To Our Clients:

One of the defining features of the year so far has been the divergence in views among policymakers, economists and investors alike. This divergence is a reflection of the times: a near-constant stream of geopolitical surprises that have, remarkably, come to feel almost routine.

Against this backdrop, a disciplined investment management approach is more important than ever, staying focused on the fundamentals, filtering out the noise and maintaining a longer-term view.

As always, we are here to help navigate this shifting order. If you have questions or concerns, please reach out.

# The Disruption Quotient

Disruption is increasingly becoming the norm, no longer isolated but seemingly a persistent condition. Global alliances are frayed, old rules have been bent, and new ones are being formed. Much of this disruption reflects shifting U.S. trade and tariff policies, evolving foreign policy priorities, and the escalation of geopolitical conflict.

Financial markets began reflecting this shift early in the year. There were notable defensive trades, with a flight to safety in precious metals while the U.S. dollar declined against major currencies. This signaled a world placing greater focus on sovereign resource security and geopolitical insulation. Of course, geopolitics and economics remain intrinsically intertwined: while geopolitics explains how global leaders interact with their counterparts, economics can influence, and more importantly, constrain, their ambitions.

All of this was compounded by the geopolitical conflict overseas. As the war in the Middle East intensified, oil prices spiked, renewing concerns about inflation. This contrasted sentiment to start the year, when inflation appeared under control and the markets had priced in the potential for rate cuts.

The war also overshadowed broader shifts in the markets. Technology stocks, long the market's darlings, came under pressure in the first months of the year as scrutiny over elevated capital spending weighed on expectations, even as many posted solid earnings. Concerns about artificial intelligence-driven disruption also rippled across sectors, though equity markets frequently overreact to technological inflection points. Yet, by the end of April, markets had rebounded, largely led by technology stocks. There was also a rotation toward more undervalued market sectors. The Dow, considered by some young investors "about as relevant as paper stock certificates or ticker tape," outperformed the S&P 500 and NASDAQ to start the year, prompting headlines like "Boring is Back."

Amid the disruption, some order emerged. Back in February, the U.S. Supreme Court ruled that invoking tariffs under the Emergency Economic Powers Act was not legal. While the ruling wasn't expected to alter the administration's broader approach, it reignited debate about the negative effects of tariffs in the U.S. As U.S.-Mexico-Canada Agreement (USMCA) renegotiations draw near, U.S. tariff threats have become one of the more tangible expressions of disruption. While many economists expect it to survive in some form, an Oxford Economics analysis suggests that a full collapse would be manageable, reducing Canada's GDP by about 1.8 per cent below baseline and cutting private investment by 6 to 7 per cent.[1]

Periods like this reinforce the importance of diversification in investing. With a significant disruption quotient, what seems certain today can quickly reverse tomorrow. Diversification is not just prudent; it remains critical for durable portfolios, to help protect capital and manage an environment of rapid change. At a time when global policymaking can shift impulsively, discipline is paramount as the range of outcomes is wide. It's also worth remembering that disruption, by nature, cuts both ways: no cycle, policy regime, or market trend is ever permanent and, over the longer term, smoother days inevitably lie ahead.

1. https://www.oxfordeconomics.com/resource/usmca-scenarios-north-american-trade-at-a-crossroads/

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## Spring Brings Home-Buying Season: Six Lesser-Known FHSA Tips

$10 Billion: According to one estimate, that's the cumulative amount Canadian parents gave children in 2021 to fund a down payment on a home.[1] The average gift has more than doubled over the past decade, rising to around $115,000, and around one in three first-time buyers now relies on family help to get into the market.

Even as Canada's housing market has slowed in many markets in 2026, affordability challenges continue to shape how buyers prepare to enter the market. If you are considering helping a child or grandchild enter the housing market, the First Home Savings Account (FHSA) is an important consideration. Yet, the FHSA may also serve as a tax-efficient planning tool for high-net-worth investors who may never use it for a home purchase. With spring's home-buying season underway, here are six lesser-known FHSA tips.

