know to be true, labour is one of the biggest expenses of any business. With AI shrinking labour forces, cash can be deployed away from labour and reinvested for additional corporate growth (capital expenditures), acquisitions, or taken as profit.

We suppose that the simple thinking is that five years from now, we'll still need paper towel and laundry detergent. Overpaying? Maybe, but investors know there will still be consumers in need of these products, entirely agnostic to AI or international relations.

Generally, we're seeing more defensive positioning by investors and rotation into staples (even if overvalued) amid this broader market uncertainty. It is an interesting time in the markets. Talk of AI bubbles could be just that - talk - while stealthily other corners of the market are telling a different story.

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