

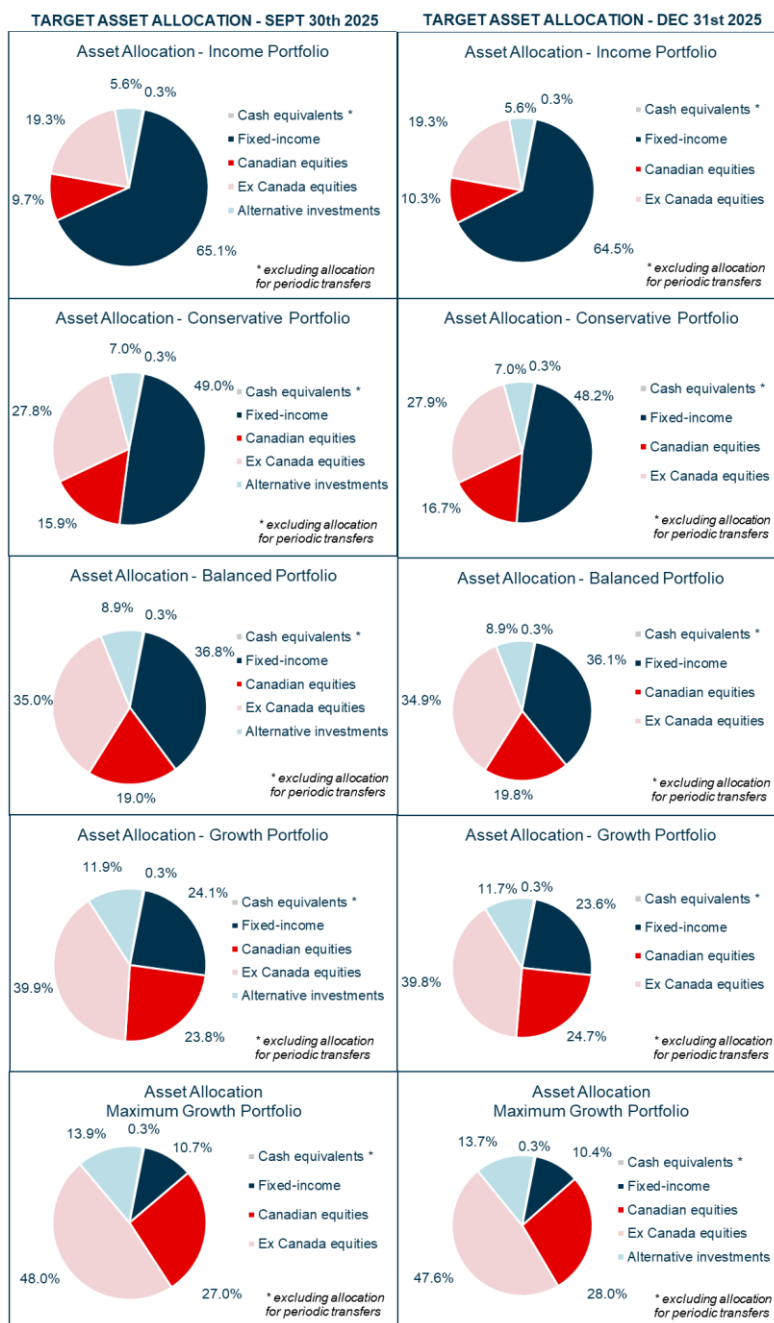
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4th QUARTER 2026 SUMMARY

Asset Allocation Strategy

We did not make changes to the asset allocation in the portfolio during Q4. Variations result mainly from changes in the relative valuation of investments.



Looking Back at 2025: A Year Full of Twists and Turns

The year 2025 unfolded in an economic environment marked by uncertainty and unexpected developments. Several major events caught even the most seasoned observers off guard. Despite this volatility, the year ultimately presented attractive investment opportunities and concluded on a positive note.

