



Uncertainty, Risk & Your Portfolio

The first quarter of the year has reminded investors that markets do not move in a straight line. After a strong finish last year, we have seen periods of volatility driven by interest rates, uncertainty, mixed economic data and more geopolitical concerns. While fluctuations might feel uncomfortable, they are a normal part of investing and to be expected given how fruitful things have been over the past few years.

Your portfolio continues to be built and managed with diversification and your long-term objectives in mind. We continue to focus on high quality investments, with no speculation and risk is managed rather than acting to short-term headlines. This approach is specifically built to help navigate through challenging periods like we could experience anytime.

I thought I'd share a bit more on the portfolio, how it's managed and where we are today.

As mentioned above, the portfolio we manage is a collection of high-quality businesses that operate in many areas. We own banks, insurance companies, utilities, convenience store operators, energy companies, and many others. Many companies that all of you use in your daily lives. The portfolio is managed actively, and we aren't overweight any particular company or theme. We trim companies when they look overpriced and become a larger part of the portfolio by exceeding their target weight. We in turn use these proceeds to invest in current holdings who potentially provide more future opportunities. Maybe you've heard it called "Selling high and buying low". Easy in theory but difficult emotionally. Staying true to a process makes this easier to execute.

Maybe the most important part of our job is to manage risk, and I think owning more businesses that we feel aren't expensive is a big part of that process. For example, we've been underweight technology for some time as we felt that those businesses were trading at levels that just weren't attractive. We're seeing some results of that decision now as Artificial Intelligence (AI) continues to evolve and add uncertainty to that area. Currently the market likes companies like ours that are often viewed to be undisruptable or are "hard" assets... like a railroad or a pipeline, particularly in this new world with AI that is supposed to replace everything. That story will take years to play out. It's exciting and nervy all at the same time.

We've seen some really great returns over the past 3 years with 2026 starting off well. I often get asked in client reviews how long this can continue. Truth is I don't know. There is still lots to be positive about with a few negatives as well. The market can turn without notice and that should be expected. It won't matter too much over time, and if we continue with the process above it historically would be an opportunity.

We'll continue to navigate as best we can with risk management and your unique goals top of mind. In the end, diversification is typically what makes uncertainty investable.

We continue to favor dividends as they tend to be a sign of a financially healthy and stable business. Many of our holdings recently increased their dividends with some examples below:

Company	Recent % Dividend Increase	5 Year % Cumulative Increase
Intact Financial Corporation	11%	77.11%
Alimentation Couche-Tard Inc.	10.26%	168.91%
Manulife Financial Corporation	10.23%	57.14%
Canadian Imperial Bank of Commerce	10.31%	36.30%

*From Factset.com on February 19th, 2026

HD – Home Depot Inc.

Home Depot (HD) is one of the world's largest home improvement retailers, set to deliver \$164 billion in revenue in fiscal 2025. The company sells appliances, tools, paint, lumber, plumbing, electrical, garden, and other home-improvement supplies in over 2,300 warehouse-sized stores. HD also has a large online presence with over 1 million different products, operating in the US, Canada & Mexico.

In our opinion, it would be difficult for another retailer to enter the market and threaten Home Depot's position, as smaller retailers would have difficulty building vendor relationships strong enough to undermine the company's pricing prowess. Over time, Home Depot should consistently capture sales growth, bolstered by an aging housing stock, rising home prices, and a shortage in home inventory. I believe many customers are on the sidelines waiting for interest rates to decline notably before they start a kitchen or bath remodeling project. A push from the government in the U.S. to lower interest rates should result in increased demand for HD.

IFC – Intact Financial Corporation

Intact Financial (IFC) is one of the largest providers of property and casualty (P&C) insurance in Canada, as well as a leader in global specialty insurance, and a leader in personal and commercial insurance in the UK and Ireland. The majority of the company's direct premiums are written in the personal automotive space.



Recent Earnings reported on February 11th showed a beat of earnings consensus of 17-18% driven by strong underlying performance. Industry trends continue to be favorable, as the company's core franchise remains resilient. We expect to see industry wide premium growth in the Personal Auto, Personal Property, & Commercial segments in Canada over the next 12 months. We favour Intact for its strong market share and competitive advantages in the Canadian P&C insurance sector, as well as its strong operations in the US and UK&I.

CNQ – Canadian Natural Resources Ltd.

Canadian Natural Resources Ltd. (CNQ) acquires, explores for, develops, and produces natural gas, crude oil, and related products. The company operates in Alberta, BC and Saskatchewan as well as the U.K. North Sea and Offshore Africa. CNQ is one of the largest producers of oil and natural gas in Canada.

CNQ has identified several multi-billion dollar growth opportunities across its asset base that represent future production growth potential. Additionally, I believe that the company's strategic acquisitions and asset consolidation moves reflect its ability to identify and capitalize on opportunities to enhance shareholder value. With oil trading materially above CNQ's breakeven price of low-to-mid US \$40/bbl, coupled with production growth, CNQ is set to report robust free cash flows, which may be utilized to reward shareholders and deleverage its balance sheet.

Michael Anderssen, CFP®, CIM®, FMA
Senior Portfolio Manager and Senior Investment Advisor
902-541-3104 | Michael.Anderssen@td.com
anderssenwealthmanagement.com
Connect with me on LinkedIn
Follow me on Twitter

Anderssen Wealth Management

TD Wealth

The information contained herein has been provided by Michael Anderssen, Senior Portfolio Manager and Senior Investment Advisor, TD Wealth Private Investment Advice, and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance.

Certain statements in this document may contain forward-looking statements ("FLS") that are predictive in nature and may include words such as "expects", "anticipates", "intends", "believes", "estimates" and similar forward-looking expressions or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest and foreign exchange rates, equity and capital markets, the general business environment, assuming no changes to tax or other laws or government regulation or catastrophic events. Expectations and projections about future events are inherently subject to risks and uncertainties, which may be unforeseeable. Such expectations and projections may be incorrect in the future. FLS are not guarantees of future performance. Actual events could differ materially from those expressed or implied in any FLS. A number of important factors including those factors set out above can contribute to these digressions. You should avoid placing any reliance on FLS.

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.

© 2025 Morningstar is a registered mark of Morningstar Research Inc. All rights reserved.

TD Wealth represents the products and services offered by TD Waterhouse Canada Inc., TD Wealth Private Banking (offered by The Toronto-Dominion Bank) and TD Wealth Private Trust (offered by The Canada Trust Company).

Anderssen Wealth Management is part of TD Wealth Private Investment Advice, a division of TD Waterhouse Canada Inc. which is a subsidiary of The Toronto-Dominion Bank. ©The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.

BC26-276