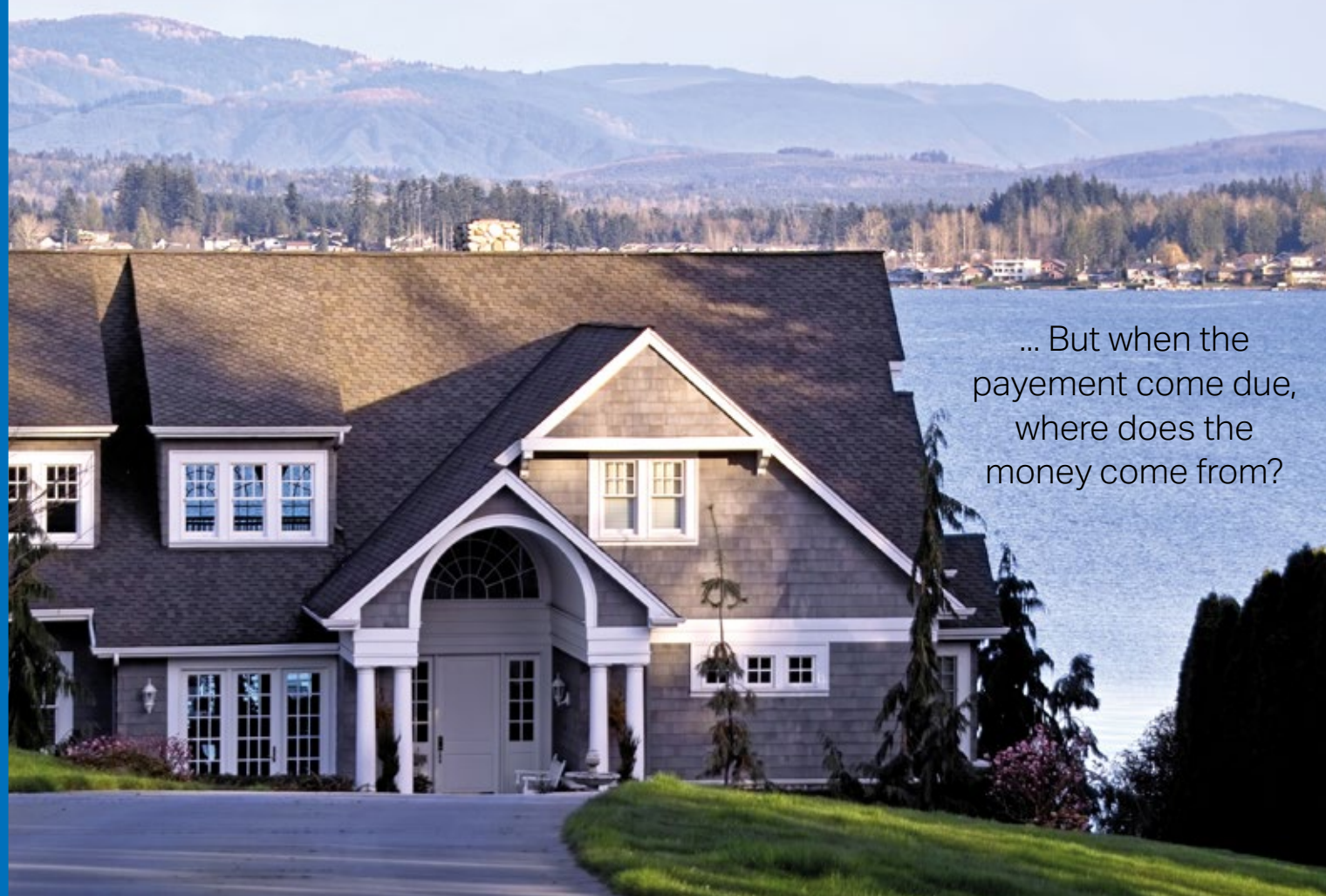




October 2026 - Newsletter # 76

THE MORTGAGE ON TOMORROW

TODAY'S
BORROWING
BUILDS
TOMORROW



... But when the
payment come due,
where does the
money come from?

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The MDL Group Podcast

For a quick audio summary of this newsletter, simply click on the link above.
https://nesbittburns.bmo.com/MDL/podcasts?lang=en_US

For those with a hard copy, you can scan the QR Code with your phone to obtain the link for the audio podcast.

ENJOY!



Louis' comments

Introduction and Summary

Anyone who has bought a home knows the feeling. A few days after signing, you stand in the house with the keys in your hand and realize you have made a promise about the future. It is an exciting moment, and a sobering one.

A mortgage is a useful tool. It lets a family buy a home long before it could pay cash. But it only works as long as the paycheck keeps coming. Today, much of the financial world rests on that same promise.

Pierre and Josée began in this business with Nesbitt Thomson in October 1982 prior to BMO's takeover in 1987. Since then, they have guided families through recessions, inflation, market drops and strong periods of growth. Over those same decades, government debt grew faster than the economy itself.

Companies are spending enormous sums to build artificial intelligence (AI). The technology is real, but more and more of it is paid for with borrowed money, at a time when electricity, equipment and permits are getting harder to secure.

Investors are also borrowing to buy stocks. In the United States, this borrowing reached about US\$1.45 trillion in August 2026, up from US\$1.06 trillion a year earlier.

Borrowing is not bad in itself, and none of this means a crisis is around the corner. The real question is simple: when the payment comes due, will the income be there?

The Deep Dive: Louis' Macroeconomic Analysis

Governments: two countries, two very different situations

When a bank reviews a mortgage request, it checks whether your income covers your regular bills before the mortgage payment. Apply that same test to Canada and the United States, and the difference is clear.

This year, the U.S. government expects to collect about US\$5.6 trillion but spend about US\$6.4 trillion, before

paying any interest. In other words, it borrows about US\$800 billion just to pay its regular bills. Add about US\$1 trillion in interest, and the shortfall reaches US\$1.9 trillion. 

Would the bank allow you to refinance your mortgage in the same way?

Canada is much closer to balance. It expects to collect about C\$508 billion and spend C\$515 billion before interest, a gap of only C\$7 billion. Once interest and other charges are included, the deficit is about C\$72 billion. (see Table 1) 

Would your bank allow you to refinance your mortgage under the same circumstances?

Table 1

The mortgage test	United States (FY2026)	Canada (2025–26)
Revenue	≈ US\$5.6 trillion	≈ C\$508 billion
Program spending before interest	≈ US\$6.4 trillion	≈ C\$515 billion
Gap before interest	≈ US\$800 billion short	≈ C\$7 billion short
Interest and other charges	≈ US\$1.0 trillion	Included in the figure below
Projected deficit	≈ US\$1.9 trillion (5.8% of GDP)	≈ C\$72 billion (2.2% of GDP)

Sources: Congressional Budget Office, February 2026; Office of the Parliamentary Budget Officer, June 2026 

In short, the United States borrows to pay both its bills and its interest. Canada covers almost all of its bills and borrows mainly to cover interest. Would your bank allow you to refinance your mortgage under the same circumstances?

