Market Update

September 2026

Important Topic: Charitable Giving - Up Close

If you are making charitable donations of over $1,000, please think of us first!

We can help to increase the tax efficiency of such donations, helping to save you money.

If you are looking to make charitable donations before year end, please contact us over the coming weeks.

Different ways to donate:

1. Donate Appreciated Securities & Avoid Capital Gains Tax

Instead of donating $1,000 of cash to a charity, donate $1,000 worth of securities that have appreciated, and use the $1,000 of cash to repurchase what was donated.

In this case, you receive the same $1,000 charitable donation receipt as if you had given cash, your portfolio remains unchanged, and the tax on the capital gain of the donated security is eliminated.

Example: If you donate a share with an adjusted cost base (ACB) of $1 and a current market value of $101:

1. You will receive a donation receipt for $101, and

2. You will avoid the tax on the $100 capital gain.

In Ontario, at the highest income tax bracket, this means that you save about 50.14% of the donation value through charitable donation credit and you also save approximately 25% from avoiding the capital gains tax.

In this example, your $101 donation effectively costs you approximately $25 after tax savings.

2. Timing the Use of Donation Tax Credits

The year of donation does not need to be the year that one uses the donation for a tax credit.

One's donation credit need not be used immediately but may be carried forward to offset taxes when one is in a higher income tax bracket. You can save them up.

This is particularly helpful if you will have a year with unusually high income (e.g., a business sale, large bonus, or property disposition).

This is worth discussing with your accountant.

3. Donations from Corporate Accounts – Three Advantages

If you donate publicly traded securities from a corporation there are three savings:

1. The corporation receives a donation receipt for the full fair market value.

2. The corporation avoids paying capital gains tax on the donated securities.

3. The capital gain is added to the Capital Dividend Account (CDA), allowing for future tax-free dividends to shareholders.

Example: Donate a share with an ACB of $1 and the current value of $101.

1. The corporation receives a $101 donation receipt, and

2. The corporation avoids paying any tax on the $100 capital gain, and

3. The $100 gain is added to the CDA, which can later be distributed to shareholders tax-free.

In this example, at the highest tax rate, your $101 donation effectively costs you only $16 making corporate securities donations a highly tax-efficient giving strategy.

4. Estate Planning – Optimize Donation Receipts

If one postpones large charitable donations in one's estate, they sometimes generate more tax credits than can be used on your final return. The tax credits could go unused.

To avoid this, it may be more efficient to structure annual giving during your lifetime, ensuring credits are fully used and taxes are minimized overall.

5. Donor Advised Funds (DAFs)

DAFs function like one's private charitable foundation, but without much cost and complexity.

Benefits include:

1. Making one donation and distributing to multiple charities,

2. Donating securities easily to one destination,

3. Receiving a single tax receipt,

4. You can donate at any time and optimize the use of the charitable tax credits (#2).

6. Structured Flow-Through Share combined with Charitable Donations

For donations of over $50,000, special flow-through share structures can reduce the after-tax cost of giving to as little as 5-10% of the total gift.

While this works best under specific conditions, many clients qualify. Please let us know if this strategy interests you.

* Each case is different and ones we showed above were presented to provide general guidance and education. We are happy to deal with each client's specifics.

Market Update – September 2026

September delivered mixed results across global markets. Canadian and U.S. equities posted gains, while most international equity markets and bond markets finished the month lower.

Encouragingly, corporate earnings have remained strong and are expected to continue supporting markets as companies report their third-quarter results for the period ending September 30 over the coming weeks.

A key area of concern remains inflation.

Energy prices, particularly oil, play an important role in the economy. Higher oil prices increase production and transportation costs, which can lead to higher prices for a wide range of goods and services.

As inflation rises, bond investors typically demand higher yields to compensate for the reduced purchasing power of future interest and principal payments. After all, the money they are going to receive back at maturity is now going to be worth less.

At the same time, central banks often respond to rising inflation by increasing interest rates in an effort to slow economic activity and bring inflation back under control. The rationale is that inflation is signaling an overheated economy, and higher interest rates may help moderate it.

However, when inflation is driven primarily by external factors, such as global energy prices, higher interest rates may have a limited impact on the root cause of the problem. While tighter monetary policy can cool economic activity, it does little to directly influence world oil prices and can sometimes dampen investor sentiment in the process.

On the positive side, a decline in oil prices over the coming months could provide further support for financial markets. Increased stability in key energy transportation routes and improvements in global supply conditions may help ease price pressures.

With the US gaining more control of the Strait of Hormuz, and Iran losing the ability to interfere, we are seeing more oil passing through.

We could see a dramatic change if Iran, lacking its oil revenue, implodes or partially implodes.

Should energy markets continue to normalize, we could see a more favourable environment for both stocks and bonds.

Of course, no one can predict the future with certainty.

That uncertainty is precisely why we diversify. Diversification allows us to participate in a broad range of opportunities, with some investments positioned to perform well in a higher-rate environment and others expected to benefit if rates decline.

As conditions evolve, disciplined portfolio rebalancing helps us capture opportunities (more of the upside and less of the downside) while managing risk over time.

Looking ahead, we expect market volatility to remain elevated in the short term. Nevertheless, strong corporate earnings continue, and we remain positive about the medium- and long-term.

We continue to deploy new capital where attractive opportunities arise and actively monitor portfolios to ensure they remain aligned with our investment objectives.

Portfolio Update

For the quarer the portfolio was % and year to date the portfolio was %.

Attached please find a summary of account totals as of September 30th, 2026.

Index	Quarter	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	3.10%	1.00%
Canadian Equity - S&P/TSX 60 Index - CAD	1.60%	13.20%
US Equity – S&P 500 - CAD	1.90%	10.70%
International – MSCI EAFE Index - USD	0%	9.90%
Global Small Companies - CAD	-3.50%	16.70%
Emerging Markets - MSCI Emerging Markets Index - CAD	-2.10%	27.00%
Real Estate - Dow Jones® Global Real Estate Index - USD	-5.80%	5.50%
S&P/TSX Preferred Share Index - CAD	-1.30%	3.00%

Have a great month and let us know if there is anything we can do for you,

Meir & Adam

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Index returns are shown for comparative purposes only. Indexes are unmanaged and their returns include reinvestment of dividends, if applicable, but do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index.

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