



June 2026 Team Newsletter



Navigating Uncertainty: Fundamentals and Diversification

From the Desk of Patricia Arsenault, CIM®
• Financial Advisor Associate, Manulife Wealth Inc.

Fundamentals Still Drive Markets

Earnings and corporate fundamentals remain the main drivers of market performance. First-quarter corporate earnings have delivered a massive positive surprise. At the start of the year, consensus estimates expected decent but modest growth. Instead, S&P 500 earnings grew by 28% year-over-year, while aggregate corporate net profit margins reached a historically strong 14.8%.

This growth, however, remains concentrated. The Technology and Communication Services sectors have surged, heavily supported by an estimated \$670 billion in global AI capital expenditures from hyper-scalers and tech giants. Conversely, traditional cyclical sectors, such as Consumer Discretionary, have lagged due to prolonged interest rate pressures. When macro conditions get shaky, investors focus on what matters most—businesses with consistent earnings, resilient balance sheets, and a clear path to structural profitability.

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Why Diversification Matters

Diversification remains one of the most reliable strategies to manage risk during volatile market regimes. When macro uncertainty rises, portfolios heavily concentrated in a single sector or market-cap bracket can experience outsized draw-downs if those specific leadership themes hit a roadblock. Spreading investments across diverse stocks, fixed-income instruments, and alternative assets helps cushion against isolated shocks.

In 2026, this dynamic played out clearly: while a brief slump in mega-cap tech allowed the equal-weighted S&P 500 to temporarily take the lead, a fierce comeback by big tech ultimately pushed the market-cap weighted index to its

7,520 milestone. Even with tech reclaiming its lead, this periods of volatility reflect a meaningful market rotation, as investors have actively reallocated capital away from pure mega-cap tech concentration toward broader, more resilient market exposure. Meanwhile, fixed-income markets are offering compelling and highly competitive alternatives; the 10-year Government of Canada bond yield is hovering near 3.6%, providing a steady, predictable income stream and serving as a reliable counterweight to equity volatility.

A well-diversified portfolio balances exposure across these varied sectors and asset classes, minimizing the impact of sector-specific shocks on long-term wealth plans.



KEY REFERENCES & DATA SOURCES

Global Capital Expenditures & Market Re-weighting: S&P Dow Jones Indices & International Data Corporation (IDC) Tech Trackers (May 2026 reports highlighting the \$670B AI capex and the 500 bps outperformance of the S&P 500 Equal-Weighted Index over the Cap-Weighted Index).

Fixed Income Yields: Bank of Canada, Financial Markets Department Daily Yield Statistics (10-Year Government of Canada benchmark trading around 3.55%–3.60%).

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The Canada Strong Fund: Nation-Building or Borrowed Ambition?

From the Desk of Dennis Tsai, CIM®, CFP®

• Financial Advisor Associate, Manulife Wealth Inc.

For most Canadians, the term “sovereign wealth fund” brings to mind oil-rich Gulf states quietly stockpiling trillions overseas. In practice, it’s a simpler idea: a government-owned investment fund which is typically seeded by resource revenues or trade surpluses that invests on behalf of its citizens for the long term. Less a war chest, more a national savings plan run by professionals.

The concept has a strong track record. Norway’s Government Pension Fund Global reported a 15.1% return in 2025, with assets reaching approximately \$2.2 trillion USD. The fund posted one of the largest annual gains in its history, driven by strong performances in global technology, banking, and mining stocks. Singapore, Kuwait, and Abu Dhabi have run similar vehicles for decades. Canada, until now, had nothing comparable at the federal level.

[CBC NewsGlobal News](#)

Introducing the Canada Strong Fund

On April 27, 2026, Prime Minister Carney announced the Canada Strong Fund (CSF) — Canada’s first national sovereign wealth fund. Seeded with \$25 billion from the federal government over three years, it will operate as an arms-length Crown corporation with an independent CEO and board, targeting investments in energy, infrastructure, critical minerals, and agriculture. One feature that sets it apart from virtually every other sovereign wealth fund globally: ordinary Canadians will be able to invest in it directly through a retail product. Carney has compared it to a government bond which is principal protected, with returns tied to the fund’s underlying projects. The finer details are still being worked out. [Canada.ca](#) [CBC News](#)

What Canadian Analysts Are Saying

The announcement has been met with genuine skepticism in some corners. Norway’s fund and Alaska’s Permanent Fund which has returned over \$37 billion to residents since 1976 were both built on surpluses. The CSF will have no

CANADA STRONG FUND

Canada’s first national sovereign wealth fund

such foundation. With Ottawa currently running a \$66.9 billion deficit, critics argue that funding an investment vehicle through borrowed money means the net wealth effect is effectively zero. More than a few analysts have taken to calling it a “sovereign leverage fund” — a label that stings a little, because it’s not entirely unfair. [The HubThe Hub](#)

There are also broader questions about whether the fund fills a real gap. Canadian pension funds collectively hold over \$2.6 trillion in assets, and chartered banks carry roughly \$1 trillion in lending capacity above regulatory minimums. If commercially viable nation-building projects exist, why aren’t they already being funded? The government hasn’t offered a clear answer. Unlike traditional sovereign wealth funds — which tend to invest in diversified, global, established assets — the CSF will focus exclusively on new domestic projects, where returns are less predictable and political pressure harder to keep out. [ITIFThe Hub](#)

The CSF is a genuinely novel idea, and Canada is not wrong to be thinking about long-term wealth creation. Whether this particular structure delivers on that promise will come down to governance, investment discipline, and the government’s ability to keep politics out of the boardroom. Those things are easy to promise at an announcement. They’re harder to maintain over decades.

