

Nexus Notes

March 2026

Vol. 31, No. 1

Featuring:

From The Editor

Your Guide to Nexus
Tax Documents

Investing with Humility

A Guide for
Young Investors

TFSA vs. Taxable Account

International Women's Day

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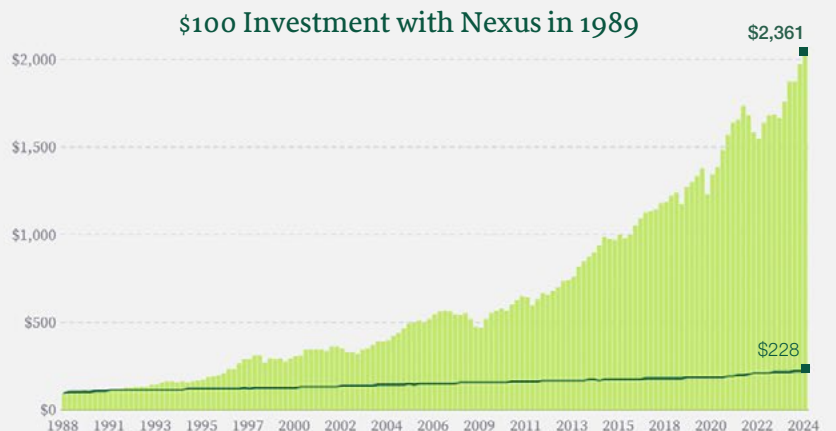
NEXUS

Our market-resilient investment strategy focuses on long-term results, providing investors with peace of mind through all stages of life.

Building Value for Clients

Since its establishment in 1988, Nexus has pursued an investment approach which concentrates on real growth in client wealth over the long term.

The chart illustrates the impact of this long-term investment thinking – a \$100 investment in a balanced portfolio in 1989 has grown to \$2,361 as at December 31, 2025.



NEXUS

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¹ "Nexus" reflects the performance of a composite of Nexus accounts managed to a balanced mandate (until September 30, 1997) and the Nexus North American Balanced Fund (thereafter). Returns shown prior to the deduction of investment management fees.

² CPI is the "all-items" Consumer Price Index for Canada, not seasonally adjusted.

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FROM THE EDITOR

Putting Your Wealth to Work with Purpose

Helping people plan for the future is one of the key things we do here at Nexus. When it comes to wealth planning, the first order of business is usually to focus on how to use your money to meet your needs and goals. Often, the second order of business is how you can use your wealth to help family or loved ones during your lifetime, rather than waiting to transfer it through your estate. Put simply, what if you want to start giving some of your money away, whether now or in the future?

The foundation of any gifting strategy starts with understanding your own needs first. You don't want to give away money you're going to need for yourself. You can use planning to understand how much of your money you'll need for current and future expenses, along with a healthy cushion, which can guide you on how much you might be able to give away. The question then becomes whether this amount lines up with your gifting goals. If it doesn't, some honest reflection and adjustment may be needed.

How you give matters just as much as how much you give. You want your gifts to benefit your loved ones without removing their incentive to build their own financial footing. You could consider making staged or milestone-based gifts: tying them to education, launching a business, or demonstrating responsibility. This tends to be more effective than providing large lump sums without context. Alternatively, recurring modest gifts can offer steady support while preserving independence. Ultimately, gifting is most effective when it is treated as an intentional part of your overall wealth plan, rather than an afterthought.

Above all, communicate your intentions. A gift of money without context can breed confusion, whereas a simple conversation explaining your thinking behind your gifts can help transform wealth into something lasting. If you're interested in exploring this topic further, you can read the full blog on our website, *How to Give Generously Without Risking Your Financial Future*.

Also in this issue, our *Guide to Nexus Tax Documents* provides an overview of the specific tax slips you should expect to receive to help you stay organized this tax season. This resource ensures you and your tax preparer have everything needed to file with confidence.

