

Nexus Notes

September 2026

Vol. 31, No. 3

Featuring:

From The Guest Editor

Index Funds Aren't as
Passive or Diversified
as You Think

The Hidden
Costs of Divorce

The Rare Privilege
of Compounding

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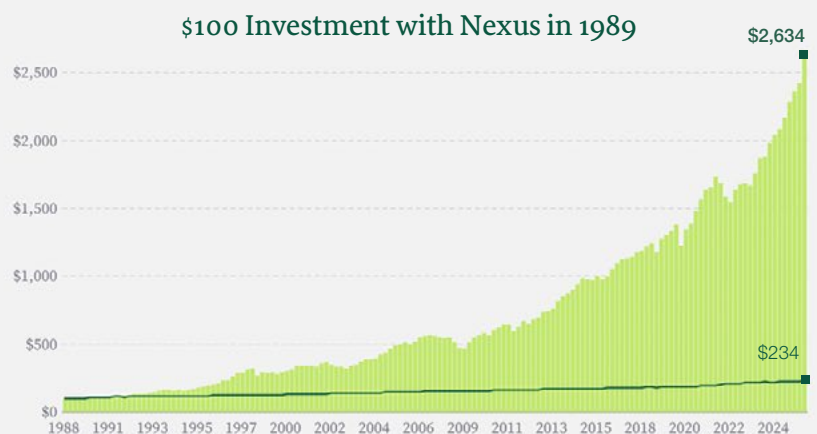
Our market-resilient investment strategy focuses on long-term results, providing investors with peace of mind through all stages of life.

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 \$2,634 as at June 30, 2026.

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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 GUEST EDITOR

A Season to Reset and Refocus

This quarter's edition of Nexus Notes features Guest Editor Alana Buckley, who offers timely insights on navigating uncertainty, maintaining investment discipline, and making the most of year-end planning opportunities.

September is one of the few times of year when a change in the calendar can genuinely change the pace of life. With young kids, I'm now back in the true back-to-school chaos of new schedules and early-morning sprints. But even before kids, and long after I left school myself, I've always found September to be a natural time to reset, as the slower pace of summer gives way to more structure.

The current climate of geopolitical unrest, trade tensions, and rapid technological change provides no shortage of reasons for discomfort. I find that focusing my energy on the things I can control helps turn some of that nervous energy into action, making the last quarter of the year a natural time to take stock of our personal lives, refresh our priorities, and look ahead to the months to come.

Against that backdrop, one welcome development this year has been the continued strength of equity markets. While strong returns are certainly welcome, they also warrant a measured approach. Part of our job as your investment manager is to help maintain perspective during periods of strong performance and ensure that we do not lose sight of the fact that markets can move quickly in both directions, which makes maintaining discipline around portfolio construction and rebalancing particularly important.

We fundamentally believe that keeping portfolio turnover low is important to help maximize long-term gains, but portfolio rebalancing is an important part of risk management. This is especially true given the strength of markets so far in 2026. Quick, large gains across many positions mean that we have spent more time than usual keeping both position sizes and asset allocation in check. Sometimes, this can mean selling investments with substantial unrealized gains, creating realized gains and in turn, a higher-than-typical tax bill.

That makes the final months of the year an especially useful time to look at your portfolio and your broader tax picture together. There

may be opportunities to be intentional about how charitable giving and other planning strategies can fit into the overall picture. Taking a little time now to review your portfolio, anticipate the tax consequences of a strong investment year, and put your charitable intentions into action can make for a much smoother finish to the year.

For those considering a Donor-Advised Fund (DAF)¹ or who already have one in place, now is the time to put charitable giving on the Q4 planning calendar. September is a great time to establish a DAF, contribute to an existing DAF, or begin identifying the organizations and causes you would like to support before year-end. If you are hoping to make charitable donations before the end of December, starting the process now can help ensure there is sufficient time to complete any necessary paperwork or asset transfers. We strongly advise against trying to complete these tasks in December, as completion before the end of the year cannot be guaranteed.

