



EP133 - 2026 Mid-Year Investment Review

Keith: Welcome to the Empowered Investor Podcast brought to you by the advisory team at Tulett, Matthews and Associates. Have you ever felt overwhelmed by the number of voices telling you how to plan or invest for your future? We're here to help you cut through the noise, bringing clarity to your investment decisions and helping you build lasting financial peace of mind. Learn more and subscribe today at tma-invest.com. Welcome to the Empowered Investor. My name is Keith Matthews and today I'm joined by my co host, Lawrence Greenberg. Lawrence, how are you today?

Lawrence: Doing great. It's the middle of summer, the city's alive and we're ready to have a great episode on the year in review so far.

Keith: Well, year in review we're going to do a six month review. It's filled with lots of different things to discuss. But in today's show we're going to cover the major themes for the first six months of the year. We'll talk about the volatility and the recovery in stocks. We'll talk about major asset class investment returns and portfolio returns. We'll jump into things like how are the Mag 7 doing? What is AI doing and what did gold do? And the last thing we're going to discuss is markets are at an all time high right now. As you know, Lawrence. You know, a lot of clients and a lot of investors sort of ask questions like should I continue to invest at these levels? We're going to address that as well.

Lawrence: It's a great question.

Keith: So there's so much going on. Let's jump right into it with sort of major stories and major themes of the last six months.

Lawrence: Well, it's been a very eventful 2026 so far. So there's been a lot of events geopolitically, you know, in terms of conflicts and economic news. So there's a conflict in Iran that's right in the spring with Israel and Gaza and with the US getting involved. There's oil surging and supply shortage in oil. There are ceasefire news, there's AI capital investment and extraordinary returns in some parts of the marketplace. So there's all this noise and kind of chatter that ended up distracting a lot of investors.

Keith: Well, it's almost like we were talking about this offline before. It's almost like we've been through six years now since COVID. Six years of geopolitical tension, risk issues, war. And what is amazing is that the stock market has continued to rise.

Lawrence: Yeah, very resilient. Forward looking.

Keith: Well, forward looking. And not just continue to rise here and there, continue to rise across the board.

Lawrence: Yes.

Keith: So let's talk a little bit about the volatility. What exactly has happened in the last six months?



Lawrence: Yeah. So especially coming into the spring, there was global conflict in Iran and that spiked a lot of headlines every day. It was something. And markets reacted quite negatively. So peak to trough, the S&P 500, for example, would have been down about 10% somewhere in March.

Keith: And we covered that in the show. We did the show actually with Jackson on that. We covered what to do when markets are down and we talked about, you know, stay the course. Yeah, if you have more cash, actually invest it and use it as a buying opportunity.

Lawrence: And that would have served investors extremely well. Extremely well. Because from that point onward, while the news wasn't always extremely positive on the news front, you know the headlines, but the underlying fundamentals of the stock markets were extremely strong. And stocks continued to surge for the following three, four, five months. And then we look by the end of June, current date, and stocks have had an exceptional year so far.

Keith: So when you say fundamentally positive, what do you mean by that?

Lawrence: It's a great question. So fundamentals being what drives stock market performance? It's profits, it's growth, it's the revenues. And what we saw in the first six months of 2026 is that corporate earnings were up 28% year over year. So corporate earnings are extremely strong, which is the best gauge on what stock performance should look like.

Keith: And so while most investors read the headlines, see the headlines and it's messy and there's conflict and there's issues and there's forecasters talking about, you know, how things are overpriced and things should be corrected. Actually the opposite was occurring. The stock market was evaluating itself based on how much money companies are making. And they're making more than ever before, which is what matters.

Lawrence: Right. So that is what I heard in a lot of client meetings and conversations with investors: the world has gone very messy. There's a lot of noise, chaos, and things feel uncertain. At the end of the day, what drives stock market performance long term is corporate profits. And profits are at an all time high. And firms in general that you're investing and you're a part owner in are doing well. So your stock portfolio is doing well.

Keith: There was always a saying that stocks are sometimes or often climbing the wall of worry. So when there's a lot of worry out, the stock markets climb higher. And what I noticed about the recovery with the Iran US conflict is that by the time the peace deals were sort of coming out the market had already rallied in advance of those deals by up to 10% a month before.

Lawrence: Yeah.

Keith: So that's a great example of climbing the wall of worry.

Lawrence: Yeah. So if you wait for the news to come out, you're already too late.



Keith: Yeah.

Lawrence: You need to be invested 100%.