John Stevenson distills some of his 40 years of investing experience in his article *The Art of Being Wrong: Investing with Humility*. At the start of 2025, economists and investors predicted how the United States tariff regime would impact the economy and inflation, and most were wrong. The lesson, however, is not how to make better short-term predictions, but about how to invest successfully without relying on them.

Eileen Firth pens her first Nexus article directed towards younger investors. She asks a straightforward question: if you had an extra \$1,000, what should you do? She then lays out a practical roadmap for anyone just starting out financially who wants to build solid financial habits.

And finally, Denys Calvin takes a fresh look at the advantages of the Tax-Free Savings Account (TFSA). He examines whether triggering a taxable capital gain to make your TFSA contribution makes sense, or if you are better off deferring the gain and leaving your investments where they are.



Brad Weber
CPA, CA, CFP, CIM





Your Guide to Nexus Tax Documents

As you are getting ready to file your annual taxes or hand off information to your tax preparer, we are providing you with a list of the potential tax slips you should be on the lookout for.



by
Brad Weber,
CPA, CA, CFP, CIM

Registered Retirement Savings Plans (RRSPs)

RRSP Contribution Receipts

If you made an RRSP contribution, you will receive a receipt for that amount. One receipt is issued for contributions made between March and December of the tax year. A second, separate receipt is issued for contributions made between January and February of the current year, which can be deducted against the previous year.

T4RSP – RRSP Withdrawal Slip

If you made a withdrawal from your RRSP during the year, you will receive a T4RSP slip. This slip shows the total taxable withdrawal and any withholding taxes remitted to the Canada Revenue Agency (CRA).

Retirement Income Funds (RRIFs, LIFs, LRIFs)

T4RIF / T4LIF – Retirement Income Payments

If you have a RRIF/LIF/LRIF account, you will receive a T4RIF/LIF slip. This slip shows the amount of the total taxable withdrawal and any withholding taxes remitted to the Canada Revenue Agency (CRA).

First Home Savings Account (FHSA)

T4FHSA – FHSA Contributions and Withdrawals

If you have an FHSA account, you will receive a T4FHSA. This slip shows the

amounts of any contributions or withdrawals you have made, as well as any transfers from or to an RRSP account.

Tax-Free Savings Accounts (TFSAs)

No Tax Slips Issued

If you have a TFSA account, you do not receive any tax slips for contributions, withdrawals or income as these accounts are exempt from tax.



Non-Registered Accounts – Nexus Pooled Funds

T3 Slip – Investment Income

If you have a non-registered account, you will receive a T3 slip that reports the income for all Pooled Funds held in that account.

December 31 RBC Investor Services Statement – Additional Tax Information

The last page of your December RBC statement reports two amounts to include in your taxes.

Capital gains/(losses) from the redemption of units:

The T3 slips do not include any capital gains (or losses) that you may have incurred from withdrawals related to cashflow requirements or fees. These are reported under the Fund Sales and Capital Gains or Losses section.

Tax deductible fees:

These are the cumulative management fees paid for the year related to this account and are reported under the Fee Summary section.

Here is a snapshot of what these sections look like on your RBC statement.

T1135 – Foreign Reporting

There are no T1135 slips issued for our Nexus Pooled Funds as these accounts are Canadian domiciled pooled fund trusts and as such you have no direct foreign holdings.

Non-Registered Segregated Accounts

Comprehensive Tax Package and T5 Slips

You will receive a detailed tax package that will summarize the various account transactions over the year. It will include two sections, one for investments denominated in Canadian dollars and one section denominated in U.S. dollars. Each section will include a T5 slip reporting dividend and interest income. Each section also includes realized capital gains within the account transaction details. Only the Canadian dollar section includes your tax deductible investment management and custody fees.

T1135 – Foreign Property Reporting

You will receive a T1135 slip, a foreign property report detailing assets you hold outside of Canada, including non-Canadian stocks. This report allows you to complete the required declaration on your tax return.

T3 Slips – Trust Income

If you hold any Nexus Pooled Funds in your account, you will receive a T3 slip that reports the income for all Pooled Funds held in that account. You will also receive a separate T3 slip reporting the income for any Income Trusts or Real Estate Investment Trusts (REITs) that are held in your account.

