May 2026 Financial Planning Email Update

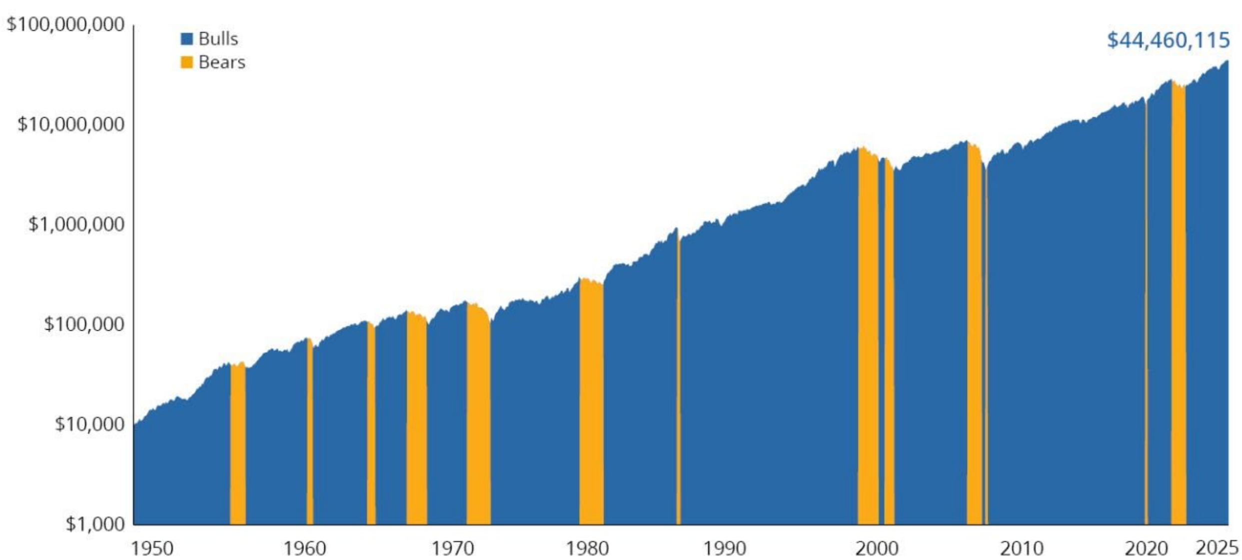
This month I would like to drill down on the expression I suggested last month "sit on your hands". At that time the conflict in Iran just began and everyone expected the markets to decline in the short term. As a result, the immediate thought would be to protect our investment value and sell. As has been demonstrated many times before, that would have been the wrong decision as our investments do return to above average rates of return in the long term. This is where I congratulate all our valued clients for being patient and looking past the current apocalypse du jour. This process is known as cognitive dissonance. Cognitive dissonance is the mental discomfort experienced when holding two conflicting beliefs, values, or behaviors. In our case we believe we would like to protect the current value of our portfolio, but we also believe and know that if we maintain our professionally managed portfolio for the long term that we will be further ahead. This dissonance is also common in everyday life. There is what everyone calls buyers remorse. For example, we purchase a new car and find out we paid too much. The official marketing term is post purchase dissonance.

A portfolio manager would further explain the negative implications to sell when the markets are declining. We should be aware that the markets are forward thinking rather than reactive. This means that markets are forecasting ahead the most important economic factors such as earnings, interest rates and inflation. So, in essence an investor who reacts to bad or good news is generally too late either way and will damage their long-term investment return prospects.

Therefore, in times of volatility, timing the market may seem tempting, but doing so could cost you.

A historical perspective of the market shows us a pattern of bull and bear markets that may be tempting to investors. Why not try to time the market and avoid those short-lived bear markets? Wouldn't that be more lucrative? Unfortunately, it's impossible and could be a costly mistake.

Market Cycles: Hypothetical Growth of $10,000 Invested in the S&P 500 Index (1950-2025)

