DIVIDEND VALUE PARTNERS | RAYMOND JAMES®

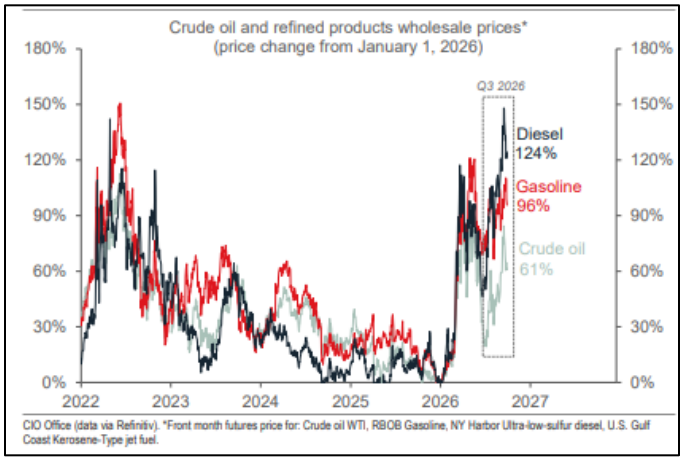
The Dividend Value Discipline™
3rd Quarter 2026

Quarterly Commentary



As we finish the third quarter, the divergence between the performance within the artificial intelligence (AI) theme and the rest of the markets is near an extreme. The capital being borrowed and spent on AI development dwarfs the spending across other sectors. Everyone is trying to understand how all of this will impact jobs, markets, society, and our future. AI is driving much of the market returns while boring stocks get left behind - who wants to own a railway company when you can own a semi-conductor?

As Portfolio Managers we maintain a balance with exposure to both boring and high potential stocks and weigh them accordingly. The common thread is to favour quality and value over hype and hope regardless of the investment theme. Our goal is to generate consistent returns and protect capital when markets decline. The Dividend Value portfolio saw positive performance through July (+2.0%) and August (+0.4%), and then a pull-back through September (-0.47%). September is often a seasonally weak month for the markets, and this year was no exception. During September 10 of 11 TSX sectors declined, leading to a monthly market loss of 2.6%. Our portfolio remained positive overall for the quarter at +1.8% which added to the year-to-date performance of +9.6%.

