

The Dividend Value Discipline™
1st Quarter 2026

Quarterly Commentary

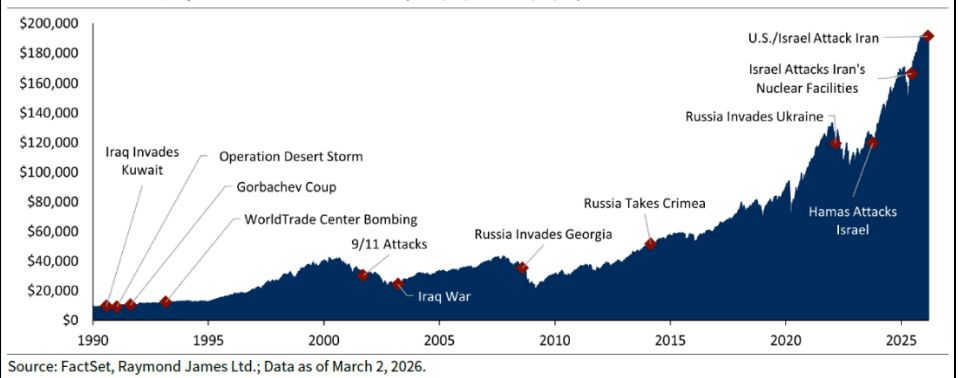
Conflicts and War

The first quarter of 2026 began with not one, but two U.S.-led military confrontations. The first was with Venezuela on January 3, when the U.S. military captured Venezuelan leader Nicolás Maduro and initiated regime change. The second was a joint attack by the U.S. and Israel on Iran on February 28, also intended to trigger regime change and eliminate a potential nuclear threat. In both cases, tensions had been brewing for weeks, with military assets moving into both regions and the U.S. administration ramping up its criticism of both countries and their leaders. The first event was clearly more successful than the second. The scale of the U.S./Israel strikes on Iran, and the ensuing retaliation, was much larger than anticipated. With the subsequent closure of the Strait of Hormuz, oil prices spiked and markets declined substantially through March, negatively affecting nearly all equity sectors and bonds. With soaring energy prices and no clear exit strategy, fears of global inflation and recession concerns dominated the market narrative. Historically when conflicts like this arise it's the month preceding the event that tends to be the worst, with the three months that follow often generating positive gains (67 percent of the time).

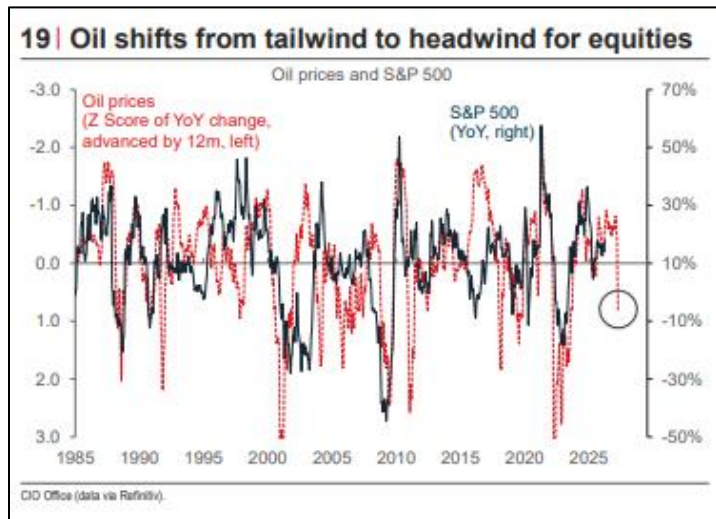
Event	Date	Duration	S&P 500 price change after			TSX Composite price change after			WTI Oil price change after		
			1 week	3 months	1 year	1 week	3 months	1 year	1 week	3 months	1 year
Iraq Invades Kuwait	1990-08-02	7 Months	-4.4%	-13.6%	8.9%	-2.6%	-13.6%	-1.3%	19.0%	63.5%	-1.1%
Operation Desert Storm	1991-01-17	1.5 Months	5.9%	22.9%	32.5%	1.5%	11.7%	15.6%	-20.5%	-34.6%	-40.7%
Gorbachev Coup	1991-08-19	3 Days	2.1%	-0.1%	9.3%	0.1%	0.7%	-4.2%	3.2%	5.1%	1.2%
World Trade Center Bombing	1993-02-26	1 Day	0.9%	1.8%	5.4%	1.9%	11.7%	26.1%	1.1%	-2.9%	-29.8%
9/11 Attacks	2001-09-11	1 Day	-5.5%	4.0%	-16.8%	-6.8%	2.5%	-9.9%	0.5%	-34.8%	7.6%
Iraq War	2003-03-20	9 Years	-0.6%	13.8%	27.0%	-1.6%	9.7%	33.0%	1.0%	-0.5%	26.9%
Russia Invades Georgia	2008-08-07	5 Days	0.3%	-29.8%	-21.6%	-0.7%	-29.0%	-19.1%	-3.0%	-48.8%	-40.1%
Russia Takes Crimea	2014-02-27	1 Month	1.7%	4.1%	14.1%	0.6%	2.8%	7.4%	-1.1%	0.7%	-51.6%
Russia Invades Ukraine	2022-02-24	Ongoing	3.3%	-4.0%	-6.0%	2.4%	-1.0%	-2.5%	16.9%	26.1%	-17.3%
Hamas Attacks Israel	2023-10-07	2 years	0.4%	9.0%	33.5%	1.1%	8.8%	25.5%	5.8%	-10.7%	-9.5%
Israel Attacks Iran's Nuclear Facilities	2025-06-13	12 Days	-1.3%	8.9%	-	-0.4%	10.0%	-	10.2%	-8.3%	-
U.S. and Israel Attack Iran	2026-02-28	Ongoing	-	-	-	-	-	-	-	-	-