Looking at total government debt, including provinces and states, Canada owes about 111% of the size of its economy and the United States about 126%, according to the International Monetary Fund. Each year, the United States adds to its debt much faster than Canada. 

Canada has the smaller mortgage and is adding to it more slowly. But neither country's debt is small.

Governments must also replace old debt as it comes due, at whatever interest rates apply at the time. That means competing with companies and households for investors' money.

Canada keeps an advantage, as long as it borrows to build things that generate future income (housing, power, defence, trade routes and resources) rather than to pay everyday expenses. As with any mortgage, what matters is the income behind it and what the money was used for.

Unlike a family, a country that borrows in its own currency can always create more money to pay its bills. The catch is that printing money to cover deficits weakens the currency and slowly reduces everyone's purchasing power. That is inflation: a quiet way of making savers share the bill. It is one reason we favour real assets and companies that have room to raise their prices.

Companies: AI is real, but more of it runs on debt

Imagine a builder who lends you the down payment on a house, on the condition that he also does future renovations. The house is real and the work may be good, but it becomes harder to know who carries the risk if things go wrong. Part of the AI boom works this way.

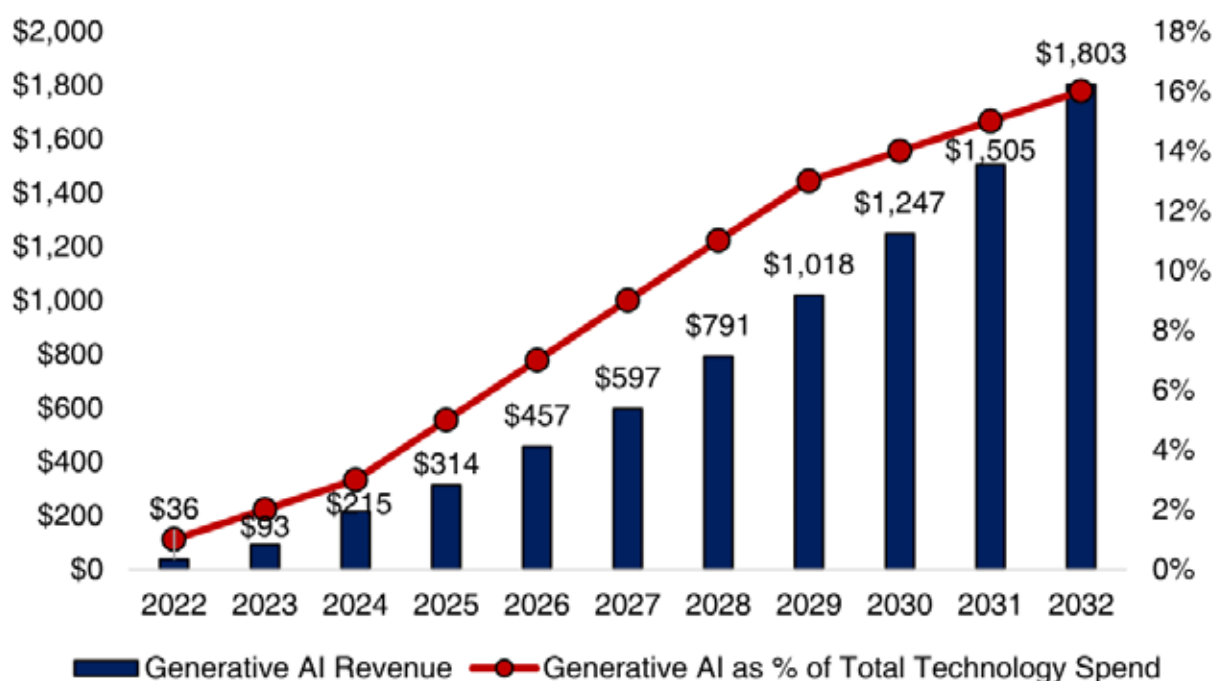
From cash machines to borrowers

Until a couple of years ago, the large technology companies behind AI (often called hyperscalers) were the best cash machines in the world. Alphabet, Google's parent company, and Meta, the owner of Facebook and Instagram, earned far more than they spent. They used the surplus to buy back their own shares and, in 2024, both began paying dividends. They were like a family that pays cash for its renovations and still has money left over.

That has changed quickly. To keep up in the AI race, both companies now spend almost every dollar they earn on data centres, and most spent more than their businesses brought in. Share buybacks have given way to borrowing, with each company raising tens of billions of dollars to keep building. Chart 1 shows the gap between the expenditures and the revenues going forward.

Chart 1

Exhibit 31 - Generative AI Revenue (\$ in B) and as % of Technology Spend (%)



Source: BMO Capital Markets, Bloomberg

How are they paying for it? Mainly in three ways. First, by borrowing in the bond market, where the big technology companies have issued record amounts of debt. Second, by selling new shares, the opposite of the buybacks of a few years ago: in June, Alphabet announced a stock sale of about US\$80 billion, including US\$10 billion bought by Berkshire Hathaway. Third, through private lenders and partnerships kept off their own books. Meta's largest data centre, in Louisiana, is 80% owned by an investment firm, Blue Owl Capital, and financed with debt sold to large funds, while Meta rents it back under a long-term lease. The Bank for International Settlements calls this "shadow borrowing": it works like debt, but it does not show up as debt on the company's balance sheet. ↪

Some of the money also travels in a circle. Nvidia, the main maker of AI chips, has invested about US\$30 billion in OpenAI, the company behind ChatGPT. OpenAI rents computing power from cloud providers such as Oracle, which in turn buy Nvidia chips to supply it. The same dollar can show up as an investment on one side and as sales on the other, making demand look stronger than it may really be. This is the builder lending the down payment that we described above. It is not new: in the dot-com era, equipment makers lent money to customers so they could buy their equipment, and many of those loans were never repaid.

