BROOK WAGMAN
WEALTH MANAGEMENT & PLANNING

RAYMOND JAMES®
INVESTMENT COUNSEL LTD.

MID-YEAR REPORT · JUNE 2026

Mid-Year Market & Portfolio Review

Where you stand and what comes next

The market you expected in January is not the market you have today.

★ Investing for real life.

WEALTH MANAGEMENT & PLANNING

INTRODUCTION

Every year begins with expectations.

By the middle of the year, those expectations can finally be measured against reality — and reality often looks very different.

Analysts publish forecasts surrounding interest rates, inflation, economic growth, and market performance. Investors enter January with assumptions about which sectors may lead, whether markets will remain stable, and how central banks may respond to changing conditions. At the beginning of the year, much of the financial conversation centers on prediction rather than evidence.

By the midpoint, markets have already responded to inflation data, central bank decisions, geopolitical developments, corporate earnings, and shifting sentiment. Expectations that once appeared certain may already look different. Areas of concern may have eased, while risks that seemed manageable earlier may now carry greater significance.

This is why June serves as such an important financial checkpoint. A proper mid-year review is not about reacting emotionally to short-term headlines or making abrupt changes in response to recent volatility. Instead, it is an opportunity to step back from daily market noise and evaluate broader conditions with greater clarity and perspective.

Successful long-term investing depends far less on reacting to every market movement and far more on maintaining discipline, structure, and alignment over time. Investors who constantly reposition based on short-term sentiment often introduce inconsistency into otherwise sound financial plans.

THE PURPOSE OF THIS REPORT

Not to amplify market noise or speculate about dramatic forecasts — but to provide a grounded assessment of what has actually happened in the first half of the year, explain the forces shaping markets today, and help you understand where you stand heading into the second half.

01

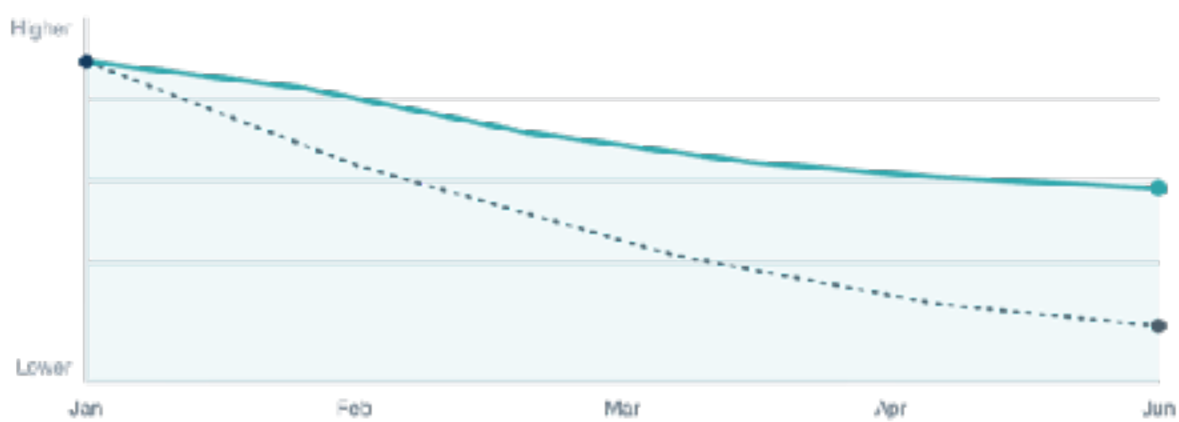
INTEREST RATES

Interest rates continue to influence nearly every area of the economy.

At the start of the year, many investors expected central banks to begin lowering rates quickly. The first half of the year showed policymakers remain far more cautious.

THE PATH THE MARKET EXPECTED VS. WHAT HAPPENED

Policy rate, first half of 2026 — directional



What actually happened — a slow, measured decline

What January expected — faster cuts

Illustrative. Shows the direction of expectations versus outcomes, not actual rate levels.

Following the pandemic period of historically low borrowing costs, central banks raised rates aggressively in response to elevated inflation. Those decisions affected virtually every corner of the economy — housing affordability, consumer spending, business investment, fixed-income yields, and overall market valuations.

