



June 2026 Market Update

Summer has arrived.

There is considerable political and economic turmoil around the globe, but several parts of the investment markets continue to move higher. The equity markets are in the later stages of a bull market. Right now, we appear to be in a 'melt up' stage (as opposed to a meltdown).

Investors ignore bad geopolitical news and concerning economic data. This view can become contagious, where fundamentals and valuations no longer matter. The only thing that matters for some of these investors is that they own the next big investment idea and the hot fad of the day. This melt up market can last for longer than it probably should. Still, when it does come to an end, it doesn't always end well for many investors and many companies.

This past week, we saw the initial public offering (IPO) of SpaceX technologies. A very forward-looking company. While their revenues come from communications systems and data collection, investors want to own SpaceX because of their objectives of going to Mars. In their prospectus filed, in order to become a publicly traded company, SpaceX acknowledges that they currently lose several billion dollars each quarter and may never be profitable. As part of the bonus structure, Elon Musk will receive a bonus of one billion SpaceX shares once mankind has established a permanent community of one million humans living on Mars. Optimistic, positive thinking goes to a new high level.

There are a couple of other highly anticipated IPOs later this year. Anthropic and OpenAI. Two of the largest developers of artificial intelligence systems. Many other public companies in this field are issuing additional shares into the market in order to raise capital to put towards their artificial intelligence projects.

Comparisons are being made to the investment markets of 1998. Commonly referred to as the Dot-Com bubble, the establishment and development of the internet saw a melt up in many companies in the technology sector. I am not comparing the current investment market environment to 1998. The companies going public today, and investing in AI are real companies with businesses we can go visit. The regulatory environment today is much stronger than 1998. Still, though history does not necessarily repeat itself, it can rhyme.

Two of the largest IPOs of 1998 eventually saw both companies disappear. Similar bad outcomes occurred for many other well respected (at the time) technology companies. Shareholders lost a lot of money. Again, it is not fair or appropriate to completely compare 2026 to 1998 as many of today's technology companies are well established and operational. But fundamentals still matter. Buying a quality company at a stupidly high price is still a bad investment. The point is this – be careful out there. Investing in any of these companies may work out to be a profitable investment, but only invest monies you are prepared to lose.

With today's melt up market, many investors who achieved high rates of return over the past 12-24 months are expecting to achieve these same rates of return going forward. These kind of expectations will disappoint. Please remember our January 2026 market update where we referenced the 'genius theory'. This can occur when everything is going right for an investor and their returns are well above

average. They believe that their investments will always go up. Caution and diversification are abandoned. These investors are often left without a chair when the music stops. Our long term objectives for equity investments remains 8% and when we complete financial plans, we target a 5% rate of return.

Back to the real world. The CUSMA trade negotiations, with Mexico, Canada and the U.S. continues. The target of completing negotiations by July 1st, 2026 does not appear to be realistic. This is not necessarily a bad thing. If no decisions are reached by July 1st, then the current agreement states that negotiations continue and the 3 parties must provide an update every year.

The U.S. President commented this past week that he may just allow the trade deal to expire. This too is not necessarily bad as the CUSMA trade deal expires July 1st, 2036. There will be new governments in existence by that time. It remains extremely doubtful that the U.S. exercises the clause in the agreement to leave with six months notice, but it could happen.

Both Canada and Mexico have submitted their request for the trade deal to be extended past 2036 and to expire in 2052. A similar written submission from the U.S. is not expected.

It is important for all of us to ensure that we enjoy the summer months of sunnier and warmer weather. Find time with friends and family and find time to relax.

We will continue to be in touch with you over the summer to review your financial goals and objectives and to ensure that your investments are working towards these objectives. If you have any concerns, questions or items you would like to discuss, please reach out to us by phone or email at any time.

Additional reminders and additional notes:

- **Awareness on potential new Social Media Scams**

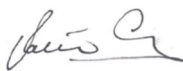
A recent news article posted by Investment Executive, alerted investors to beware of fraudulent social media scams. Scammers are pretending to be a regulated institution such as Investment Firms, using logos of well known automated investing platforms to obtain investors trust. They claim to have great stock picks with a very high return for a short period of time. If you have questions about these self investing platforms, please do not hesitate to reach out to us.

As always, remain optimistic, yet cautious.

Best Regards,
CIBC Wood Gundy



Ron A. McQuarrie
Senior Wealth Advisor
250 361-2267
ron.mcquarrie@cibc.ca
linkedin.com/in/ron-mcquarrie



Valerie Charron, FMA
Financial Associate
250 361-2266
valerie.charron@cibc.ca
linkedin.com/in/valeriecharron



Zoe Pritchard Garcia
Administrative Assistant
250 361-2268
zoe.pritchardgarcia@cibc.com

Ron A. McQuarrie is an Investment Advisor with CIBC Wood Gundy in Victoria, BC.. The views of Ron A. McQuarrie do not necessarily reflect those of CIBC World Markets Inc.

This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change.

CIBC and CIBC World Markets Inc., their affiliates, directors, officers and employees may buy, sell, or hold a position in securities of a company mentioned herein, its affiliates or subsidiaries, and may also perform financial advisory services, investment banking or other services for, or have lending or other credit relationships with the same.

CIBC World Markets Inc. and its representatives may receive sales commissions and/or a spread between bid and ask prices if you purchase, sell or hold the securities referred to above. © CIBC World Markets Inc. 2026.

CIBC Private Wealth consists of services provided by CIBC and certain of its subsidiaries, including CIBC Wood Gundy, a division of CIBC World Markets Inc.

The CIBC logo and "CIBC Private Wealth" are trademarks of CIBC, used under license. "Wood Gundy" is a registered trademark of CIBC World Markets Inc. .

If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.

This commentary is intended to provide general information and should not be construed as tax, legal, financial, or other advice. Individual circumstances and current events are critical to sound planning; anyone wishing to act on the information presented should consult with his or her tax, legal or financial advisor.

This commentary is for informational purposes only and is not being provided in the context of an offering of any security, sector, or financial instrument, and is not a recommendation, an endorsement, or solicitation to buy, hold or sell any security.