Q1 2026 REVIEW

APRIL 2026

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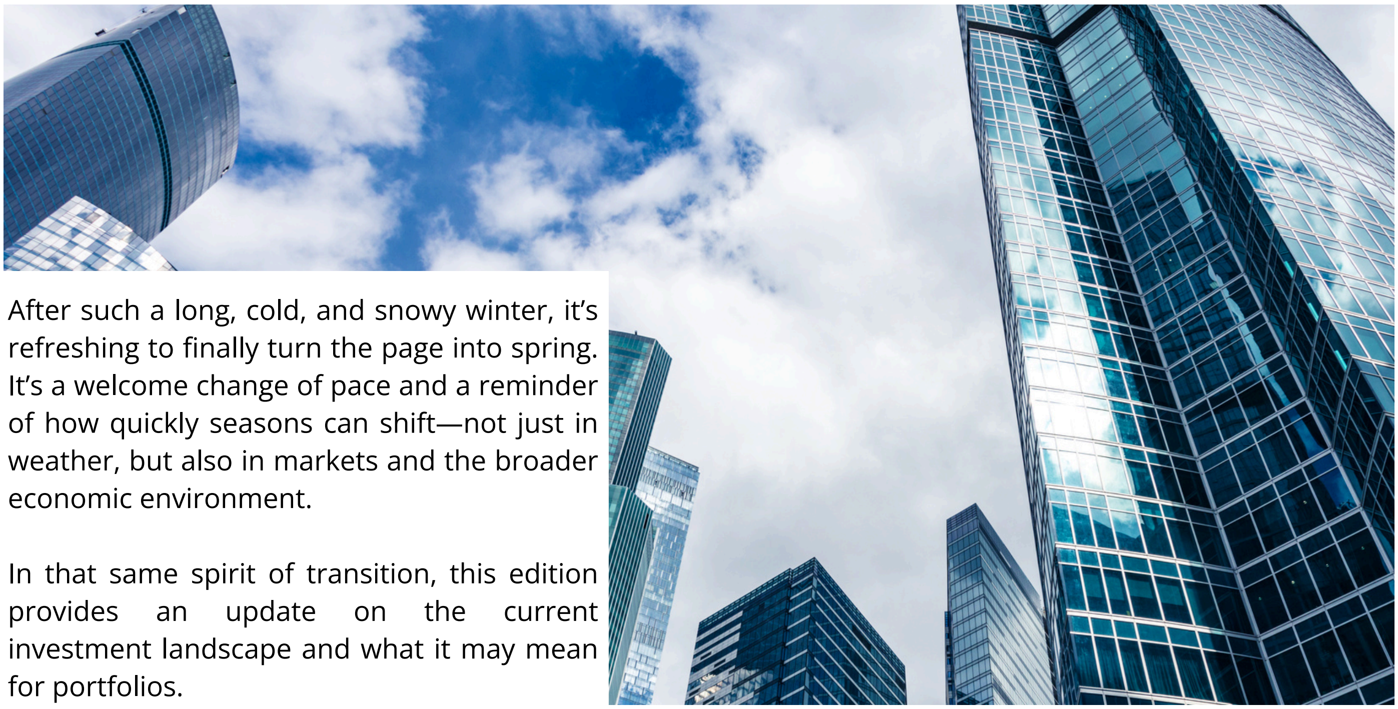

After such a long, cold, and snowy winter, it's refreshing to finally turn the page into spring. It's a welcome change of pace and a reminder of how quickly seasons can shift—not just in weather, but also in markets and the broader economic environment.

In that same spirit of transition, this edition provides an update on the current investment landscape and what it may mean for portfolios.

Market Summary

Markets in the first quarter reflected a mix of resilient economic conditions and increased short-term volatility. U.S. equities pulled back following a strong 2025, with the S&P 500 down approximately 4.6%, the Dow Jones down 3.6%, and the NASDAQ declining 7.1%. In contrast, the Canadian market showed relative strength, with the TSX rising 3.3%, supported by its heavier weighting toward energy and commodities.

Despite the recent pullback, longer-term performance remains solid, with major indices still posting strong gains over the past year. This suggests the recent weakness is more of a short-term adjustment rather than a broad deterioration in economic fundamentals.