T5013 – Partnership Income

You will receive a T5013 slip on limited partnership distributions as some of your investments are legally organized as partnerships, and this slip reports income not included on your other tax slips.



Fund Sales and Capital Gains or Losses Year to Date

If you held any of the same investments outside this Account, other than in a registered plan, your tax cost for purposes of determining your gain or loss must be calculated for your combined holdings on a weighted average cost basis. You may need to adjust the figures reported in the statement to account for additional holdings, when calculating the gain or loss to be reported on your tax return.

The tax cost information in this section is based on the tax cost information provided by you or your agent. We cannot take any responsibility for missing or inaccurate tax costs for assets transferred into your account, or for any adjustments to tax costs that may have occurred about which we were not informed. We recommend that you review the tax implications of this information with your tax advisor.

Number of units sold	Fund Name	Proceeds from disposition (\$)	Adjusted cost base (\$)	Outlays and expenses from disposition (\$)	Capital gain or loss (\$)
12,345.678	NEXUS N.A. EQUITY FUND NIM200	123,456.78	123,456.7	0.00	12,345.67
	Total	123,456.78	123,456.7	0.00	12,345.67

Fee Summary Year to Date

This is a record of fees paid during the calendar year. These fees are a deductible expense for income tax purposes. We recommend that you review the tax implications of this information with your tax advisor.

MANAGEMENT FEES	12,345.67
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THE ART OF BEING WRONG: Investing with Humility

After 40 years in the investment business, I find myself being wrong just as often as I was in my early days. What's different now is the realization that being wrong is a common occurrence for every investor.



by
John C.A. Stevenson,
CFA

The Inevitability of Error

An interesting analogy may be the legendary tennis career of Roger Federer. As he pointed out in his 2024 Commencement address at Dartmouth College, while he won 80% of his matches over his career, he won only 54% of the points. He was “wrong” 46% of the time. In the investment realm, unforeseen and unintended consequences continually subvert even the most careful analysis.

Having the humility to understand that fundamental truth is what separates the survivors from those investors who are a flash in the pan. One must never forget Mark Twain’s timeless observation: “It ain’t what you don’t know that gets you into trouble. It’s what you know for sure that just ain’t so.”

Surprises from the 2025 Trade War

The year just ended – 2025 – provided remarkable opportunities for being wrong. It’s a good laboratory in which to think about the art of being wrong. The year started with most economists and investors being wrong about how serious President Trump was about launching an all-out trade war against the world. He talked frequently on the campaign trail about the power and the beauty of tariffs, but he still took most of us by surprise on “Liberation Day” when he announced tariffs on goods imported to the U.S. at levels that had not been seen in a century.

So far, we’ve also been wrong about the impact that these tariffs would have on

the economy and markets. Tariffs are, by definition, a tax on consumption. Most economists (and Nexus) believed they would lead to a spike in inflation in the U.S. Surprisingly, however, this has not happened. The U.S. inflation report for December showed headline inflation of 2.7% year-over-year and core inflation of 2.6%. A year ago, core inflation was 3.2%. Inflation may still be too high, but it is lower than it was a year ago.¹

Why Tariffs Defied Conventional Wisdom

Why were we so wrong? While we often remain perplexed by our faulty assumptions, on this occasion, a couple recent studies

have revealed the error in our beliefs. Economists at the Federal Reserve Bank of San Francisco combed through U.S. economic data from 1886 to 2017. In a similar study, Northwestern University economists looked at data from 1840 through 2024.² Both studies concluded that tariffs resulted in little to no inflationary pressure. What tariffs did do was to create economic uncertainty that weighed on businesses and consumers, and typically led to rising unemployment. The upward price pressure from adding taxes to imported goods was roughly offset by economic weakness that undermined demand. We were right to think that tariffs would be bad for the economy, but not for the reason we expected.