In Canada, the Bank of Canada continued to balance inflation management with broader economic stability. Policymakers acknowledged that inflation improved significantly compared with previous years, but remained mindful that reducing rates too quickly could risk renewed inflationary pressure later on. This created a more measured environment than many forecasts originally anticipated.

As economic data evolved, investor expectations surrounding future rate cuts shifted repeatedly. Stronger-than-expected employment data sometimes reduced optimism about near-term easing, while softer inflation readings occasionally improved sentiment. These changing expectations contributed to periods of volatility as investors continuously reassessed how quickly policy might change.

Interest rates matter because they influence nearly every component of financial strategy. Higher borrowing costs affect consumer behavior, mortgage affordability, business expansion, and corporate profitability. They also shape how investors evaluate risk across equities, fixed income, and other asset classes.

This environment reinforced the importance of disciplined portfolio construction rather than aggressive short-term prediction. Rate expectations can change quickly, making it extremely difficult to reposition portfolios consistently around anticipated central bank decisions.

WHAT IT MEANS FOR YOU

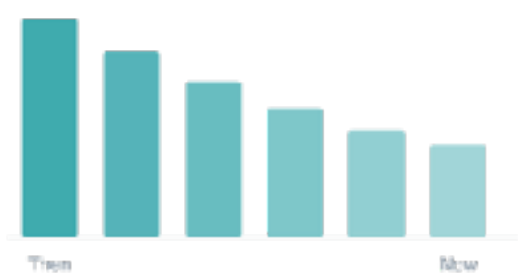
Investors who maintain diversified, intentional strategies are generally better positioned than those who try to react tactically to every shift in monetary policy expectations.

02 — INFLATION

Inflation has slowed — but Canadians keep feeling the pressure.

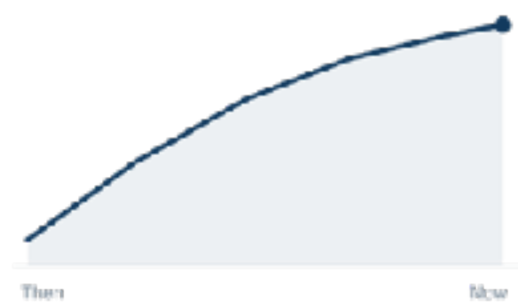
Lower inflation does not mean prices have fallen. It means prices are rising more slowly — from a base that is already much higher than a few years ago.

PACE OF PRICE INCREASES



The **rate** of increase is easing.

CUMULATIVE PRICE LEVEL



The **level** of prices keeps climbing.

Illustrative. A slower rate of inflation still adds to an already-elevated price level — directional, not actual figures.

Inflation may no longer dominate headlines the way it did at its peak, but Canadians continue to experience its effects every day. Housing costs remain elevated, grocery prices are materially higher than several years ago, and expenses for insurance, travel, utilities, and essential services continue to pressure household budgets across the country.

Many households have adjusted their spending accordingly. Consumers have become more selective in discretionary purchases, while businesses continue to navigate elevated operating costs and wage pressures. Financial flexibility, liquidity management, and disciplined cash flow strategy therefore remain critically important.

Inflation also continues influencing broader market expectations because it remains directly connected to central bank policy. Persistent inflation can delay rate reductions, while improving data may give policymakers greater flexibility over time. Investors monitor it closely because it affects growth expectations, borrowing costs, and overall sentiment.

Canadian housing plays a particularly important role. Higher borrowing costs have dramatically affected affordability, especially for homeowners renewing mortgages at rates well above those secured during low-rate periods. Even where prices stabilized, financing costs continued to affect household cash flow and confidence.

PURCHASING POWER, NOT PAPER BALANCES

Financial strategy is not simply about growing balances on paper. It is about helping ensure wealth retains real-world value after accounting for taxes, inflation, and changing conditions — which is why disciplined, diversified portfolio management remains essential in inflationary environments.

03

EQUITIES

Equity markets were stronger than many expected.

But headline index performance often concealed a more nuanced reality. A small number of large companies accounted for a disproportionate share of the gains.

