



April 2026

Susan Howson
Portfolio Manager



Dear Client,

Due to the volatility in the markets earlier this year, driven in part by the conflict involving Iran, I sent out one of my Research Capital Corporation notes via email in March. If you did not have the opportunity to review it, it is available on my website www.susanhowson.com under the Communications page.

Unfortunately, conditions have not improved meaningfully since that time.

The March note included several helpful appendices illustrating that, historically, markets have demonstrated resilience—continuing to recover and grow despite wars and economic disruptions. Periods of decline are a natural part of the cycle. Markets move through phases of expansion and contraction: last year was clearly a strong bull market, with above-average returns across most portfolios. This year, however, we need to be prepared for a period of lower—or even flat—growth.

Recent geopolitical developments have added further uncertainty. It is striking how often military actions are expected to be swift and contained, yet history shows otherwise. Conflicts involving Iran carry significant risk of escalation and prolonged instability, and the situation remains fluid. Similarly, ongoing tensions in Ukraine highlight the challenges of achieving and maintaining ceasefires in complex geopolitical environments.

It is clear that global tensions are influencing investor sentiment and economic stability. At the same time, ongoing uncertainty surrounding U.S. tariffs has created confusion for businesses and markets alike. Questions remain around the direction of trade policy, potential refunds, and future tax levels, complicating negotiations tied to agreements such as USMCA and broader alliances like NATO.

Market leadership has also begun to shift. The “Magnificent Seven” technology companies have faced pressure due to the significant capital required to build large-scale AI infrastructure. There is growing concern that some of this spending could prove excessive. At the same time, rapid innovation from emerging players may reduce costs and challenge existing business models.

Similarly, Bitcoin has experienced a sharp decline. While regulatory environments have loosened in some regions, volatility remains high, and its long-term role continues to be debated.

Gold has also softened since the beginning of the year. As an asset, gold does not generate income, and in an environment where inflation may re-emerge, income-producing investments such as bonds and dividend-paying equities can offer more attractive total returns.

This brings us back to a familiar question: are we heading toward stagflation—a combination of slow growth, rising inflation, and increasing unemployment—or a more traditional recessionary or inflationary environment? The reality is that no one can predict these outcomes with certainty.

Portfolio Strategy

As always, I continue to review portfolios with a focus on prudent rebalancing. This includes adding to strong, fundamentally sound companies when cash is available, and trimming positions that grow beyond appropriate weightings.

We have ensured that sufficient cash is available to meet regular withdrawal needs, so there is no requirement to sell investments during market downturns. Portfolio income remains a key foundation, continuing to accumulate and providing flexibility for future opportunities.

While I do not attempt to time the market, it is important to balance cash holdings appropriately. With cash yielding just over 2% and many high-quality companies offering dividend yields above 3%, holding excessive cash over extended periods may not be optimal.

If you are holding cash in your bank account waiting for the “right time” to invest, it is important to recognize that such a moment rarely presents itself clearly. Markets will always feel either too high or too uncertain. A more effective approach is to move funds into your investment account so they can be deployed gradually and thoughtfully. If I do not see the funds, I cannot incorporate them into your portfolio strategy.

On Safety in Investing

A common question during uncertain times is how to achieve safety in a portfolio. For many, the default is a GIC. While GICs provide capital security, they come with limitations—particularly in non-registered accounts, where income is fully taxable and does not grow over time to offset inflation. In my experience, true investment resilience comes from owning high-quality companies with strong business models, manageable debt, consistent cash flow, and a history of paying and growing dividends.

Planning Ahead

With tax season upon us and the April 30 deadline approaching, this is an excellent time to review your financial position and budgeting. I would be happy to provide a cash flow checklist to assist in this process.

Closing Thoughts

Market volatility is likely to persist. However, maintaining diversification and focusing on high-quality investments remains the best long-term approach. History remains on our side.

Thank you, as always, for your trust.

Please don't hesitate to reach out if you have questions, or if your circumstances have changed.

Warm regards,

Susan Howson

Portfolio Manager, Senior Vice President, Director



Email: showson@researchcapital.com

Phone: 416-860-7605, or 1-800-749-6663

The opinions, estimates and projections contained herein are those of the author as of the date hereof and are subject to change without notice and may not reflect those of Research Capital Corporation (“RCC”). The information and opinions contained herein have been compiled and derived from sources believed to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy or completeness. Neither the author nor RCC accepts liability whatsoever for any loss arising from any use of this report or its contents. Information may be available to RCC which is not reflected herein. This report is not to be construed as an offer to sell or a solicitation for an offer to buy any securities.

CIPF
Canadian Investor Protection Fund
MEMBER