In hindsight, certain data in 2025 seem consistent with the observations in the San Francisco Fed and Northwestern University studies. Inflation in the U.S. was surprisingly mild. At the same time, the labour market was surprisingly weak. Since the “Liberation Day” tariff announcements in early April, the U.S. created almost no jobs outside of the healthcare sector. The manufacturing sector, which tariffs purport to help, lost jobs at an accelerated rate.

A Blow to Confidence

A growing body of economic research has concluded what many believed from the outset – that Americans, not foreigners, are bearing the cost of tariffs. We were actually right about this one! A German think tank called the Kiel Institute looked at U.S. data for \$4 trillion of transactions in the last couple years. It determined that American businesses and consumers were paying 96% of the tariff cost.³ Other studies by the New York Fed, the U.S. Congressional Budget Office, and the Yale Budget Lab all corroborate this conclusion.⁴ This, together with the weak U.S. labour market, makes it not terribly surprising that consumer confidence in the U.S. is at historically low levels. While the University of Michigan Consumer Confidence survey is off its recent low, it remains 25% below where it was before “Liberation Day” and lower than it was during the Global Financial Crisis.⁵

Surprising Resilience Among Trading Partners

Most of us also believed there would be a number of other “obvious” consequences from the trade war. For example, Canada’s economy depends on foreign trade and trade with the U.S. represents more than two-thirds of our exports. Surely, many of us thought, our economy and stock market would be devastated. As it turned out, we were wrong about that too. Our stock market soundly outperformed that of our southern neighbour. In Canadian dollar terms, the total return on the TSX Composite was 32.7% in 2025, compared to 12.2% in the U.S. While our economy definitely slowed during 2025, economic growth stayed positive. Our labour market was also stronger than in the U.S., particularly in the last four months of the year.⁶

We thought that China, the target of the most aggressive U.S. tariffs, would surely suffer even worse than Canada. Yet exports from China flourished in 2025 and it recorded a \$1.2 trillion trade surplus, the largest ever recorded by any country.⁷ It simply found other places to sell its goods. Overall, global growth looks like it will be 3.3% for 2025, precisely the same as it was in 2024. Go figure.

The Secret Weapons: Time Horizon, Diversification, and Discipline

At this point, readers probably wonder how we go about investing client money with any confidence if we know that we will be wrong a lot of the time. Moreover, we never know when we will be wrong or what we will be wrong about! Of course, that’s the real point of this essay and it’s a theme that we have written about before. The “art” is to invest with a view of what could happen, not based on a forecast of what will happen.

The secret weapons for success that we employ are threefold: time horizon, diversification, and discipline. It is not nearly so difficult to imagine what will happen over the next 10 years as it is to predict what will



happen over the next 10 weeks. We apply almost all of our energy to thinking about the long term. We diversify in a thoughtful way. We’re confident in the long-term prospects for all of our investments, but we are pretty sure that we will be surprised about what does best in the short term. Perhaps most important is being disciplined about the price we will pay. This provides a margin of safety around our investment decisions and protects us from the times we are wrong. Taking a long-term approach, having investments across a variety of sectors and several countries, and investing with a margin of safety obviates the need to be “right” all the time. In fact, that’s the art of being wrong.

¹ Notwithstanding this fact, tariffs do seem to have had a mild inflationary effect. Economists have calculated that the 2.9% headline inflation rate in August 2025 would have been 2.2% without the effect of tariffs. The New York Times, February 2, 2026.

² The Wall Street Journal, January 5, 2026.

³ The Wall Street Journal, January 19, 2026.

⁴ Derek Holt, The Global Week Ahead, Scotiabank Economics, February 13, 2026.

⁵ Douglas Porter, “Talking Points”, BMO Capital Markets, January 9, 2026.

⁶ Since the U.S. economy is so much larger than Canada’s, job growth cannot be compared on an absolute basis. As a percent of the labour force in each country, Canada’s job growth was 3x stronger than the U.S. We created jobs amounting to 0.9% of the existing labour force whereas U.S. job growth was only 0.3%.

⁷ Douglas Porter, “Talking Points”, BMO Capital Markets, January 16, 2026.

