Perspective Over Prediction

DD HUMES

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INSIDE THIS ISSUE

"The stock market is a device for transferring money from the impatient to the patient."

— Warren Buffett

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If you had read only the headlines during the first six months of 2026, you probably wouldn't have guessed that markets delivered another strong first half.

That's exactly why successful investing depends on perspective—not prediction.

If you were asked to summarize the first half of the year based solely on the news headlines, you might remember stories about tariffs, geopolitical conflicts, inflation, interest rate uncertainty, government deficits and daily debate over artificial intelligence. It would have been easy to conclude that markets were headed for a difficult year.

Yet the markets told a very different story: In Q2 the S&P 500 rose 17.1% (14.1% YTD) in CAD$, the TSX gained 7.0% (11.2% YTD), MSCI World gained 15.8% (13.8% YTD) in CAD$, and the Morningstar Canadian Core Bond Index rose 1.9% (2.23% YTD). The CAD$ finished the quarter at $0.704 vs. the USD$ down 2.1% in Q2 and -3.3% YTD.

Many diversified portfolios benefited from strong international and emerging market returns—one of this year's biggest surprises. Meanwhile, Canadian bonds quietly did exactly what they are designed to do: provide stability while generating positive returns.

This is exactly why diversification matters. No one can reliably predict which markets or sectors will lead each year, and leadership often shifts unexpectedly. A well-diversified portfolio isn't built to chase winners, but to capture growth wherever it occurs while reducing reliance on any single area.

Imagine reviewing every major headline from the first half of the year and then predicting market returns. Most investors would have expected disappointing results. Instead, disciplined investors who stayed invested were rewarded. That's the value of perspective.

The financial media is designed to capture attention, and uncertainty naturally drives headlines. As investors, our role is different: to filter out noise, separate emotion from information, and focus on what will truly matter over the long term.

History has repeatedly shown that markets often recover long before confidence returns. Investors who wait for uncertainty to disappear frequently find themselves buying back into markets after much of the recovery has already occurred.

This doesn't mean ignoring risk. Valuations among large U.S. technology companies remain elevated after years of strong growth, while geopolitical tensions, deficits, and economic uncertainty continue to warrant attention.

There are still attractive opportunities beyond the areas attracting the most attention. Canadian equities continue to trade at more attractive valuations than many large U.S. companies, while international and emerging markets continue to present strong long-term potential. Fixed income is also once again generating meaningful income while helping reduce portfolio volatility.

Evergreen thinking: steady growth over constant reaction.

iA Investia Financial Services Inc.

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Market Overview Continued

Rather than viewing today's market as universally expensive or inexpensive, we believe it reinforces the importance of maintaining broad diversification and disciplined portfolio management. While many are predicting volatility as we approach the US midterm elections, no one knows what the second half of the year will bring—and that's exactly why having a disciplined investment process matters.

Throughout the first half of the year, we continued rebalancing portfolios where appropriate, harvesting tax opportunities when available, and ensuring each client's investment strategy remained aligned with their long-term financial plan.

At DD Humes, we don't try to forecast every market move. Instead, we focus on building financial plans that can withstand uncertainty. Markets change. Headlines fade. A well-built financial plan lasts. Disciplined planning, thoughtful diversification, and long-term decision-making remain timeless.

The first half of 2026 serves as another reminder that successful investing isn't about making perfect predictions. It's about having a thoughtful plan, remaining patient during periods of uncertainty, and allowing discipline and time to do their work.

If your goals, family situation, retirement plans or estate wishes have changed this year, we'd welcome the opportunity to review your financial plan together. Thank you, as always, for the trust and confidence you continue to place in our team.

Planning items

- **RRSP Contribution Room (2026):** The maximum contribution limit is $33,810. Consider reviewing your automatic savings plans. You may also authorize us as your tax representative to access this information directly from the CRA.
- **RESP Contributions:** Quebec beneficiaries benefit from an additional 10% QESI grant, for a total of 30% in government incentives. 2026 contribution room is now available, providing a great opportunity to maximize savings.
- **TFSA:** As of January 1, 2026, an additional $7,000 of contribution room is available, bringing the total cumulative limit to $109,000 for those eligible since 2009.
- **Annual Review:** Please keep us informed of any changes to your personal or financial situation so we can ensure your plan remains aligned with your goals.
- **$2,000 Pension Credit:** Individuals aged 65 and older may be eligible for the $2,000 pension income tax credit, even if not yet receiving traditional pension income.
- **Estate Planning:** Ensure your will and mandate are up to date and reflect your current wishes.

Planning corner – Estate planning isn't just for Millionaires

In uncertain times, it's easy to focus on what we can't control — markets, headlines, and short-term forecasts. But strong financial planning is built on perspective, not prediction. Estate planning is a perfect example: it's not about wealth size, but about clarity, control, and protecting the people who matter most.

A solid estate plan ensures your wishes are known and carried out, regardless of market conditions or life's unpredictability. This includes having an up-to-date will, as well as a power of attorney and mandate (in Quebec) to designate someone you trust to make financial and personal decisions if you cannot.

Without these documents, important decisions can become delayed, costly, and stressful for your family. With them, you provide direction, reduce uncertainty, and make a difficult time more manageable.

Estate planning also means understanding what comes next—how assets will be distributed, how taxes may apply, and how loved ones will be supported. These are not just technical details; they are part of a broader strategy focused on what truly matters.

Just like investing, the goal isn't to predict every outcome, but to stay disciplined and prepared. By putting the right structures in place today, you can move forward with confidence, knowing that your plan reflects your values and priorities—no matter what the future brings.

Make sure to reach out to us about your own estate plans, any questions you may have, and know we can help facilitate your family meetings on this delicate subject.