With all that's going on in the world right now, you may be wondering what the investment team at Nexus is focused on right now. Part of the reason that I love this job is that regardless of what's happening around us, the answer to that question doesn't change. Our focus, as always, is on the things that matter most to you: maintaining the right portfolio, managing risk thoughtfully, and making the most of available opportunities.

With that in mind, we've put together another issue with a range of perspectives and practical insights. Here's what you'll find in this issue of Nexus Notes: Harsh Narsinghani's thoughts on why index funds may not be as passive or diversified as they seem; Kathleen Peace's look at the financial considerations that can arise during a divorce, and Devin Crago's reflections on the rare privilege of long-term compounding.

Alana Buckley
CPA, CA, CFA



¹ <https://nexusinvestments.com/insight/donor-advised-funds-an-overview/>



Flying on Autopilot:

Index Funds Aren't as *Passive* or *Diversified* as You Think

When you buy an index fund, you think you're buying two things: diversification and a hands-off, passive investment. A little bit of everything, running on autopilot, nobody making big bets with your money. Look under the hood, and you're getting neither.



by Harsh Narsinghani,
CFA

The Diversification Test: One Theme Rules the Index

Let's start with diversification. The top ten companies alone account for over 41% of the S&P 500.¹ Count everything tied to AI, the data centers, the semiconductors, and the power to run them, and roughly half the S&P 500 is exposed to a single theme. The Nasdaq 100 is even more lopsided.

Concentration risk is not just in American index funds. In emerging markets, the widely followed MSCI Emerging Markets Index holds nearly 30% of its weight in just three stocks: TSMC, Samsung, and SK Hynix. All three are geared to AI. We wrote about rising concentration risk in index funds in 2024, and it has only intensified since.

Most major index funds today are not a little bit of everything. They are a concentrated

bet on one theme: AI. But concentration is the easy critique. The more interesting problem is the word passive itself.

How the Index Machine Works: Size Decides Where Your Money Goes

Index funds are called passive because they do not have a fund manager picking stocks. The story goes that a passive fund doesn't make investment decisions, it just owns the market. However, that's not the case. The investment decision hasn't disappeared completely, rather it has been written into a rule. Most index funds simply own stocks in proportion to their size. The larger the company, the more of your money goes to it. Send \$100 into an S&P 500 index fund and roughly \$8 goes to the single largest stock, Nvidia, while the smallest 100 companies split about \$2 among them.²

The rule never asks whether the largest stocks are expensive. It never asks whether the smallest ones are cheap. Size is the only input, and size is simply yesterday's price performance, compounded. So, every dollar that flows into an index fund gets allocated based on past returns. That's not a passive strategy. It's momentum, a point the British investor Terry Smith has been hammering in his recent annual letters. Calling an index fund passive is like saying the autopilot isn't flying the plane. The plane is being flown. Just by a fixed set of rules.

Flows Move Prices

You might think: So what if more money flows into the largest stocks? Money flowing in doesn't move prices. But, research suggests otherwise. A 2021 study published through the National Bureau of Economic Research, "The Inelastic Markets Hypothesis," estimated that a dollar flowing into the stock market pushes the market's value up by roughly five dollars.

Put the two pieces together and you have a loop. Index money flows mostly to the biggest stocks. Those flows push their prices higher. Higher prices make those stocks a bigger share of the index, so the next dollar sends even more their way. The

big get bigger. A disciplined and prudent investor trims a position that has grown to dominate the portfolio. The index doesn't. It lets the winner grow without limit.

Momentum Cuts Both Ways

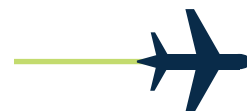
Momentum works beautifully as a virtuous, compounding circle on the way up, which is exactly why you should think about the way down.

If, at some point, money starts leaving index funds, the machine runs backwards. The virtuous circle becomes a vicious circle. The index fund must sell, and most of what it sells is the biggest stocks. That selling pushes prices down, which pushes more investors out. The same loop that lifted the market on the way up now drags it down. We have seen concentrated markets unwind before: the Nifty Fifty in the 1970s, Japan in 1989, and the tech bubble in 2000. In each case, the leading stocks that "couldn't lose" eventually collapsed and many took a decade or more to recover. Nortel Networks on its own made up 35% of the TSX Composite in 2000. Not many years later, it was bankrupt. What is different this time is that the largest owner of the stock market is a mechanism with no opinion, no memory, and no brake. Of course, the first word of this paragraph should not be "if", it should be "when". It may not happen for months or years, but the reversal is certain to happen eventually.

