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WEALTH *builder*

GLOBAL PORTFOLIO ON TRACK

By Gordon Pape, Editor and Publisher

There are three basic ways to invest.

The first is to pick your own securities. If you're good at it, you may do well. If not...

The second is to have someone do the selection for you. That can be a financial advisor or an activist fund manager.

The third is to simply track indexes. Where the TSX or the S&P go, you go too.

Number three is the direction I chose for the IWB Global Portfolio. It invests only in passive ETFs that cover most of the world's markets, with a heavy weighting to Canada and the US.

After doing well for several years, the portfolio took a hit in 2022, when high interest rates, burgeoning inflation, and the Ukraine war took a heavy toll on global markets. This year has been somewhat better, with the portfolio posting a gain of almost 10% between late March and Sept. 21.

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The portfolio was launched in March 2012. It is designed to provide an international model for growth-oriented investors, with the diversification and low costs that ETFs offer. The target annual rate of return is 8-10%. The portfolio invests in eight domestic, American, and

international ETFs, covering all parts of the globe. Investors should only track this portfolio if they are willing to accept stock market risk.

Here's a look at how our ETFs have performed since the last update in March. Results are as of mid-day on Sept. 21.

IWB GLOBAL PORTFOLIO HOLDINGS

iShares Core S&P/TSX Capped Composite Index ETF (TSX: XIC). This ETF tracks the performance of the S&P/TSX Composite Index. The TSX managed a slight gain over the past six months, so we experienced an increase of \$0.98 per unit. Because of timing we received one quarterly distribution of \$0.267 per unit.

iShares S&P/TSX Small Cap Index ETF (TSX: XCS). This ETF tracks Canadian small cap stocks. This sector of the market was marginally lower in the latest period and the units lost \$0.29. Because of timing, we received one quarterly distribution of \$0.118 per unit.

iShares US Small Cap Index ETF (CAD-Hedged) (TSX: XSU). US small cap stocks finally staged a modest rally. The units were up \$1.25 or 3.7%. We received a semi-annual distribution in June of \$0.173 per unit.

iShares Core S&P 500 Index ETF (CAD-Hedged) (TSX: XSP). This ETF tracks the performance of the S&P 500. It posted a nice gain of \$4.17 (9.9%) during the March-September period. We received a mid-year distribution of \$0.248 per unit.

BMO Nasdaq 100 Equity Hedged to CAD Index ETF (TSX: ZQQ). This fund provides exposure to the top 100 stocks on the Nasdaq exchange. Thanks to a strong performance from the so-called "Magnificent Seven" tech stocks, this ETF recorded a strong gain of \$14.31 (15.8%) in the period under review. There were no distributions during the period.

iShares MSCI EAFE Index ETF (CAD-Hedged) (TSX: XIN). This ETF tracks markets in Europe, Australasia, and the Far East. Despite the on-going problems in China, the stock markets in those countries posted positive returns during the period and these units gained \$1.97 (6.6%). We received a semi-annual distribution of \$0.468 per unit in June.

iShares MSCI Frontier 100 ETF (NYSE: FM). This ETF holds major companies in Third World countries from Nigeria to Vietnam. These markets have not done well for us, but we saw a bit of a turnaround in the latest six months with the units up US\$1.31 (5.3%) since the last review. We received a mid-year distribution of US\$0.428 per unit in June.

iShares MSCI Emerging Markets ETF (NYSE: EEM). After a long losing streak, emerging markets produced a small loss of \$0.63 per unit in the latest six-month period. We received a nice year-end distribution of US\$0.584 per unit.

Cash. We received \$21.05 in interest from the cash balance in our Scotiabank Momentum Plus savings account.

Here's a look at how the portfolio stood on the afternoon of Sept. 21. The Canadian and US dollars are treated at par, and commissions are not considered. The percentage in the

Gain/Loss column represents the cumulative return since the portfolio was launched or since the security was added. The initial book value was \$20,002.30.

