



THE MOVER

Why this \$8-billion money manager is buying Alphabet and Arista and trimming Apple

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Vishal Patel, vice-president and senior portfolio manager at Scotia Global Asset Management in Toronto.

Illustration by Joel Kimmel

THE GLOBE AND MAIL

Vishal Patel isn't prepared to predict when the next market correction could come, but says investors should see it as not only normal but also "warranted" and "healthy" in a market cycle.

“We’re in a bull market, make no mistake about it. There’s money to be made,” says Mr. Patel, vice-president and senior portfolio manager at Scotia Global Asset Management in Toronto, who oversees more than \$8-billion in assets across a range of mutual funds and exchange-traded funds.

He believes the U.S. will continue to drive global growth and sees artificial intelligence as a “multi-decade opportunity.”

Mr. Patel has made double-digit returns for investors in the U.S. market over the past decade and believes the next 10 years will be “just as attractive, if not more.”

His BNS553.CF (+0.99%increase) has returned 9.5 per cent so far this year, as of Dec. 12. Its three- and five-year annualized returns are 25.9 per cent and 17.5 per cent, respectively. The fund’s 10-year annualized return is 15.9 per cent. The performance is based on total returns, net of fees, as of Dec. 12.

The Globe spoke with Mr. Patel about three stocks he likes in the technology sector and a recent sell:

Name three stocks you own today and why.

Nvidia Corp. NVDA-Q (+3.81%increase) is a stock we’ve held for more than five years and that we continue to like. It remains our largest position, accounting for about 10 per cent of the U.S. equity fund. We’ve had to trim our position in the stock over the years to prevent it from being overweight in the fund. It’s the largest company in the world right now [by market cap] and I believe it still has room to grow.

NVIDIA CORP 179.78 +49.10 (37.57%)

Past Year: Dec 19, 2024 130.68 – Dec 19, 2025 179.78

SOURCE: BARCHART

It generates a ton of free cash flow. We love the management team, including its co-founder and chief executive officer, Jensen Huang. He’s been the CEO for more than 30 years, which is very rare. He works all the time. That’s why we feel very comfortable allocating capital to his company. He’s created a very different corporate culture. We also think Nvidia’s chief financial officer, Colette Kress, is an amazing capital allocator.

There are risks if customers pull back on AI spending, but we don’t see that happening in the next 12 to 18 months. Competition is also a risk, but Nvidia remains the leader in what it does, with a strong moat and the highest market share. Another reason I believe in this company is its ongoing innovation, which keeps it fresh and relevant.

Alphabet Inc. GOOGL-Q (+0.64%increase), the parent of Google and YouTube, is a stock we’ve held for more than five years. It’s another of our top holdings, at about 10 per cent of the U.S. equity fund, and we’ve been adding to our position throughout the year.

ALPHABET CL A 304.68 +116.17 (61.62%)

Past Year Dec 19, 2024 188.51 – Dec 19, 2025 304.68

SOURCE: BARCHART

Many investors gave up on Alphabet earlier this year, citing competition from ChatGPT. But fast-forward a few months and the company may now have the best foundation model in Gemini 3 [its proprietary AI platform]. It has its own purpose-built chip, tons of data and a strong customer base.

Even after spending billions on its AI infrastructure, its free cash flow is very strong. That's why I think the company will not only do well, but will thrive in the years to come. The management team has done a great job navigating a very difficult and competitive tech environment.

A risk for the company is a slowdown in advertising spend, which accounts for about 75 per cent of its annual revenues.

Arista Networks Inc. (ANET-N +5.71%increase), which provides cloud networking solutions, is a stock we've owned for more than three years. It's also one of our top holdings, at about 5 per cent of the U.S. equity fund.

ARISTA NETWORKS INC 131.50 +22.43 (20.56%)

Past Year Dec 19, 2024 109.07 – Dec 19, 2025 131.50

SOURCE: BARCHART

When you think about AI and AI infrastructure, everyone's always talking about chips, but you need to connect these chips. That's where networking comes in. Arista is the leader in networking, specifically Ethernet.

The company has a strong management team and a very entrepreneurial culture. Its two main customers are Meta Platforms Inc. META-Q (+0.26%increase) and Microsoft Corp. MSFT-Q (+0.10%increase). A risk for the company would be a slowdown in spending by those two customers.

Name a stock you sold recently.

Apple Inc. AAPL-Q (-0.24%decrease), is a stock we've been trimming this year. It's still a large holding at approximately 7 per cent, but I don't run a technology fund, so I need to be in other sectors.

APPLE INC 270.87 +21.08 (8.44%)

Past Year Dec 19, 2024 249.79 – Dec 19, 2025 270.87

SOURCE: BARCHART

Apple is still a good company and has a good brand, but I think the companies I discussed earlier are better. Apple doesn't have a good AI foundation model, so the question is, whose model will it use? It's still a long-term core holding. However, when I think of pure AI, I think we're better off owning Nvidia, Alphabet and Arista. It's just part of the trade-off when running a more generalist fund.