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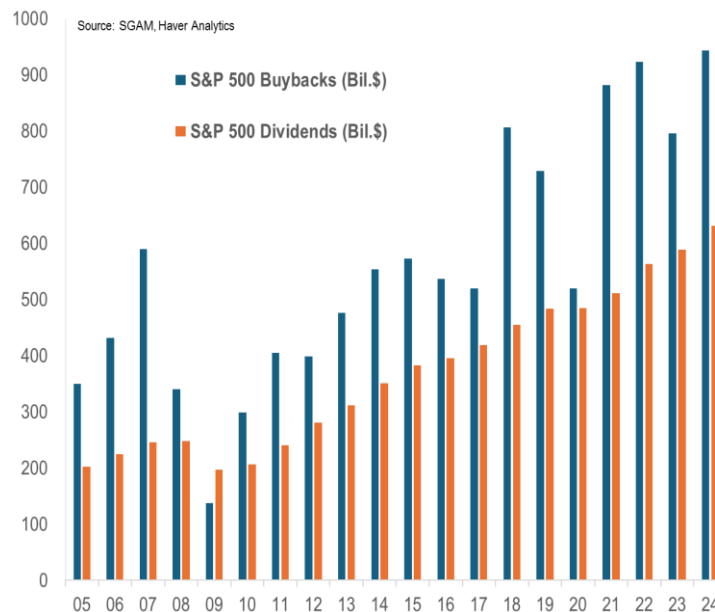
February 10, 2026

Entertaining Factoids

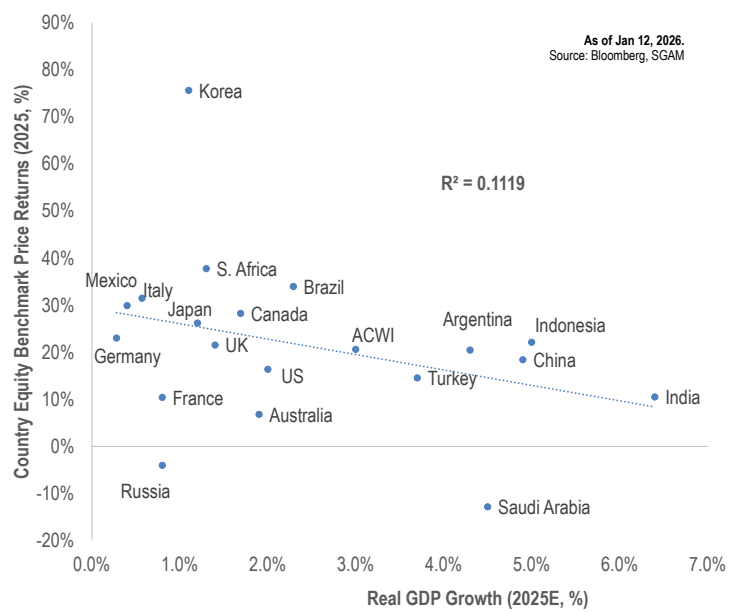
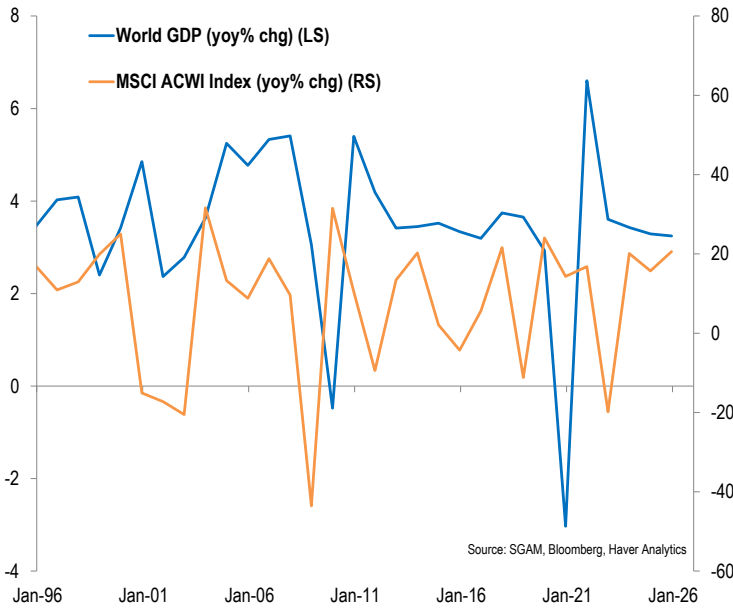
Over the years, we've often provided analytical, data-driven support for commonsense investment ideas pertaining to the economy, equity and fixed income markets that were, perhaps, not so commonly known to the broader investment community. We call these factoids. In this *Musings* edition, we've collected a few of our favorites to share.

For example, buybacks have now surpassed dividends as a driver of shareholder returns (**see Chart of the Week**). We've included some factoids surrounding equity market valuations, market structure, including concentration, corporate lifespans, and the outsized role of a small group of winning firms. As well, we've looked at market timing, seasonality, and behavior: why missing a few strong days, over-focusing on the economy or ignoring calendar patterns, can materially affect long-term outcomes.