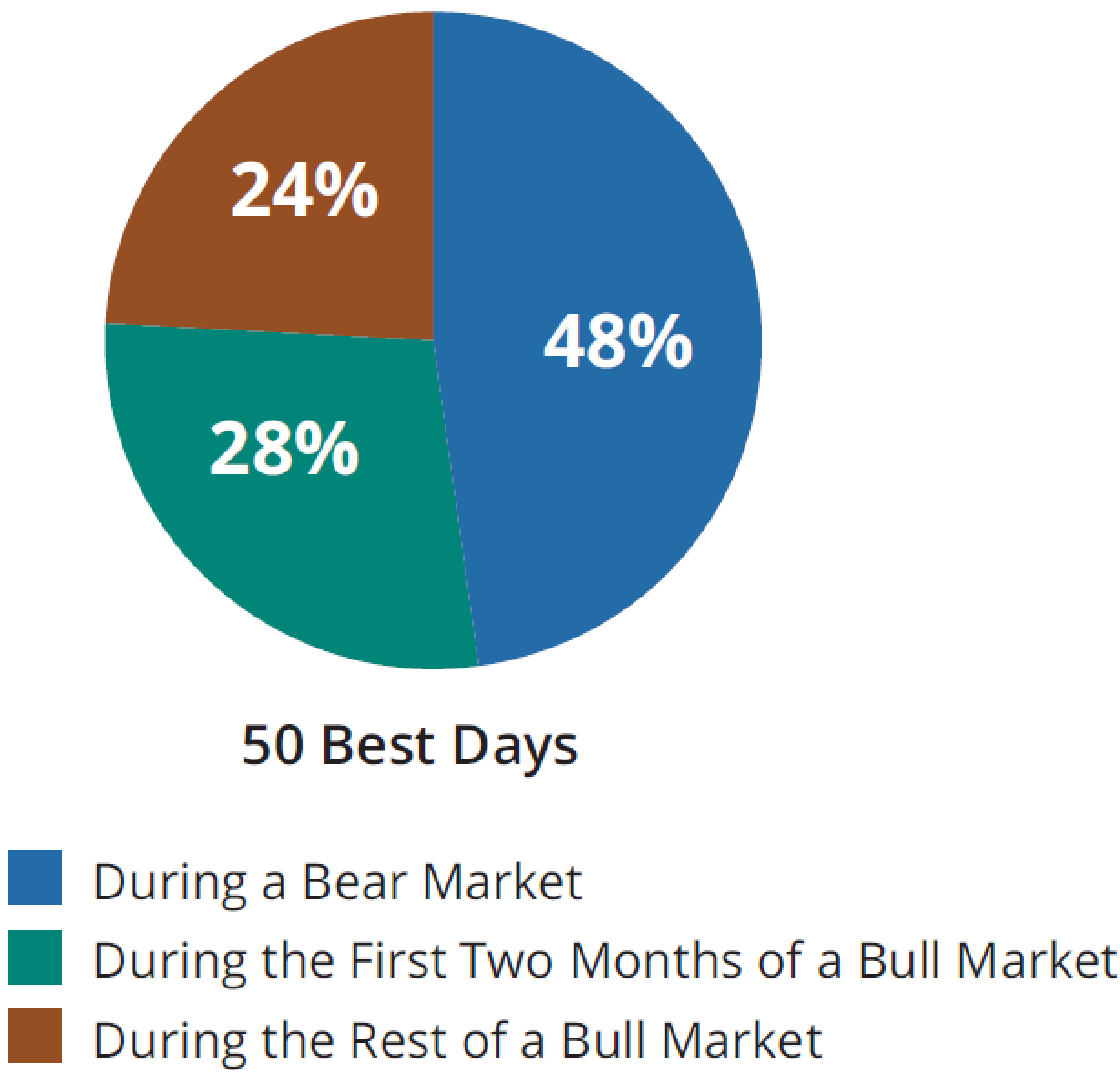


Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. For illustrative purposes only. Data Sources: Morningstar and Hartford Funds, 3/26.

Avoiding the market's downs may mean missing out on the ups as well. Seventy-six percent of the stock market's best days have occurred during a bear market or during the first two months of a bull market. If you missed the market's 10 best days over the past 30 years, your returns would have been cut in half. And missing the best 30 days would have reduced your returns by an astonishing 84%.