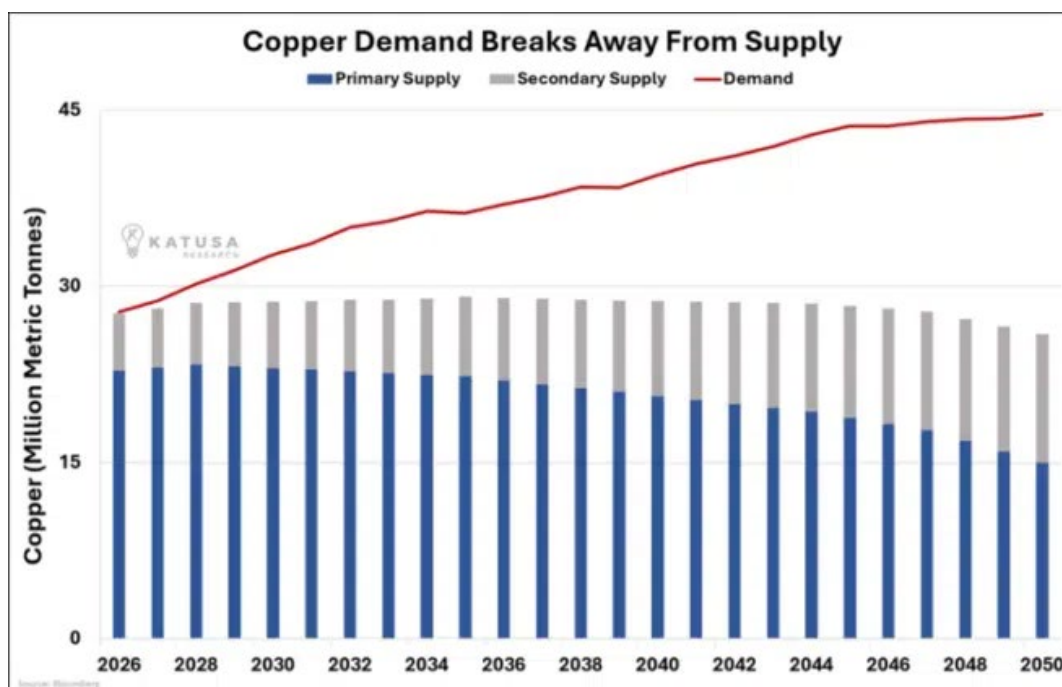
These are still exceptional businesses. But the family that once paid cash for its renovations now has a mortgage. If AI profits arrive as expected, that is manageable. If they fall short, lenders and shareholders will feel it. ☞

The physical bottleneck: copper

AI may be digital, but it runs on physical things: electricity, cooling, copper, steel, land and permits. The technology can succeed while a specific project still disappoints because power arrives late or costs rise. If AI has a physical limit, copper is where it shows up first. Every data centre, power line, electric vehicle and solar panel needs it, and there is no easy substitute.

Chart 2 below, shared by our colleague Luigi Di Pede and produced by Katusa Research using Bloomberg data, tells the story. Demand (the red line) keeps rising toward about 45 million tonnes by 2050. Supply (the bars) levels off within the next decade, then declines as mines age and new ones take years to be approved. Over the past decade, growing awareness of climate change and stricter environmental responsibilities have constrained permitting, resulting in many major producers' failure to replace the reserves they mined.

Chart 2



Copper demand breaks away from supply. Source: Katusa Research, using Bloomberg data.

The shortage is starting now. Forecasters expect demand to exceed supply as early as 2026, and data centres alone will use about 475,000 tonnes this year. ☞ Supply cannot react quickly: a new mine takes 10 to 15 years to open, and BloombergNEF expects demand from the energy transition to triple by 2045. ☞

A lot of borrowed money assumes copper will be available on time and at a reasonable price. We explain how we position portfolios for this in The Investment Strategy.

Investors: the one closest to home

The third borrower is the individual investor. “Margin debt” is money borrowed from a brokerage firm to buy investments, using those same investments as collateral. Think of it as a mortgage on your portfolio with very accommodative terms such as no fixed repayment schedule, interest added to the account. However, the lender can call the loan if values fall..

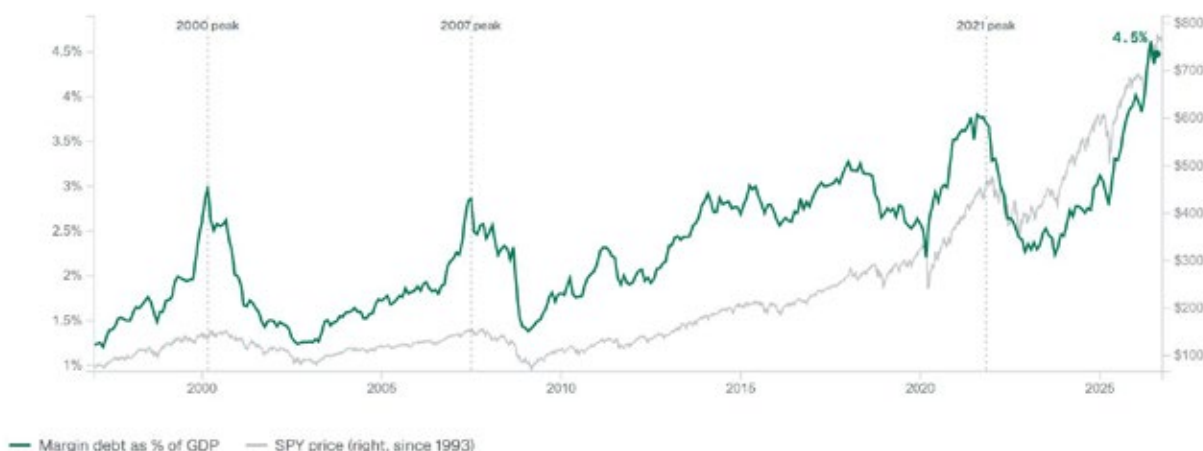
In August 2026, U.S. investors owed about US\$1.45 trillion this way, according to FINRA, the regulatory organization that oversees U.S. brokerage firms. That is just below June’s record and about 37% more than a year earlier. ☞

Compared with the size of the U.S. economy, this borrowing is near its historic high. Compared with the value of the stock market, it looks closer to average. We pay more attention to the first measure, just as a bank looks at your income rather than at what your house might be worth next year. ☞

Chart 3

Debt as % of GDP

Margin debt as a share of nominal GDP (quarterly Z1/BEA, joined as-of each month). Scales borrowing by the economy that ultimately backs it — the 2000 peak was ~3.0%, 2021 ~3.8%.



Source for graphs: [FINRA Margin Debt Today: \\$1.45T \(August 2026\) — Chart, Record & History | thetrading.tools](#)

Chart 3 reminds us that history is worth a look. As we first noted in Newsletter #57 (in April 2017) margin debt peaked just before the market fell in 2000 (about -49%), and 2007 (about -57%). The next peak, which occurred in 2021, was followed by a similar result (about -25%). Borrowing has grown this quickly only before those three peaks, and again earlier this year. ☞

That said, it is not a signal to sell. Margin debt tells us little about when markets will turn, but a lot about how hard a drop could be.

Here is why. An investor who owns investments outright can choose to wait and be patient when markets drop. An investor who borrowed may not have that choice: the lender can ask for more money or sell the holdings outright. That is how an ordinary dip can turn into forced selling and create a domino effect on the overall market as one margin call can lead to another.

