



Quarterly Market Commentary

September 2026

The third quarter of 2026 was another reminder that markets can remain surprisingly resilient even amid a constant stream of uncertainty. Investors spent much of the summer navigating headlines surrounding trade negotiations, geopolitical conflicts, shifting central bank policy, and the ongoing evolution of artificial intelligence. While each of these issues generated periods of volatility, markets largely remained focused on the underlying strength of corporate earnings, consumer spending, and economic activity. Throughout the quarter, investors continued to grapple with the challenge of separating short-term noise from long-term fundamentals.

One of the most significant developments was the U.S. Federal Reserve's decision to raise interest rates, marking a notable shift after many investors had become accustomed to a more accommodative policy environment. The move reflected renewed concerns that inflationary pressures may prove more persistent than previously anticipated. The prospect of higher-for-longer interest rates prompted investors to reassess valuations across several sectors of the market, particularly those whose growth expectations rely heavily on inexpensive access to capital. At the same time, bond markets experienced increased volatility as investors adjusted their expectations for the future path of interest rates and economic growth.

Geopolitical developments also remained firmly in focus. Ongoing trade disputes, rising defence spending, and efforts by governments to strengthen domestic supply chains reinforced a broader trend that has been developing over the past several years. Countries and corporations alike are placing greater emphasis on economic security infrastructure investment, energy independence, and access to critical resources. These themes continue to reshape global capital flows and create investment opportunities across sectors tied to industrial development, energy production, transportation, and technology infrastructure.

Artificial Intelligence (AI) remained one of the market's most closely watched investment themes. However, investor attention began expanding beyond the technology companies that led the initial wave of enthusiasm. Increasingly the focus has shifted toward identifying the businesses that stand to benefit from AI through improved productivity, greater efficiency, and enhanced profitability. While excitement surrounding the technology remains high, investors are becoming more selective, recognizing that successful adoption and execution may ultimately help determine which companies emerge as top performers over the long term.

As we enter the final quarter of the year, the investment landscape remains complex but constructive. Higher interest rates, geopolitical uncertainty and changing economic relationships around the world will undoubtedly continue to create challenges. However, history has demonstrated that periods of uncertainty often provide opportunities for patient, disciplined investors. Rather than attempting to predict every headline or policy decision, our focus remains on owning high-quality businesses, maintaining broad diversification, and building portfolios capable of navigating a wide range of economic outcomes over the long term.

Our mandates focus on high-quality companies with a history of paying dividends because they can provide a steady and growing stream of income, help offset inflation, and signal financial strength and management confidence. This quarter, Quebecor increased their dividend by 12.5%. Dividend increases reinforce resilience of their balance sheets and durability of their long-term earnings power.

During the quarter, we added Nutrien to the portfolio. In addition, we trimmed up our weightings in Brookfield Renewables, Cogeco Inc., and Maple Leaf Foods. In addition, we trimmed down our weightings in Gildan Activewear.

Nutrien

Nutrien continues to benefit from constructive agricultural fundamentals. Potash demand remains healthy, fertilizer markets remain supportive, and the company's large retail network continues to support stable earnings and customer relationships.

The long-term investment thesis remains straightforward: the world must continue improving agricultural productivity to feed a growing global population. We believe Nutrien remains one of the best-positioned companies globally to benefit from that trend while generating attractive cash flow and returning capital to shareholders.

Apple

Apple unveiled its iPhone 18 lineup during the quarter, highlighted by the launch of the new foldable iPhone Duo and the introduction of the 2nm A20 Pro chip, which is expected to deliver roughly double the AI processing capability of prior models. Management also introduced enhanced Siri functionality and additional artificial intelligence features designed to support a broader device upgrade cycle across its large installed base of more than 1.5 billion active devices. Analysts believe these innovations should strengthen customer engagement and support long-term growth across both hardware and services.

While Apple implemented modest price increases on its premium iPhone models, the company introduced new financing and upgrade programs to help maintain affordability and encourage device upgrades. The rapidly growing Services segment remains a key driver of the investment thesis, supported by recurring subscription revenue, digital payments, cloud services, and content offerings.