Chart of the Week: Buybacks have Steadily Outpaced Dividends in the Past Two Decades

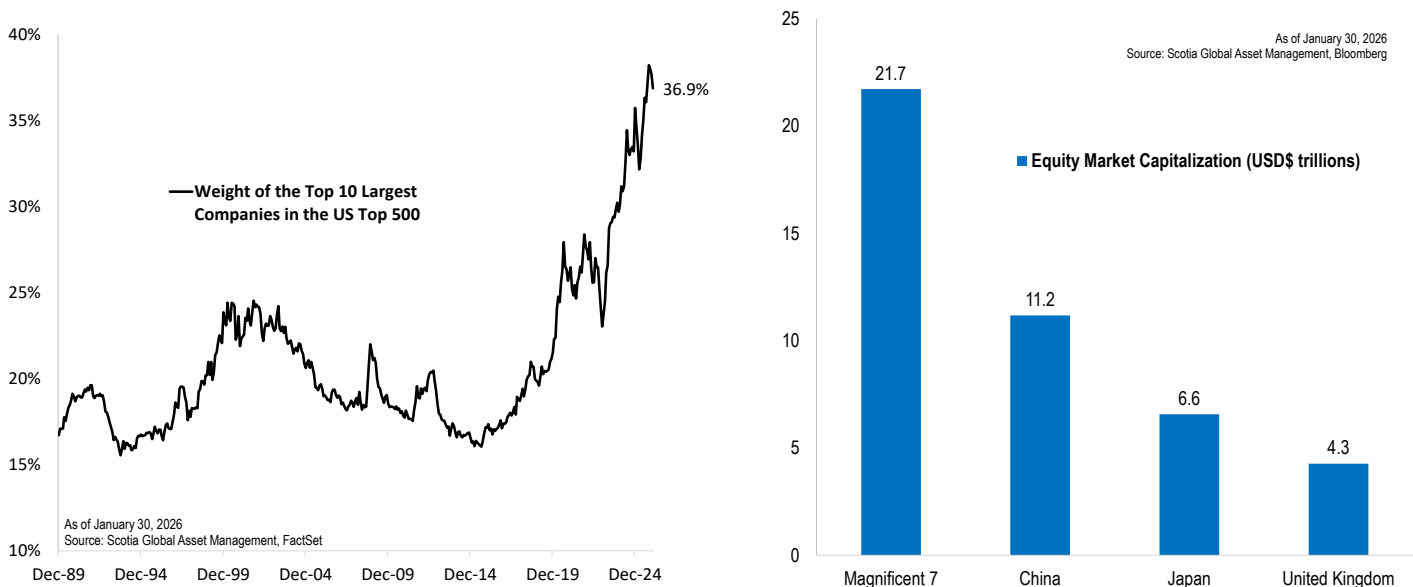


Economic growth ≠ Equity Returns



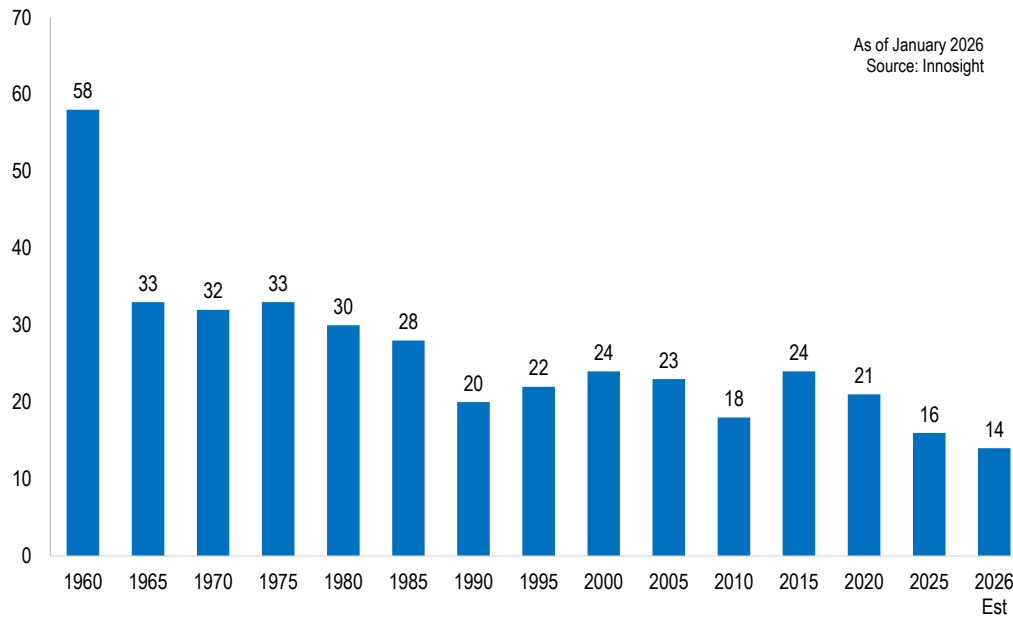
- Oftentimes, investors look to the economy for guidance on how stocks will perform. While it's true that there is a link between equities' earnings and economic activity levels, the link turns weaker when it comes to equity prices. Looking at historical global economic growth alongside global equity market performance, we find that the correlation between the two variables is -0.07.
- To further illustrate this point, a scatter-plot showing individual countries' benchmark equity performance with economic growth for 2025 reveals no relationship. For example, India had one of the strongest rates of economic growth but largely underperformed when it came to equities. Similarly, Korea's economic growth was sub-par, yet, it experienced the best equity market performance among the G20 countries.