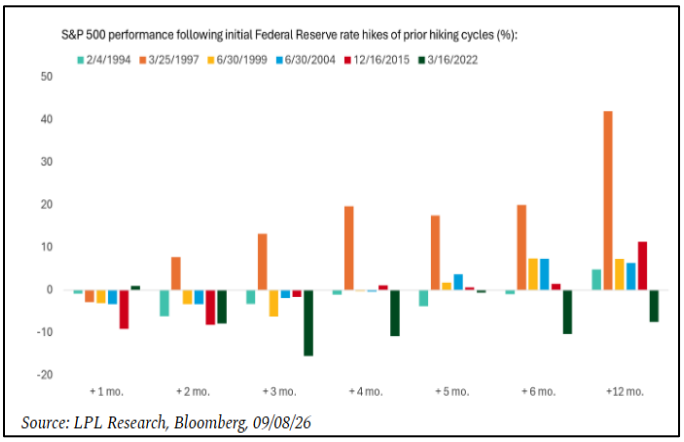


The Crisis Continues

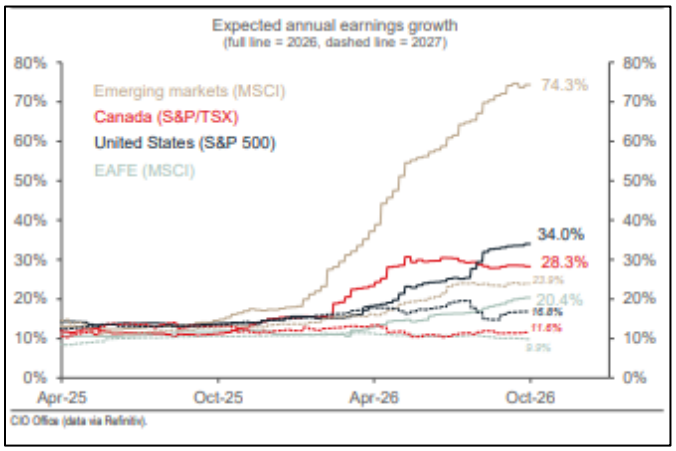
With the persistent turmoil in the Middle East and subsequent energy supply shock, diesel prices have risen 124% since the start of the year, gasoline is up 96%, and crude oil is up 61%. We tend to notice the higher gas prices at the pump, but not necessarily how the steep increases in diesel impact the economy. There are the obvious areas like trucking and freight, but there are many other areas such as agriculture, mining, construction, marine transport, and manufacturing. The added costs ripple through the economy affecting a wide range of goods and raising manufacturing input costs. Consumers will face higher prices for everything from food and clothing to public transit. The general rise in costs adds to inflationary pressure which can motivate Central Banks to raise interest rates. We expect to see higher rates for both the US and Canada if the energy trend continues.

After the Initial Hike

There's a lot of attention on inflation, central banks, and interest rates. We're in a secularly higher range of inflation now with prices moving higher. Looking at how the S&P500 performed after initial Fed rate hikes over the past 30yrs shows a short-term decline before markets begin to regain their footing after 6-12 months. Typically rate hikes do not derail bull markets as we are in now. This is because economic growth is resilient and labour markets are stable. It's when rate hikes coincide with rising recession risks where the impact is more severe. Most recently in 2022 when interest rates were at historical lows and inflation spiked to near record highs, the market took longer to recover. In today's environment, rates are closer to historical averages and the economy remains healthy, so we expect interest rate hikes to be small and gradual over the next 12 months. This should be a predictable event for the markets to digest and hopefully move past.



Source: LPL Research, Bloomberg, 09/08/26



Why So Bullish?

We are often asked, why are the markets doing so well when everything feels so bad? Part of the answer is that markets care more about the future than the present. The outlook for growth remains quite good, despite the current pessimism surrounding geopolitics, oil, elections, AI, or whatever else hits the daily news feeds. Markets have moved higher due to the expected positive earnings growth for the remainder of the year and into 2027. The base case for economic growth is supported by strong capital spending, moderate interest rate hikes, and an eventual easing of political tensions. It can be argued that the expected earnings growth is too optimistic as AI has skewed numbers higher, but for now this is the information factoring into the market's bullishness.

Carney's Play Book

This September Canada hosted its inaugural Investment Summit to an audience of institutional investors from 30 countries. The goal is to promote $500bil of private investment, and $1T of total investment over the next 5 years. Projects that cover electricity, ports, energy, critical minerals, transportation, AI, and advanced manufacturing were promoted. This was paired with the Feds proposed expanded tax incentive program which aims to make Canada the most competitive country within the G7 for new investment. The EU followed up with discussions to make Canada the first ever associate member, potentially expanding our economic ties. The focus is on more organic growth, attracting new investment, developing new markets, with less reliance on the US. Canada is rising to the challenge with arguably the most significant competitive improvements in over a decade and global partners are taking notice.



Source: AI Generated w/CoPilot

The Dividend Value Discipline Portfolio

The Dividend Value portfolio returned 1.8% during the quarter, modestly ahead of the S&P/TSX Composite Total Return Index and considerably better than the Morningstar Canadian Equity Balanced benchmark, which declined 0.9%. For the first nine months of the year, the portfolio gained approximately 9.6%, compared with 7.0% for the balanced benchmark. As of September 30th, the portfolio's annualized returns were 11.7% over one year, 15.0% over three years and 9.8% over five years.

Stocks continued to move higher during the third quarter, although at a much more modest pace than earlier in the year. In Canada, the S&P/TSX Composite Total Return Index gained 1.6% for the quarter and is now up 16.4% for the first nine months of 2026. Market leadership remained uneven, with strength concentrated in a relatively small number of areas.