Barrick Mining

Barrick continues to benefit from stronger operational execution and improving free cash flow generation. Management has delivered several consecutive quarters of solid operating performance, helping reinforce confidence in the quality of the company's global asset base. The company also continues to advance a potential separation and public listing of its North American assets, which many investors believe are not fully reflected in the current valuation.

Beyond gold, Barrick is increasing its exposure to copper, an important metal tied to electrification and infrastructure investment. We continue to view Barrick as an attractive diversifier within portfolios, providing exposure to precious metals while offering meaningful long-term growth opportunities through both gold and copper production.

Bank of Montreal

Bank of Montreal delivered another quarter showing progress in several important areas. The U.S. banking business continues to improve, loan growth accelerated, and credit trends remained healthy. Management also continued to return capital to shareholders through meaningful share repurchases.

We believe the most important takeaway this quarter was continued improvement in profitability and returns on capital. As interest rates stabilize and economic activity remains supportive, the bank appears increasingly positioned to benefit from stronger loan demand, improving efficiency, and growing earnings. Combined with an attractive dividend, we continue to view Bank of Montreal as a core long-term financial holding.

Brookfield Renewable Partners

We believe that Brookfield Renewable continues to execute on one of the most powerful long-term investment themes: growing global demand for electricity. Recent results reflected strong cash flow growth despite temporary weather-related impacts on renewable power generation. Management remains focused on developing new renewable and storage projects while recycling capital into opportunities with higher return potential..

An increasingly important part of the story is power demand from artificial intelligence, cloud computing, and data centres. Brookfield's development pipeline remains substantial and positions the company to benefit from decades of increasing electricity demand. We continue to view Brookfield as a unique combination of growth, income, and infrastructure exposure.

Cogeco Inc.

Cogeco remains a company where we believe the market is underappreciating the value of the underlying assets. While growth is modest, the company continues to generate strong free cash flow and maintains an attractive valuation relative to peers. Management continues to focus on shareholder value and operational efficiency.

Potential corporate simplification remains an important long-term catalyst that could help unlock value and improve investor visibility into the business. We continue to own Cogeco because of its strong cash generation, attractive dividend profile, and discounted valuation.

Definity Financial

Definity delivered another strong quarter highlighted by premium growth, improving profitability, and continued progress integrating Travelers Canada. Management increased expected cost synergies from the acquisition, providing additional confidence in the long-term earnings opportunity.

Insurance pricing remains favourable across many product lines and recent weather-related losses across the industry should continue supporting disciplined pricing. We continue to believe Definity has a long runway for growth as it benefits from increased scale, stronger operating efficiency, and ongoing market share gains.

Gildan Activewear

Gildan experienced increased share price volatility during the quarter following a short seller report that questioned certain operating metrics. Management responded publicly and continues to reject those allegations. While these reports often create near-term uncertainty, our focus remains on the underlying fundamentals of the business.

More importantly, the company delivered strong operating results, raised earnings guidance, increased free cash flow expectations, and continues integrating the Hanesbrands acquisition successfully. Gildan's low-cost manufacturing model, strong brands, and disciplined execution remain unchanged. We continue to believe the company's long-term earnings growth and cash flow generation are far more important than short-term market headlines.

Headwater Exploration

Headwater Exploration announced a strategic merger with Tamarack Valley Energy in an all-share transaction valued at approximately \$10 billion, creating the largest pure-play Clearwater oil producer in Canada. Under the terms of the agreement, Headwater shareholders will own approximately 33.5% of the combined company, while Tamarack shareholders will own 66.5%. The combined business is expected to produce more than 80,000 barrels of oil equivalent per day, control 1,550 net sections of Clearwater land, and have over 3,000 identified drilling locations, significantly increasing its scale and operating efficiency.

Management expects the merger to deliver approximately \$50 million in near-term synergies through operational efficiencies and the consolidation of key Clearwater assets. The larger asset base is also expected to reduce the corporate decline rate over time, supporting stronger free cash flow generation and improving capital efficiency. In addition, shareholders will retain ownership in a newly created exploration company, Tributary Energy, which will house certain non-core exploration assets and provide additional upside potential.

