Market Update

August 2026

Important Topic :
What Roger Federer Can Teach Us About Investing

Roger Federer won approximately 82% of his matches during his remarkable career. He is still considered one of the best tennis players ever.

But here's a question: What percentage of all the individual points he played do you think he won? 70%? 65%? 60%?

The answer might surprise you: only about 54%.

One of the greatest tennis players of all time lost almost 46% of the points he played yet won more than 8 out of every 10 matches.
There is a surprisingly good lesson here for investors.

Federer and the Stock Market

Historically, the S&P 500 (US stock market index) has been positive on only slightly more than half of individual trading days, approximately 53%.
That's remarkably similar to Federer's 54% of points won.

Federer: 54% winning points | 46% losing points
S&P 500: 53% up days | 47% down days

If you check your portfolio every day, you are likely to feel disappointed almost half the time.
And worse overall, since losses hurt more than gains uplift.
On an up day: "Good – that is how it should be" – little satisfaction
On a down day: "Oh no. Should I be doing something?" – more than a little disappointment
Yet your financial plan has not changed at all. Only one day has passed.

What Happens When We Zoom Out?

The historical picture changes considerably as we extend the investment period.

S&P 500 Total Return Percentage of Historical Periods That Were Positive (1926-2024)

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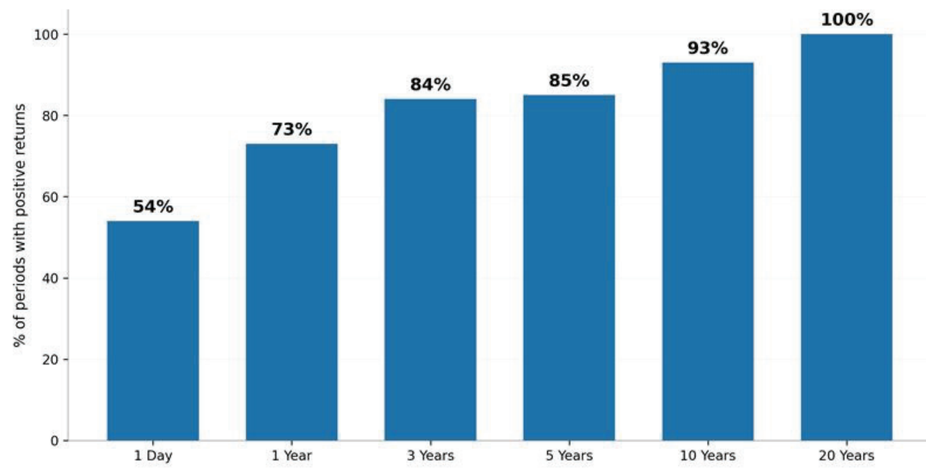

Historical S&P 500 returns through Dec. 31, 2024. Past performance does not guarantee future results.

This is an important difference in perspective. Look every day: the market is up only slightly more often than it's down.
Look once a year: historically, about three out of four have been positive.
Look over five or ten years: historically, the percentage of positive periods gets higher and higher.
Same market. Same portfolio. Different perspective.

Maybe We Look Too Often

There was a time when investors waited for a statement to arrive in the mail. Today, our portfolios are sitting in our pockets. We can check them almost every second the market is open. But just because we can look doesn't necessarily mean we should.
This doesn't mean ignoring your investments. Regular reviews are important. But checking monthly or quarterly, instead of several times a day may make it easier to focus on your long-term plan rather than the market's latest move.

Keep Your Eye on the Match

Imagine if Federer evaluated himself after every point. Won the point: Everything is great. Lost the point: Something is wrong. Change strategy.
He would have spent almost half his career worrying. Worse, his strategy would have changed so often he could not have elevated his particular style of play, leveraging his strengths.
Instead, points became games. Games became sets. Sets became matches.
And despite winning only about 54% of his points, Federer won approximately 82% of his matches.

Investing offers a similar lesson:
Days become months. Months become years. Years become decades.
Successful investing isn't about winning every day.

The next time the market has a bad day and you feel the urge to check your portfolio, remember Roger Federer.
Maybe today was simply a lost point. Keep your eye on the match.

Market Update – August 2026

Markets were volatile again in August with much of the same forces at work as in July.

Earnings have continued to impress and as long as this persists, we expect the market rally to continue.

Please always keep in mind, however, that even during a strong bull market there are weeks and months where markets 'correct'. A correction is where the market falls by 10%.

Such downturns immediately trigger fear and stress as some investors assume this means the tide has turned and markets will continue to fall. But the vast majority of the time, this is not the case.

The key is to understand that there is no single objective value of a company (stock), and therefore no single value of a market. Fundamental valuations provide a range of values – from "most things go wrong" to "most things go right". Therefore, for example, it is fair to say that a given company is worth between $10 and $15 a share and to see it trade from $5 to $20 . Over time, given the company's success, this range can rise to $20-$25 with the share trading between $15 and $30. Combined, one can see a share trade from a low of $5 to a high of $30 and then fall to $25.

While the fall from $30 to $25 is disappointing and nerve wracking (especially if you recently bought at $30), such fluctuations are very common, should be expected, and tell us next to nothing about the future.

Lastly, a reminder that when markets move higher too quickly, prices can get stretched (rise above $30 in the example), and a correction is healthy for the markets long-term.

Looking forward we see the short term as volatile but still quite positive (given stellar earnings) and remain positive in the medium and long term. We continue to invest new funds (finding some good opportunities) and monitor our positions closely.

Portfolio Update

Index	Month	Year to date
Bonds FTSE Canada Universe Bond Index - CAD	-0.20%	0.30%
Canadian Equity - S&P/TSX 60 Index - CAD	2.20%	16.00%
US Equity – S&P 500 - CAD	2.60%	11.30%
International – MSCI EAFE Index - USD	1.80%	13.70%
Global Small Companies - CAD	1.70%	18.90%
Emerging Markets - MSCI Emerging Markets Index - CAD	3.20%	24.20%
Real Estate - Dow Jones® Global Real Estate Index - USD	-3.30%	11.50%
S&P/TSX Preferred Share Index - CAD	0.30%	6.80%

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