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How to Protect Your Assets from Fraud and Scams

From the Desk of Monika Kucinskaite, CFP®

• Financial Advisor Associate, Manulife Wealth Inc.

Traditional warning signs of spelling and grammar mistakes in phishing emails, fake CRA calls demanding e-transfer or prepaid credit cards are increasingly being replaced by scams that are targeted, more realistic, and difficult to detect.

Criminals are now using artificial intelligence to generate convincing emails, clone voices, and spoof phone numbers that appear to come directly from your bank. In many cases, fraudsters already have access to personal information including your address, the last four digits of your credit card, and even approximate balances on your home equity line of credit.

One case involved Winnipeg retiree Linda Klassen, who discovered her credit union accounts had been emptied through fraudulent transactions after hackers gained access to the home computer she used for online banking. An Ontario couple lost more than \$90,000 after fraudsters used spoofed bank phone numbers. A woman from Timmins lost \$10,000 after scammers posing as bank's fraud department convinced her to increase her e-transfer limits and send money to what she believed was a secure account.

When a financial advisor monitors your investment accounts, one of the added layers of protection is that funds must first move into a linked bank account, creating an additional step where suspicious activity can be identified. As part of our process, any emailed requests for funds are never acted on without first speaking with you directly.

Slowing down remains one of the most effective forms of protection when something feels urgent. If an email appears legitimate, avoid clicking links until you verify the sender by other means. If someone calls claiming to be from your bank, never provide information over the phone. Instead, hang up and contact your bank directly using a verified phone number or by visiting your local branch in person.

Regularly monitoring your credit through Equifax Canada and TransUnion Canada can help detect identity theft early and prevent further damage. While travelling, using an RFID-blocking wallet may help reduce the risk of credit card tap-skimming. It is also important to shop only on trusted websites with secure "https" connections and to routinely review your bank and credit card statements for any unusual activity.

Simple day-to-day banking habits can also provide meaningful protection against fraud. Using credit cards instead of debit cards often offers stronger fraud protection, while enabling real-time transaction alerts on your phone can help identify suspicious activity immediately. Two-factor authentication adds an additional layer of security to banking and financial accounts, and keeping only limited cash balances in everyday accounts can help minimize potential losses if fraud occurs.

It is also important to contact our team as soon as possible if there is any concern about identity theft or suspicious activity. Early notification allows us to take immediate steps to help protect your assets.

SOURCES

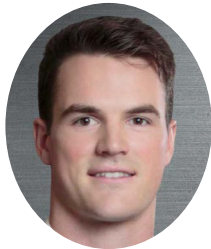
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Summer Travel and the Loonie

From the Desk of Sam La Roue

• Marketing Assistant, Manulife Wealth Inc.

Summer is peak travel season for Canadians, and currency moves don't make headlines the way stock markets do – but they hit travellers directly. Whether you're heading to Europe, the Caribbean, the U.K., or to the States for a road trip, the exchange rate you get can change the cost of the same trip by hundreds or even thousands of dollars.

As of May 2026, USD/CAD is trading near 1.37 - 1.38, and the Canadian dollar may stay close to that level in the near term, subject to market conditions. That's a meaningful recovery from the multi-decade high of 1.47 hit in February 2025, but the loonie is still well below where Canadian travellers got used to it being a decade ago. The Euro and the British pound have also stayed strong against the loonie this year, which means trips to Paris, Rome, or London cost noticeably more than they did pre-pandemic.

For perspective: at 1.37, every \$1,000 USD you spend costs \$1,370 Canadian – before bank fees and conversion costs. Those numbers add up across a two-week trip. The forces moving the loonie are mostly out of any individual's control – interest rate differences between Canada and other countries, oil prices, and trade-policy uncertainty all play a role. Currency forecasts are generally unreliable, and you shouldn't plan around them. What you can do is plan around the reality that currency matters. A few practical points:

Ladder your conversions. If you know you'll need foreign currency over the next several months – for a summer trip, a fall vacation, or recurring expenses abroad – you don't have to convert it all at once. Breaking the conversion into



chunks smooths out the average rate you get. You won't catch the bottom, but you won't get caught at the top either.

Hold some assets in U.S. dollars. For people who travel frequently or spend winters down south, owning U.S. dollar investments creates a natural hedge. When the loonie weakens, the Canadian-dollar value of those holdings rises, partially offsetting the higher cost of your lifestyle abroad. This isn't about speculating on currency – it's about matching some of your assets to your future spending.

Know what you're paying to convert. Conversion costs vary widely depending on where and how you exchange – credit cards, ATMs abroad, bank counters, and dedicated currency providers can all give you very different rates for the same transaction. It's worth asking what you're being charged before moving a large amount.

Currency isn't something to predict, but it is something to plan around. Whether it's a summer abroad, a winter down south, or a property and family ties across the border, if your lifestyle has a foreign-currency component, your portfolio probably should too.

SOURCES

MTFX Group (USD/CAD May 2026): <https://www.mtfxgroup.com/fx-monthly/>

CanAm Currency (February 2025 USD/CAD high of 1.47): <https://canamcurrencyexchange.com/usd-to-cad-forecast-2026-whats-next-for-the-canadian-dollar/>



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