Epic U.S. Market Concentration



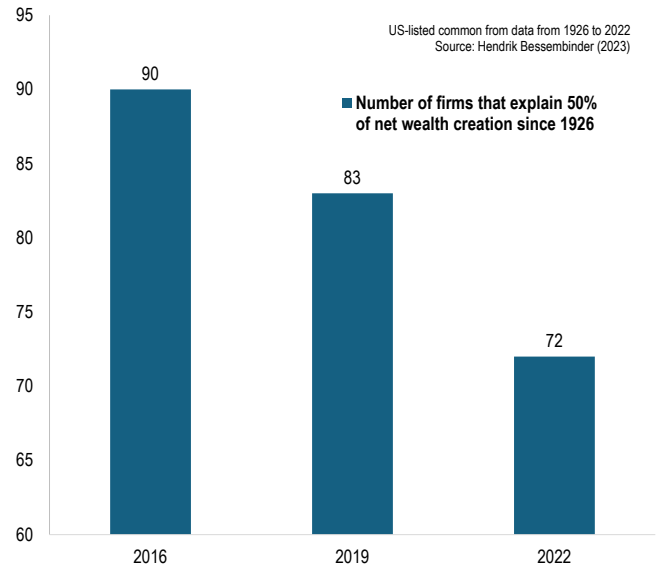
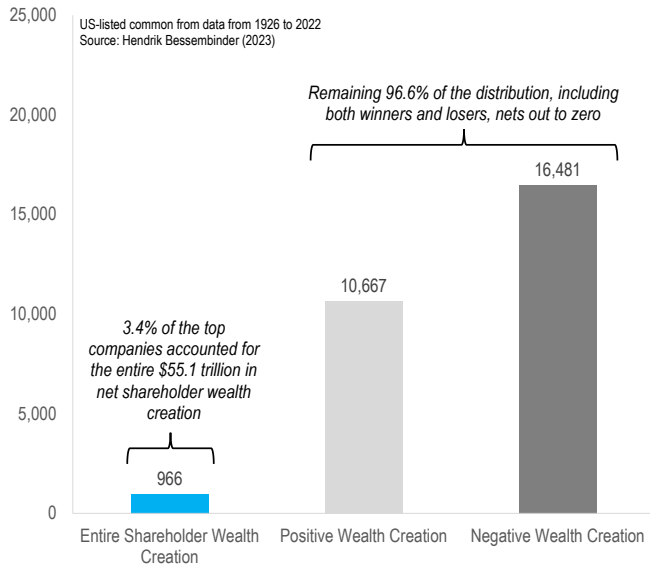
- The U.S. equity market represents 64% of market capitalization in the MSCI ACWI. This means that American companies represent more value than all other stock markets combined across Europe, Asia, and EM. The United States represents a mere 4.2% of the global population, but controls well over half of investable global equity.
- Concentration within the U.S. large cap space has reached historically elevated levels. The top 10 largest companies account for 36.9% of the index's market capitalization. If the index was equally weighted, where each company represented 0.2%, these 10 giants would hold just 2%. Thus, they comprise nearly 20 times more influence than an equal weighted distribution would provide.
- The Magnificent 7 - Apple, Microsoft, Alphabet, Amazon, Meta, Nvidia and Tesla – have reached a combined market capitalization of USD\$21.7 trillion. This collective valuation approximates the aggregate capitalization of next 3 largest equity markets outside of the United States.

Shrinking U.S. Corporate Lifespans



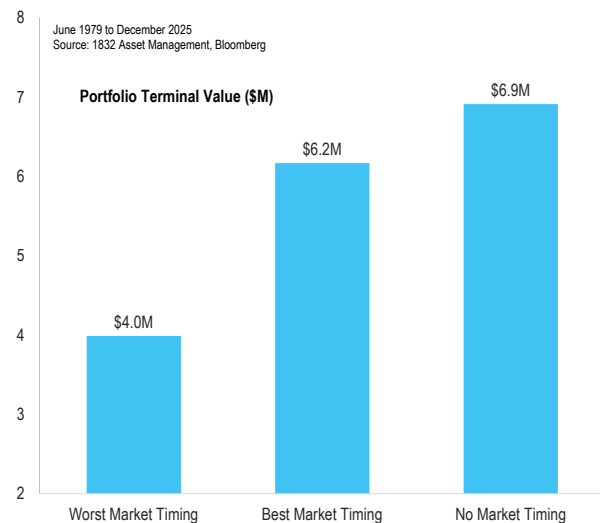
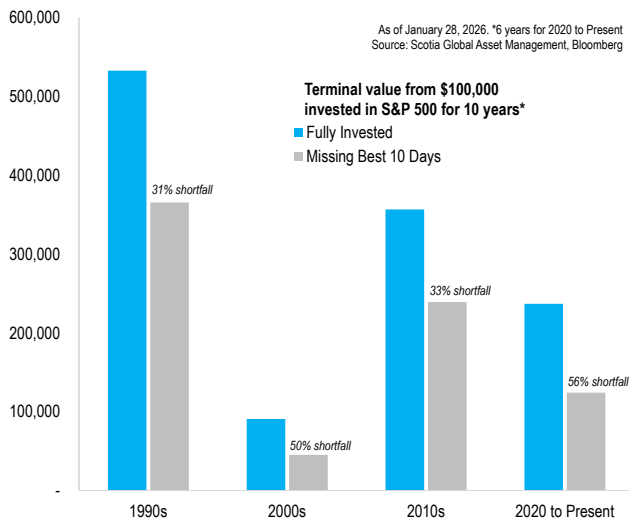
- The average tenure of a company in the S&P 500 has declined from 33 years in 1965 to somewhere around 14 years based on the latest data. Assuming this current trend persists, about 75% of companies within the S&P 500 will be replaced within the next decade. This accelerated turnover seems to reflect fundamental changes in business model longevity and competitive intensity.

