

## Hassan Fox Wealth Management

# Market Commentary

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## Portfolio Strategy

February continued the constructive start to 2026, though the tone of markets shifted modestly as leadership broadened and investors recalibrated expectations around monetary policy and growth. Equity markets generally advanced, but performance was more balanced across sectors compared to the technology-driven gains that characterized much of 2025.

In the United States, the S&P 500 posted moderate gains, though beneath the surface a meaningful rotation continued. While large-cap technology and AI-linked names remained under pressure, investors increasingly favoured resources, energy, industrials, and pharmaceutical companies. Rising commodity prices and improving global demand expectations supported materials and energy stocks, while healthcare and pharmaceutical names attracted flows due to their defensive earnings characteristics and attractive relative valuations.

Markets also responded to a steady stream of economic data that painted a mixed — but not alarming — picture. Inflation continues to remain above central bank targets. Labour markets in both the U.S. and Canada showed signs of cooling without deteriorating meaningfully. As a result, investors tempered expectations for aggressive rate cuts, instead adopting a “higher for slightly longer” mindset.

Fixed-income markets reflected that recalibration. U.S. Treasury yields moved modestly higher early in the month before stabilizing, as the Federal Reserve reiterated its data-dependent approach. With the federal funds rate currently in the 3.50%–3.75% range, policymakers signaled patience, emphasizing that additional cuts will depend on sustained progress in inflation. Bond returns were muted but continued to provide income and diversification benefits.

In Canada, the S&P/TSX Composite Index performed well, supported by strength in energy, mining, and financials. Bank earnings were strong and above expectations. The rotation toward resource-oriented sectors particularly benefitted the Canadian market, as commodity prices firmed and global growth expectations stabilized.

The Bank of Canada maintained its overnight rate at 2.25%, reinforcing its cautious stance as it balances inflation with soft domestic growth data. Canadian bond yields moved modestly higher in sympathy with U.S. markets, though they remain well below last year's peaks.

As we progress through the first quarter of 2026, markets remain focused on four primary variables: the path of inflation, the timing and magnitude of additional rate cuts, the sustainability of corporate earnings growth, and the impact of AI in various industries. While valuations in certain areas remain elevated, the ongoing rotation toward value-oriented and defensive sectors suggests investors are positioning more prudently rather than chasing momentum.

At HassanFox Wealth Management, our approach remains consistent. We continue to emphasize quality, identification of leadership, and disciplined risk management. Our portfolios remain market weight equities, underweight fixed income, and maintain an allocation to gold as a strategic diversifier.

## "Stress Testing" Your Estate Plan

People often put off estate planning because it's not top of mind, thinking they can take care of it "later." However, things can change in an instant and may continue to change rapidly for an extended period. Even if you already have an estate plan in place, knowing it is up to date gives you the extra reassurance that your plan will work – even in a time of crisis. The attached document highlights questions that your estate plan should address.

### ["Stress Testing" Your Estate Plan in a Time of Crisis](#)

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

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