Source: FactSet, Raymond James Ltd.; Data as of March 2, 2026.

Chart 1 - Growth of US\$10,000 in the S&P 500 Price Index (1990/01/01 - 2026/03/02)



Source: FactSet, Raymond James Ltd.; Data as of March 2, 2026.



In other words, the market reaction tends to be short and sharp, and the lows are set well ahead of any resolution.

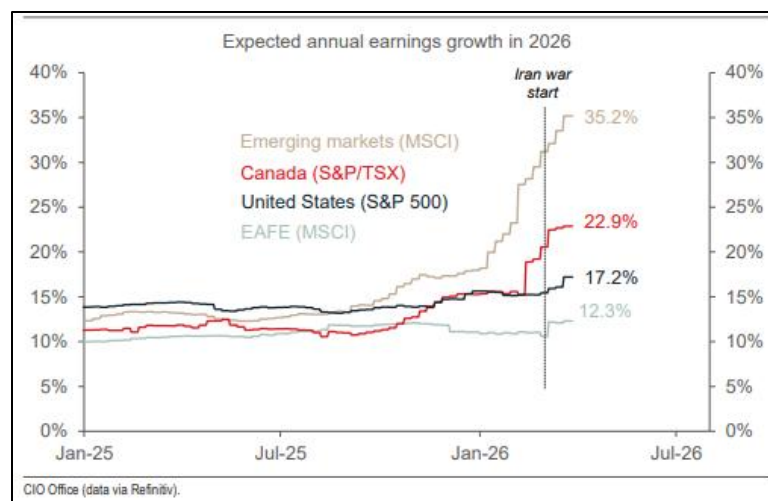
A Global Tax

As the U.S./Israel/Iran conflict began we saw a spike in oil prices as Iran's Revolutionary Guard launched missile and drone attacks across the region, affecting major producers in Saudi Arabia, Kuwait, Iraq, and the UAE. Seaborne traffic through the Strait of Hormuz was brought to a standstill, trapping roughly 20 percent of the global oil supply. The effect of higher oil prices is like a

global tax: it raises the price of transportation costs which then filters into consumer goods and services. Oil byproducts used in a wide variety of plastics, synthetic fibers, pharmaceuticals, fertilizers, and cosmetics also rise in price. Recently, oil hit \$120/bl then fell to \$90/bl as a tentative cease-fire was negotiated. Currently, oil futures markets are estimating oil at \$75/bl by the end of December. Oil was \$58/bl to start the year, and what was once a tailwind for the markets is now a headwind. The moves have been extreme this quarter and the oil shock may not be over. There is potential for oil to move higher or stay elevated for longer, which would influence global growth expectations. Daily headlines from the U.S. and the Middle East will steer market sentiment for the next several months.

