

2026 Market Outlook

As we move into 2026, we have reviewed a range of early-year reports and market commentaries. While many strategists and asset managers have yet to publish their official outlooks, we wanted to share some preliminary observations. At Northlake Wealth Management, our priority remains the continued performance of client portfolios. We are committed to providing timely insights while executing real-time portfolio adjustments as conditions evolve.

2025 in Review and Early 2026 Performance

Following a strong year for our various model portfolios in 2025, markets have entered 2026 on a positive trajectory. Both Canadian and U.S. equity indices have advanced approximately +2 to +4% year-to-date.¹ Unlike early 2025, when the “Magnificent 7” technology stocks led the charge, this year’s gains have been driven primarily by value-oriented sectors. Geopolitical tensions have contributed to a weakening U.S. dollar, which in turn has supported a strong rally in energy and materials, both posting notable gains so far this year.

Macroeconomic Backdrop

We maintain a constructive outlook for 2026 overall. The U.S. is supported by a resilient consumer, accommodative monetary conditions, lower expected tax rates, and a continued emphasis on deregulation. Nonetheless, we anticipate ongoing volatility as investors weigh high equity valuations against an uncertain global geopolitical environment. In Canada we expect economic growth to be more muted due to trade uncertainty. We believe the Toronto Stock Exchange (TSX) has good potential in 2026 with financials and resources positioned well.

Current Asset Mix:

	Balanced	Balanced Growth	Growth	Aggressive Growth
Cash	5.00%	5.00%	5.00%	5.00%
Fixed Income	45.50%	30.50%	15.50%	5.50%
Equity	49.50%	64.50%	79.50%	89.50%

Our portfolios remain fully diversified across asset classes and sectors. Equity weightings have been adjusted to target (neutral) levels from levels slightly favouring equities in 2025. We maintain a relatively equal proportion of Canadian, U.S. and International equities. Fixed income allocations are evenly distributed across mandates emphasizing short duration and high investment grade quality. Should market indicators strengthen, we are well positioned to adopt a more constructive risk posture by increasing equity exposure. At present, our neutral stance allows us to participate in market gains while preserving the flexibility to deploy capital selectively as opportunities emerge.

¹ Source: FactSet as of January 30, 2026. (S&P 500/NASDAQ Composite/Dow Jones Industrial Average/S&P TSX referenced)

Strategic Themes for 2026

This year, we are introducing two new strategic themes designed to capitalize on market dislocation while aligning with the evolving economic backdrop:

- **Materials:** Building on our gold exposure through 2025, we have selectively added positions in copper, to go along with more gold and silver exposure. Gold continues to benefit from strong central bank purchases and investor demand for safe-haven assets amid persistent inflationary pressures and currency weakness. At this stage in the market cycle, we believe the gold mining sector still has upside potential with wider profit margins, not to mention institutional demand. Copper continues to trade close to all-time highs, with higher highs expected - as supply disruptions and structural deficits continue to drive up global demand. With copper's use in renewable energy, 5G, semiconductors, etc., we believe this could be a theme that plays out even beyond 2026.
- **Infrastructure:** We expect infrastructure assets to deliver stable, inflation-linked returns with relatively low correlation to equities and bonds. Ongoing global initiatives to modernize aging infrastructure, combined with long-term trends such as electrification, digital connectivity, and renewable power generation, create a supportive environment for sustained investment in this sector.

Investment Philosophy

Our message for 2026 remains consistent with our long-term philosophy: focus on fundamentals, remain disciplined, and stay invested. Successful investing depends on time in the market, not on market timing. We believe that wealth accumulation occurs through ownership of quality businesses that compound value over time. Avoid chasing short-term trends — instead, invest like an owner, with patience and conviction.

Team Update

As we look ahead, we would also like to acknowledge an important transition within our team. After twenty-two years of dedicated service, Brad Hayes will be retiring at the end of October 2026. His deep commitment to research, thoughtful approach to stock selection, and unwavering focus on clients have been central to his long-term success. We believe this amalgamation has been mutually beneficial and strengthened our offering. Brad's colleagues will miss his insight and steady presence. We are deeply grateful for his contributions and wish him the very best as he begins this well-deserved next chapter.

Closing Remarks

This business is inherently humbling. We continue to work alongside leading industry professionals, remain intellectually curious, and adhere to a disciplined, process-driven approach. We thank you for your continued trust and look forward to navigating another eventful year together.

If you have any questions or wish to arrange RRSP, RESP or TFSA contributions, please contact us directly.

Northlake Wealth Management



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