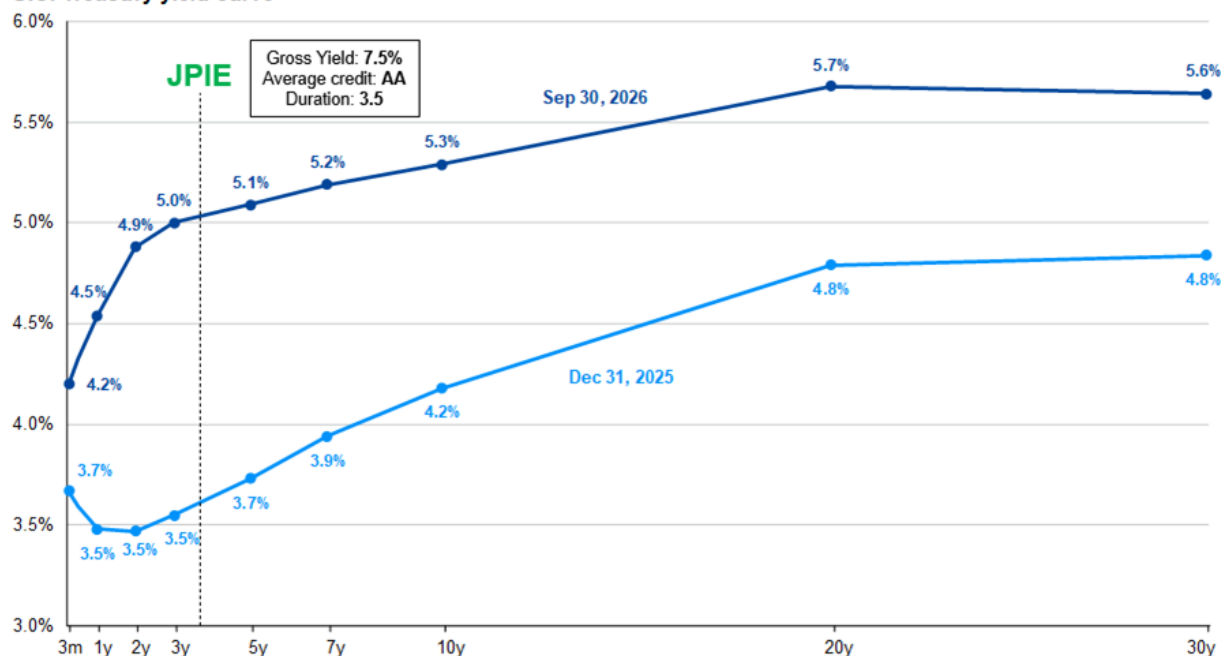
In addition, we are exposed to a rising yield curve reflecting higher borrowing costs. The real question might be whether creeping interest rates stifle demand and reduce inflationary pressures, or does it feed it as the cost is being passed down to consumers? Chart 4 shows the change in the yield curve (i.e. borrowing costs) over the past year, a period where loans grew sharply.

Chart 4

Yield curve

GTM U.S. 33

U.S. Treasury yield curve



Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of September 30, 2026.

J.P.Morgan
ASSET MANAGEMENT

Our conservative approach comes from experience. Our priority is simple: your plan should never depend on borrowed money, rushed decisions or having to sell stocks to cover short-term cash needs.

The Investment Strategy

Stay invested, but ask more of every holding

Stay invested, but ask more of every holding

None of this leads us to leave the markets as it is a long term hedge against inflation. We want you to benefit from long-term growth while keeping steady income, real assets and enough cash on hand, as explained in Newsletter #75, Surfing through the Storm. 

Today, safe bonds pay a decent return once again. A 1-to-5-year guaranteed investment ladder currently yields between 4% and 5%. These levels were last seen in 2022 and 2023 after the inflation spike of 2022. That raises the bar for stocks: a company promising profits many years from now must offer more to be worth the wait. We look for companies with:

- steady, recurring cash flow;
- reasonable debt and solid finances;
- essential products or services;
- the ability to raise prices;
- management teams that do not depend on easy credit.

AI and copper in our portfolios

Artificial intelligence

Not every AI investment will pay off. Going forward, we therefore prefer companies that show these strengths:

1. They fund their growth with their own cash.
2. They keep their debt at reasonable levels.
3. They have a solid base of paying customers and are among the best at what they do.

Copper

We currently hold a small position in this sector. Copper is one of the most important commodities that AI and electrification will need, in massive amounts, for decades to come. We therefore favour established producers with long-life mines and solid finances.

Keep in mind that investments in critical metals can be highly volatile. That is why we view these positions as long-term holdings, guided by the commodity's long-term trend rather than its short-term swings.

Gold producers as portfolio insurance

Businesses, not gold bars

Owning a gold producer is different from owning gold itself. They do well when the gold price rises faster than their costs, and well-run producers can both pay dividends and grow. Their value, however, also depends on the quality of management, their costs and where their mines are located. Canada checks all boxes.

Steady buying from central banks

Central banks keep adding to their gold reserves. They bought a record 288.9 tonnes in the second quarter of 2026, even as the gold price fell about 16%. That points to long-term reserve-building, not short-term trading.  And the buying looks set to continue: in a 2026 survey, 89% of central-bank reserve managers expected global gold holdings to rise over the next year. 

Wide margins at today's prices

As mentioned in our last newsletter, many Canadian gold producers have an all-in cost of production (including interest) below US\$1,500 per ounce. With gold currently around US\$4,200 per ounce, their margins are exceptionally wide.

Our recommendation

Our view is to own roughly 5% in gold producers and 4% in critical metals as your materials exposure in a 100% equity portfolio. We focus on producers with low costs, long-life mines, operations in stable locations and solid balance sheets. We do not own them because we expect a crisis, but as insurance backed by real businesses that generate cash.

Canada: dependable dividends at reasonable prices

A dividend is the opposite of a mortgage payment: every quarter, money comes in rather than going out. Few markets are better suited to this idea than Canada. Many of its largest companies already earn real cash today, keep their debt in check and share part of their profits with shareholders. And unlike the large U.S. technology companies driving the AI boom, they can still be bought at reasonable prices compared with what they earn albeit with less explosive growth potential.

Part of their strength comes from how our economy is built. Think about your own monthly bills: you pay a bank, an insurer and a utility for your heat and electricity, and much of what you buy travelled by rail or depended on energy carried by pipeline at some point. In Canada, each of these essential services is shared by only a handful of large players. A few major institutions serve most Canadians' banking and insurance needs, two national railways move much of the country's goods, and pipelines and power networks are almost impossible to replicate. Economists call these oligopolies. We call them businesses that people keep paying, in good times and bad.

Limited competition and steady demand make their cash flow and dividend distributions more predictable year after year. Canada is also rich in the physical economy: energy, mining and infrastructure, the building blocks of AI, electrification and defense. When inflation comes from shortages, higher commodity prices can even work in favour of some Canadian companies.

In a world borrowing against tomorrow, a steady, growing dividend is proof that a company delivers more than promises. And Canada owns much of what tomorrow will need.

Liquidity without forced selling (fixed Income)

We hold bonds and guaranteed investments that mature each year over the next one to five years, plus a reserve covering at least three years of planned withdrawals. As bonds mature, they provide cash when you need it. For clients drawing income, especially from a RRIF or LIF, this means we do not have to sell stocks during a market drop to fund your withdrawals.