1. **You may qualify even if you've owned a home before.** Eligibility extends to those who have not owned a home in the current year and the preceding four calendar years. While the FHSA is often seen as a tool for young buyers, "seasoned" investors who meet these criteria may consider opening one as a retirement savings boost (see point #6).
2. **Maximize contributions early for compounded growth.** The FHSA allows annual contributions of up to $8,000, with a lifetime limit of $40,000. However, it must be closed by December 31 of the earliest of: i) the 15th anniversary of opening, ii) the year following the first qualifying withdrawal, or iii) the year the account holder turns 71. As such, not contributing the full $8,000 each year risks missing out on the lifetime limit, its tax-deductible benefits and potential for tax-free growth over time.

   Consider a scenario in which an investor contributes the maximum each year from the outset. At a 5.5 per cent annual return, by year 5, the $40,000 contribution would grow to $47,104. But by year 15, it could grow to over $80,000; all tax-free upon withdrawal for the purchase of a first home.

Example: FHSA Potential Growth at 5.5% Compounded Annual Return

| Year | Contribution | End Year |
|---|---|---|
| 1 | $8,000 | $8,440 |
| 2 | $8,000 | $17,344 |
| 3 | $8,000 | $26,738 |
| 4 | $8,000 | $36,649 |
| 5 | $8,000 | $47,104 |
| 6 | -- | $49,695 |
| ...10 | -- | $61,564 |
| ...15 | -- | $80,461 |

3. **Unused deductions can be claimed in future years — even after the account closes.** Like a Registered Retirement Savings Plan (RRSP), FHSA contributions are tax-deductible, and unused deductions can be carried forward — even after the account closes. If you expect to be in a higher tax bracket in a future year, claiming the deduction later may help maximize your tax savings.
4. **Be aware that carry-forward rules differ from other registered plans.** The FHSA provides $8,000 in annual contribution room, with unused amounts carried forward to the following year, but only to a maximum of $8,000 and subject to the lifetime limit of $40,000. Other registered accounts allow for all unused contribution room to carry forward each year. For example, an individual who opened an FHSA in 2024 and contributed $4,000 would have $12,000 in participation room in 2025. If they do not contribute in 2025, they would have $16,000 of participation room in 2026, not $20,000, as only $8,000 carries forward. Excess contributions are subject to a penalty of one per cent per month.
5. **You can use the FHSA alongside the RRSP Home Buyers' Plan (HBP).** In 2026, the HBP allows you to withdraw up to $60,000 from your RRSP for a first-home purchase without tax consequences, subject to HBP repayment rules. Using the scenario above, if the FHSA grows to $80,000 and you use the full RRSP HBP, you could have $140,000 toward your first home.
6. **Unused FHSA funds can transfer to an RRSP or RRIF.** If you do not use the FHSA to purchase a first home, assets can be transferred tax-free to an RRSP, over and above your existing RRSP contribution room, or to a RRIF.

1. https://economics.cibccm.com/cds?flag=E&id=9dc124d8-9764-4c1d-83b4-9e89a5d568b8

## What Has Driven Equity Market Volatility?

Volatility returned to the financial markets early in the year. This came against a backdrop of historically elevated valuations following a multi-year rally driven largely by mega-cap technology companies. Since last fall, there has been a notable rotation, with capital increasingly moving toward undervalued areas of the markets. Of course, the recent geopolitical conflict in the Middle East created considerable uncertainty. But even before this event, two dynamics may help explain shifts in the markets:

1. **Defensive Positioning: The Debasement Trade**

Precious metals started the year with notable momentum. By the end of January, silver had surged to around $120 per ounce, up 63 per cent in the month alone, gaining more than 248 per cent year over year. Gold spot prices reached nearly $5,600, up 92 per cent from a year earlier. In early February, both metals corrected sharply, retracing part of January's rapid advance.

This demand was partly attributed to the "debasement trade," an effort to preserve purchasing power amid monetary expansion and fiscal strain. When governments expand the money supply aggressively, keep interest rates below inflation or run large deficits, the real value of cash and fixed-income assets erodes. Gold and silver, as tangible stores of value with no sovereign liability, are viewed as potential hedges.

Monetary concerns are only part of the story. Trade disputes, tariffs, sanctions risk and, now, war have encouraged governments to prioritize resource security, including stockpiling critical commodities. The shift toward national self-sufficiency has reinforced demand for real assets. Since 2022, central banks have significantly increased gold reserves, partly as protection against geopolitical pressure.