SaaSocalypse

Most people probably have no idea what SaaS is, but it had a major impact on the technology sector this quarter. SaaS is defined as Software-as-a-Service and the companies that dominate this space, including Microsoft, Salesforce, ServiceNow, SAP, Adobe, Oracle, all had a terrible quarter. The downturn in SaaS companies then spread throughout the broader technology sector. As a result, prices fell and valuations within the technology sector reached levels not seen since 2018. Oddly enough, the reason for the selloff was the latest iteration of software itself, specifically artificial intelligence, or AI. The exponential growth and evolution of AI is threatening to replace traditional software companies. We think the selloff within many of these names is likely overdone. AI is a disruptive force, but many companies will adapt and make AI part of the solution to deliver better products and services. When technology valuations have reached these levels in the past, the sector has usually outperformed the overall S&P 500.



Earnings to the Rescue

One reason the markets have not reacted too severely during the recent geopolitical events was due to the positive market outlook to start 2026. The backdrop included strong earnings growth, lower inflation, and improving policy visibility for corporate taxes, trade, and fiscal support. Emerging markets and Canada were expected to have earnings growth of 35.2 percent and 22.9 percent this year, while the U.S. was expected to post 17.2 percent. Emerging markets are typically more sensitive to oil prices because they are net importers of oil, while

Canada is a net exporter and therefore less sensitive. As expected, emerging markets fell sharply during the recent oil spike, while Canada has been much more stable. Our energy infrastructure and supply are secure and resilient in this volatile environment. All three of Canada's major market sectors (Financial, Materials, and Energy) were expected to have positive earnings growth this year. There are some risks on the horizon, particularly the CUSMA trade negotiations, but it's encouraging to see positive sentiment for the Canadian markets during a difficult time for global equities.

The Dividend Value Discipline Portfolio

The Dividend Value Discipline model portfolio returned +1.8% in the first quarter, net of fees, based on our model portfolio. The Morningstar Canadian Equity Balanced category, which we use as our benchmark, returned +0.1%. At the end of March, the portfolio's rolling average returns were +16.4% over one year, +12.7% over three years, and +9.3% over five years.

Markets started the year with momentum, reaching record levels in many regions by late January. That changed quickly. Rising inflation worries and fears of a broader conflict following the joint strikes on Iran sparked a sharp pullback through most of March, before a modest rebound in the final two trading days of the quarter.

Canadian equities still delivered a solid start to 2026, with the TSX rising 3.9% in the first quarter. Performance was led by energy, up 30.0%, along with utilities at 11.2% and materials at 10.7%. Information technology was the clear laggard, down 22.5%, while healthcare, real estate, and consumer discretionary each fell roughly 4%. Higher commodity prices and geopolitical tension were the main drivers.

Your Canadian equity portfolio gained roughly 12.4% in Q1, well ahead of the broader market. Strength was driven primarily by energy and materials exposure, with Suncor up 48%, Nutrien up 25%, and Cameco up 20% leading performance. Definity was the main detractor, down 13.5% in the quarter. We also initiated a small starter position in Tourmaline. The shares were down 3.6% at quarter-end, though the impact on overall results was limited given the small position size.

Your U.S. portfolio declined 4.5% in Q1 in U.S. dollar terms, close to the S&P 500's 4.3% decline. In Canadian dollar terms, returns were modestly better as the U.S. dollar gained strength. Large-cap growth stocks and a number of consumer holdings were the main sources of weakness.

On the positive side, H2O America rose 20.5% and BHP, a new addition, gained 18.5%. Microsoft was the largest detractor, down 21%, while several other holdings, including General Mills, Nike, Nintendo, Visa, and Disney, also finished lower. Despite the near-term weakness, we continue to view many of these businesses as high-quality long-term holdings with durable franchises and solid cash flow generation.