Pierre's Conclusion:

Looking back, Canadian mortgage rates had reached over 20% the year prior to our beginnings in early 80's. Many families learned the hard way what it meant to renew at the wrong time. Over more than forty years, Josée and I sat with families through good markets and difficult ones, through retirements, new homes, business sales and settling estates after the loss of loved ones.

The families who handled uncertain periods best were not always those with the least debt. They were the disciplined families who understood what they owed, when it was due and how it would be paid.

Governments, companies and investors are all counting on tomorrow's income to cover today's commitments. None is necessarily headed for trouble. But we do not want your retirement or your peace of mind to depend on that bet being right every single year.

That is why we care so much about the three-year reserve, the bond ladder and steady dividends. They are not exciting, and that is the point. They give you room to breathe and let you stay invested without being forced to sell at a price you did not choose.

After forty years of kitchen-table conversations, We have learned that when markets fall, investors split into two groups: those who have to sell and those who are able to buy. Which group you are in is usually decided long before the fall.

Clients often ask us whether AI will take their children's or grandchildren's jobs. We have heard this question before. When computers arrived on every desk in the 1980s, and again with the internet, many feared the end of whole professions. Work changed, some jobs disappeared, and many new ones appeared that no one could have imagined. We expect AI to follow a similar path, more gradual than the headlines suggest. For us, what matters is owning companies that use it to strengthen a real advantage, not as a buzzword.

Over the years, we've watched the same story come back in new clothes: in 1982 it was mortgage rates, in 2000 technology, in 2008 housing, and today artificial intelligence and government deficits. Each time, the world borrowed against a bright tomorrow, and each time, tomorrow arrived with the bill. Those who came through best were not the boldest borrowers, but the patient owners of solid businesses, with cash on hand and time on their side.

The world is taking out a mortgage on tomorrow. Canada has what countries' need to build tomorrow's world. Our objective is that all of you own a share of tomorrow, free and clear.

Louis and Pierre

MDL Group · BMO Nesbitt Burns

STRATEGIC ALLOCATION

Recommended Sector Weighting

October 2026 | North American portfolios and international diversification

● Income oriented

● Growth oriented

65%

INCOME
EQUITIES

75%

GROWTH
EQUITIES

North-American equities | Other: EAFE

Communication Services

3% 4%

Canadian telecoms remain oversold, but operational and growth headwinds likely to persist for some time. BCE's dividend is now more reliable, but growth remains subdued.

Industrials

6.5% 8%

High capital expenditures, particularly infrastructure spending tied to AI buildouts and data centers, are generally supportive for industrial companies

Consumer Discretionary

2.25% 5%

Consumer spending remains resilient despite higher interest rates. Stick with sector leaders and well-managed companies that tend to retain their profits through uncertain times.

Information Technology

7% 13%

Valuation headwind with high interest rates. Higher inflation and interest rates compress valuation multiples, and Growth stocks are the most sensitive to that risk.

Consumer Staples

4% 4.5%

Staples is recognized as a defensive sector as well-managed companies tend to maintain profitability through uncertain times.

Materials

6.5% 5.5%

Critical metals are at the foundation of the future needs of all forms of energy sources from production to transport. We appreciate companies with strong operating efficiency and free cash flow. Gold represents an attractive hedge against the market and the financial sector over the long-term. Canadian Gold producers' all-in costs are mostly below \$1,500 USD.

Energy

7% 5%

This sector tend to outperform when economic growth accelerates. A stronger economy combined with persistent inflation is generally favorable for Energy companies

Real Estate

0% 0.5%

Higher interest rates increase financing costs and reduce the relative attractiveness of REIT yields, creating a valuation headwind for the sector.

Financials

16.75% 17%

If inflation remains elevated and interest rates stay higher for longer, Financials, particularly banks and insurers, tend to perform better than long-duration growth sectors

Utilities

5% 1%

This is a defensive sector that performs best when the entire yield curve shifts lower, not just the short end. M&A activity has picked up, showing institutional interest in the sector. AI energy needs are at the core of future demand. Higher bond yields may negatively impact future growth. Selection is key.

Healthcare

3% 4%

Focus on value names with steady cash flow, dividends and stable earnings

International Equities (EAFE)

4% 7.5%

European markets could be a good diversification given the US geopolitical positioning. Canada, through trade negotiation with the rest of the world, is reducing its export concentration to the US which should have positive repercussions for future growth.

Positioning overview

The income-oriented portfolio allocates more weight to Energy and Utilities. The growth-oriented portfolio emphasizes Information Technology, Industrials and International Equities.

Average equity weighting

The suggested weightings for an income-oriented portfolio and a growth-oriented portfolio are appropriate for portfolios comprised of 65% and 75% equities respectively. They should be adjusted based on your investor profile.