IWB Global Portfolio (a/o Sept. 23, 2023)

Security	Weight	Total Shares	Average Price	Book Value	Current Price	Market Value	Retained Income	Gain/Loss %
XIC	19.2	300	\$22.63	\$6,788.65	\$31.85	\$9,555.00	\$204.39	+43.8
XCS	6.0	170	\$16.28	\$2,767.20	\$17.57	\$2,986.90	\$32.38	+9.1
XSU	13.0	185	\$17.96	\$3,527.35	\$35.04	\$6,482.40	\$155.34	+88.2
XSP	21.3	230	\$18.29	\$4,206.10	\$46.11	\$10,605.30	\$164.62	+156.1
ZQQ	23.2	110	\$21.44	\$2,358.40	\$104.99	\$11,548.50	\$280.06	+401.6
XIN	10.8	170	\$21.76	\$3,698.75	\$31.81	\$5,407.70	\$145.89	+50.1
FM	2.1	40	\$35.18	\$1,407.25	\$26.65	\$1,066.00	\$53.00	-20.5
EEM	4.2	55	\$43.29	\$2,381.20	\$38.08	\$2,094.40	\$97.04	-8.0
Cash	0.2			\$86.79		\$107.84		
Total	100.0			\$27,221.69		\$49,854.04	\$1,132.72	+87.3
Inception				\$20,002.30				+154.9

Comments: After taking a hit in 2022, the portfolio has done well so far this year. The total value as of Sept. 21 was \$50,986.76, up about 8% from the March review. Nasdaq (ZQQ) was our best performer during the period, with a 15.8% gain in the unit price.

As a result, our cumulative gain since inception improved to 154.9%. That works out to a compound average annual growth rate of 8.48%. That's comfortably within our original target range.

Changes: The portfolio is performing as expected. I see no need to replace any

components. There is not enough in retained earnings to reinvest so we'll let those ride.

We have cash and retained income of \$1,240.56. Duca Credit Union is offering 5.25% on its high interest savings account with no minimum balance, so we'll invest the money there.

I'll review the portfolio again in March.

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MEMBERS' CORNER Price updates

Member comment: I think that in your letter you should modify the way things are presented in the performance section when reviewing securities.

It is my understanding that when a security is recommended as a Buy, it remains a recommended Buy until it is changed to a Hold or a Sell. To use Nutrien as an example. It is up 81% from the original recommendation. I believe that it remained a recommended Buy and was updated again as a Buy in November 2022 at \$101. This would put any of your subscribers who acted on the November update as Buy into the -34% category. Anyone who purchased between the original and the update would be somewhere in between those two numbers. At the very least the performance report should indicate that the gain is in reference to the *original* recommended price.

This disparity becomes even more evident when updates are done on securities such as Google and Amazon. Not everyone was a subscriber back when a lot of these recommendations were made. – James B.

Response: You make a good point and one I have wrestled with over the years. All updates are based on the original recommended price but as you point out, readers may have purchased at a broad range of prices. The best I can do is emphasize the comparison is to the original price; readers who purchased at other prices should keep their own records. - G.P.

ARE WE IN A ROLLING RECESSION?

By Richard N. Croft, Associate Publisher

Imagine a business cycle where twists and turns rotate through sectors of the economy like a game of musical chairs. Only in this game, one chair is replaced by another, turning the traditional game of musical chairs into a never-ending elimination game where no players are left behind.

This never-ending version of musical chairs is the blueprint for a rolling recession. Unlike the hard-landing garden variety downturn, rolling recessions cause short-term dents in the pocketbook without draining it. The road to recovery is quicker as negativity abates when economic headwinds take aim at another sector.

A rolling recession describes an environment where various sectors incur financial downturns at different times. After those sectors recover, the slowdown "rolls" to other areas. For example, we are seeing a slowdown and lower prices in the energy, commodity, and financial service sectors while witnessing surges in transportation, hospitality, and technology. In a typical recession, mass layoffs cause a ripple effect that impacts most sectors at the same time.

The resiliency in the labour market supports the rolling recession thesis and the fact that it has dumbfounded

economists probably explains why they have constantly shifted their timeline for the economy to slow.

Rolling recessions are not new. In the 1960s, the US automobile industry was globalized, hurting domestic auto sales and production. The recession lasted 10 months, GDP declined about 2.4%, and unemployment hovered around 7%. However, cumulative GDP almost doubled after this brief slowdown.

Another example was 2016, when the US dollar surged causing a slowdown in US exports as trading partners were unable to afford higher prices for American products. The manufacturing sector slowed, and rising commodity prices decreased agricultural margins and oil prices. However, other sectors, such as housing and technology, were not affected.

Reading the rolling recession tea leaves is important because it has implications for central bank policy. The Fed's objective is to slow inflation while plotting a course towards a soft landing. If we are already in a recession, engaging in further rate hikes for longer, may be doing more harm than good.

