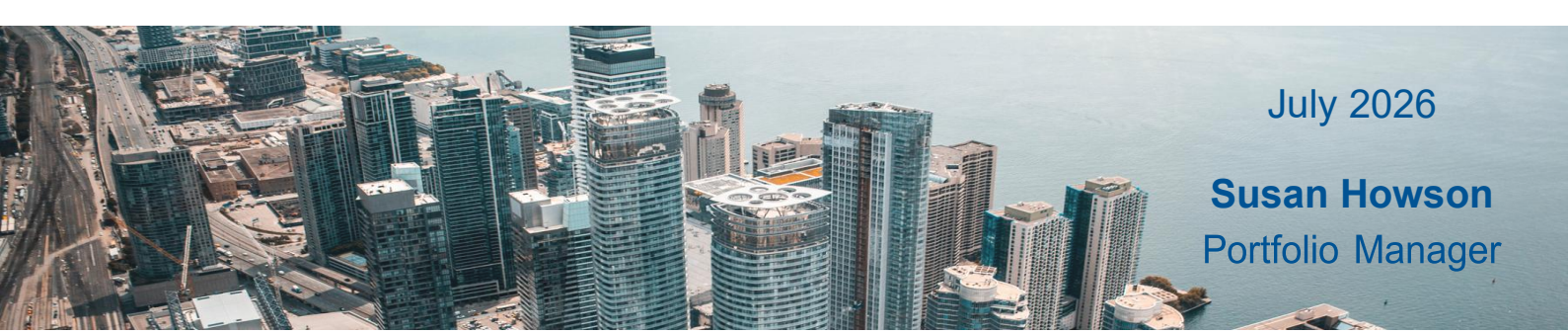




July 2026

Susan Howson
Portfolio Manager



Dear Client,

Every quarter brings a new set of headlines, predictions and uncertainties. Some dominate the news for weeks before disappearing, while others reshape the investment landscape for years to come. My role is to look beyond the daily headlines, focus on what truly matters and ensure your portfolio continues to support your long-term Wealth Plan.

The second quarter was another reminder that uncertainty is a permanent part of investing. Events in the Middle East, changing U.S. trade policy, interest rate expectations and rapid developments in Artificial Intelligence (AI) all contributed to market volatility. Yet despite these headlines, many of the companies we own continued to grow their earnings, strengthen their businesses and increase their value.

The conflict involving Iran, Israel and the United States raised concerns about global energy supplies and the security of the Strait of Hormuz. The on again, off again ceasefire has created further market volatility and uncertainty globally.

Trade policy also remains uncertain. The future of the USMCA continues to create issues for Canadian businesses and investors. As of July 1, the agreement is subject to annual review, making long-term business planning more difficult. Uncertainty delays investment, hiring and expansion. Fortunately, political decisions tend to influence markets in the short term, reinforcing the value of well-managed companies.

The direction of interest rates is always a concern. Many investors expected rates to be reduced, but the U.S. Federal Reserve chose a more cautious approach. Inflation is still a factor but is being offset by resilient employment. Future decisions will continue to depend on economic data rather than political decisions.

AI continued to dominate financial markets. New financings, such as SpaceX, attracted enormous investor interest and disrupted normal market patterns. Many technology companies continued to report impressive earnings. Investors are beginning to ask sensible questions about the enormous capital required to build AI infrastructure, the demand for electricity, the environmental impact and, ultimately, whether those investments will produce acceptable returns. History reminds us that every major technological revolution creates outstanding businesses, but not every company participating in the excitement becomes a long-term success.

So what does all of this mean for your portfolio?

The most important point is to remember that volatility and risk are not the same thing.

Volatility is simply the normal movement of market prices from day to day. Risk is the possibility of not having sufficient resources to achieve your long-term goals.

Our investment approach is designed to reduce that risk. We focus on financially strong companies with durable businesses, growing cash flows and a history of rewarding shareholders through increasing dividends. Every investment has a purpose within your portfolio. Rather than trying to predict tomorrow's headlines, we seek to own businesses that can continue to prosper through changing economic conditions.

Years ago, I worked with a client who came to me at age 80. Her savings were invested entirely in GICs because they were considered safe. As interest rates declined, each GIC renewal generated less income while the cost of her retirement residence continued to rise. The greatest risk was not market volatility. The greatest risk was running out of money.

We built a diversified portfolio of quality dividend-paying companies. There were periods when markets declined, as they always do, but the combination of dividend income and long-term capital growth allowed her to remain comfortably in her retirement residence until she passed away at the age of 103.

That experience reinforced a lesson I learned early in my career. Avoiding market volatility does not necessarily reduce risk. Often, the greater risk is failing to generate sufficient income and long-term growth to support the life we want to live.

Looking ahead, I expect headlines will continue to create uncertainty. Trade negotiations, geopolitical events, interest rate decisions and developments in AI will continue to influence investor sentiment. We cannot predict how markets will react over the next quarter, nor do we try to.

Instead, we will continue to focus on owning financially strong businesses that can provide income and long-term capital growth through changing economic conditions. That disciplined approach has guided my investment decisions for many years and remains the foundation of every portfolio I manage.

Finally, your portfolio is only one part of your Wealth Plan. If there has been a change in your health, employment, retirement plans, family circumstances, spending needs or future goals, please let me know. Changes in your personal circumstances often have a greater impact on your long-term financial success than short-term movements in the stock market. Together, we can ensure your Wealth Plan continues to reflect your needs, hopes and objectives.

Thank you for your continued confidence.

P.S. If this letter answers a question you've recently discussed with your spouse, children or grandchildren, please feel free to share it with them. Good financial decisions often begin with good family conversations.

Warm regards,

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