If I had \$1,000: A Guide for **Young** Investors



by Eileen Firth

As my third anniversary at Nexus approaches, I am making my debut to the Nexus blogosphere. I've been fortunate enough to meet many of our clients over the last few years, but if I have not yet had the pleasure, let this be an informal introduction.

In 2023, I joined Nexus as a Client Service Associate and have been working and studying toward my Certified Financial Planning (CFP) designation. As Spring 2026 approaches, so too does my certification once my three years of work experience are completed under the guidance of the Nexus Wealth Planning team.

Personal Finance can be Overwhelming

As someone at the beginning of my career, I know from my own experience how opaque the financial industry can be. It isn't easy to interpret all the jargon and acronyms, so getting on the right financial track early



on can feel more aspirational than realistic for some. With that in mind I've created a roadmap for our next generation (NextGen) of investors who find themselves in a similar life stage to me.

You've Got an Extra \$1,000 – Now What?

So, let's imagine that you've suddenly come into some extra cash. For simplicity, we'll say \$1,000. This could be a holiday gift, a year-end bonus, or a refund at tax time. Where does a financially savvy NextGen investor put a modest windfall? The answer really depends on the individual's unique circumstances, but the flow chart below can help you make decisions and illustrates some of the logic the Nexus Wealth Planners use when making recommendations.

Investing Thoughtfully, The Nexus Way

While I'm writing with the young investor in mind, these principles remain largely the same no matter your stage of life. A Nexus Wealth Plan and our recommendations will always be tailored to the individual. However, we consistently prioritize building an emergency fund, paying down high-interest debt, and topping up registered contribution room before we assess other options for your surplus cash. It should be noted that there is more nuance to the

discussion when we start talking about larger sums of money. Your advisors should be involved in any discussions that make a more substantial impact on your goals or overall financial picture.

Step One: Build an Emergency Fund

First, we recommend building up a cash reserve for emergencies. With an emergency fund, your longer-term savings can continue to accumulate and grow, yet you still have access to debt-free cash. For example, if you have an unexpected car repair or a hiccup in your regular earned income, tapping into your emergency fund can help preserve your investments and reduce the need for debt. You want your emergency fund to be easily accessible and have no market risk. A High-Interest Savings Account, or a cashable GIC (Guaranteed Investment Certificate) is your best bet. Generally, we recommend a savings goal of 3-6 months of your basic living expenses, which can be built up over time.

Step Two: Reduce High-Interest Debt

Next, we assess whether the investor has any debt with a high-interest rate, such as a credit card, which often charges around 20%. The money you spend on interest payments would be much better allocated

TFSA VS. TAXABLE ACCOUNT: Should You Trigger Capital Gains to Fund Your TFSA?



Not long after I bought my first home nearly 40 years ago, I visited a little neighbourhood grocery store that was fabulously well stocked and beautifully organized. I don't recall what I was looking for that I couldn't find, but the conversation with the proprietor has stuck with me ever since.



by R. Denys Calvin, CFA

Despite my gentle protests, he insisted, when I asked if he had “x”, that he’d order and stock it because, he declared, “If you’re asking, there are nine other people who want it, but aren’t letting on!” Informed by this wonderful little life lesson, perhaps you are one of the proverbial other nine people who has wondered about the following tidbit, but hasn’t asked.

The TFSA Dilemma: Invest \$100,000 Taxable or \$90,000 Tax-Free?

When chatting with a client recently, the question arose about whether it makes economic sense to fund a TFSA contribution¹ by pulling the necessary capital from a taxable Nexus account *if doing so triggers a big taxable capital gain*. In the heat of the moment, it occurred to me that if a \$100,000 withdrawal would leave only, say, \$90,000

for the TFSA after providing for capital gains taxes, maybe it’s better to forgo the TFSA contribution, not incur the capital gains tax bill, and simply let the \$100,000 continue to grow in the taxable account. I hit “pause” and told the client I wanted to do some analysis – to assess how many years it might take for the \$90,000 in the TFSA to grow before it’s worth more than the \$100,000 in the taxable account, assuming both accounts are invested the same (and grow at the same rate).