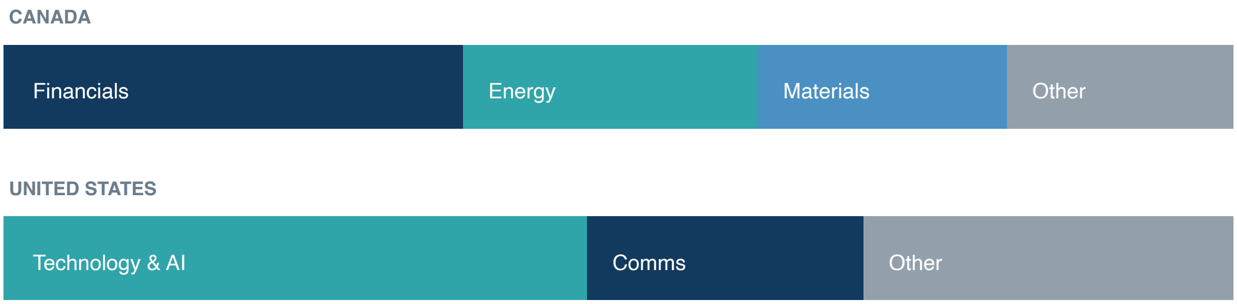
A NARROW GROUP OF LEADERS, A LARGE SHARE OF THE GAINS

Illustrative. Conveys the concept of concentrated market leadership — relative emphasis, not measured figures.

A relatively small number of large companies — particularly in technology and artificial intelligence — accounted for a disproportionate share of global market gains. This created an environment in which major indexes appeared exceptionally strong, even though leadership remained heavily concentrated within a narrow group of companies.

Canadian markets behaved differently from those in the United States. Canada's market remains more heavily weighted toward financials, energy, materials, and resource-related sectors — industries that respond differently to inflation, rates, commodity prices, and global growth than high-growth technology companies do.

TWO MARKETS, TWO DIFFERENT ENGINES



Illustrative. Shows the differing sector emphasis of each market — relative, not exact weightings.

Concentrated leadership is not unusual historically. Market cycles regularly rotate among sectors, industries, and regions. Successful long-term investing depends less on consistently identifying short-term winners and more on maintaining disciplined strategies that adapt across many market environments.

> When performance depends on a small group of positions, stability becomes more vulnerable to a shift in sentiment. Diversification is how you avoid depending on it.

04 GLOBAL EVENTS

Global events continue to shape investor sentiment.

Markets remain deeply connected to broader developments — and the first half of the year reinforced just how interconnected they have become.

Illustrative. The forces that continuously feed into — and move — market sentiment.

International conflicts continued to affect energy prices and supply chains, while political uncertainty across regions contributed to shifting sentiment and periodic volatility. Investors also monitored concerns about slowing global growth.

At the same time, technological transformation remained a dominant theme. Artificial intelligence, automation, and digital infrastructure attracted substantial attention and capital — but heightened enthusiasm also contributed to greater concentration and valuation concerns in certain areas.

The key takeaway is not simply that uncertainty exists. Uncertainty has always existed. Every decade presents its own combination of risks, challenges, and change. The specifics evolve, but uncertainty itself remains a constant feature of markets.

What matters most is keeping perspective. Volatility and uncertainty are normal components of investing — not evidence that a long-term strategy has failed.

05 ALIGNMENT

A mid-year review is about alignment, not emotion.

The midpoint of the year should not trigger wholesale changes. It should create an opportunity for thoughtful reassessment across the parts of a plan that actually drive long-term stability.

Portfolio structure	**Risk management**	**Liquidity & cash flow**	**Retirement objectives**	**Tax-aware coordination**

ALIGNED WITH your long-term goals

A disciplined review evaluates whether portfolios remain aligned with your goals, whether allocations remain appropriate for your risk tolerance, and whether the broader plan continues to support evolving priorities.

Periods of uncertainty create pressure to react quickly — to reduce exposure after declines or add risk after strong performance. But emotional reactions frequently undermine long-term results, because decisions become disconnected from a disciplined strategy.

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IN CLOSING

A mid-year review starts with perspective.

We believe meaningful financial strategy extends beyond reacting to headlines or short-term movement. Our approach helps individuals, families, and business owners align portfolio management, retirement strategy, cash flow, and long-term decisions within one coordinated framework — working alongside your accountants and tax professionals.

A mid-year review is an opportunity to reassess where you stand today, confirm your strategy still fits your goals, and make thoughtful adjustments as conditions evolve.

If you would like to review your portfolio positioning or discuss your broader financial strategy, we invite you to connect with the Brook Wagman team.

CONNECT WITH THE BROOK WAGMAN TEAM

REFERENCES & RESOURCES

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