Winners Really Win



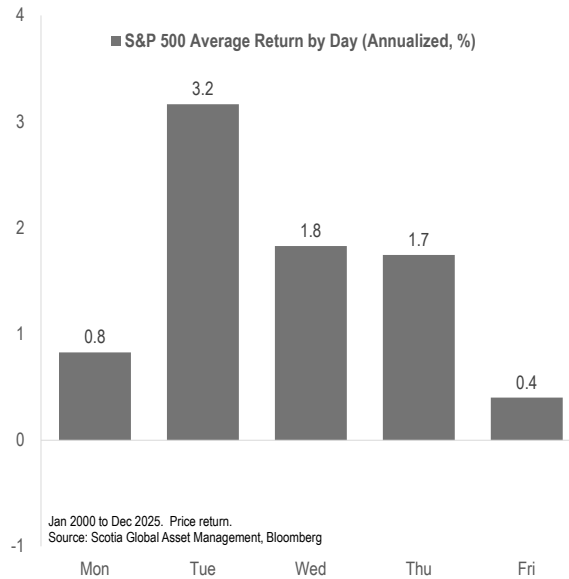
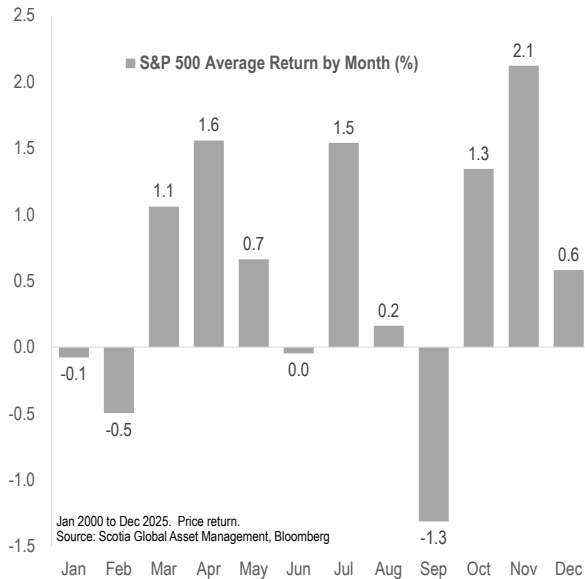
- Even though 41.4% of firms created positive wealth through time, the market's net gains were driven by a very small subset of extreme winners.
- Research covering 1926 to 2022 found that only 3.4% of all firms, or 966 out of 28,114 companies, accounted for all the net wealth creation above the returns for one-month Treasury bills. Three firms alone accounted for 10% of total net wealth creation, which amounted to \$55.1 trillion over this period of examination.
- The degree to which wealth enhancement is concentrated in relatively few firms has increased over time: for example, the number of high-performing firms that explain half of the net wealth creation since 1926 decreased from ninety as of 2016 to eight-three as of 2019 and to seventy-two as of 2022.
- Meanwhile, 16,481 or 58.6% of firms had negative wealth creation and underperformed T-Bills.

Missing a Select Few Days can be Costly



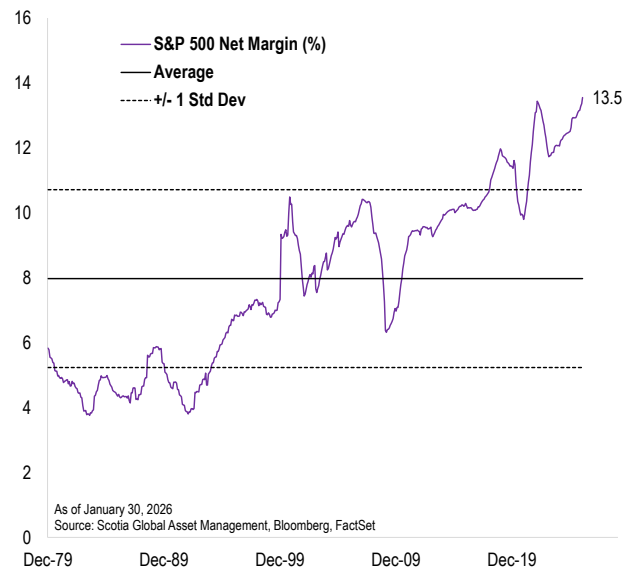
- Many of the market's best days occur during volatile bear markets or early recoveries, making them difficult to predict. Missing the 10 best days can create larger percentage shortfalls in volatile decades (e.g., 50% in the 2000s and 56% from 2020–present), but the dollar impact can be greater in bull-market decades because a smaller base compounds over time (e.g., ~\$167K shortfall in the bullish 1990s vs. ~\$45K in the bearish 2000s).
- Over the full 36-year period (1990–present), the cost is amplified further: missing the 10 best days would have reduced annualized returns by ~2.5% and resulted in a \$2.3M (56%) shortfall versus staying fully invested.
- As a corollary, even “perfect” market timing doesn't beat time in the market. Holding cash and buying only at cycle lows still underperforms a constant cash deployment approach because the cash that accumulates while waiting for the next cycle low misses compounding- creating a persistent cash drag and lower terminal value.