If enough sectors remain buoyant, it could head off a deep recession despite higher for longer interest rate targets.

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Recession—continued from page 5...

Although it does beg the question: when is a recession not a recession? If that feels like a trick question, the answer – when it is rolling – is problematic.

The traditional explanation espoused by the National Bureau of Economic Research (NBER) is that a recession is a significant decline in economic activity spread across the economy lasting for more than a few months.

That definition does not fit the template for a rolling recession as the overall economy never experiences a downward spiral. In the current environment, we think that may be what we are witnessing. We believe the resilient labour market will allow laid-off workers to find new employment in other sectors. We also think that the constant motion of a rolling recession will ward off a large-scale stock market crash.

We've seen some evidence supporting the rolling recession thesis as economic weak spots rotate through various sectors. Housing was the first domino to fall. In the early stages of the pandemic, property values increased, supported by cheap money and demand from Millennials who wanted to take advantage of the work-from-home paradigm.

When the Fed began tightening in March 2022, property values declined as rising interest rates caused an affordability crunch that dampened demand. Through the remainder of 2022, the number of existing homes that changed hands in the

US receded for eleven straight months. By the end of 2022, existing home prices had declined 34% from 2021 levels which was the first year-over-year decline since 2009.

The slowdown in existing home sales crossed over into new home construction which declined from September through December 2022. By the end of 2022, new home construction in the US had fallen 26.6% from 2021 levels. By 2023, sales of existing homes began to rebound although not as much as one would expect as a dearth of supply limited the number of transactions. To pick up the slack, we began to see an upswing in permit applications for new home construction.

At the same time, manufacturing began to slow as consumer spending receded. Consumers were simply spending more of their disposable income on staples like energy and groceries. That resulted in a five-month slowdown as consumer spending waned and demand faded for US exports.

The tech sector laid off thousands of workers in late 2022 and early 2023 as the industry began to normalize after a hiring binge during the pandemic. Technology behemoths like Amazon and Meta expanded their workforce during the pandemic when demand was peaking. As demand normalized these companies began “right sizing” their workforce and with the mass adoption of generative artificial intelligence, it is unlikely these displaced workers will be re-hired.

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Recession—continued from page 6...

Cushioning this transition was a tight labor market that provided other high paying non-tech job opportunities. Think about UPS as a case in point, where driver salaries negotiated in the most recent contract top US\$170,000 annually.

Normal vs. rolling recession

A typical (normal) recession is fallout resulting from a major event. Notable examples include the rising interest rate environment in the 1970s, subdued consumer confidence that accompanied wage and price controls under President Nixon, inflationary spikes during the early 1980s under President Reagan, a stock market crash like 1929 that caused the Great Depression, and more recently the 2008 collapse of sub-prime mortgages that threatened the entire banking system.

Rolling recessions are more complicated and often go unnoticed because they are caused by smaller events that result in a domino effect across various industries. For example, in the early stages of the pandemic, the service sector was shuttered, and profits collapsed. At the same time demand for goods surged because of shelter-at-home restrictions and remote work policies. Profits exploded for online merchants. Post-pandemic, as macro-economic trends began to normalize, demand for services expanded while activity for goods producers and online retailers began to wane.

Higher prices lead to higher interest rates

that make it harder to borrow and finance loans. The rising cost of money makes it more difficult for consumers to buy big ticket items and businesses to finance inventory and expansion plans. Note the downturn of the housing market and business investment.

Reduced spending leads to decreased demand for both services and goods, affecting business revenue. The lower demand then causes cutbacks in production, so businesses hire less and may also decrease the number of employees.

Businesses are also looking for ways to lower expenses in an inflationary environment. Cutbacks in hours worked eventually lead to employee reductions as wages are one of the largest expenditures. When spending goes down, inflation starts to decrease. If the interest rates are too high and the economy slows down too much, a recession begins.

I'll wrap up this discussion next week and offer suggestions as to how investors should deal with a rolling recession.