Traditional safe-haven assets are also facing scrutiny. For decades, the U.S. dollar and Treasuries were widely regarded as pillars of global stability, but this view may be shifting. The U.S. dollar fell to a four-year low in January, though it regained some strength during the evolving war in the Middle East. With lower interest rates, the relative appeal of Treasuries may be further diminishing. Other safe-haven currencies face challenges as well: the Japanese yen has weakened amid inflationary pressures and fiscal stimulus, leaving the Swiss franc among the few currencies still broadly perceived as resilient.

2. **Concerns Over the Impact of Artificial Intelligence (AI)**

Despite solid earnings, many large technology firms faced pressure to start the year due to elevated capital expenditures tied to AI infrastructure and development. Markets, often impatient with long-duration investment cycles, penalized these spending programs. While a strong tech-driven rally in the month of April helped markets regain their declines, the unveiling of new AI tools reignited concerns about AI's disruptive potential. Does AI pose an existential threat?

A more balanced view is that equity markets frequently overreact to technological inflection points. While dystopian narratives suggest AI will lead to widespread unemployment, history suggests a more nuanced trajectory. Many roles that could already be automated with existing technology today continue to be performed by humans due to cost, complexity, regulatory or social constraints. Technological advancements have long displaced some jobs, but this has historically been offset by the creation of new ones. In the near term, AI is more likely to augment labour than fully replace it, enhancing productivity while creating higher-skilled roles. It could also usher in a new wave of innovation, from scientific breakthroughs to drug discovery and disease treatment, creating new forms of economic and social value.

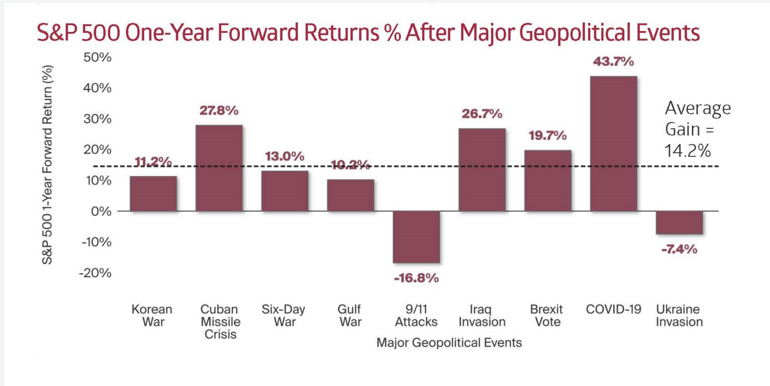
### Where to From Here?

Indeed, the current environment suggests a return to a stock-picker's market, where valuation discipline and rigorous analysis are important. At the same time, diversified exposure to defensive sectors may help provide relative resilience in periods of inflationary pressure, currency volatility and geopolitical uncertainty. This may be particularly relevant given that, for at least the next 2.5 years, the global landscape under the Trump administration is likely to experience ongoing shifts in the global economic order and a broader range of potential policy and market outcomes.

## The Aftermath of Major Geopolitical Events

Markets have had quite the ride this year, based on the evolving geopolitical landscape, and we're not even halfway through. It's worth repeating: while it might feel tempting to exit the markets during turbulent periods, doing so can come at a cost. One reason is that some of the best-performing days often follow the worst. Exiting the markets after a decline may mean missing out on these gains, which can then make re-entering even more difficult. We saw this play out in April when the markets quickly regained their March declines.

Of course, major geopolitical events like the war in the Middle East can have more profound impacts on economies, depending on duration. The major oil supply shortages stoked worries of recession and stagflation, a combination of high inflation and high unemployment. Yet, markets and economies have repeatedly absorbed severe shocks and recovered, often sooner than expected. In the year following some of the most significant geopolitical events, the S&P 500 posted an average gain of 14.2 per cent (chart). Even more prolonged events have ultimately resolved. One of the benefits of navigating through challenging markets like the Global Financial Crisis and the pandemic is the experience we accumulate along the way. Time and again, we are reminded that you can't keep the markets or the economy down for too long. Even the darkest nights eventually give way to dawn, and patience remains one of an investor's great allies.