Seasonality



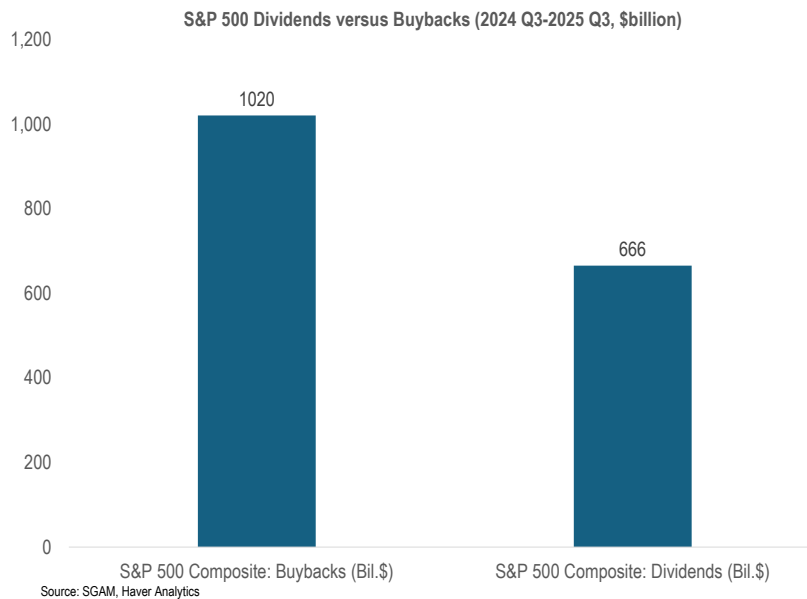
- Seasonality has been a persistent long-run tendency: November has been the strongest month on average (+2.1%), while September has been the weakest (-1.3%). While not predictive on its own, this pattern - often referred to as the “September Effect” - has shown up repeatedly over time, with returns generally stronger in the spring and year-end months and softer in late summer/early fall.
- A similar “calendar effect” shows up by day of the week: returns have tended to be strongest mid-week and softer around the weekend, consistent with investors being more cautious ahead of non-trading days and markets repricing accumulated news and uncertainty when trading resumes.

The S&P 500's Fundamental Stretch



- The S&P 500's price-to-earnings ratio stands about 46% above the modern-era average, placing these valuations about 1.6 standard deviations above the mean. From 1979, the average P/E multiple has been 15.2x with a median value of 15.0x. Current valuations have only been exceeded during the early 2000s dot-com bubble. Historically, mean reversion in valuations has occurred over extended periods of time, typically returning toward the 15-17x level.
- Meanwhile, net profit margins for S&P 500 companies are currently at their highest level. Operating margins averaged 8.0% long-term, but climbed to a new high of 13.5% more recently. Elevated margins seem to reflect structural improvements in business models, particularly among technology companies and might explain at least part of the elevated valuations. Historically, profit margins have mean-reverted, ranging from 5-7% during recessions to 11-13% during peak progress.

Buybacks > Dividends



- Share buybacks have surpassed dividends as the dominant form of returning cash to shareholders. In 2022, global buybacks reached \$1.31 trillion, almost equaling dividend payouts.
- For the S&P 500, companies have spent over \$1 trillion on buybacks in the past 12 months through September 2025, compared to only \$666 billion on dividends. Looking back at the prior 20 years, buybacks have outpaced dividends in 19 of those years. About 2/3rds of S&P 500 constituents now repurchase shares, up from 22% just over a couple of decades ago.

High Frequency Data Tracker

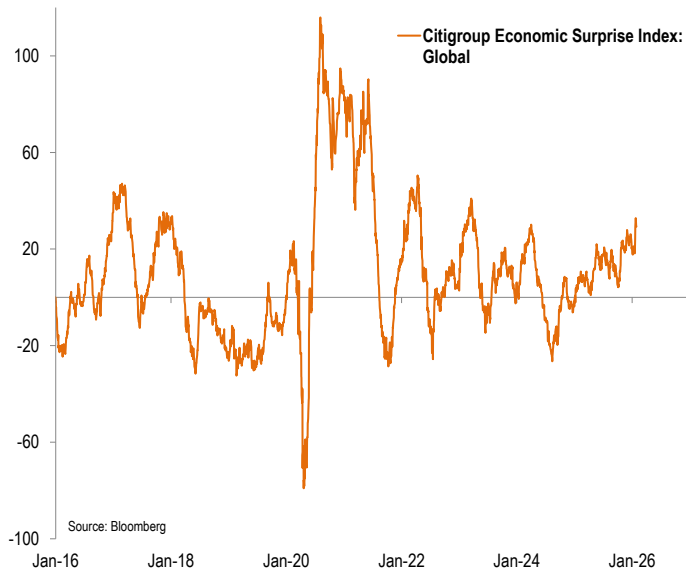
N.B. The charts in the following pages are as of February 6, 2026, unless otherwise noted.