Associate Publisher Richard Croft has been in the investment business for more than 40 years and is the founder of R.N. Croft Financial Group. As a global portfolio manager and option specialist, his focus is helping investors clarify their goals and risk tolerances, leading to an appropriate risk-adjusted portfolio. He can be contacted at rcroft@croftgroup.com

DISCOUNT GIANTS TAKE OPPOSITE DIRECTIONS

By Gordon Pape

It's strictly a personal perception, but I always found Walmart stores to be somewhat, well, grubby. The lighting seemed harsh, the staff seemed vague in their directions, some shelves were in disarray, and the whole process of filling the shopping cart was exhausting. Target, a major Walmart competitor in the US, was something else again. Although both promote themselves as discount merchandisers, I found its stores to be more upscale. Lighting was softer, there were mini-boutiques for cosmetics and clothing, the staff seemed more knowledgeable, things were where you expected them to be – in short, Target seemed cool.

Well, that shows how much I know about merchandising. In these stressful times of inflation and rising interest rates, Walmart is crushing Target at the place where it really counts: the cash register.

Second quarter results show how customers feel about the two chains. Walmart is enjoying a very successful year and the stock recently touched an all-time high. Target, by contrast, has seen a drop in sales, although profits are holding up. Its stock has been trending down for most of this year and is currently trading near its 52-week low.

Here's a closer look at both companies.

Target Inc. NYSE: TGT

Originally recommended on Nov. 25/19 (#21941) at \$127.02. Closed Friday at \$112.60. (All figures in US dollars.)

HOLD

Background: Target is a Minneapolis-based operator of big box stores, with almost 1,900 outlets in all 50 states and the District of Columbia. The company opened its first store in 1962 and now employs 350,000 people. It attempted to establish a presence in Canada a few years ago but the initiative failed miserably, and the company pulled out after incurring heavy losses.

Performance: The stock has been trending down since January and on Friday touched

a 12-month low of \$112.54. It finished the day a few cents higher.

Recent developments: Target reported mixed second quarter results and lowered its full-year guidance, pushing down investor confidence even more. Sales in the quarter were down 4.9% compared to a year ago, at \$24.4 billion.

However, a big improvement in operating

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Discount giants—continued from page 8...

margin helped to boost profit by 365% to \$835 million (\$1.80 per diluted share). That compared to \$183 million (\$0.39 a share) in the same period a year ago.

Dividend and buybacks: Target increased its quarterly dividend by 1.9% to \$1.10 per share (\$4.40 per year) effective with the August payment. The stock yields 3.9%.

The company did not repurchase any stock in the second quarter.

Outlook: Target now expects comparable sales to decline by mid-single digits for the remainder of the year. Adjusted earnings per share are projected to be in the \$7-8.00 range, compared with the prior range of \$7.75-\$8.75.

Action now: Hold.

Walmart NYSE: WMT

*Originally recommended on June 24/12 (#21222) at \$67.30.
Closed Friday at \$162.35. (All figures in US dollars.)*

BUY

Background: Walmart is the world's largest bricks and mortar retailer with more than 10,500 stores in 19 countries, plus an expanding e-commerce operation. It employs some 2.3 million people worldwide and had revenue in the 2023 fiscal year of \$611 billion.

Performance: While Target struggles, Walmart shares recently touched an all-time high of \$165.85 and are currently trading a couple of dollars below that. The stock is up 141% since our original recommendation.

Recent developments: Second quarter 2024 results (to July 31) were very positive. Revenue was \$161.6 billion, up 5.7% from \$152.9 billion the year before. eCommerce growth was strong, up 24% globally year-over-year. Operating income was \$7.3 billion, ahead 6.7% from a year ago. Net income attributed to shareholders was \$7.9 billion (\$2.52 per diluted share).

That was 53% better than 12 months before, which saw profits of \$5.1 billion (\$1.88 per share). For the first six months of the 2024 fiscal year, Walmart made a profit of \$9.6 billion (\$3.54 a share), up 35.6% on a per share basis from the prior year.

Dividend and buybacks: The quarterly dividend is \$0.57 a share (\$2.28 annually), to yield 1.4% at the current price. The company has repurchased eight million shares year to date at a cost of \$1.2 billion.

Outlook: The company believes growth will continue for the rest of the fiscal year. Net sales are expected to increase 4.0% to 4.5% compared to fiscal 2023. Adjusted earnings per share from are expected to be \$6.36- \$6.46.

"We're in good shape with inventory, and we like our position for the back half of the year," said CEO Doug McMillon.

Action now: Buy.



GORDON PAPE'S UPDATES

Recommendations are colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

Enbridge Ltd. TSX, NYSE: ENB

BUY

Originally recommended by Tom Slee on Aug. 22/99

(#9930) at \$8 (split-adjusted). Closed Friday at C\$46.54, US\$34.52.