Keith: So let's actually go over the returns. Let's go over asset class, the last six months of asset class returns. And for our listeners, what we're going to do here is sort of review returns over six months, asset class returns and portfolio returns and then we're going to sort of take a lens and zoom out. How are things done in the last one year, last three years, last five years, last 10 years?

Lawrence: Yeah.

Keith: And it's amazing to zoom out and just see how powerful these returns have been.

Lawrence: It's a good perspective for sure. So in terms of the six month performance for 2026, so far the action has been on the equity side. So bonds and cash have ranged between 1 and 2% in change. Corporate bonds have done a little bit better, but yields have come down a little bit. Canadian stocks were up 11.2%. US stocks were up 13.9%. International development increased 13%. Emerging markets were up 28%, the strongest performer of the year so far. And global real estate has recovered nicely, up 15.3%.

Keith: So what's interesting about these returns is, you know, 2025 was the year of Canadian stocks and international stocks and not US stocks. And so far in the first six months the US has done a bit better than internationally. And Canadian's emerging market is the number one.

Lawrence: Yeah, I mean, up 28% in six months. And if you look at a year, it's closer to 50%. For the last 12 months it's been a really strong performer where it's been a part of the portfolio historically that hasn't done quite as well as the U.S. for example.

Keith: Okay, so how have the allocations in our portfolios done?

Lawrence: So I'll pick a couple asset allocations here. So a 60/40 portfolio would have been just shy of 10%. And 100% equities would have been about 15.7%, almost 16% in six months. Now this is annualized.

Keith: Yeah. And our portfolios have done a little bit better than the market in the last six months, primarily because of the tilts to value in small and small company stocks have done extremely well around the world.

Lawrence: Exactly. So there's been the diversification aspect, but also tilts towards value in small, which is another layer of diversifying types of styles. So a broad benchmark, a third, a third, a third. Broad indices for the year so far would have been up about 12.7% and our portfolio is up about 15.7%. So about 3% of outperformance. And that's nice to see that these styles are in favor right now.



Keith: Yeah. And they've been in favor for the past many years now. In fact, what we'll do, Lawrence, in about a month from now, we'll put together an episode just on investment philosophy, how this philosophy compares to other philosophies out there, how well it's done. It's done remarkably well.

Lawrence: Yeah.

Keith: Super proud of the clients who have been committed to it and super proud of just our firm and our commitment to the approach.

Lawrence: Yeah, absolutely.

Keith: So let's start zooming out now. So let's stay with the all equity portfolio. So before we agreed to pick on a few dates which we think are kind of interesting dates to reflect upon, we're going to go back to Covid. Yeah, we're going to go back to when Russia invaded Ukraine.

Lawrence: 2022.

Keith: Yeah. And so Covid is 2020, beginning of 2020. Ukraine, Russia is beginning in 2022. In the meantime, there was the Israeli Gaza war. There was also the United States Iran war. We will also reflect on liberation. Yeah. The tariff. So honestly, if we would have asked any investor, if we go back in time six years. Yeah.

Lawrence: Jan 2020.

Keith: And if we were to say to an investor, look, this is guaranteed, what's going to happen in the next six years?

Lawrence: Just the headlines. All these things will happen in the world.

Keith: We're going to give you these six headlines. Do you want to be an investor in stocks? And if we were to ask 100 people that question, I would go even farther.

Lawrence: I would say experts, if you ask professionals the same thing, you'd probably get a pretty pessimistic answer for sure. Yeah.

Keith: And we're going to review what the actual live numbers were because they're astonishing.

Lawrence: Yeah.

Keith: So Lawrence, let's start from the earliest date we discussed, 2020.

Lawrence: So from Jan. 2020, right before COVID, up until today's date, global stocks, a well diversified index portfolio was up about 137%. So really, really, really strong numbers. And that's close to maybe 14 or 15% annualized for five and a half or six years.



Keith: Wow.

Lawrence: That's an exceptional rate of return over a six year period. That didn't feel good for a lot of time.

Keith: Yeah. Wow. Okay, so and the next one can I remember when the Russia, Ukraine, war started and everybody was talking about, well, this is the first time we've had a military power with nuclear weapons.

Lawrence: Yeah. Who's in an active.

Keith: Who's conflict? Military conflict. How have stocks done since that date?

Lawrence: Since then? It's worth noting in 2022 also there was high inflation, high interest rates, there was a panic about recession. So from Jan. 2022 to today's date, stocks were up about 81% over that time. Wow. Really spectacular returns.