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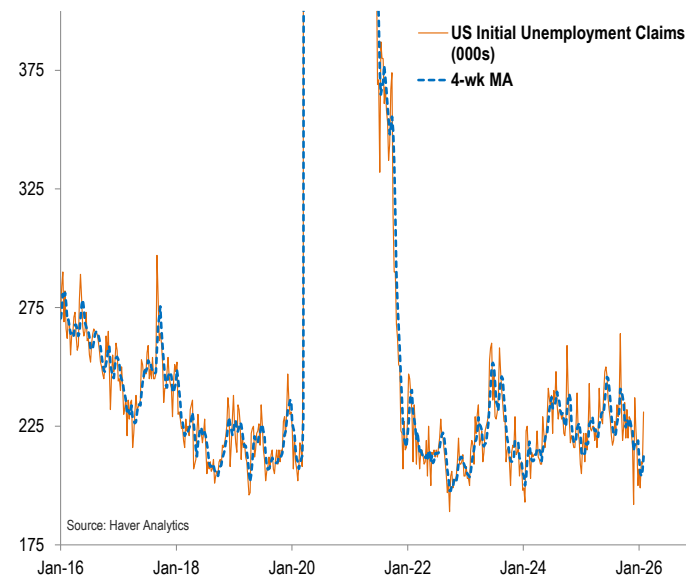
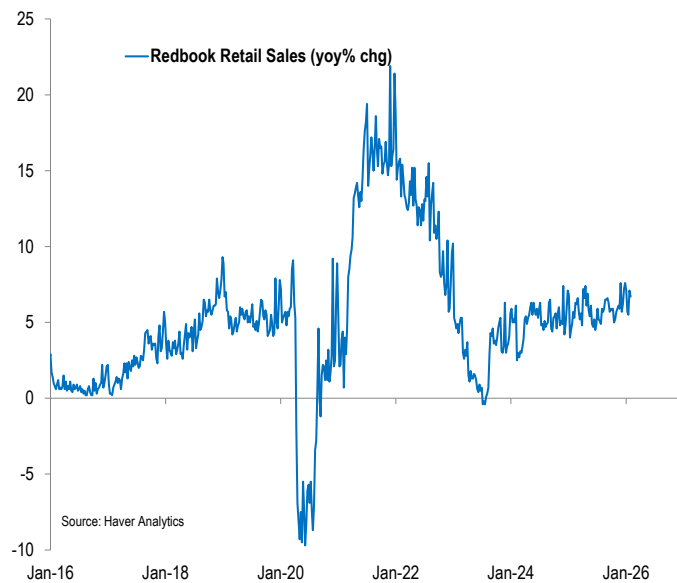
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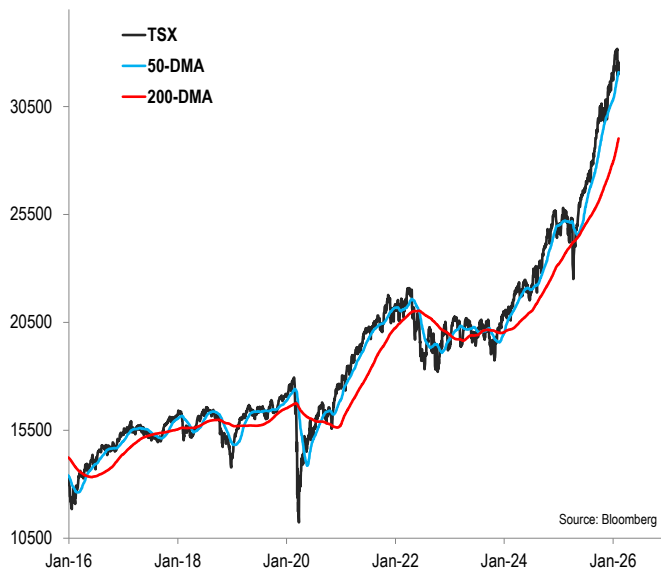
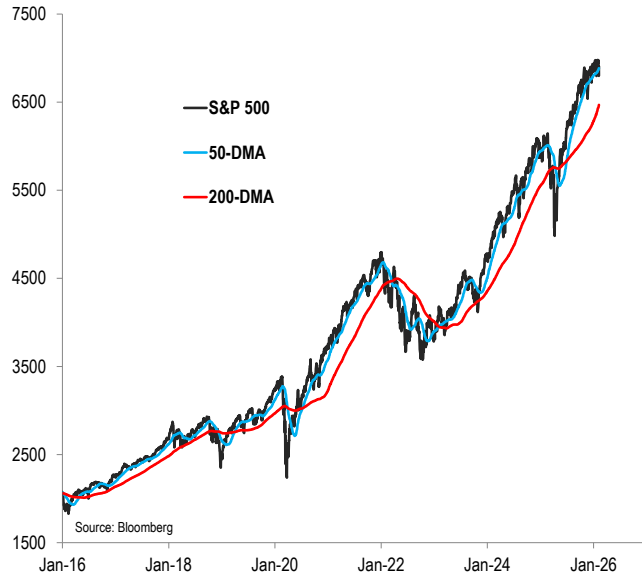
Economics