"Ignoring the Noise is Impossible," March 20, 2026, A Wealth of Common Sense. https://awealthofcommonsense.com

# Navigating Volatility: The Case For The Long Game

*"It took me 17 years and 114 days to become an overnight success." – Lionel Messi, star footballer*

Success, whether in life or investing, rarely happens overnight. Many of the greatest success stories are built on years of unseen, patient progress. Investing follows a similar logic: discipline and consistency over longer periods often produce the most meaningful results.

Yet ultra-short attention spans have reshaped behaviour. Much of this is driven by the rectangular supercomputers that we constantly hold in our hands, feeding us news, alerts and social media. In investing, while discount brokerages have democratized access to markets, they have also encouraged short-term behaviour. Average stock holding periods have fallen from years to months, the median self-directed investor reportedly spends just six minutes researching a stock and some younger investors are described as "investing on vibes."

However, resisting the urge to act is perhaps one of the most underrated qualities of a successful investor. With volatility returning to markets, it's worth reflecting on the value of patience, discipline and consistency. Maintaining a longer-term perspective and tuning out short-term market noise may also help investors better navigate these periods of uncertainty.

The math behind consistent investing is compelling. Consider an investor contributing $10,000 per year at an average annual return of five per cent:

Impact of Starting Early & Staying Invested
Annual Contribution of $10,000 With 5 Per Cent Growth

| Years Invested | Ending Value |
|---|---|
| 20 Years | $330,660 |
| 30 Years | $664,388 |
| 40 Years | $1,207,998 |

The difference is striking. Staying invested for 40 years instead of 20 produces almost four times the ending value, even though initial contributions only doubled from $200,000 to $400,000. Much of the growth comes from time in the market, not the amount invested. Consider that five per cent is a modest assumption and hardly extraordinary. Indeed, time is one of the most powerful and often overlooked drivers of long-term wealth, but staying invested involves patience and discipline.

Trillion Dollar Valuations: How Many Years After IPO?

| U.S. Public Company | Year of Origin[1] | IPO[2] Year | Year $1T Reached | # Years After IPO |
|---|---|---|---|---|
| Meta (Facebook) | 2004 | 2012 | 2021 | 9 |
| Tesla | 2003 | 2010 | 2021 | 11 |
| Alphabet (Google) | 1998 | 2004 | 2020 | 15 |
| Broadcom | 1991 | 2009 | 2024 | 15 |
| Amazon | 1994 | 1997 | 2018 | 21 |
| Nvidia | 1993 | 1999 | 2023 | 24 |
| Microsoft | 1975 | 1986 | 2019 | 33 |
| Apple | 1976 | 1980 | 2018 | 38 |
| Berkshire Hathaway | 1955 | 1980 | 2024 | 44 |
| Walmart | 1962 | 1970 | 2024 | 56 |

List at Feb. 20, 2026 (various names have rotated out of this list, such as Eli Lilly). [1] Wikipedia; [2] Initial Public Offering year; www.visualcapitalist.com/berkshire-hathaway-1-trillion-club-how-long/

## Compounding at Scale: Companies Built Over Decades

Long-term compounding isn't just an important tool for individual investors, it's how the world's greatest companies have built their valuations. Walmart, the latest U.S. public company to reach a trillion-dollar market capitalization (as of February 2026), did so 56 years after its IPO. As of February, 10 U.S. companies exceeded the prestigious trillion-dollar market capitalization mark (defined as share price times shares outstanding). Yet none of it happened overnight. Berkshire Hathaway, the first non-tech company to achieve this ranking in 2024, relied on nearly six decades of growth. When Warren Buffett took control in 1965, it was a struggling textile mill valued at roughly $22 million. After repositioning the company, Buffett credits much of his success to compounding, reinvesting profits into new investments and allowing the company's value to grow steadily over time.

## A Return to Volatility: The Enduring Value of Patience

As we grapple with a seemingly chaotic and uncertain near-term geopolitical and geoeconomic environment, many investors are wondering what comes next. With a longer-term mindset, a strong case can be made that both markets and economies will continue to progress. This doesn't mean that setbacks won't occur. Growth in markets, economies — and even human progress — is rarely linear. But a view to the long game, the full wealth-building journey over extended periods, allows us to see the full cycle. Even retirees can plan for horizons spanning a decade or more as life expectancies rise. And while nothing about tomorrow is guaranteed, the only way to miss out on future growth is to stay on the sidelines.

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