Background: Enbridge Inc. is one of the largest energy infrastructure companies in North America. It operates an extensive network of crude oil, liquids, and natural gas pipelines and is also involved in regulated natural gas distribution utilities and renewable power generation.

Performance: The shares were hit hard this month after the company announced it will purchase three US gas distribution utilities.

Recent developments: Investors were unnerved by the news Enbridge is issuing 103 million new shares to help finance the utilities deals. The pricing of the new issue was 7.2% below the share price at the previous close and creates an overhang that could weigh on the stock price for several months. Questions were also raised about the impact on the company's credit rating and the sustainability of the dividend.

Prior to the acquisition announcement, Enbridge released second quarter

results. Adjusted earnings was the same as last year, at \$1.4 billion. But on a per share basis, 2023 showed an improvement of a penny, to \$0.68.

Dividend and buybacks: The shares pay \$0.8875 per quarter (\$3.55 a year) to yield 7.6% at the current price.

The company is also buying back stock. Enbridge repurchased approximately 2.5 million common shares in the quarter, spending approximately \$125 million.

Outlook: Enbridge reaffirmed its 2023 projections for EBITDA and distributable cash flow.

Action now: Buy. RBC Capital Markets issued a positive report on the new acquisitions and said they will be beneficial to Enbridge's diversification and grown prospects. They have a \$60 target price and rate the shares as "outperform".

The Home Depot NYSE: HD

HOLD

Originally recommended on April 25/22 (#22217) at \$300.23. Closed Friday at \$305.73. (All figures in US dollars.)

Background: Home Depot is the largest home improvement retailer in the world. It was founded in 1978 and now has a total of 2,326 retail stores in all 10 provinces, all 50 US states, the District of Columbia, Puerto Rico, the US Virgin Islands, Guam, and Mexico. The company generated \$157.4 billion in revenue in 2022. It employs approximately 500,000 workers.

Performance: The stock touched a 52-week high of \$347.25 in August but has since pulled back.

Recent developments: The first quarter of this year was a downer for Home Depot. Recently released second quarter numbers were slightly better, but year-over-year revenue and profit was still down from 2022.

The company reported sales of \$42.9 billion for the second quarter, a decrease of 2% from the year before. This was better than analysts' forecasts, which projected a sales drop of 3.9%. Comparable sales in the US were also down by 2%.

Net earnings were \$4.7 billion (\$4.65 per diluted share), compared with \$5.2 billion (\$5.05 per share), in the same period of fiscal 2022.

Sales for the first six months of the year were down 3.1% from a year ago to

\$80.2 billion. Net earnings were down 9.3% to \$8.5 billion. However, on a per share basis, the decline was only 7.3% due to the company's aggressive share buyback program.

The company reaffirmed its previous full-year guidance, as follows:

- Sales and comparable sales are expected to decline between 2% and 5% compared to fiscal 2022.
- Operating margin rate to be between 14.3% and 14.0%.
- Tax rate of approximately 24.5%.
- Interest expense of approximately \$1.8 billion.
- Diluted earnings per share to decline between 7% and 13%.

Dividend and buybacks: The stock pays a quarterly dividend of \$1.90 (\$7.80 a year), to yield 2.6% at the current price. The board of directors authorized a new share repurchase plan which allows the company to spend up to \$15 billion between now and August 2024.

Outlook: Results will continue to look sluggish for the rest of this year. However, CEO Ted Decker said the company feels positive in its ability to grow sales and profits in the medium to long term.

Action now: Hold.



SHAWN ALLEN'S UPDATES

Recommendations are
colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

Canadian Western Bank

TSX: CWB, OTC: CBWBF *Originally recommended*

on Sept. 15/14 (#21433) at C\$40.54, US\$36.31. Closed Friday at C\$28.28, US\$21.59.

HOLD

Background: This smaller bank, unlike the large Canadian banks, is virtually a pure deposit and lending operation. Some 88% of its revenues are from the net interest margin on lending and a further 4% is credit-related fees, for a total of 92% from lending. CWB primarily lends to business customers as opposed to individuals. The remaining revenue is from wealth management and trust operations.

While it was originally focused on western Canada, it has moved into the Ontario market through acquisitions of non-branch equipment financing and other commercial lending operations and more recently is opening branches in Ontario. That province now accounts for 25% of its loans.