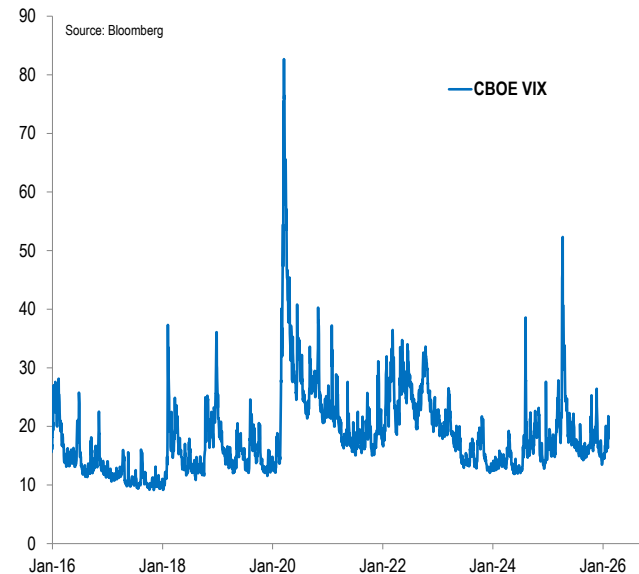
- The Economic Surprise Index has been climbing higher above the zero-line implying an increasing number of positive data surprises versus negative ones.
- Weekly retail sales growth ticked down to 6.7%, on a year-over-year basis, which is down from the prior week's 7.1% pace. However, this data series continues to point to a healthy U.S. consumer sector.
- The number of initial unemployment claims jumped to 231,000 compared to 209,000 in the prior week. While the data has been a little volatile recently, the overall downtrend is a positive sign for the labor market.



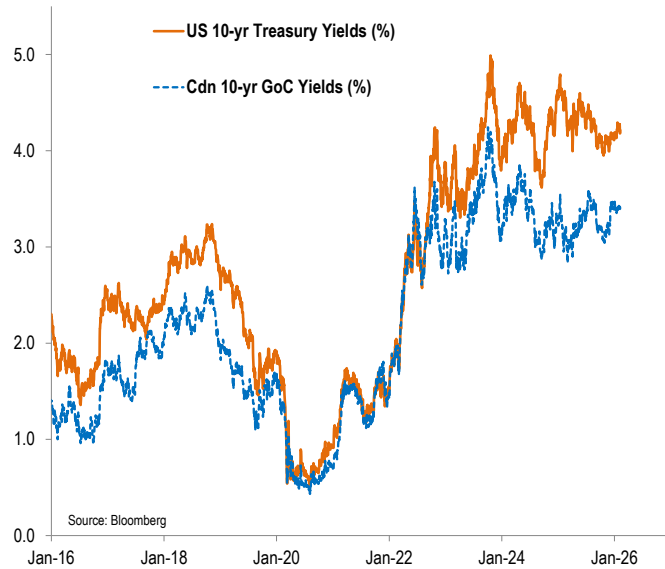
Equities



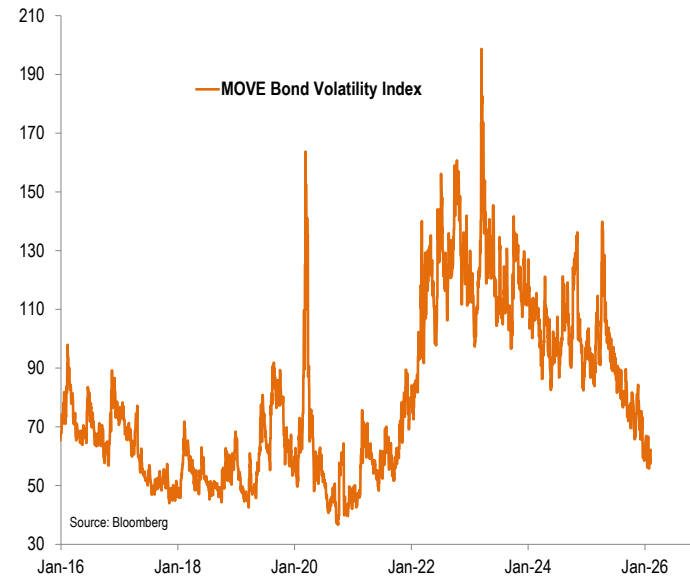
- The S&P 500 appears to be moving between the 6800 to 7000 level as investors digest the incoming earnings releases news flow.
- The TSX appears to have stabilized after its 5% downturn in the late part of January.
- The VIX Index, a volatility gauge for the equity market, turned higher to reflect the recent market unease and reached a high of 23. However, it has started to move lower and is closer to the 18 level currently which is relatively muted relative to history.