Reference Portfolio¹

September 2026

High yield equities										
Stocks and sectors	Country	Symbol	Price	Yield	Beta	Income Oriented PTF.	Growth Oriented PTF.	Note	Recommendation ²	Update Letter 76
Communication Services										
BCE Inc.	CAN	BCE-TSE	\$28.97	6.0%	-0.17	X	X		Hold/Buy	
TELUS Corporation	CAN	T-TSE	\$11.95	6.3%	0.16	X	X	TSO	Hold/Sell	
Consumer Discretionary										
Home Depot, Inc.	USA	HD-USA	\$284.49	3.3%	0.71	X	X		Hold	
McDonald's Corporation	USA	MCD-USA	\$230.94	3.34%	0.03		OTR		Hold	
Consumer Staples										
PepsiCo, Inc.	USA	PEP-USA	\$126.72	4.7%	-0.20	X		TSO	Hold	
Procter & Gamble Company	USA	PG-USA	\$145.28	3.0%	-0.04	X		TSO	Hold	
Energy										
TC Energy Corporation	CAN	TRP-TSE	\$82.39	4.3%	0.13	X	X		Hold/Buy	√
Enbridge Inc.	CAN	ENB-TSE	\$66.15	5.9%	0.10	X	X		Hold/Buy	
Keyera Corp.	CAN	KEY-TSE	\$51.35	4.4%	-0.05	X	X		Hold/Buy	√
Pembina Pipeline Corporation	CAN	PPL-TSE	\$63.53	4.6%	0.05	X			Hold/Buy	
Canadian Natural Resources Limited	CAN	CNQ-TSE	\$66.93	3.7%	-0.14	X	X		Hold/Buy	
Suncor Energy Inc.	CAN	SU-TSE	\$96.50	2.5%	-0.12	X	X		Hold/Buy	√
Financials										
Bank of Montreal	CAN	BMO-TSE	\$237.97	2.9%	0.91	X	X	TSO	Hold	
Bank of Nova Scotia	CAN	BNS-TSE	\$129.41	3.5%	0.64	X	X		Hold	
Royal Bank of Canada	CAN	RY-TSE	\$279.94	2.5%	0.65		X		Hold	
Toronto-Dominion Bank	CAN	TD-TSE	\$167.33	2.7%	0.71	X	X		Hold	
National Bank of Canada	CAN	NA-TSE	\$203.11	2.6%	0.75	OTR	X		Hold	
iA Financial Corporation Inc.	CAN	IAG-TSE	\$202.98	2.2%	0.36	X			Hold	
Citigroup Inc.	USA	C-USA	\$129.48	2.1%	1.34	X	X		Hold	
Manulife Financial Corporation	CAN	MFC-TSE	\$60.64	3.2%	0.67	X	X		Hold/Buy	√
Sun Life Financial Inc.	CAN	SLF-TSE	\$110.92	3.5%	0.30		X		Hold/Buy	
Power Corporation of Canada	CAN	POW-TSE	\$90.03	3.0%	0.44	X		TSO	Hold/Buy	√
Health Care										
Johnson & Johnson	USA	JNJ-USA	\$264.74	2.0%	-0.16	X	X		Hold/Buy	
AbbVie, Inc.	USA	ABBV-USA	\$261.59	2.6%	-0.10	X	X		Hold/Buy	√
Chartwell Retirement Residences	CAN	CSH.UT-TSE	\$20.46	3.0%	0.25	X			Hold/Buy	
Industrials										
Canadian National Railway Company	CAN	CNR-TSE	\$169.40	2.2%	0.57	X	X		Hold/Buy	√
Information Technology										
Cisco Systems, Inc.	USA	CSCO-USA	\$107.63	1.6%	1.02	X			Hold/Buy	
Materials										
Labrador Iron Ore Royalty Corporation	CAN	LIF-TSE	\$23.85	5.2%	0.77	X			Hold	
Utilities										
Emera Incorporated	CAN	EMA-TSE	\$68.02	4.3%	-0.16	X			Hold	
Hydro One Limited	CAN	H-TSE	\$50.71	2.8%	-0.10	X			Hold	
Fortis Inc.	CAN	FTS-TSE	\$75.17	3.4%	-0.06	X			Hold	
Northland Power Inc.	CAN	NPI-TSE	\$22.58	3.5%	0.52	X	X		Hold/Buy	
NextEra Energy, Inc.	USA	NEE-USA	\$75.74	3.3%	0.20		X		Hold/Buy	√
Brookfield Infrastructure Corp. Class A	CAN	BIPC-TSE	\$50.69	5.0%	0.43	X	X		Hold/Buy	
Brookfield Renewable Holdings Corporatio	USA	BEPC-TSE	\$40.17	5.5%	0.66	X			Hold/Buy	
AVERAGE YIELD AND BETA				3.6%	0.32					

Legend:¹ This fictive reference portfolio represents the platform from which we build individual personalized portfolios that relates to clients' specific needs.² Refer to disclaimer at the end of the document.**OTR** = Currently **On The Radar**, but not included in the model portfolio performance.**TSO** = To be considered as a **Tax Selling Option**.

Should you have any question regarding the content of this newsletter, please do not hesitate to contact us.

Reference Portfolio¹

September 2026

Growth and Income Equities										
Stocks and sectors	Country	Symbol	Price	Yield	Beta	Income Oriented PTF.	Growth Oriented PTF.	Note	Recommendation ²	Update Letter 76
Communication Services										
Alphabet Inc. Class C	USA	GOOG-USA	\$340.74	0.26%	1.32	X	X	TSO	Hold	✓
Meta Platforms Inc Class A	USA	META-USA	\$725.18	0.29%	1.45		X		Hold	
Consumer Discretionary										
Amazon.com, Inc.	USA	AMZN-USA	\$249.15	0.00%	1.45	X	X		Hold/Buy	✓
Consumer Staples										
Alimentation Couche-Tard Inc.	CAN	ATD-TSE	\$77.49	1.11%	0.52	X	X		Hold/Buy	✓
Costco Wholesale Corporation	USA	COST-USA	\$910.34	0.65%	-0.10	OTR	X		Hold/Buy	
Dollarama Inc.	CAN	DOL-TSE	\$184.00	0.26%	0.48	X			Hold/Buy	✓
Metro Inc.	CAN	MRU-TSE	\$89.95	1.81%	0.04		X		Hold	
Walmart Inc.	USA	WMT-USA	\$103.92	0.95%	-0.04		X		Hold/Buy	
Energy										
Paramount Resources Ltd. Class A	CAN	POU-TSE	\$29.35	2.04%	-0.05	OTR			Hold/Buy	
Financials										
American Express Company	USA	AXP-USA	\$304.10	1.25%	0.97		OTR	TSO	Hold	
Bank of America Corp	USA	BAC-USA	\$54.43	2.35%	0.74	X	X		Hold	
Brookfield Corporation	CAN	BN-TSE	\$51.92	0.75%	1.24	X			Hold	✓
Intact Financial Corporation	CAN	IFC-TSE	\$245.84	2.39%	0.18	X	X		Hold	
Mastercard Incorporated Class A	USA	MA-USA	\$551.47	0.63%	0.29		X		Hold	✓
Health Care										
Abbott Laboratories	USA	ABT-USA	\$98.83	2.55%	0.03		X		Hold	
Apotex Health Corp.	CAN	APT-X-TSE	\$31.13	0.19%	0.59		OTR		Buy	
Eli Lilly and Company	USA	LLY-USA	\$1,157.08	0.60%	0.32	OTR	X		Hold/Buy	✓
Industrials										
Caterpillar Inc.	USA	CAT-USA	\$810.79	0.80%	1.71		X		Hold/Buy	
Canadian Pacific Kansas City Limited	CAN	CP-TSE	\$121.20	0.88%	0.65	X	X		Hold/Buy	
EMCOR Group, Inc.	USA	EME-US	\$754.49	0.21%	1.82		OTR		Hold/Buy	
MDA Space Ltd	CAN	MDA-CA	\$42.15	0.00%	1.65	OTR	OTR		Buy	✓
ABB Ltd. Shs Sponsored A.D.R.	SWISS	ABBNY-USA	\$95.12	1.25%	1.14		X		Hold/Buy	
RTX Corporation	USA	RTX-USA	\$185.65	1.57%	0.36	X	X		Hold/Buy	
Bombardier Inc. Class B	CAN	BBD.B-TSE	\$314.75	0.00%	1.69	OTR			Hold/Buy	✓
Stantec Inc	CAN	STN-TSE	\$95.94	1.02%	0.77	X	X	TSO	Hold	✓
Atkinsrealis Group Inc.	CAN	ATRL-TSE	\$86.62	0.09%	1.14	X			Hold/Buy	
WSP Global Inc	CAN	WSP-TSE	\$174.24	0.86%	0.89	X	X	TSO	Hold	
Information Technology										
Palantir Technologies Inc. Class A	USA	PLTR-USA	\$187.05	0.00%	1.97		X		Hold/Buy	
Apple Inc.	USA	AAPL-USA	\$333.02	0.32%	0.71	X	X	TSO	Hold/Buy	
Broadcom Inc.	USA	AVGO-USA	\$351.19	0.74%	2.15	OTR			Hold/Buy	
Advanced Micro Devices, Inc.	USA	AMD-USA	\$611.76	0.00%	3.23		X		Hold/Buy	✓
CGI Inc. Class A	CAN	GIB.A-TSE	\$96.75	0.70%	0.31	X		TSO	Hold/Sell	
Microsoft Corporation	USA	MSFT-USA	\$512.90	0.76%	0.99	X	X	TSO	Hold/Buy	✓
NVIDIA Corporation	USA	NVDA-USA	\$228.38	0.44%	1.89	OTR	X		Hold/Buy	
Palo Alto Networks, Inc.	USA	PANW-USA	\$397.31	0.00%	1.16	OTR	X		Hold/Buy	
Materials										
Agnico Eagle Mines Limited	CAN	AEM-TSE	\$260.60	0.93%	2.67	X		TSO	Hold/Buy	
Wesdome Gold Mines Ltd.	CAN	WDO-TSE	\$35.16	0.35%	2.71	OTR			Hold/Buy	
Alamos Gold Inc.	CAN	AGI-TSE	\$46.07	0.48%	2.91	X			Hold/Buy	✓
Newmont Corporation	USA	NEM-USA	\$115.34	0.90%	1.66	X		TSO	Hold	
Cameco Corporation	CAN	CCO-TSE	\$123.38	0.19%	2.38	OTR	X	TSO	Hold/Buy	
Teck Resources Limited Class B	CAN	TECK.B-TSE	\$93.70	0.53%	2.18	OTR	X	TSO	Hold/Buy	
AVERAGE YIELD AND BETA				0.76%	1.17					