Canadian stocks had a mixed quarter. Some of our financial and energy holdings cooled off after a strong first half, while other areas of the market took the lead. Only three of eleven Canadian sectors finished the quarter higher. Our holdings held up reasonably well. We continue to favour good businesses with strong balance sheets, reliable cash flows and growing dividends. We will not always own the best-performing sector in a given quarter, but over time we think this remains a sensible way to invest.

U.S. markets also moved modestly higher, with the S&P 500 returning 2.3% during the quarter. Artificial intelligence remained an important market theme, although results beneath the headline index were more mixed. The equal-weight S&P 500 declined 1.9%, showing how much the larger companies continued to drive overall market returns. We maintain exposure to this growth through companies such as Microsoft and Alphabet, while also owning healthcare, consumer staples, financials and other businesses where we continue to see attractive long-term value.

We had relatively limited activity during the third quarter. We added to Walt Disney and trimmed AbbVie in July, followed by a partial sale of Nutrien and a new position in Calian in August. Calian provides healthcare, defence and technology services and is a company we have followed for some time. In September, we added to GlobalFoundries, taking advantage of weakness in the shares to increase our exposure to semiconductor manufacturing. Overall, activity was fairly modest, with our focus on improving the portfolio when we see good opportunities rather than reacting to short-term market moves.

Fixed income had a more difficult quarter as rising interest rates weighed on bond prices. The broad Canadian bond market declined approximately 3%, giving back some of its gains from earlier in the year. We have been underweight bonds and holding more cash instead, where yields have remained attractive with less sensitivity to changes in interest rates. With bond yields moving higher again, fixed income is becoming more attractive, and we expect to gradually move the allocation back toward a more normal weight as opportunities arise.

Markets have continued to reward investors in 2026, although the third quarter was more mixed beneath the surface. We remain mindful of valuations, higher interest rates and the significant investor enthusiasm surrounding artificial intelligence. At the same time, we continue to find good businesses outside the most popular areas of the market. Our focus remains on owning strong companies at reasonable valuations, with dependable cash flows and, wherever possible, growing dividends. We believe this provides a sensible balance between participating in long-term market growth and protecting capital when conditions become less favourable.

The Dividend Tracker

Fundamentally, we believe that owning strong, stable companies with a track record of consistently growing their dividends is one of the best ways 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 third quarter, two Dividend Value holdings increased their dividends, bringing the year-to-date total to fifteen. TELUS was the exception this quarter, reducing its dividend as part of a broader effort to strengthen its balance sheet and improve financial flexibility. While we never like to see a dividend reduced, we believe the decision puts the company on a more sustainable financial footing going forward.

Q3 Dividend Changes (Quarterly)			
Tourmaline Oil	Increased from $0.50 to $0.525	**Microsoft***	Increased from $0.91 to $0.98
Telus	Reduced from $0.4184 to $0.1875		

*in USD

Quarterly Performance

Mandate	3-mos	1-yr	3-yr	5-yr	10-yr
Dividend Value Portfolio	1.8%	11.7%	15.0%	9.8%	8.3%
Dividend Value Benchmark	-0.9%	9.0%	13.6%	7.6%	6.7%
S&P/TSX Composite Total Return	1.6%	20.0%	25.0%	15.2%	12.4%
DJ Canada Select Value	-1.0%	29.4%	25.7%	16.0%	9.9%
iShares Canadian Dividend Aristocrats	-1.4%	15.9%	20.8%	11.6%	10.2%
FTSE-TMX Universe Bond	-3.1%	-1.4%	4.6%	0.2%	1.2%

The above performance data is current as of Sept 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:
Calian Group (CGY)

The following securities were topped-up this quarter:
GlobalFoundries Inc (GFS)
Walt Disney (DIS)

The following securities were sold this quarter:

The following securities were trimmed this quarter:
Nutrien (NTR)
AbbVie (ABBV)

Sincerely, the Dividend Value Partners & Portfolio Managers,

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