Market Update

December 2025

2026 New Year Checklist

1. Tax Preparation

To help simplify your tax filing, we will be sending you a personalized checklist listing every document that you will be receiving due to your investments and activities with us in 2025.

Please note that this list does not include any tax documents that you may receive for your accounts at the TD Canada Trust bank branch. This list is specifically for your TD Wealth accounts.

We are planning to email client “Tax Checklists” in mid-March. If you are planning on filing your taxes early, please let us know so we can provide your information sooner.

We recommend sharing this checklist with your accountant and with your permission, will do so.

Please let us know if you have changed accountants.

2A. RSP Contributions

Deadline for 2025 RSP contribution is Monday March 2, 2026.

Contribution limit is 18% of the income earned (i.e. not from investments) to a maximum of $32,490. Your available contribution room will be shown on your 2024 Notice of Assessment.

2026 Contribution limit is 18% of earned income (i.e. not from investments) to a maximum of $33,810.

One has until March of 2027 to make 2026 contributions, but the sooner it is made, the sooner the contributions can begin to grow.

2B. RRIF Withdrawals

The minimum amount that must be withdrawn in 2026 is calculated by the account balance on December 31, 2025, times the percentage assigned to your age. The amount will be taken out monthly if needed for cash flow, otherwise we usually wait until December to allow the contributions to continue to grow tax deferred.

3. TFSA Contribution

There is no deadline, however the sooner the contributions are made, the sooner any interest, dividends or capital gains will avoid taxation.

The 2026 calendar year contribution limit is $7,000. If you have missed any past years, or withdrawn funds in past years, you can catch up at any time.

4. FHSA Contribution

If one has not owned a principal residence in the past 5 years, this new account allows you to save $8,000 a year, up to $40,000, where the contributions can grow tax free and can be taken out to buy a home tax free.

Additionally, $8,000 is deductible against income and this can be carried forward.

Lastly, if not used to buy a house, the funds can be moved to one's RRSP regardless of contribution limits. This last point makes FHSA contributions more attractive than RRSP contributions for those who might be buying a home in Canada.

TD Wealth has let us know that we should be able to open these accounts with our team in 2026.

5. RESP Contributions

There is no deadline, however the sooner the contributions are made, the sooner the government grant is received, and the sooner gains are no longer taxed.

You can contribute $2,500 per child (or $5,000 per child if you have missed a past year) and receive a 20% government grant on that contribution.

6. Tax Planning Strategies for 2026

It is worthwhile to consider your expected income level for 2026. If this amount exceeds $105,000 tax planning strategies can be particularly valuable, for example you may wish to consider specific opportunities such as Flow Through shares.

Please remember that if you donate more than $1,000 to a registered charity consider doing so with appreciated securities as this avoids the capital gains tax on the appreciation in value.

7. Wills, Powers of Attorney (POA) and Beneficiaries

Be sure that your Will, POAs and beneficiaries are updated and reflect your current wishes. If you do not have a Will, I beg and plead with you to get one.

If one passes without a will, one's assets are distributed according to the government, (which may not align with your desires) and the process is more difficult and time-consuming.

8. Insurance Strategies

Review your needs and ensure your policies are appropriate. We can work together with you and TD specialists to show you how Life Insurance can be an important part of a long-term tax-efficient investment plan.

9. Debt Management

Review any outstanding debt and determine if the rate of interest is higher than can be expected from investments. If so, consider withdrawing from your investment account and paying off all or part of the outstanding debt.

Second, if you are in a higher tax bracket, determine if you can convert interest that is not deductible (used to purchase your home) into deductible interest (used to invest).

Optimizing your debt management is an important part of your financial health.

Importantly, note that every one of these items is part of our Wealth Meeting agenda. We will review all these points with you.

Contributions:

1. Deposit cash online from your bank account. If you do not bank with TD Canada Trust (TD) you can set up your "TD Wealth" as a Payee for an online bill payment.
2. Ask us to transfer securities or cash from your non-registered accounts.
3. Send a cheque payable to TD Wealth to us at 5140 Yonge Street, Suite 1600, North York, Ontario M2N 6L7
4. Deposit a cheque directly to your account at any TD branch – you will need your TD Investment Account number.

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Overall, 2025 was another terrific year for investment returns. Even with "Liberation Day" on April 2 triggering a significant downturn, the markets recovered and continued to rise (with modest pullbacks) for the remainder of the year. The gains are even more impressive when compared to the low expectations of most market analysts at the beginning of the year.

The key driver, once again, was earnings. They continued to rise, strongly. And while the P/E ratio (price of a stock divided by its earnings) remained above historical averages it held relatively steady with the strength of the earnings increase justifying the higher P/E.

2025 marks the third attractive year in a row and thus the instinctive concern, "How long can this last?" This concern is compounded by human emotion and statistics.

As human beings, the fear of losing one's gains is powerful and proportional to the extent of the gains. Also, patterns are hard wired into our brains, and some may expect losses to follow gains. The incessant news cycle that focuses and highlights doomsayers over optimists by a large ratio can add to the discomfort.

Statistically, the median bull market lasts 30 months and produces a 90% gain and we have now experienced a 42-month bull market with a gain of 90%. Also, as mentioned, valuations (P/E ratios) are elevated by historical standards.

So where does that leave us? As we have written many times before, successful investing requires a strong check on one's emotions, and an understanding that statistics and medians are simply guidelines to consider.

And so, we come back to earnings. Looking forward, earnings are expected to remain strong throughout 2026. Such earnings (if realized) will again justify the elevated valuations and potentially provide a fourth year of attractive returns.

Currently, earnings continue to grow, consumers continue to defy expectations and spend, wages remain strong, jobs are available, and there are still several trends, such as technology, AI and health care, that are stimulating much change across industries.

We believe that the economy will continue to push forward, though perhaps a tad slower.

We remain cautiously optimistic about the short term and positive and optimistic about the medium, and long term. Most importantly, we are confident that working together we are able to meet your objectives. At the end of the day this is all that truly matters.

Index	Quarter	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	– 0.40%	2.60%
Canadian Equity - S&P/TSX 60 Index - CAD	5.70%	28.90%
US Equity – S&P 500 - CAD	2.20%	15.70%
International – MSCI EAFE Index - USD	4.70%	31.60%
Global Small Companies - CAD	1.40%	14.80%
Emerging Markets - MSCI Emerging Markets Index - CAD	2.30%	27.20%
Real Estate - Dow Jones® Global Real Estate Index - USD	– 0.60%	8.80%
S&P/TSX Preferred Share Index - CAD	3.60%	16.10%

Have a great, happy and healthy 2026!

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