Legend:

¹ This fictive reference portfolio represents the platform from which we build individual personalized portfolios that relates to clients' specific needs.

² Refer to disclaimer at the end of the document.

OTR = Currently **On The Radar**, but not included in the model portfolio performance.

TSO = To be considered as a **Tax Selling Option**.

Should you have any question regarding the content of this newsletter, please do not hesitate to contact us.

Reference Portfolio stock selected updates



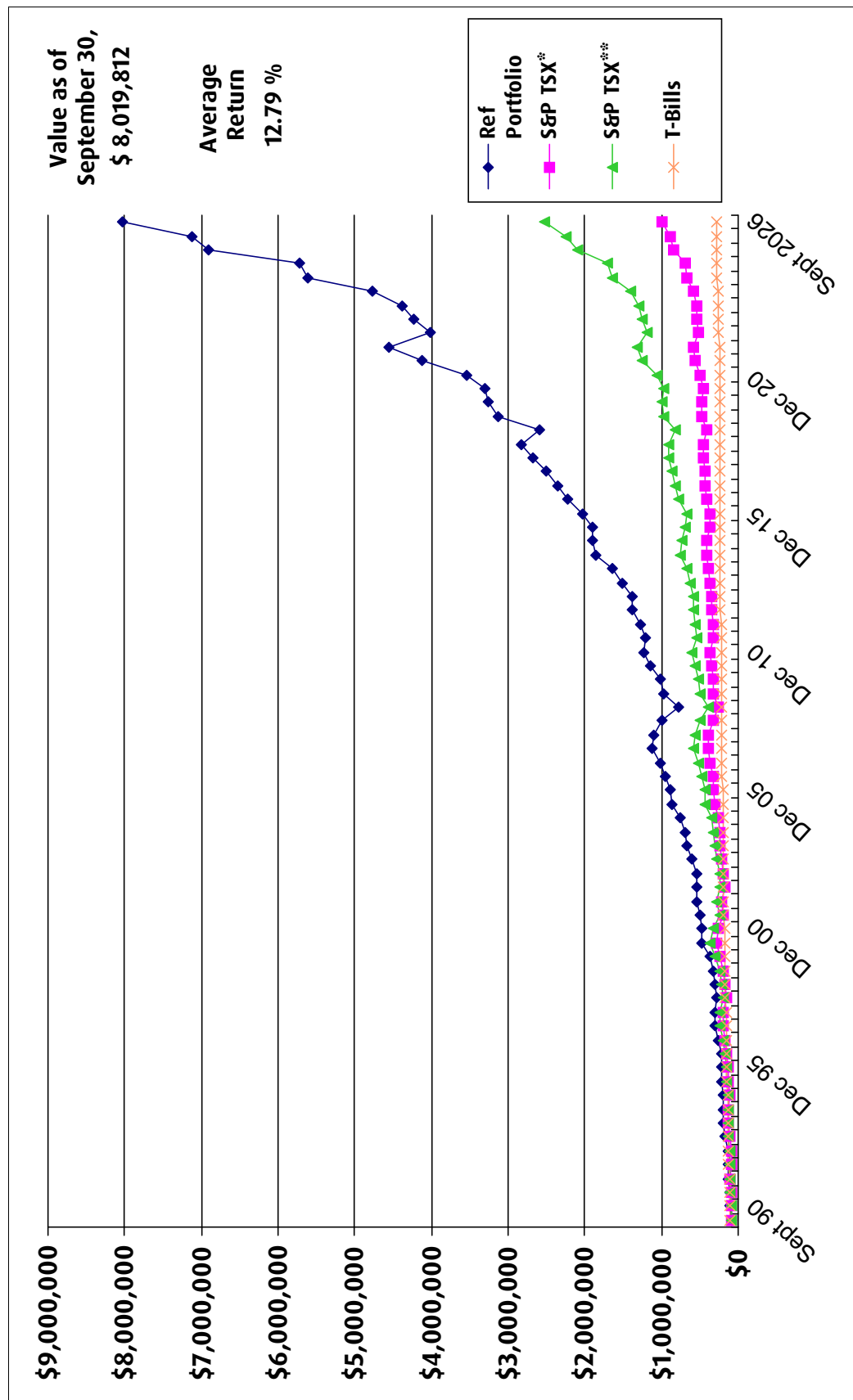
Stocks Update

Bombardier
 AbbVie
 Eli Lilly
 Manulife Financial
 Power Corp.
 Amazon.com, Inc.
 Keyera
 TC Energy
 Alamos Gold
 Stantec
 Suncor Energy

Alphabet, Inc.
 Mastercard
 Alimentation Couche-Tard
 Dollarama
 Advanced Micro Devices
 Microsoft
 Brookfield Infrastructure
 MDA Space
 CN Railway
 NextEra Energy

*** The updated research of these selected stocks is available online through our electronic version of this Newsletter. If you wish to have a paper copy, please contact us to get it by regular mail.