From our perspective, this transaction strengthens the long-term investment case for Headwater. The merger creates a larger, more diversified Clearwater operator with enhanced financial flexibility, increased drilling inventory, and improved shareholder return potential. Overall, we view the transaction as a positive strategic development that should enhance scale, profitability, and long-term value creation for shareholders.

Intact Financial

Intact's results were impacted by elevated weather-related losses and larger claims activity particularly in Canada and the United Kingdom. While these events affected short-term profitability, they often support stronger future pricing across the insurance industry

The company's competitive position remains extremely strong. Intact continues to generate attractive returns, grow book value, and maintain underwriting discipline. We continue to view Intact as one of the highest-quality insurance businesses in North America and an important defensive holding within the portfolio.

Maple Leaf Foods

Maple Leaf continues to benefit from investments made over the past several years in automation, production efficiency, and operational improvement. While consumer spending remains somewhat cautious, management continues to see encouraging demand trends across several key product categories.

Strength in poultry operations and protein-related products continues to support profitability. We believe the market remains focused on short-term consumer demand concerns while underestimating the earnings potential that may emerge as operational improvements continue to gain traction.

Microsoft

Microsoft delivered one of the strongest quarters among large technology companies. Azure cloud growth accelerated faster than expected, and demand for artificial intelligence services continues to exceed available capacity. The company continues to establish itself as one of the primary beneficiaries of global AI adoption.

During the quarter, Microsoft added more than 10 million new Copilot users, illustrating how quickly businesses are incorporating AI into everyday workflows. Combined with leadership positions in enterprise software, cybersecurity and cloud computing, we continue to view Microsoft as one of the highest-quality long-term growth companies in the portfolio.

National Bank

National Bank continues to generate strong profitability and healthy loan growth. Commercial lending, mortgage growth, and capital markets activity all contributed positively during the quarter, while integration of Canadian Western Bank continues to progress.

Although parts of the business can experience quarterly volatility, management continues to demonstrate strong execution and disciplined capital management. We continue to believe National Bank's profitability profile, growth opportunities, and operational strength support the potential for attractive long-term shareholder returns.

Pan American Silver

Pan American Silver experienced a softer quarter operationally as production and costs came in below expectations. Despite this, the company continues to maintain a strong balance sheet, healthy liquidity, and meaningful free cash flow generation.

Management continues to invest in optimization initiatives while returning capital to shareholders through share repurchases. We continue to view PanAmerican as an attractive precious metal holding that provides exposure to both gold and silver while adding diversification during periods of economic uncertainty

Quebecor

Quebecor continues to execute exceptionally well. Wireless subscriber growth remains among the strongest in Canada, free cash flow generation continues to exceed expectations, and management remains disciplined in its capital allocation decisions.

The successful integration of Freedom Mobile continues to expand growth opportunities beyond Quebec while supporting longer-term subscriber growth. We believe Quebecor remains one of the strongest growth stories within the Canadian telecommunications sector.

Restaurant Brands International (QSR)

Restaurant Brands International, the parent company of Tim Hortons, Burger King, Popeyes, and Firehouse Subs, delivered a solid quarter led by continued strength at Burger King. Same-store sales at Burger King increased 8.6%, significantly outperforming the broader quick-service restaurant industry and supporting management's view that the brand turnaround remains in its early stages.

Tim Hortons remains the key area of focus. Management cited softer sales growth due to marketing execution issues earlier in the quarter but noted improving trends as the quarter progressed. New beverage launches, food innovation, and promotional partnerships are expected to support traffic and sales in the coming quarters.

Overall restaurant growth improved modestly, while management continues to target portfolio same-store sales growth above 3% over the longer term. We remain constructive on the company's long-term outlook given its portfolio of leading global brands, expanding international presence, strong franchise model, and attractive dividend yield.