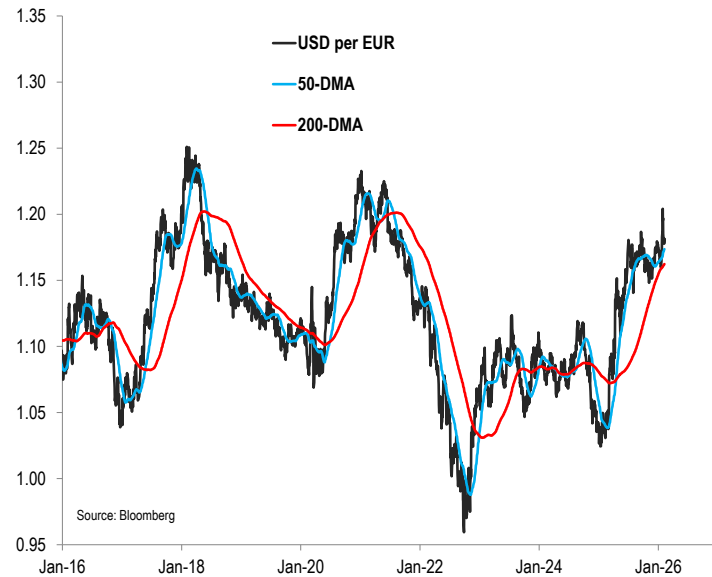
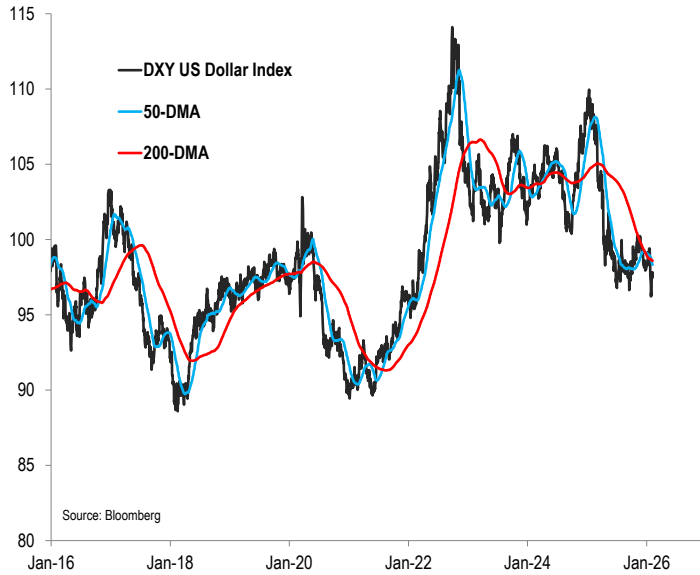
Fixed Income



- U.S. and Canadian 10-year government yields have ticked higher recently while holding at elevated levels. Inflation remains a concern as the U.S. yield is near 4.21% and the Canadian is at 3.41%.
- High-yield spreads have held at narrow levels and continue to sit near the low-end of a decade-long range.
- The MOVE Index – a gauge for anticipated volatility in the fixed income market – has continued to trend downwards implying lower expected volatility in the near term.



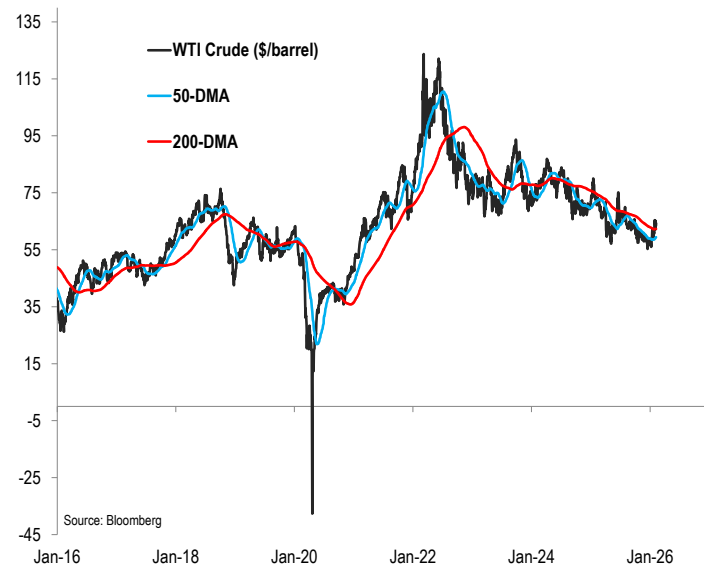
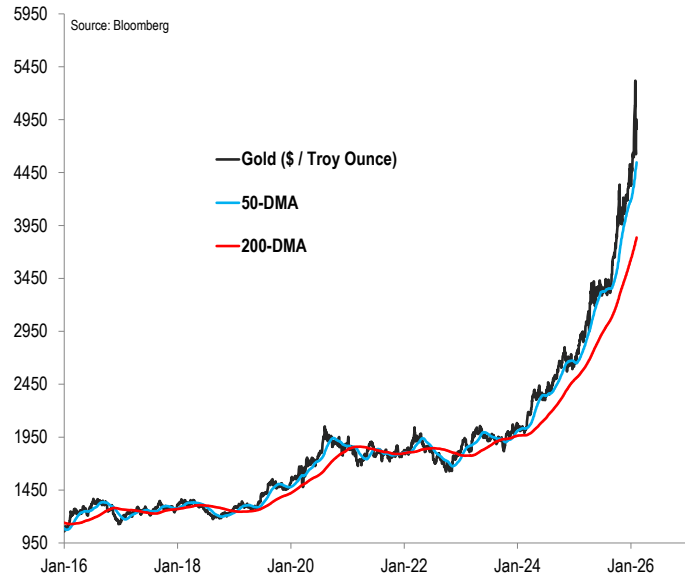
Currencies



- The U.S. dollar has been slightly firmer against the majors since the beginning of February although it is still below levels from the start of the year.
- The EUR/USD and CAD/USD crosses have both as a result of the USD's recent strength.



Commodities



- Gold peaked at close to \$5600 per troy ounce then collapsed to \$4400 in a bout of panic and volatility. The commodity is now trading close to the \$5000 per ounce level again.
- WTI crude oil prices have been a bit firmer recently as threats of a U.S.-Iran conflict percolate.
- The price of copper has been trading sideways since the start of February and remains near all-time highs.