In the United States, tensions over tariffs triggered significant volatility in the spring, marking one of the most turbulent weeks in recent history. Fortunately, fears of runaway inflation did not materialize, allowing the Federal Reserve to lower its benchmark interest rates. Meanwhile, advances in artificial intelligence and associated growth prospects across multiple sectors supported stock markets, which closed the year with above-average gains for the third consecutive year. As for the widely publicized and unusually varied geopolitical events of 2025, their impact on equity returns and on companies' ability to innovate and grow profits proved more limited than anticipated.

In Canada, the labor market showed signs of weakness despite rate cuts by the Bank of Canada, which had little effect on bond yields. Paradoxically, Canadian equities had an exceptional year, driven notably by the financial sector – such as major banks – and the materials sector. The latter had a remarkable year, buoyed by rising commodity prices, including gold.

In the U.S., communication services, industrial and aerospace sectors, and technology pushed the S&P 500 higher. Companies such as Broadcom, Alphabet, and Amazon, among others, established themselves as key players in artificial intelligence, a major growth engine for the economy.

With a third consecutive year of strong equity gains, it became inevitable – both for risk management and to seize more attractive opportunities – to make sales and realize capital gains. As usual, we conducted a year-end review to identify opportunities to offset capital gains with capital losses on other securities, but such opportunities were virtually nonexistent. Therefore, we should expect a slightly higher tax bill next April. But as an old sage once said, “You never go broke making a gain!”

Four Quarter: Moderate Growth and Increased Volatility

During the fourth quarter, global equity markets continued to advance, but with more modest returns and heightened volatility compared to the summer. Canadian equities stood out once again, supported by the strength of the banks. In the United States, enthusiasm around AI somewhat faded, prompting investors to favor more attractively valued sectors, notably healthcare. On the fixed-income side, the Canadian bond market edged lower as rates climbed following stronger-than-expected employment data.

Outlook for 2026: Between Opportunities and Uncertainties

The macroeconomic environment remains complex – but that's nothing new. Inflation is still above target, partly due to tariffs, while the labor market shows signs of slowing. In response to these challenges, North American central banks have opted for proactive rate cuts, and the Federal Reserve is considering two additional reductions in 2026. On the fiscal front, the positive effects of the One Big Beautiful Bill should be felt early in the year, thanks to tax measures favorable to households and businesses.

Our base-case scenario calls for moderate economic growth in 2026, driven by monetary easing and expansionary fiscal measures. However, risks remain. On the downside, further deterioration in the labor market would be concerning – especially if the current trend of “low hiring and low layoffs” shifts toward more significant job cuts. On the upside, stronger-than-expected productivity gains, fueled by investments in artificial intelligence, could support growth while limiting inflationary pressures. Conversely, disappointment on this front could reignite fears of economic overheating.

Finally, political uncertainty – fueled by U.S. midterm elections and leadership changes at the Fed – should keep market volatility elevated throughout the year, much like in the last quarter of 2025. This volatility sometimes creates interesting investment opportunities, so we remain constantly on the lookout for them.

Strategic Positioning

In this context, alternative assets, which offer stable returns and low correlation to equity markets, remain attractive. We also maintain a moderately positive stance toward risk, with an overweight in equities compared to fixed-income securities. We closely monitor the elevated valuations of certain sectors and companies to limit unwarranted risks. At the individual security level, we favor a mix of high-growth companies – typically more richly valued – and high-quality, more stable companies with predictable future earnings. This style diversification enables us to navigate effectively through ever-changing markets. Cycles evolve and markets transform, but one constant remains: discipline is always rewarded.

Looking ahead to 2026, our prudent, flexible, and structured approach aims to capture the potential of a transitioning economy while protecting your capital. We firmly believe that a thoughtful strategy, supported by a long-term vision, allows us to move through periods of adjustment with confidence and peace of mind.

Together, let's move forward confidently toward the opportunities ahead and stay focused on our long-term objectives.

Team Chartier Grandmaison Leclerc wishes you a wonderful year in 2026!

“A goal without a plan is just a wish.” – Antoine de Saint-Exupéry

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