A key driver of recent volatility has been the escalation of the U.S.–Iran conflict in late February. This has contributed to rising oil prices, increased market sensitivity to headlines, and a shift toward more defensive positioning—particularly away from growth-oriented sectors like technology. While uncertainty remains elevated, markets have continued to function in an orderly manner, reflecting a balance between near-term risks and longer-term confidence.

Index (as of March 31st)	1-month	3-month	6-month	1-year
S&P/TSX Composite Index	-4.58%	3.33%	9.14%	31.51%
Dow Jones Industrial. Avg	-5.38%	-3.58%	-0.12%	10.33%
S&P 500 Index	-5.09%	-4.63%	-2.39%	14.86%
NASDAQ Composite Index	-4.75%	-7.11%	-4.72%	24.81%

Geopolitics and Oil

IGeopolitical developments have played a more prominent role in recent weeks, particularly following the U.S.–Iran conflict. Concerns around potential supply disruptions—especially through the Strait of Hormuz—have driven oil prices higher and increased market volatility.

This has had mixed effects. Higher oil prices support energy-producing economies like Canada while also contributing to global inflationary pressures. For consumers, this is most visible at the gas pump, but it also feeds into broader costs across the economy. Markets are likely to remain sensitive to developments, with sentiment shifting quickly as new information emerges.

US Dollar

The U.S. dollar has remained relatively strong, particularly during periods of geopolitical uncertainty. As the world's primary reserve currency, it tends to attract capital during times of stress.

For Canadian investors, this creates both benefits and challenges—supporting returns on U.S. investments when converted back to Canadian dollars, while also increasing the cost of imported goods and travel.

Inflation and Interest Rates

Inflation has continued to trend lower in both Canada and the United States, although it remains above central bank targets. As a result, central banks have paused rate hikes and adopted a more cautious, data-dependent approach.

However, the recent rise in energy prices has introduced some uncertainty. Higher input costs can slow the pace of inflation improvement and potentially delay interest rate cuts. This means borrowing costs may remain elevated for longer than previously expected, continuing to impact areas such as housing, consumer spending, and business investment.

Gold and Silver

Gold experienced a strong rally earlier in the year before pulling back, reflecting a combination of safe-haven demand and shifting interest rate expectations. Despite this volatility, we continue to view the current environment as part of a broader precious metals cycle.

Silver remains a key position within portfolios. In addition to its role as a store of value, it benefits from strong industrial demand, particularly in renewable energy and electronics. While short-term movements can be volatile, the longer-term outlook remains constructive.

Real Estate and Housing

Canada’s housing market is showing signs of cooling, particularly in the condominium segment, where increased supply has led to softer pricing. Many investors are facing higher financing costs alongside weaker resale demand, contributing to rising inventory levels.

This has begun to ease rental prices in some areas and to improve buyers' negotiating power. While affordability challenges remain, the market appears to be moving toward a more balanced state.

Artificial Intelligence

After a very strong 2025, AI and technology sectors have experienced increased volatility. Investors have taken profits and rotated toward more defensive sectors amid rising uncertainty and higher interest rates.

Despite this, the long-term outlook for AI remains very strong. Investment in infrastructure, automation, and productivity-enhancing technologies continues at a rapid pace. Periods of pullback can often present opportunities to build positions in high-quality companies at more attractive valuations.

Cryptocurrencies

Cryptocurrency markets have had a volatile start to the year, with Bitcoin experiencing a significant pullback from recent highs. This reflects a combination of profit-taking, changing interest rate expectations, and a broader shift away from higher-risk assets.
We continue to approach this space cautiously, treating it as a higher-risk component within portfolios and ensuring exposure remains aligned with each client’s overall investment objectives.

Final Thoughts

Periods of volatility driven by geopolitical and macroeconomic events are not new to financial markets. We have seen similar patterns during events such as COVID-19 and previous geopolitical conflicts—initial uncertainty followed by stabilization as conditions become clearer.

While the current environment may feel uncertain, the underlying economic backdrop remains relatively stable. Our focus continues to be on maintaining well-diversified portfolios, managing risk appropriately, and taking advantage of opportunities that arise during periods of volatility.

By staying disciplined and focused on long-term outcomes rather than short-term headlines, we believe investors are best positioned to navigate uncertainty and achieve their financial goals.

Thank you, as always, for your continued trust. Please feel free to reach out if you would like to review your portfolio in light of these developments.

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