

Hassan Fox Wealth Management

Market Commentary

Portfolio Strategy

May marked a meaningful shift in market sentiment as investors moved beyond many of the concerns that dominated the first quarter. Equity markets in both Canada and the United States posted strong gains, supported by resilient economic data, conflicting inflation expectations, and a corporate earnings season that generally exceeded expectations. While geopolitical tensions remained a consideration, markets increasingly focused on fundamentals, particularly the strength of corporate profitability and continued investment in artificial intelligence and infrastructure.

In the United States, the S&P 500 and Nasdaq rebounded strongly, with technology once again assuming a leadership role. Several of the large-cap technology companies delivered earnings results that exceeded expectations, supported by continued demand for AI-related infrastructure, cloud computing, and digital services. Importantly, earnings strength was not limited to technology. Communication services, industrials, and financials also reported generally positive results, highlighting the breadth of corporate resilience. Overall, approximately three-quarters of S&P 500 companies exceeded earnings expectations, with profit growth remaining well above historical averages. While technology continued to garner most of the investor attention, the broader earnings picture suggested that corporate America remains in solid financial condition.

In Canada, the S&P/TSX Composite Index also posted strong performance, benefiting from gains in energy, financials, and materials. Canadian corporate earnings were generally constructive, particularly among the major banks, which reported results that exceeded expectations due to resilient loan growth, improving capital markets activity, and lower credit reserves. Resource companies also benefited from firm commodity prices and stable global demand. Energy producers continued to generate strong free cash flow, while mining companies were supported by elevated gold and copper prices.

Fixed-income markets stabilized during the month as inflation data continued to show gradual improvement under the headline figure. U.S. Treasury yields moved modestly lower toward month end as investors debated the timing and direction of the Federal Reserve's next move. The Federal Reserve maintained its data-dependent stance, while markets increasingly pushed out expectations for rate cuts into 2027 and began pricing in the possibility of a rate increase.

The Bank of Canada maintained its overnight rate at 2.25%, continuing its cautious approach as policymakers balance moderating inflation with uneven economic growth. Canadian bond yields moved modestly lower toward the end of the month, reflecting improving inflation trends and

growing confidence that future policy adjustments are more likely to be lower than higher. While economic growth remains modest, the Canadian economy has thus far demonstrated resilience in the face of higher interest rates and global uncertainty.

As we move further into the second quarter of 2026, markets remain focused on several key variables: the trajectory of inflation, the timing, magnitude (and direction) of interest rate moves, the sustainability of corporate earnings growth, and the broader geopolitical landscape. While valuations remain elevated in certain areas of the market, the combination of impressive earnings, resilient economic activity, and stabilizing inflation continues to support a constructive outlook for risk assets.

Within our portfolios, we did not make any changes during the month, maintaining our allocation of market weight to equities, underweight to fixed income and holding an exposure to gold.

At HassanFox Wealth Management, our approach remains unchanged. We continue to adhere to our disciplined risk management process that focuses on the identification of leadership. We believe that maintaining exposure to geographies, asset classes, sectors, and securities demonstrating strong relative strength provides the best opportunity to generate attractive risk-adjusted returns over the long term.

The Consequences of Dying Without a Will

It is estimated that one third of Canadians do not have a Will, and many others have Wills that are inadequate to give effect to current wishes and intentions, because their assets or family situation has changed since the Will was drawn up. The attached article provides information on the risks and consequences of dying without a Will.

[The Consequences of Dying Without a Will](#)

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

Hassan Fox Wealth Management

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