Heart Wealth Insights

Navigating Markets Together • Building Legacies That Matter

July 2026

«GreetingLine»

We hope this finds you enjoying the best of a Canadian summer — long evenings, warm water, and hopefully a little time away from the headlines. Because the headlines have certainly been busy! A flare-up in the Middle East that has since de-escalated, ongoing tariff uncertainty, and a steady stream of economic data have given markets plenty to digest. And yet, through it all, Canadian markets sit near record highs.

That contrast — strong portfolios, unsettled news — is exactly why mid-year is the right moment to check the plan, not the news. Here is where things stand at the halfway mark of 2026, and a few planning items worth your attention this summer.

Mid-Year Market Snapshot 📊

Despite everything the first half threw at investors, results have been solid — particularly here at home:

Indicator	As of June 30, 2026
S&P/TSX Composite	34,857 — up 11.2% (total return) year-to-date; up 32.9% over one year
S&P 500 (in Canadian dollars)	Up 14.1% year-to-date
Bank of Canada rate	2.25% — on hold since October 2025
Canada 10-year bond yield	3.38%
Inflation (May, y/y)	3.23% — back above the Bank of Canada's 2% target
Canadian dollar	$0.70 USD

What led the way: Canadian financials (up 23.2% year-to-date), energy (up 23.6%), and utilities (up 17.8%) have carried the TSX. Copper has continued its strong run, up 32.9% over the past year, and while gold has pulled back from its highs, it remains up 22.5% over twelve months — a reminder of why we hold real assets through full cycles, not just good quarters.

A dose of reality: Here at home, the economic picture beneath the market is more mixed. Canada's first-quarter GDP was slightly negative, unemployment sits at 6.6%, and inflation has crept back above the Bank of Canada's target. The US economy, by contrast, remains resilient — Raymond James expects US growth of 2.4% this year, supported by AI and infrastructure investment. Strong markets and a softer domestic economy can coexist, but it is not a combination that rewards complacency.

What this means for your portfolio

When markets rise this much, portfolios drift — even when you change nothing. An allocation that was balanced in January may be carrying meaningfully more equity risk today, simply because equities have done so well.

So rather than tell you we are "staying disciplined," here is what that actually looks like over the summer: trimming equity positions that have run well past their targets — financials and energy in particular — topping up the assets those gains left under-weighted, confirming retirement income draws remain sustainable at current levels, and making sure any cash you hold is actually earning a competitive rate rather than sitting idle.

To be clear, none of this is a bearish call. Raymond James remains constructive on equities, with corporate earnings delivering six straight quarters of double-digit growth. Rebalancing simply keeps your risk at the level you chose — rather than the level a strong market chose for you.

> **Rebalancing is discipline — not pessimism.** The most effective decisions in strong markets are often the least dramatic ones. If we haven't spoken recently, a brief 20-minute mid-year check-in is time well spent.

Stablecoins Go Mainstream and How We're Thinking About It 💱

You may have noticed the word "stablecoin" migrating from crypto headlines into mainstream financial news this year. Here is what has changed, in plain language — and how we are approaching it on behalf of clients.

What is a stablecoin, and why now?

A stablecoin is a digital token designed to hold a fixed value — typically one U.S. dollar — because it is backed, dollar for dollar, by cash, bank deposits, and short-term U.S. Treasuries. For years, stablecoins were mostly plumbing for crypto trading. That is changing.

In the United States, the GENIUS Act has given payment stablecoins a federal regulatory framework for the first time. Permitted issuers must back their coins one-to-one with high-quality reserves and comply with the same anti-money-laundering and sanctions rules as traditional financial institutions. In short: stablecoins are moving from the edges of finance into regulated payments, settlement, and corporate treasury infrastructure. That shift makes the theme genuinely investable — but it matters greatly how you invest in it.