Reference Portfolio Return



\$100,000 invested on June 1st 1990

*Does not include income or div

**Includes income and div

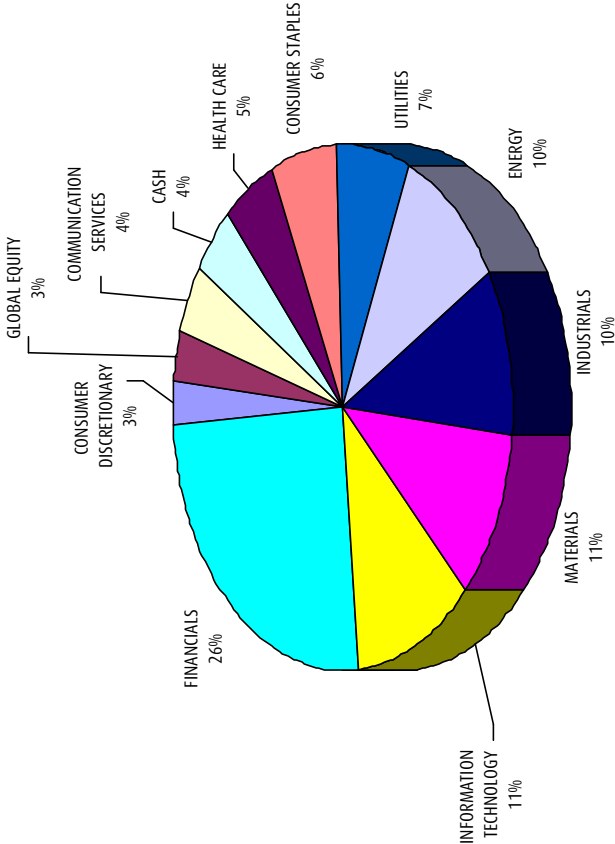
The returns are compounded monthly and revenues are reinvested.



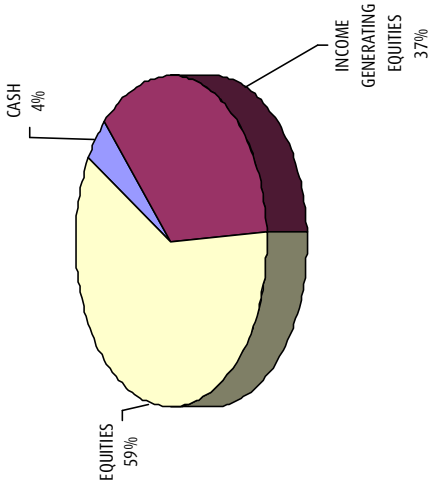
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REFERENCE PORTFOLIO HOLDINGS AND ASSET MIX

September 2026



By Sub-Index %



By Category %



Private Wealth



BMO Nesbitt Burns

Performance - T-Bills vs S&P TSX vs Reference Portfolio				
Year	T-Bills (return)	S&P TSX ¹	S&P TSX ²	Portfolio(return)
1991	9.35%	7.85%	12.02%	22.14%
1992	6.67%	-4.61%	-1.43%	10.50%
1993	4.68%	28.98%	32.55%	34.91%
1994	5.19%	-2.50%	-0.18%	6.09%
1995	6.42%	11.86%	14.53%	8.09%
1996	3.93%	25.74%	28.35%	16.21%
1997	2.85%	13.03%	14.98%	21.05%
1998	4.56%	-3.19%	-1.58%	1.87%
1999	4.67%	29.72%	31.71%	19.96%
2000	5.23%	6.18%	7.41%	30.40%
2001	3.73%	-13.94%	-12.57%	9.54%
2002	1.75%	-13.97%	-12.44%	3.61%
2003	2.22%	24.29%	26.72%	22.23%
2004	1.84%	12.48%	14.48%	13.87%
2005	2.53%	21.91%	24.13%	15.73%
2006	3.52%	14.51%	17.26%	14.30%
2007	3.59%	7.16%	9.83%	8.06%
2008	1.50%	-35.03%	-33.00%	-28.08%
2009	0.29%	30.69%	35.05%	29.47%
2010	0.60%	14.45%	17.61%	21.03%
2011	0.92%	-11.07%	-8.71%	4.18%
2012	0.97%	4.00%	7.19%	7.38%
2013	0.97%	9.55%	12.99%	18.22%
2014	0.92%	7.42%	10.55%	16.44%
2015	0.50%	-11.09%	-8.32%	6.35%
2016	0.50%	17.51%	21.08%	16.75%
2017	0.71%	6.03%	9.10%	13.26%
2018	1.40%	-11.64%	-8.89%	-3.26%
2019	1.67%	19.13%	22.88%	26.19%
2020	0.39%	2.17%	5.60%	8.38%
2021	0.13%	21.74%	25.09%	28.72%
2022	2.35%	-8.66%	-5.84%	-6.94%
2023	4.88%	8.12%	11.75%	12.64%
2024	4.42%	17.99%	21.65%	20.25%
2025	2.60%	28.25%	32.23%	24.16%
*2026	1.72%	11.11%	12.49%	12.75%
Return Compounded as of December 31st. 2025				
3 years	3.96%	17.83%	21.59%	18.92%
5 years	2.86%	12.71%	16.19%	15.04%
10 years	1.89%	9.32%	12.70%	13.42%
Average return since inception				12.79%
* (YTD): Year To Date (September 30, 2026) \$100,000 invested on June 1st 1990 1: Does not include income or dividend 2: Includes income and dividend The returns are compounded monthly and revenues are reinvested.				

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Source

Each  icon in the text links to the source below.

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5. **Alphabet and Meta Platforms** — Fourth quarter and full year 2024 results (February 4, 2025 and January 29, 2025) and second quarter 2026 results (July 22, 2026 and July 29, 2026). Free cash flow, capital expenditures, share repurchases, dividends and debt issuance. Additional reporting: Reuters, July 29, 2026; TIKR, September 18, 2026.
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9. **Margin Debt Manual** — Updated for the August 2026 FINRA release. Third-party calculations comparing margin debt with GDP and market capitalization. <https://www.thetrading.tools/manuals/margin-debt>
10. **World Gold Council** — Gold Demand Trends Q2 2026 – Central Banks, July 30, 2026, and Central bank gold statistics, June 2026. Central bank purchases and reserve-manager survey. <https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-q2-2026/central-banks>
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13. **MDL Group** — Newsletter #75 – Surfing through the Storm, April 2026. Portfolio philosophy and editorial continuity. <https://bmo.sharepoint.com/teams/MDLetAssocis/Shared%20Documents/General/Newsletter/Final%20Version/anglais%20et%20franais/Newsletter%20%2375%20-%20Surfing%20through%20the%20Storm.pdf>

Last research update: September 28, 2026.

- Bloomberg
- BMO Capital Markets Equity Research Reports
- BMO Capital Markets North American outlook
- BMO Financial Group Economic Outlook
- BMO Nesbit Burns Part Team, portfolio advisory team
- BMO Wealth Technical Analysis
- CNBC
- FactSet
- Federal Reserve Board
- Globe and Mail
- JP Morgan
- MacroTrends
- The High-Tech Strategist

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