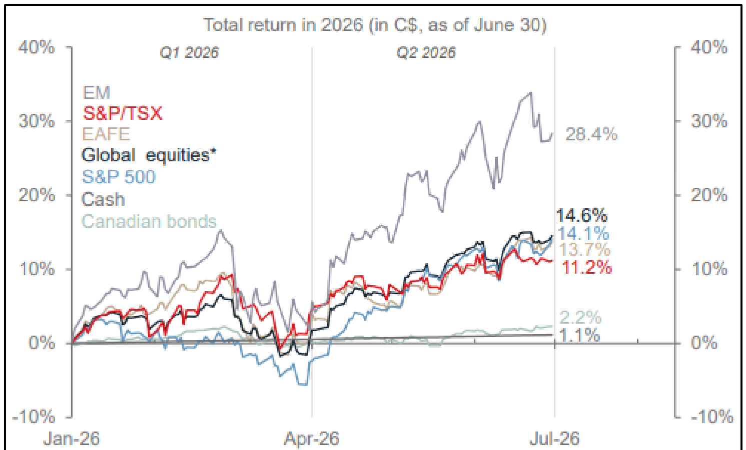
DIVIDEND VALUE PARTNERS | RAYMOND JAMES®

The Dividend Value Discipline™
2nd Quarter 2026

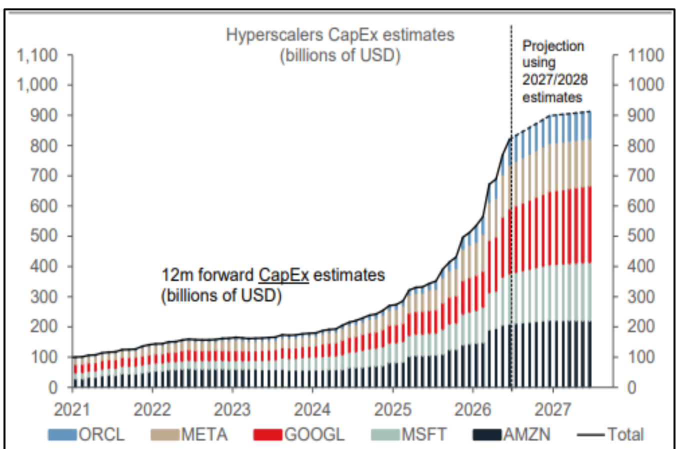
Quarterly Commentary

Half Time



CIO Office (data via Refinitiv). *40% S&P 500, 30% S&P/TSX, 20% MSCI EAFE, 10% MSCI EM (all in C$)

Just like in soccer, markets have reached halftime, the point where we review the first half and consider what the rest of the year might bring. The second quarter showed how resilient markets can be despite the challenges investors faced. Geopolitical concerns began to ease in April as a ceasefire was negotiated among the U.S., Israel, and Iran. Oil retreated from its highs, and the economy absorbed the initial inflationary effects. The on-again, off-again truce in the Middle East remains fragile, and it wasn't until June that ships began moving through the Strait of Hormuz. Even now only a fraction of pre-war shipping volume has returned, and the conflict has escalated again since quarter-end while markets seemingly shrug off the impact. AI continues to be the dominant theme influencing markets. Momentum has shifted away from the mega-cap AI spenders and toward the vendors supplying them. That shift pulled emerging market indices higher this quarter as large AI hardware companies in Taiwan and South Korea moved up sharply. Bonds have been comparatively subdued as inflation concerns remain elevated. Canada's economy surprised to the upside in Q2, with energy and manufacturing showing improvement. The CUSMA negotiations and a fresh set of U.S. tariffs may test our economy again in the second half.

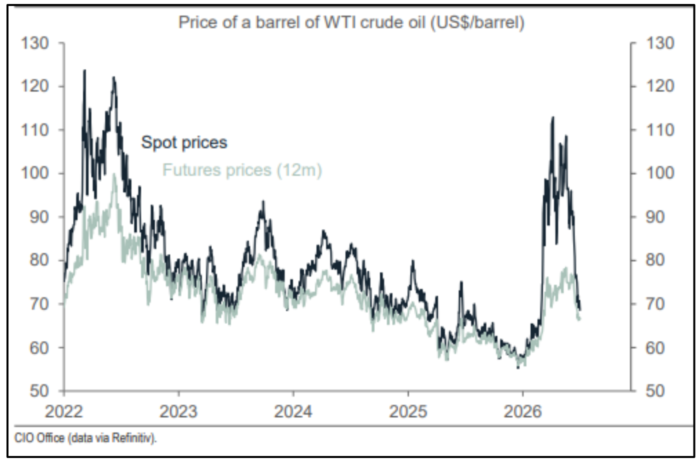


CIO Office (data via Factset).

