BMO | Private Wealth

September 2026

Hassan Fox Wealth Management

Market Commentary

Portfolio Strategy

September brought a period of consolidation to equity markets following several months of strong performance. While major U.S. indices remained relatively resilient, supported by continued strength in technology and artificial intelligence-related companies, performance beneath the surface was more mixed. Rising long-term interest rates weighed on interest-sensitive sectors, resulting in what could be described as a rate-led correction occurring beneath the cover of AI leadership. Importantly, periods of consolidation and seasonal weakness are normal and often healthy features of sustained bull markets, allowing valuations and investor expectations to reset following strong advances.

In the United States, technology and AI-related companies continued to demonstrate impressive earnings growth, supported by substantial investment in semiconductors, cloud infrastructure, and computing capacity. Corporate profitability remained strong across several sectors, with healthy margins, robust free cash flow, and disciplined capital allocation providing fundamental support for equity valuations. While market breadth narrowed somewhat during September, we view this as a natural pause following the broadening of market leadership experienced earlier in the summer rather than necessarily a deterioration in the underlying economic outlook.

Fixed-income markets remained an important focus as longer-term U.S Treasury yields continued to reflect persistent inflation concerns, substantial government borrowing requirements, and uncertainty surrounding monetary policy. It is worth noting that higher yields are not limited to the U.S. as higher rates are presenting themselves globally. The interaction between interest rates and corporate earnings will remain important, although strong profitability has thus far allowed equity markets to absorb higher borrowing costs reasonably well.

In Canada, the S&P/TSX Composite experienced a more subdued month as materials and financials faced some pressure, while energy remained supported by geopolitical developments and commodity prices. Canadian banks continued to demonstrate sound fundamentals, with strong capital positions, and resilient loan books. The Bank of Canada maintained a cautious approach to monetary policy; balancing inflation risks against modest domestic economic growth. Canada's diversified exposure to financials, energy, and materials continues to provide investment opportunities distinct from those driving U.S. markets.

As we enter the final quarter of 2026, we remain constructive on the broader market outlook. Corporate earnings continue to provide a solid foundation, the capital investment cycle in artificial intelligence remains a powerful driver of economic activity, and balance sheets across leading

companies remain healthy. While rising interest rates and narrower market breadth deserve attention, it is important to recognize that bull markets rarely advance in a straight line. Periods of consolidation, sector rotation, and seasonal volatility can provide opportunities for leadership to broaden and for fundamentals to catch up with valuations.

At Hassan Fox Wealth Management, our investment philosophy remains unchanged. We continue to emphasize quality, disciplined risk management, and the identification of leadership across asset classes. Our asset mix remains neutral weight equities, underweight fixed income, with modest allocations to gold and short-term. We believe maintaining diversified portfolios invested in high-quality companies demonstrating strong relative strength and sustainable earnings growth remains the most effective strategy for creating long-term wealth through changing market environments.

Your legacy in motion: The benefits and risks of early wealth transfer

For many families, the transfer of wealth has traditionally taken place through an estate. Increasingly, however, parents are choosing to provide an early or "living" inheritance, giving the next generation financial support when it may have the greatest impact. While this approach can be meaningful, it also calls for thoughtful planning to balance family priorities with long-term financial security.

The link below offers some things to keep in mind before offering an early inheritance.

Your legacy in motion: The benefits and risks of early wealth transfer

As always, should you have any questions please do not hesitate to contact us.

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