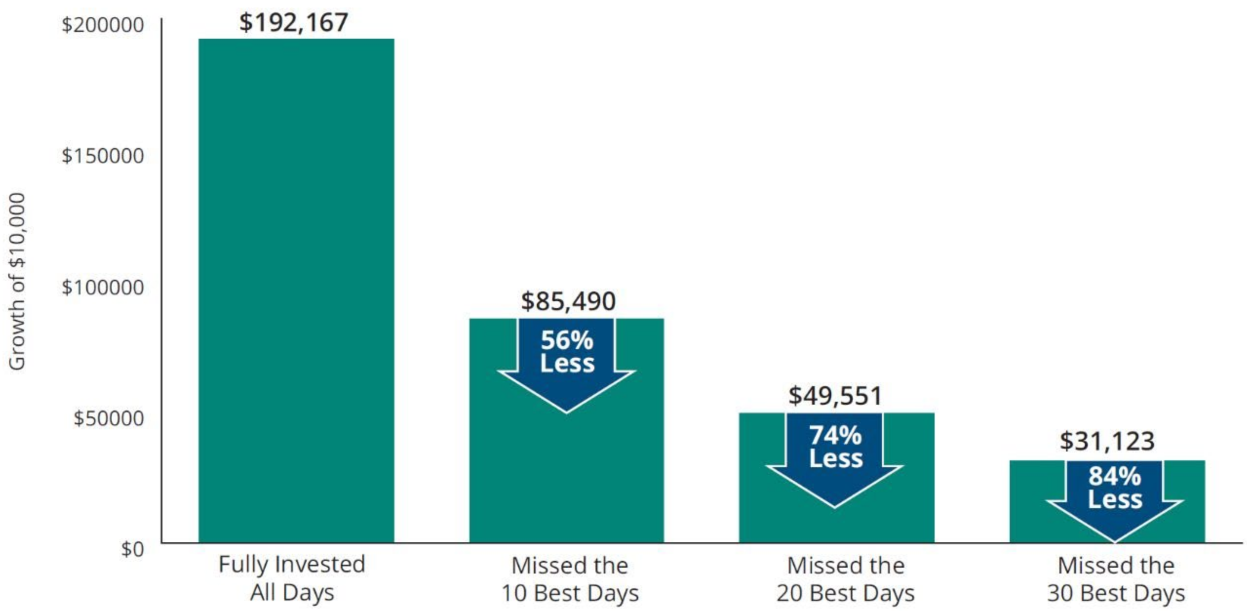
Good Days Happen in Bad Markets

S&P 500 Index Best Days: 1996–2025



Missing the Market's Best Days Has Been Costly

S&P 500 Index Average Annual Total Returns: 1996–2025



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S&P 500 Index is a market capitalization-weighted price index composed of 500 widely held common stocks.

Amanda attended a portfolio manager update luncheon on April15,2026 with Eileen Riley CFA MBA(Harvard) who manages our highly recommended iA Clarington Loomis Global Allocation Fund. Eileen has 27 years' experience and is the Co-Head of the Global Equity Opportunities Team and Portfolio Manager at Loomis Sayles.

- Founded in 1926 with the express goal of providing trusted investment counsel to clients, Loomis Sayles continues to abide by this mission. As Loomis Sayles celebrates 100 years, what remains central is their unwavering research focus and independent insights – something that has defined the firm since its earliest days and continues to shape how they invest today.
- Loomis leverages their core competency in fundamental research to build a portfolio of their best ideas across the capital structure (global equities, non-U.S. fixed income, and U.S. fixed income). They also remain consistent with their process and will stay disciplined in their research-driven, intrinsic-value approach – the same approach that has served clients well over multiple market cycles. Eileen is therefore looking for the best investment ideas regardless of where they reside. Eileen is very confident in equities and is holding a very concentrated portfolio of 35-45 of her best ideas. This is a total return approach.
- Why it matters: A high-conviction, research-first global strategy built to perform across full market cycles - not chase yesterday's winners.

I attended a webinar featuring Myles Zyblock Chief Investment Strategist with Dynamic Funds on April 21,2026. Myles provided an economic update on the global economy which is suggested to be achieving sub-par growth ongoing. Important factors discussed were:

- The opening or closing of the Strait of Hormuz during the US-Iran conflict which is a critical global economic lifeline. This strait sees 20-25% of global petroleum liquids transit through daily. The Hormuz oil price shock is the largest energy disruption since the 1970's.
- Rising energy costs is equal to a tax on growth worldwide. It was noted that oil price shocks have been associated with US recessions in the past.
- Despite tariff policy flux global trade is doing well.
- Expectation of an increase in inflation is a potential short-term phenomenon due to rising energy costs.
- Central bank rates are expected to turn higher also due to rising energy costs. The bulk of the interest rate cuts are in the rear view mirror.
- Corporate earnings are on an upward trajectory which is the key support to current global share prices.US companies are expected to lead the way in earnings growth.
- Market indexes seem expensive but most stocks in those indexes are not. The yield of a typical US large company is at average levls relative to history and 2.6X higher then the 2000 valuation extreme (tech bubble).
- AI related concerns. The hyperscalers (Amazon, Google, Microsoft, Meta) are now expected to spend 650 billion dollars in 2026, a steep jump from 2025 levels. The ability to generate a return on this investment is coming into question. There are also industry concerns. Global software companies have become the latest punching bag down by 35% from the late October peak.
- US Index concentration risk. US is a tech heavy benchmark which means the US is more exposed to the rise and fall of tech then the rest of the world. This is the most concentrated the US market has been in an entire lifetime and success is tied to a few tech (AI) related companies. US companies have shown superior earnings and profitability over time however.

Amanda and I are both qualified CERTIFIED FINANCIAL PLANNER® professionals at your service to assist in all areas of comprehensive financial planning including financial goal discovery, cash flow/budget analysis, retirement income planning, tax savings, estate planning, insurance needs analysis, investment planning, education saving planning, special purpose or major purchase planning. I wish to thank you for your continued confidence and for the opportunity to serve you in all aspects of Financial Planning. As always, I will continue to keep in touch with you but if you have any questions or concerns, that you would like to discuss or review, please do not hesitate to contact either Amanda or I by email or by calling the office at 519-894-2661 or toll-free at 1-800-716-5538.

Have a great day!

Respectfully Yours,

Gary

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