How I Analyzed the TFSA vs. Taxable Account Trade-Off

To work this out, I resorted to Excel – my favourite analytical tool. (The old adage is true: when you have a hammer, a lot of things look like a nail.) It’s not a difficult financial modelling exercise. But to do the

tax-related math on the taxable account accurately, there is some work to properly capture the effects of reinvested income and capital gains distributions from our Equity Fund, and the payment of quarterly investment management fees.

Why the TFSA Almost Always Comes Out Ahead

The short answer is this: Making reasonable assumptions, and unless the capital gains taxes are huge, it’s almost always better to trigger them, and contribute the after-tax proceeds to a TFSA. You’re better off, not just in the long run, but almost right away.

The reason has partly to do with the fact that the periodic distributions of fund income are taxed every year in a taxable account, but never in the TFSA. And it also has to do with the fact that management fees are

deductible annually for tax purposes for the taxable account, but never for the TFSA.

But the big thing is capital gains tax. One way or another, it has to be paid on the taxable account. To be sure, as long as the capital remains invested, that tax bill can be deferred – both the amount that relates to the unrealized capital gains accumulated so far, but also to the future growth in those gains. In the contribute-to-TFSA scenario, the tax on the taxable account’s hitherto unrealized capital gains gets paid more or less at the time the capital is pulled out and contributed to the TFSA. But the capital gains from then on accumulate in the TFSA and, as a consequence, never get taxed.

The Bottom Line on Funding Your TFSA

So, when it comes to making your TFSA contribution – whether the annual \$7,000 amount, or some big “catch-up” amount (for missed contributions in the past or to recontribute funds previously withdrawn) – run, don’t walk. Pull what you need from your taxable account and contribute it to your TFSA. Incidentally, a corollary to this analysis is to leave your TFSA capital intact and growing, rather than dip into it simply to avoid triggering capital gains taxes on your taxable account.

If this tidbit brings to mind other questions, ask ‘em. As that grocery store owner from my past would say, there are undoubtedly many others who are wondering the same!

¹ <https://www.canada.ca/en/revenue-agency/services/tax/individuals/topics/tax-free-savings-account/contributing.html>



Dianne White, President & CEO, has been named one of the **Top 50 Leading Women in Wealth by Wealth Professional Canada** – a well-deserved recognition of her leadership and impact in our industry.

Julie Crothers, is now Vice President, Head of Client Service, leading with a focus on exceptional client experience and thoughtful wealth planning.

Kathleen Peace, has stepped into her role as Vice President, Head of Strategic Business Development, strengthening client relationships and supporting the firm’s continued growth.

Eileen Firth has been promoted to Senior Client Service & Wealth Planning Associate and is working toward her Certified Financial Planner (CFP®) designation.

We're thrilled to welcome *Vinny Devnani* to our Client Service team, *Jennica Chang* to our Operations team, and *Hannah Kellway* also to our Client Service team.

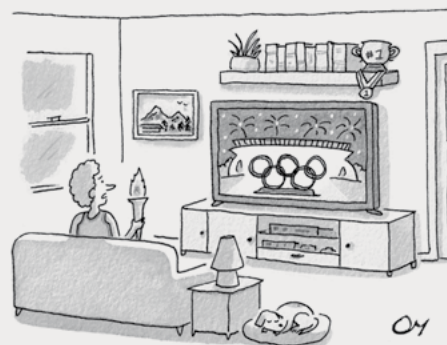
On International Women’s Day, and every day, we celebrate the talent, leadership, and dedication of the women shaping our firm and our industry.

Worth a Thousand Words...

A little humour makes the world a better place.

A regular feature in Nexus Notes is the inclusion of a topical and insightful editorial cartoon. While some may address more serious or controversial issues, we particularly delight in amusing reflections on our current society. We hope you enjoy.

*Image used with permission:
Dan Misdea / The New Yorker Collection/The Cartoon Bank*



"Crap, that was today?"

Invest
Thoughtfully®



At Nexus, we offer thoughtful wealth planning and investment management with unparalleled personalized service to private clients and foundations.

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