Our lens: own the rails, not the coins

There are companies whose earnings are tied directly to issuing stablecoins. They have been the headline stories — and, in our view, that is precisely the problem. After spectacular runs, many of the direct, pure-play names now trade at valuations that Raymond James research views as demanding, with earnings that are highly sensitive to short-term interest rates: their revenue comes largely from interest on reserves, so rate cuts compress it directly. It is also far from settled who ultimately captures the economics — issuers, exchanges, wallets, and banks are all competing for the same spread.

We prefer a familiar discipline — the same one that guides our real assets philosophy: in a gold rush, own the picks and shovels. Two established payment networks stand out:

- **Mastercard** is building the infrastructure layer. It has agreed to acquire stablecoin infrastructure firm BVNK for up to US$1.8 billion and has announced settlement support across multiple regulated stablecoins. Its economics come from network and service fees — not from betting on which coin wins.
- **Visa** has expanded its stablecoin settlement pilot to nine blockchains, reaching an annualized settlement run rate of roughly US$7 billion. It may

be considered small, next to Visa's core business — but it is strategically important if cross-border settlement gradually migrates on-chain.

The appeal of the networks is simple: they can benefit whichever issuer, coin, or blockchain prevails, they carry no reserve-rate risk, and they are profitable, dividend-paying businesses in their own right. If stablecoins fizzle, these companies are no worse off. If stablecoins become genuine payment infrastructure, the networks collect the toll.

Reach out to us if you’d like research on either of these companies or any other potential investments. We’re here to help!

> **The bottom line:** We see stablecoins as an infrastructure story, not a speculation story. Exposure through established, profitable payment networks fits how we invest; chasing richly valued pure plays does not. If you would like to discuss whether and how this theme fits your portfolio, we would be happy to have that conversation.

Estate Planning: What We Watch For — So You Don't Have To

Estate planning is not something we do once a year at Heart Wealth — it is woven into how we manage every client relationship. As a matter of course, we:

- Review your beneficiary designations on RRSPs, RRIFs, TFSAs, IRA, Roth IRA and insurance whenever accounts change or life does;
- Coordinate with your lawyer and accountant so your will, your investments, and your tax plan tell the same story;
- Prepare executor roadmaps and organized documentation, so the people you've chosen aren't left guessing;
- Flag gaps — like BC property owners without Canadian wills, or wills that predate a marriage, a sale, or a grandchild.

Your lawyer drafts the documents. Our job is to spot the things that deserve a second look before they become a problem. Here is a recent example of what that looks like in practice (details changed and fictionalized to protect privacy):

A Case Study: Eleanor's Gift

"Eleanor," a retired client in her seventies, updated her will and generously left 20% of her estate to two charities she has supported for decades. Her lawyer drafted it properly — nothing was wrong, legally.

But when we reviewed the plan together, we raised two flags. First, percentage-of-estate gifts to charity can slow down or complicate settlement: the charities become interested parties in the estate accounting, which can add costs and time to executor’s duties. Second, and more importantly, the structure left a significant tax opportunity on the table.

Eleanor also holds a sizeable RRIF. When she passes, that RRIF is taxed as income on her final return — at the highest rates. By naming the charities she cares about as direct beneficiaries of the RRIF, the resulting donation tax credit can be claimed on her final return — offsetting much or all of the tax on the RRIF income inclusion, and her children can inherit the rest with less friction and less tax.

Same generosity. Same charities. Meaningfully better outcome — because the investment plan and the will were looked at together.

> **Summer Estate Planning Tip:** If it has been more than a few years since you read your will — or if you own property in Canada without a Canadian will — reply to this email with the word "WILL" and we will set up a 20-minute review of your estate documents alongside your current investment plan. Just a second set of eyes and possibly some new ideas worth raising with your lawyer.

The Wealth Transfer Happening at Kitchen Tables 🏡

If there is one question we have heard more than any other this year, it is this: "We'd like to help the kids buy a home — what's the smartest way to do it?"

It makes sense. With Victoria and Vancouver real estate where it is, many adult children simply cannot bridge the down payment gap on their own — and many parents would rather give with a warm hand now, and watch the difference it makes, than leave it all to an estate later. Done thoughtfully, it is one of the most satisfying things wealth can do. Done casually, it can create tax surprises, family friction, and — in the worst cases — see part of your gift walk out the door in a child's future separation.