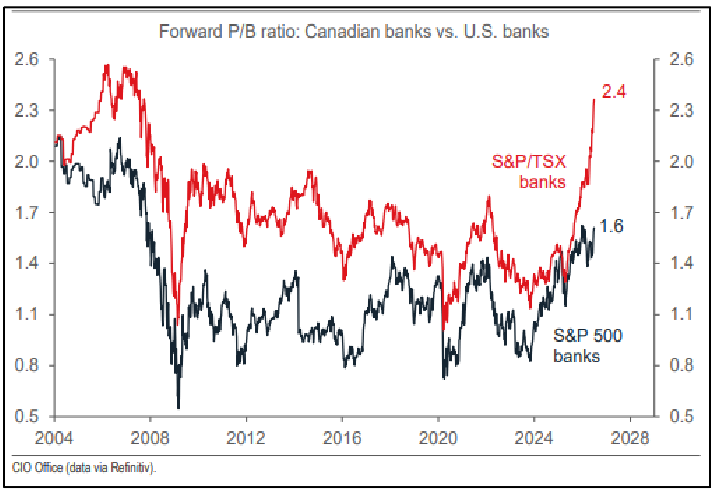
AI Investment Wave

The scale of the current AI investment cycle is unlike anything we've seen before. The capital spending has lifted both earnings growth and GDP. Goldman Sachs estimates roughly half the earnings growth in the S&P 500 this year is related to AI development. That tailwind is helping offset weakness elsewhere in the economy. AI spending will eventually plateau, which raises the question of what happens next. History counsels caution on overinvestment in technology, and markets will move well ahead of any slowdown. Momentum is still on our side, but we remain vigilant.

Oil After-effects



The first half saw a dramatic spike in oil prices driven by the U.S., Israel, and Iran conflict. A major geopolitical crisis produces two kinds of impact: the immediate and short-term, and the long-term or permanent. Pavel Molchanov (Senior Investment Strategist, Raymond James) believes this crisis will reshape how countries think about energy security, with consequences for policymakers, businesses, and consumers for years. Reducing oil-related risk will become a priority. Alternatives such as natural gas could take a much larger share of the global energy mix. Global natural gas demand is growing two to three times faster than oil demand. Europe has made real progress stockpiling natural gas since the Russia-Ukraine war, and Asian economies (Japan, South Korea, and China) could make similar strategic shifts. Canadian LNG is already drawing European buyers: German utilities signed agreements with the Ksi Lisims project in British Columbia during and shortly after the quarter. Canada is well positioned to benefit as investment in LNG capacity expands.



Canadian Banks

The Big Six banks have long since been a staple within Canadian investment portfolios. Over the past two decades the big banks have outperformed their global banking peers and the broader global equity market. Their stable returns, healthy dividends, and oligopolistic businesses make them attractive investments. The recent strength within the financial sector (up 26% this quarter), has pushed the major banks to their highest valuations since 2008. At these levels, taking some profit is prudent. We trimmed both our BMO and TD Bank positions this quarter.

Multiplanetary IPO

This quarter we saw the largest IPO (initial public offering) of all time: Elon Musk's rocket, satellite, and AI venture, SpaceX. Weeks of Wall Street hype and media coverage preceded the launch, pardon the pun. The offering raised a record sum and made Musk the first trillionaire and the richest man in the world by a country mile. Research on large IPO performance since 2000 shows an average first-year return of -27%. The early experience for investors is rarely smooth. Since quarter-end, SPCX has fallen below its $135 IPO price and now trades roughly 15% below it, with more than $1 trillion in market value erased from its mid-June peak. Share lockups restricting insiders and early investors from selling are also set to expire around the company's first quarterly results. We may see more high-profile IPOs, with Anthropic and OpenAI reportedly weighing the same path. All of these companies face the unenviable task of meeting lofty expectations.

Source: SpaceX.com

The Dividend Value Discipline Portfolio

The Dividend Value Discipline portfolio returned +5.5% in the second quarter, net of fees, based on our model portfolio. The Morningstar Canadian Equity Balanced category, which we use as our benchmark, returned +7.8% during the quarter. Through the first six months of 2026, the portfolio gained approximately +7.5% against 7.9% for the benchmark, leaving the two close to even at the halfway mark. At the end of June, the portfolio's rolling average returns were +16.9% over one year, +14.0% over three years, and +9.5% over five years, all ahead of our benchmark over those longer-term periods.

Markets rebounded strongly after the volatility and geopolitical uncertainty that opened the year. Sentiment improved as concerns around the Middle East conflict moderated and economic data held up. Inflation continues to shape policy expectations, but investors grew more comfortable with the growth outlook, and both Canadian and U.S. equities advanced through most of the quarter.

Canadian equities extended their strong start to the year, led by financials. While commodity prices retreated from their first-quarter highs, investor confidence remained supported by solid corporate earnings, resilient economic data, and improving sentiment around global trade and geopolitical risks. The TSX gained 7.0% during the quarter, with strength in the banking sector helping offset weaker performance from parts of the energy and materials complex.

Our Canadian holdings were positive but trailed the index. Bank of Montreal (+33.9%), TD Bank (+33.8%), Mullen Group (+28.7%), Finning (+16.8%), and Definity Financial (+15.2%) led, with financials benefiting from improving credit conditions and a better economic outlook. Nutrien (-14.3%), Suncor (-16.4%), Telus (-14.1%), and Tourmaline (-10.2%) offset part of those gains. While our bank holdings performed very well individually, the portfolio is underweight financials relative to the TSX, where they represent roughly one-third of the index. As a result, the sector's strong performance contributed to some relative underperformance versus the broader Canadian market.