Rogers Communications

Rogers continues to focus on strengthening its balance sheet and improving free cash flow. Management remains encouraged by opportunities to unlock value from its unique sports and entertainment assets while simultaneously reducing leverage and improving financial flexibility.

The market remains heavily focused on debt reduction, but we believe investors are increasingly recognizing the value of the company's sports assets and improving free cash flow profile. We continue to view Rogers as a compelling turnaround story with significant long-term value creation potential.

Suncor Energy

Suncor remains one of the strongest and most diversified energy businesses in Canada. The company continues to generate significant free cash flow through both upstream production and downstream refining operations. Following a leadership transition and activist shareholder exit, the stock experienced some volatility despite continued strong operational results.

Management is aggressively returning capital to shareholders through share repurchases while maintaining a strong balance sheet and investing in future growth. We continue to view Suncor's integrated model as a key advantage that helps reduce exposure to commodity price volatility while supporting attractive long-term returns.

TD Bank

TD remains one of North America's leading banking franchises. Recent results reflected continued efforts to improve profitability, maintain strong capital levels, and enhance operating efficiency. While the bank has faced challenges over the past several years, management remains focused on strengthening core operations and driving long-term value creation.

With strong positions in both Canada and the United States, diversified earnings streams, and a long history of dividend growth, TD remains an important core financial holding within the portfolio.

Whitecap Resources

Whitecap continues to distinguish itself through consistent operational outperformance. Management has repeatedly exceeded production expectations, improved capital efficiency, and generated substantial free cash flow. The company's recent track record suggests future estimates may continue to prove conservative.

Strong cash flow generation continues to support dividends, share repurchases, and balance sheet improvement. Combined with a high-quality asset base and disciplined management team, Whitecap remains one of our preferred ways to gain exposure to the Canadian energy sector.



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ⁱ SU - Sep 15, 2026 (SU-T) Canada Best Ideas: Uniquely Positioned For The Current Macro Backdrop

NTR - Aug 11, 2026 (NTR) Q2/26: Constructive on Potash; Retail Growth to Step Up in H2; Phos. Challenged QBR - Aug 07, 2026 (QBR.B-T) Growth, FCF, and Good Capital Allocation

IFC - Jul 29, 2026 (IFC-T) Q2/26: Large Losses Hurt UK and Canada Results; Should Support Firmer Pricing BMO - Aug 25, 2026 (BMO-T) Q3/26: ROE Progress, Improving U.S. Growth, and Better Credit Trends

NA - Aug 26, 2026 (NA-T) Q3/26: ABA & Credigy Formations Ticked Higher; Beat Driven by Trading

QSR - Aug 06, 2026 (QSR) Looking For Tim's Sales Improvement For Shares To Exit The Penalty Box

CGO - Jul 17, 2026 (CGO-T) Holdco Discount Remains Elevated

MFI - Aug 13, 2026 (MFI-T) Building Toward a Better Back Half

WCP - Sep 11, 2026 (WCP-T) Canada Best Ideas: Valuation Overlooks Likely Estimate Upside

MSFT- Jul 30, 2026 (MSFT) Deliverers a Goldilocks Print; Expect a Material Re-Rate in the FCF Burn Risk

BEP - Aug 04, 2026 (BEP) Asset Recycling Drives Q2 Results; Capital Deployment is Accelerating

B (ABX) - Sep 16, 2026 (B) Canada Best Ideas: Significant Valuation Gap Expected to Close

PAAS - Aug 12, 2026 (PAAS) Q2 Below Consensus; Targeting Lower End of Gold Guidance with Focus on Jacobina GIL - Jul 31, 2026 (GIL) Q2/26 Results: Attractive Opportunity With Confusion on Release

RCI - Jul 23, 2026 (RCI.B-T) TP Up To \$65 On Higher FCF And A Reset Of Sports Valuation

DFY - Jul 31, 2026 (DFY-T) Q2/26: Strong Top-line In Personal Lines, and Lower CATs Drive NOIPS beat

AAPL - Sep 10, 2026 (AAPL) 18 Pro & Duo As Expected, 2nm Chip Brings 2x AI Speed; ASP Increase is Modest

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