Gift, loan, or co-owner?

Most families default to a straight cash gift, and often that is fine — Canada has no gift tax, and a cash gift to an adult child is clean and simple. But there are two alternatives worth understanding before you decide:

- **A documented family loan** — even one you fully intend to forgive — behaves very differently if your child's relationship later breaks down. A gift can effectively end up shared; a properly papered loan remains a debt owed back to you. Many families document a loan, secure it, and quietly forgive it over time or in their wills. Your lawyer handles the paperwork; the decision to structure it this way happens before the cheque is written.
- **Co-ownership or co-signing** gets your child a better mortgage, but it puts you on the hook for their debt and can expose part of the home's future growth to tax that a child living in their own principal residence would never pay. It is usually the third-best option — useful, but only with eyes open.

Four questions before you write the cheque

1. Can you truly afford it? Not "do we have the money" — but does the gift survive a stress test against your own retirement plan, including a long life and late-life care costs? Your security comes first; a gift that endangers it helps no one.

2. Is the gift protected? A conversation with a family lawyer about loan documentation — and, gently, about your child's own agreements with a partner — is worth far more than its cost.
3. Is it fair to the other kids? "Fair" doesn't have to mean "identical," but it does have to mean "discussed." Gifts made now can be equalized in your will — if your will knows about them. Undocumented lifetime gifts are one of the most common sources of sibling conflict we see in estates.

4. Are you giving the right asset? Cash is clean. Selling investments to raise the cash can trigger capital gains in your hands — sometimes the timing or the account we sell from changes the tax bill meaningfully. And don't overlook the FHSA: funding a child's annual contributions gives them a tax deduction on your money.

If helping your family is on your table this year: Bring it up when booking your next review with us — before anything is promised at the dinner table! We will model the gift against your retirement plan, encourage you to discuss this with your lawyer and accountant to make sure your will reflects what you've done and you've made the best decision for your specific situation — so generosity today doesn't become a complication later.

If you or your child are US persons, the answer changes materially — US gift tax reporting can apply above modest thresholds, and we'll walk you through it.

Two Quick Things Before the Garden! 🐞

Travelling this summer? Raymond James Client Access mobile app lets you check accounts, receive statements, and share documents securely from anywhere — with biometric login and mobile check deposit. Even better: switch to paperless statements so there's nothing waiting in the mailbox when you're home. If you aren't set up on the app, or haven't logged in for a while, call the office and Cameron or Lily will have you running in minutes.

Apple store: [link]   Google Play store: [link]

Want your plan in writing? Our planning questionnaire takes about 20 minutes — one page, bullet-point estimates — and from it we prepare a written assessment of your retirement income, tax opportunities, insurance gaps, and estate considerations. Reply to this email or call the office and we'll send it over.

The same offer extends to anyone in your life who would value a clear, written look at where they stand — a family member, a friend, a colleague approaching retirement, or an adult child starting to think about their own plan. A quick introduction is all we need. Referrals from clients like you are how our practice has grown for over two decades, and we treat every one of them with the same care we bring to your family.

Staying Connected: We're Always Here for You 📞

For urgent needs:

- April Dorey Hartwig: 250-405-2429 | 780-399-5552
- Pam Katunar: 250-405-2455
- Chad Katunar: 250-405-2423
- Toll-free: 1-888-778-0356

For day-to-day support: heart.wealth@raymondjames.ca (monitored throughout the day by our full team)

In Gratitude 💞

Thank you for the continued trust you place in our team. Whether this summer brings travel, family, or simply quiet mornings, we hope your plan gives you the confidence to enjoy it. We look forward to a strong second half of 2026 together — with clarity, discipline, and care.

Schedule a virtual meeting: [April] | [Pam] | [Chad]

Written by **April Dorey Hartwig, MBA, CIM®, CFP®, FCSI®**
Senior Wealth Manager,
Heart Wealth Management Group of Raymond James Ltd.

www.HeartWealth.ca
youtube.com/@heartwealth