Keith: That's not annualized. Yes, that's a cumulative return.

Lawrence: Correct.

Keith: Okay, let's just stop for a second. That's probably at the same time that the Canadian real estate market was at an all time high.

Lawrence: Yeah. Post Covid.

Keith: Post Covid. 2022 homes in Canada were listing and selling at all-time highs.

Lawrence: Yeah.

Keith: They are now all down or flat. It's been flat. Condos, definitely.

Lawrence: Condos are down.

Keith: If you're an investor and if you've been investing in condos, you are definitely feeling the pain. What is interesting is that during that same period now you were mentioning, stocks are up 81%, 100%.

Lawrence: It's worth noting and that's why it's important to be well diversified. So a lot of Canadians have a lot of their net worths in their home, which has done well long term, but not quite as well as well diversified stocks.

Keith: Fair enough. Let's move to the beginning of the trade war. So let's open that up by calling it January. I know Liberation Day was kind of in February. Ish. But let's go January till today, which is 18 months.



Lawrence: It's 18 months. Stocks are up 41%. 41% in 18 months. These are really, really spectacular returns.

Keith: Yeah, they're unbelievable. I think a lot of Canadians actually aren't cognizant of how strong these returns are. No, I don't want to use a word. People are taking it for granted. But these remarkable returns.

Lawrence: Yeah.

Keith: And when I think of, you know, the last period I remember having such strong returns would have been in the 80s or 90s. I was an investment advisor beginning in the mid-90s. But I don't think a lot of our clients who are around today and the people listening to the show would have been investors during the 80s and 90s. So I actually think that right now for the vast majority of Canadians, this is the best 10 year period they have ever seen in their life investing in stocks.

Lawrence: Yeah. And I mean this has really been way above average. So when I look at the returns over a 10 year period. So from 2016 into 2026, a well diversified stock index portfolio is up 12.86% per year, which is the equivalent of 335% return over a decade. You've tripled. You've more than tripled your money over a decade.

Keith: Fair enough.

Lawrence: This is an exceptional bull market, way above long term stock market averages.

Keith: Yeah, yeah, for sure. For sure. And what are the 20 year numbers? Speak to that, Lawrence.

Lawrence: So 20 years looks more like 9.35% per year. So almost 10% per year. Which means on average, you double your money every seven years and change.

Keith: Yeah. And so that went up. If you held stocks, a dollar of stocks, what did that grow to?

Lawrence: \$6.62.

Keith: So you multiplied by six times or six and a half times your wealth.

Lawrence: Yeah. And that's staying the course. That's being in well diversified stock and leaving it alone, not doing too much, which served investors really well long term.

Keith: Yeah, that's really. To get those returns. I've used this analogy before. For a golfer, it's like whoever can shoot sort of scratch golf or par golf, you got to not only have good shots, but you got to make sure you stay out of trouble.

Lawrence: Yeah.



Keith: And investing is also the same, so you have to stay out of trouble. So you can't chase, you know, hot fads. You can't buy into, you know, these concepts and some of the big concepts that people have been marketed on, things like hedge funds, things like private equity, things like private credit, things like private real estate, things like syndicated real estate, have all produced, you know, moderately strong returns a decade ago.

Lawrence: Yeah.

Keith: But their returns have been really poor in the last three to four years. And so a lot of firms that have included those strategies in client portfolios have really produced subpar returns relative to these returns that we're talking about.

Lawrence: Absolutely.

Keith: Lawrence, that's a great job zooming out and looking at a broader period. Let's zoom back in and see what's going on right now. A couple of themes that you want to talk about. I know one is rotation and one is geopolitical. Where stocks are doing the best.

Lawrence: Exactly. So what's important to know with stocks is you kind of look at the top line. Numbers don't always tell the whole story. There's a lot going on under the surface, like an iceberg on what's working and what's not. And a very common theme over the last, you know, frankly, decade, decade and a half has been Mag 7 or tech stocks in general. Right. That's been the hot kind of sector in the US and the Mag 7 is the most popular kind of combo of stocks. So that's Apple and Google and Amazon and Facebook and Tesla and Netflix, I think it is. So the Mag 7 have had a weaker start to the year. So over a six month period they've underperformed the broad market and the S&P 493. So you strip out those seven tech stocks, what's left is the S&P 493, which has accounted for 96% of the returns, where the MAG 7 have only provided 4% of the overall returns of the index. So they've been laggards.