Performance: The stock was down a very disappointing 34% in 2022 but is up 17.5% in 2023 to date.

Recent results: Recent adjusted earnings per share were quite disappointing. In the latest quarter, earnings per share were down 3%. But this was an improvement over the double

-digit declines of the three previous quarters. Lower earnings were driven by higher deposit interest costs, higher administrative costs as the company expands for expected future growth, and by a higher share count as it issued shares in order to maintain a more conservative balance sheet.

Dividend: The stock pays a quarterly dividend of \$0.33 (\$1.32 per year) to yield a reasonably attractive 4.55%.

Valuation: At my analysis price \$29.08, the price to book value ratio is quite attractive at 0.84. This ratio seems unfairly low given that the bank is still reasonably profitable and is growing. The trailing adjusted p/e is very attractive at 8.7. The dividend yield is attractive at 4.7%. The trailing year adjusted return on equity is acceptable but not great at 9.9%. These ratios suggest a moderately profitable company that appears to be somewhat undervalued.

Outlook: The near-term outlook appears *Continued on page 14...*

FINANCIAL FACTOIDS:

BILL GATES



Early years. As a teen at Lakeside Prep School in Seattle, Gates wrote his first software program on a General Electric computer. It was a version of tic-tac-toe, with the user to playing against the machine.

Once his school discovered Gates' coding abilities, they let him write the school's computer program for scheduling students in classes. Gates slyly altered the code so he was placed in classes with a "disproportionate number of interesting girls."

He read the entire World Book Encyclopedia series during his teenage years.

Gates scored a near-perfect 1590 out of 1600 on his SATs.

Like many other successful tech entrepreneurs (Mark Zuckerberg, Steve Jobs, Larry Ellison, to name a few), Gates is a college dropout. He left Harvard University in 1975 to fully devote himself to Microsoft. (By all accounts, he regrets this decision and has lamented on the graduation advice he missed out on.)

Travelling man. Two years after he dropped out of Harvard, Gates was arrested in New Mexico. He was driving without a license and ran a red light.

At Microsoft, Gates used to memorize employees' license plates to keep tabs on their comings and goings. "Eventually I

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Bill Gates—continued from page 13...

had to loosen up, as the company got to a reasonable size," he once said.

For air travel, Gates used to fly coach. Nowadays, he gets around in the plane he's owned since 1997, which he calls his "big splurge."

Speaking of cars, he has quite the Porsche collection. The headliner is his Porsche 959 sports car, which he bought 13 years before the car was approved by the US Environmental Protection Agency or the US Department of Transportation.

Another splurge. Besides his plane, one of Gates' biggest splurges was the Codex Leicester, a collection of writings by Leonardo da Vinci. He acquired it at a 1994 auction for US\$30.8 million.

Leaving it behind. Despite his immense wealth, Gates says his children will only inherit US\$10 million each — just a fraction of his US\$90.9 billion net worth. "Leaving kids massive amounts of money is not a favor to them," he says. Some might see \$10 million as a "massive amount". Like most of us.

AI. Gates says if Microsoft hadn't worked out, he probably would have been a researcher for artificial intelligence.

Despite his interest in AI, Gates says he is "in the camp that is concerned about super intelligence." That camp includes other notable leaders in science and technology, such as Elon Musk and the late Stephen Hawking.

Hobbies: His favorite band? Weezer. He

also calls U2 a "favourite" and says he's still "waiting for Spinal Tap to go back on tour."

He says he reads 50 books a year. "Reading is still the main way I both learn new things and test my understanding," he says.

Regrets: Gates doesn't know any foreign languages. That, he says, is his most significant regret in life thus far. (Author's note: he said this before his relationship with Jeffrey Epstein came to light.)

Prognosticator: In 2015, Gates told TED Talk about global pandemics, warning that the world was not ready to take one on. From that point forward, he frequently talked about the inevitability of a pandemic. Clearly, not many people listened.

CWB—continued from page 12...

to be for continued modest growth. The fourth quarter is expected to show a modest increase in earnings per share as loans renew at higher interest rates, and that trend should accelerate in 2024. Higher loan losses remain a possibility, but this has been very well managed to date.

CWB is much less exposed to unsecured consumer credit and variable rate mortgages than the larger banks and this may be beneficial in upcoming quarters.

Action now: Buy. While recent results have been disappointing, the outlook is good, and the valuation is quite attractive.