We made several adjustments during the quarter. On the buy side, we initiated a position in Tourmaline Oil, adding to our exposure to high-quality Canadian natural gas at a time when commodity fundamentals were strengthening. We also added to General Mills, Microsoft, and BHP Group, where recent weakness improved valuations and reinforced our conviction in the long-term investment case. We reduced positions in Finning, Suncor Energy, Bank of Montreal, and TD Bank. These changes were largely driven by rebalancing after strong share price performance.

Fixed income was modestly negative in the first quarter, returning roughly -0.4%. Including cash, results were flat, compared with a benchmark gain of 0.2%. There were no major standouts during the quarter. The preferred share fund was up 0.5%, while BlueBay Global declined 1.2%. Given the uncertain backdrop and sharp moves across markets, we maintained a somewhat higher cash position, which helped preserve flexibility.

The first quarter brought a sharp rise in uncertainty, driven by geopolitical risk, higher energy prices, and shifting expectations for growth and inflation. Even so, the portfolio held up well overall, supported by strong stock selection in Canadian equities and disciplined positioning across asset classes. Encouragingly, market conditions have improved in April, with several areas that sold off earlier in the year beginning to rebound. While volatility is likely to remain elevated, we continue to see attractive opportunities in high-quality businesses with resilient cash flows, strong balance sheets, and solid long-term growth potential.

The Dividend Tracker

Fundamentally, we believe that owning strong, stable companies with a track record of consistently growing their dividends is the best way to grow your money. For this reason, we track the number of dividend increases received in our portfolio every quarter and for the year-to-date. In the first quarter, **six** Dividend Value stocks increased their dividends, following **twenty-five** increases in 2025. No dividend cuts were announced this quarter for stocks in your portfolio.

Q1 Dividend Changes (Quarterly)			
Definity Financial	Increased from \$0.1875 to \$0.215	TC Energy	Increased from \$0.85 to \$0.8775
*Nutrien	Increased from \$0.545 to \$0.55	*BHP Group	Increased from \$1.185 to \$1.445
*Costco Wholesale	Increased from \$1.30 to \$1.47	*H2O America	Increased from \$0.42 to \$0.44

*in USD

Quarterly Performance

Mandate	3-mos	1-yr	3-yr	5-yr	10-yr
Dividend Value Portfolio	1.8%	16.4%	12.7%	9.3%	7.9%
Dividend Value Benchmark	0.1%	11.5%	10.5%	7.4%	6.7%
S&P/TSX Composite Total Return	3.9%	34.8%	21.2%	15.2%	12.6%
DJ Canada Select Value	7.6%	38.2%	20.0%	14.6%	9.5%
iShares Canadian Dividend Aristocrats	6.8%	26.7%	17.5%	13.1%	11.0%
FTSE-TMX Universe Bond	0.2%	0.8%	3.5%	0.7%	1.8%

The above performance data is current as of March 31st, 2026. Not all portfolios will be alike, given different starting dates, slightly different securities owned, or the timing of funds added or removed. Please see the individual client statements that are being included separately for specific account performance. The Dividend Value Benchmark is Morningstar's Canadian Equity Balanced aggregate.

DVD Quarterly Transactions

The following securities were bought this quarter:

Tourmaline Oil Corp

The following securities were topped-up this quarter:

General Mills Inc
Microsoft Corp
BHP Group

The following securities were sold this quarter:

The following securities were trimmed this quarter:

Finning Inc
Suncor Energy Inc
Bank of Montreal
Toronto Dominion Bank

Sincerely, the Dividend Value Partners & Portfolio Managers,



Paul Siluch
Financial Advisor
Raymond James Ltd.



Peter Mazzoni
Financial Advisor
Raymond James Ltd.



Sharon Mitchell
Financial Advisor
Raymond James Ltd.



Lincoln Jiang
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Company Name	Disclosure
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Definity Financial Corporation	Raymond James Ltd. has managed or co-managed a public offering of securities within the last 12 months with respect to the subject company. Raymond James Ltd. has provided investment banking services within the last 12 months with respect to the subject company.
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