Keith: Well, there's so many great reports out there that show that once you're in that top five or six stocks, you can't always stay there for the rest of your life. And these ones have really been on a tear for longer than what most people would have thought. But at some point their returns just simply cannot continue to skyrocket perpetually. They just don't work that way.

Lawrence: Yeah, and the market is pricing in a rotation where it's, you're benefiting, where investors are benefiting from, let's call it the unsexier sectors. You know, it's utilities, it's the materials, it's energy. It could be anything. But it's not as flashy as technology. And having more small cap stocks in your portfolio has done better than large caps.

Keith: Okay, so Lawrence, you alluded a second ago to small cap stocks. How have US small cap stocks done relative to S&P 500 in the last six months?

Lawrence: So when looking at the US especially, small cap stocks are up 21.4% and large cap stocks are up a tad under 10. So we're talking about an 11% gap over a six month period.



Keith: That's a huge swing, 100%. And we usually do see these sorts of large swings in small versus large.

Lawrence: But.

Keith: But it also explains why the S&P 493 is doing better than MAG 7. So this is another great story of rotation going on right underneath that last six month period. So we've got emerging market stocks pushing forward, you've got small company stocks pushing forward. In some areas you've got value stocks pushing forward. It's really different than what the world looked like even four years ago or

Lawrence: even a year and a half ago for that matter.

Keith: Okay, so Lawrence, another story that you want to speak about was gold.

Lawrence: Yeah, a very hot topic. Maybe six months ago, 12 months ago. But that narrative has kind of cooled off as gold has not continued its surge from last year.

Keith: So I remember we did a podcast on gold maybe three months ago at the all time high, and we said be very careful, do not invest. And actually our message was in a generally diversified portfolio, you have plenty of gold, whether you're using broad indices or the strategies that we use via dimensional fund advisors.

Lawrence: Exactly. So if you own Canadian stocks as a whole, you have a natural exposure to precious metals and materials. And Canadian stocks did well last year because gold did well as well. So there is some correlation there. And the common narrative is gold as an investment, as a part of your portfolio is to shelter you during times of high volatility or high worry and to hedge against inflation and things like that. And what I think 2026 shows us, and sometimes yes, but also sometimes no. And once the Iran war was first announced in March, gold was down about 20% from that point. And it didn't protect or maintain value during a period of high volatility, which the common vernacular is that tends to happen.

Keith: Well, not only that, what's amazing about that is you had the price of oil shooting up. You have the Strait of Hormuz, which is, you know, controlling 20% of the oil being closed down and people worrying about inflation. All these things you would think the gold bugs would be like, oh, this is a perfect time to buy gold.

Lawrence: Gold totally.

Keith: Because the fear of inflation and what does it do? It's amazing. It dropped 20%.

Lawrence: Yeah. And stocks in the meantime were up double digits.

Keith: Well, stocks kind of went down for that first little bit and then they started to climb the wall of worry. And then it was, I think somewhere in May that it completely reversed and stocks overtook gold easily.



Lawrence: Yes, exactly.

Keith: Yeah. You would just, you would never have predicted that.

Lawrence: And this time last year we were fielding so many questions from investors and just in conversations because gold was high. And people are asking more and more questions, should I invest in gold? And there's no perfect answer. There's no one size fits all. But generally speaking, gold doesn't give you the upside and the growth opportunity that stocks do where it's tethered to things like profits and it doesn't shelter you quite like bonds.

Keith: Yeah. In that show that we did, we talked about stocks being a productive asset. And you want to be, we as a firm want to be making sure that our clients investments are in productive assets, not in assets that require a buyer to, without any rational thought, just sort of pegging a number, which is why we don't invest in Bitcoin as well.

Lawrence: Exactly. It's speculative.

Keith: Okay. Lawrence, one of the last themes we want to talk about right now is investing at all time high. So the all time high being we are in a period right now where many major markets are at all time highs. And sometimes people say, well, I don't want to invest in anything at an all time high. Let me just wait. What's the problem with that thinking?

Lawrence: It's a really interesting one because in every bull market you kind of get these questions right. And what you expect from an asset that grows over time is that if you look at a chart, it goes up and to the right. And naturally you will hit all time highs fairly frequently, more frequently than people may think. So about 30% of all months in the stock market are all time highs. So you expect them. It's not anything particularly novel. And what a lot of people, you know, individuals or investors may ask is, should I be investing in an all time high? Should I be adding money or waiting? Should I be maybe taking risk off the table, maybe even selling stocks? And the short answer is no. No. The expected return from the point of the peak is not materially different than any other time in the stock market. So you should see investing a dollar at a peak as virtually the same as any other month.

