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Looking Ahead with Caution and Clarity

After almost three years of steady market growth, investors are entering 2026 with cautious optimism. Stock markets have benefited from strong consumer spending, ample liquidity, and excitement around emerging technologies such as artificial intelligence. These innovations have helped improve productivity and created meaningful opportunities for growth. At the same time, long periods of market gains can bring high expectations and hidden risks, making it important not to be swayed by short-term trends.

As markets enter a more mature phase of the cycle, staying focused and disciplined becomes increasingly important. This means keeping a long-term perspective, maintaining a diversified portfolio, and making decisions based on your financial plan rather than reacting to every market movement. By doing so, investors can better navigate the ups and downs, stay aligned with their goals, and position themselves for steady, sustainable growth in 2026 and beyond.

Late-Cycle Market Signals

After several years of market growth, we are seeing some familiar late-cycle signs. Valuations in certain areas have grown faster than earnings, and market leadership is concentrated among a smaller group of large-cap companies. Speculative activity can also increase, particularly in high-growth areas. While these factors don't point to a specific market outcome, they remind us of the importance of diversification, careful portfolio construction, and ongoing risk management.

What Patience May Mean in 2026

In 2026, patience may be tested not by a single event, but by market behavior itself. We could see periods of uneven or sideways performance, higher volatility, and a moderation in overall returns. As leadership rotates across sectors and investment styles, differences between strong and weak businesses may become more pronounced. In this environment, long-term outcomes tend to favor companies with solid balance sheets, stable cash flows, and the ability to adapt to changing conditions.



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Market Review: Reflecting on 2025

In North America, Canada's stock market (TSX) has been a standout performer in 2025. Several factors contributed:

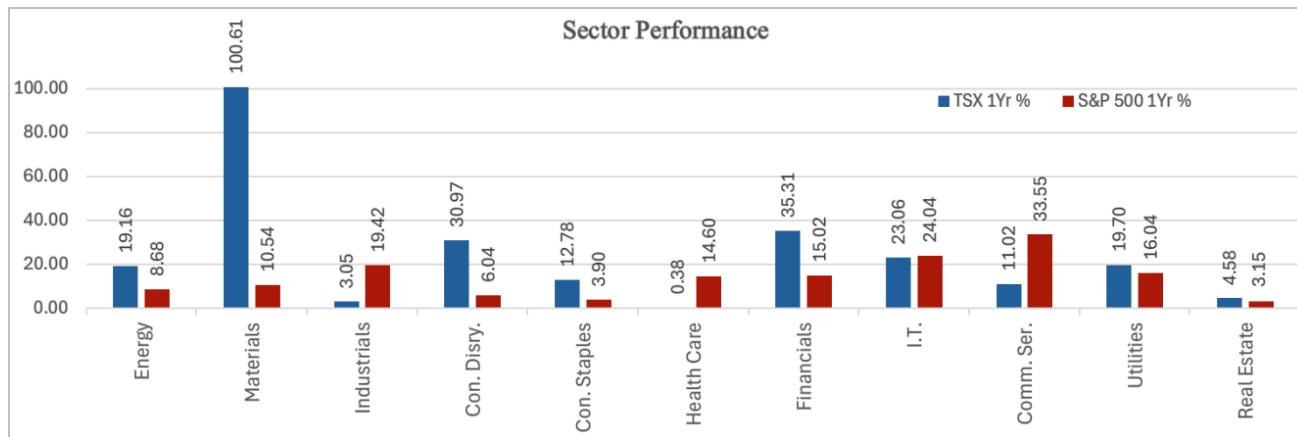
Materials: Strong demand and elevated prices for gold, copper, and lithium supported resource and mining stocks.

Financials: Canadian banks delivered solid results, supported by stable domestic growth and investor confidence.

Sector Composition: The TSX's focus on Energy, Materials, and Financials provided an edge in 2025. Strong commodity prices and resilient banks helped these sectors lead, supporting the market in a year favoring cyclical and commodity-driven industries.

INDEX	Closing Value	Performance
S&P/ TSX Composite	31,713	31.68%
S&P 500 Index	6,846	17.88%
Dow Jones Industrial Avg.	48,063	14.92%
NASDAQ Composite	23,242	21.14%

Information as of December 31, 2025, Source: FactSet



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Rates at a Glance

As 2025 came to a close, central banks took differing approaches. The Bank of Canada maintained its policy rate, while the U.S. Federal Reserve reduced its rate to 6.75%. These decisions continue to shape borrowing costs and fixed-income opportunities heading into 2026.

Rate Type	Canada	United States
Prime Rate	4.45%	6.75%
2-Year Bond Yield	2.58%	3.46%
5-Year Bond Yield	2.93%	3.66%
10-Year Bond Yield	3.40%	4.12%

Information as of December 31, 2025, Source: FactSet

GIC	Rate
1 Year	3.65%
3 Year	3.80%
5 Year	3.85%

Information as of December 31, 2025, Source: FactSet

January Focus: Financial Planning

The start of a new year is a natural time to reflect, reset priorities, and establish positive habits. Financial planning forms the foundation of the Total Wealth Solution and begins with a thoughtful discovery process. Since no two individuals or families share the same goals, planning is designed to meet you where you are—regardless of life stage—and provide structure around where you want to go.

Effective financial planning takes a comprehensive view of your financial life, including cash flow, investments, protection strategies, tax planning, and long-term objectives. It is not a one-time exercise, but an ongoing process that evolves as circumstances change, helping to prioritize decisions and bring clarity and organization over time. By defining what “wealth” means to you, financial planning supports more informed decision-making, aligns strategies with your goals, and provides a framework for turning intentions into action while staying focused through the year’s changing markets and life events.



Final Reflections

The long-term potential of artificial intelligence and innovation remains significant, but market cycles are rarely linear. As expectations continue to evolve and markets adjust, patience, discipline, and a long-term perspective will be more important than ever. By staying focused on fundamentals, maintaining diversification, and following a well-defined financial plan, investors can navigate short-term fluctuations while keeping their long-term goals on track.

We wish you a happy, healthy, and prosperous 2026, and look forward to supporting your financial goals every step of the way.

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