Our U.S. and global equities delivered another solid quarter. Alphabet (+25.9%), AbbVie (+19.0%), BHP Group (+17.0%), Apple (+16.5%), Visa (+16.2%), and JPMorgan (+14.2%) led. Nike (-20.0%), Nintendo (-25.1%), Pfizer (-10.9%), and PepsiCo (-10.0%) lagged. The width of the gap between winners and losers remains a defining feature of this market and argues for both diversification and a disciplined valuation framework.

Artificial intelligence again dominated investor attention. The largest beneficiaries remain a handful of mega-cap technology companies, but leadership has broadened toward businesses supplying the infrastructure and hardware that long-term AI adoption requires. Alphabet, Microsoft, and newly added GlobalFoundries participated in this trend and supported returns.

We made several changes during the quarter. We initiated positions in GlobalFoundries and Stryker, both of which we believe offer attractive long-term growth and strong competitive positions in their industries. We trimmed Bank of Montreal, TD Bank, and Merck following strong appreciation. These moves reflect our practice of rebalancing when valuations become less attractive and redirecting capital toward better long-term risk-adjusted opportunities.

Fixed income contributed positively and continued to provide stability. The BlueBay Global Bond Fund gained approximately 4.2% and our preferred share strategy returned 3.6%, with the broader bond allocation advancing as rate expectations stabilized. Cash levels remain healthy, leaving flexibility to act on future opportunities.

Markets have been resilient through the first half, but we remain mindful of the risks ahead. Elevated valuations in parts of the market, geopolitical tension, and uncertainty around trade policy can each produce volatility. Periods of concentrated leadership also tend to leave quality businesses overlooked. Our focus remains on companies with durable competitive advantages, strong balance sheets, growing cash flows, and attractive valuations, an approach we believe positions the portfolio well over the long term.

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 second quarter, **seven** Dividend Value stocks increased their dividends, and there are thirteen for the year-to-date. No dividend cuts were announced this quarter for stocks in your portfolio.

Q2 Dividend Changes (Quarterly)			
Bank of Montreal	Increased from $1.67 to $1.71	**Canadian Pacific Kansas City**	Increased from $0.228 to $0.268
Finning International	Increased from $0.3025 to $0.325	**Toronto-Dominion Bank**	Increased from $1.08 to $1.12
***Apple Inc.**	Increased from $0.26 to $0.27	***Alphabet Inc.**	Increased from $0.21 to $0.22
***PepsiCo, Inc.**	Increased from $1.42 to $1.48		

*in USD

Quarterly Performance

Mandate	3-mos	1-yr	3-yr	5-yr	10-yr
Dividend Value Portfolio	5.5%	16.9%	14.0%	9.5%	8.4%
Dividend Value Benchmark	7.8%	15.5%	12.9%	7.9%	7.2%
S&P/TSX Composite Total Return	7.0%	32.9%	23.5%	14.9%	12.8%
DJ Canada Select Value	13.6%	47.8%	25.4%	15.9%	10.4%
iShares Canadian Dividend Aristocrats	7.7%	32.9%	20.5%	13.0%	11.3%
FTSE-TMX Universe Bond	2.1%	3.3%	4.3%	0.7%	1.6%

The above performance data is current as of June 30th, 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:

GlobalFoundries Inc (GFS)
Stryker Corp (SYK)

The following securities were topped-up this quarter:

None

The following securities were sold this quarter:

None

The following securities were trimmed this quarter:

Bank of Montreal (BMO)
Merck & Co (MRK)
Toronto Dominion Bank (TD)

Sincerely, the Dividend Value Partners & Portfolio Managers,

Paul Siluch	Peter Mazzoni	Sharon Mitchell	Lincoln Jiang
Financial Advisor	Financial Advisor	Financial Advisor	Financial Advisor
Raymond James Ltd.	Raymond James Ltd.	Raymond James Ltd.	Raymond James Ltd.

This Quarterly Market Comment has been prepared by Paul Siluch, Peter Mazzoni, Sharon Mitchell, and Lincoln Jiang and expresses the opinions of the authors and not necessarily those of Raymond James Ltd. (RJL). Statistics and factual data and other information are from sources RJL believes to be reliable, but their accuracy cannot be guaranteed. The performance outlined in the report is net of fees. The client account performance may vary from the model portfolio due to several factors, including the timing of contributions and dates invested in model. The performance reported is that of the account that represents the model, not a composite. Performance calculation for the models may be different than the index used as a reference point. It is for information purposes only and is not to be construed as an offer or solicitation for the sale or purchase of securities. This Quarterly Market Comment is intended for distribution only in those jurisdictions where RJL and the author are registered. Securities-related products and services are offered through Raymond James Ltd., member-Canadian Investor Protection Fund.

Company Name	Disclosure
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.