Keith: So be more specific. What do you mean by that?

Lawrence: So where I'm going is there was a nice study done over 1000 months of stock market performance. And it looked at the returns after a peak a year later, three years later, five years later. And to start off with one year investing from a peak, the average return of stocks was 13.7% for a year, and the average after any month was 12.4. So actually returns were better a year out on average after an all time high. So the returns were not necessarily worse, as people assume when you're at an all time high. That's the ceiling stocks have to go down from here. So on average, a year later, stock market performance after a peak is actually better. Very surprising. And I look over three and five year periods, it's almost identical over a three year period and over a five year period, you expect on average 10% for



a year. And I'm looking at this chart here, 10.6 versus 10.7, virtually indistinguishable. So what that shows investors is that investing at an all time high or markets are high, you should expect virtually the same outcome as any other time.

Keith: Wow, that's a great study, Lawrence. Yeah, it speaks to this issue of at any point in time, stocks will be priced to have a higher expected return than any fixed income. Otherwise, people simply wouldn't buy. They wouldn't participate. So at any point in time, we, as investors on behalf of our clients, are always expecting to have positive returns every single day. We invest.

Lawrence: Absolutely.

Keith: It's a great way of thinking about what you do when the markets are at all time highs. Yes.

Lawrence: You stay invested. And if you have money, you should put it to work because you expect over the long term stocks to have a positive return. As simple as that.

Keith: Yeah. Now, we do phase in money from time to time. Let's take a moment and just spend and discuss. When do we phase money in? Like, there's usually a couple situations and it's not if somebody has a bonus and they show up and add 1 or 2 or 3% of the portfolio. Let's say they sell a house, they sell a business, they sell something really major in their net worth. What recommendations might we have for them?

Lawrence: Yeah, so it depends on the person and their risk tolerance. But when we say phase in, we mean dollar cost averaging. You're putting up a chunk of money over a schedule, let's say over a couple of months or quarters. In a case where it's a very large cash infusion, you sell a house, that's a big chunk of your net worth, it may produce some anxiety that you're putting a large amount of money in the stock market at one time. And it's more on the behavioral side that let's smooth it out over a couple months or quarters to ease out the entry and avoid maybe investing right before some kind of event. On average, if you expect stocks to do well, you shouldn't. Dollar cost average. But purely mathematically. But a lot of our role is to also find a strategy that's reasonable that a client could be comfortable with and could live with. And that may be phasing in because you're smoothing the entry, you're spreading it out, and it's a little more adaptable to changing market environments.

Keith: Perfect. Great response. And of course, we would never. I mean, for anybody doing regular monthly contributions, you just stay the course.

Lawrence: Yes.

Keith: In fact, any younger person should always wish for market corrections. Yeah, really, they should wish. You haven't had to say this that much because we haven't had as many market corrections. But I remember in 2001, I remember in 2008, you know, you're telling individuals who are accumulators, this is a beautiful time to be an accumulator, because stocks are at a 30% sale.



Lawrence: That's exactly right. It's the only asset you see where there's a discount and people don't want to buy more of it. Yeah.

Keith: So let's wrap it up. That's a great discussion. This is a mid-year episode on investment returns and what has been going on in the investment world. What are your final thoughts, Lawrence, for the listeners?

Lawrence: I'm not going to reinvent the wheel. It's to stay the course, stay diversified, try to avoid making large errors and that'll give you a really successful outcome.

Keith: Great. Well, thank you for those comments. And the only thing I would add is that today we spent a lot of time talking about stocks. Let's not forget we do have bonds and fixed income for all of our retirees. We definitely have fixed income in their portfolios. You know, most retirees are going to have anywhere from 25 to 40% depending on their unique situation, their level of wealth, their drawdown, percentages that they need, and their risk tolerance. So let's not forget bonds in the picture as we have these discussions. But it has been an amazing period to be an investor in stocks. Our client and for all the listeners, if you have been investing in stocks, I know that you know this but these have been spectacular periods. Right now we don't know what's going to happen in the future, but while we get returns, we always say let's just enjoy the returns and put them into your plan and move forward and then use reasonable returns on a go forward basis.

Lawrence: Exactly. Very well said.

Keith: That would be my takeaway for all of our listeners. And then, Lawrence, thank you so much for today's show for doing the research for the show and the episode. And to our listeners, thank you so much for tuning in and we'll see you next time.

Lawrence: Take care.

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