Our Philosophy: Know What You Own

None of this is to say that index funds are bad. They are cheap, tax-efficient, and can be sensible for many investors. The point is to know what you own. Today, owning the index means owning a concentrated bet on a handful of stocks, sized by a rule that buys more of those same stocks and never asks what anything is worth. That's fine, until it isn't.

At Nexus, every position we own is there because we analyzed what the business is worth and concluded that the market price was reasonable. And we will sell it when that stops being true. We don't just think about the upside, we think about the downside too.



For additional links and resources for this article and more, please visit:

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¹ S&P 500 Index stock weights, as of 29 May 2026.

² Based on weights of the stocks in the S&P 500 as of 29 May 2026.

The Hidden Costs of Divorce: What Couples Don't Budget For



“I’m getting a divorce.” The words alone evoke an emotional reaction: perhaps sad, or relieved, angry, reflective, even numb. But along with the emotional rollercoaster, comes a significant financial transition. When you’re divorcing your partner, you’re also disentangling a financial partnership.



by Kathleen Peace, CFA, CFP

No one goes into a marriage expecting to see it end. But life circumstances and relationships can change over time, often unexpectedly. About 38% of marriages in Canada end in divorce, and for many, divorce can result in an immediate 50% drop in net worth. Understanding how a divorce might affect your financial situation will help ensure that, if you do separate, you’ll be in the strongest possible position for long-term financial security.

Using a couple we’ll call Heather and David as our example, let’s first look at what most couples assume the costs will be when divorce seems inevitable.

Expected Costs of Divorce

Heather and David share substantial assets, which gives them both confidence that they can go their separate ways and maintain their lifestyle and financial security. Their assets include their home and vacation property; they each own a car, both are employed, and their investments have grown in value over the years.

Once they begin divorce proceedings, Heather and David assume that their biggest costs will be legal fees. The amount of these fees will depend on the issues involved and the approach Heather and David take:

- **Uncontested divorce:** If they can agree ahead of time on the division of property, parenting scheduling, and support, legal fees will likely be much lower.
- **Contested divorce:** Heather and David are prepared for this scenario as well. If there are complex issues to resolve and one or both do not feel that collaboration is possible, fees will be much higher. Legal fees can increase dramatically when there are multiple motions or a trial. When it comes to divorce proceedings, the adage “the more you fight, the more you pay” is true.

Most couples will also require the expertise of an accountant. Whether they share one accountant or each retain their own, an accountant can help assess each spouse’s income, identify the tax implications of dividing assets, and estimate the after-tax value of a proposed settlement.

Given the above, Heather and David figure that the process will be manageable from a financial point of view. So, what are they missing?

Unexpected or ‘Hidden’ Costs of Divorce

Beyond the legal and accounting “out-of-pocket” expenses, there are “hidden” or unexpected costs for which couples are often unprepared.

Most hidden costs associated with divorce relate to the process of dividing assets. In Ontario, the division of property is governed by the Family Law Act through a system known as the equalization of net family property. Net family property generally includes the after-tax value of all assets owned at the date of separation, less debts and certain other deductions.

To put the spouses on an equal footing after divorce, the spouse who owns assets with the greatest total after-tax value makes a payment to the other equal to the amount by which such value exceeds half of the net family property. Depending on the circumstances, certain assets, such as some inheritances and gifts, may be excluded from net family property. (The matrimonial home is treated differently from other assets. Even if the home was owned by one spouse before the marriage or is registered only in one spouse's name, its value is generally shared between the spouses under Ontario law).

Here are some of the itemized costs, and the example of Heather and David for each to frame them out in a realistic way:

1. Professional Valuation Costs

Before property can be divided, each spouse's assets must be valued as part of the equalization process. Assets like bank deposits and publicly traded securities are easy to value. Others, like real estate, a private investment, or an interest in a business, require professional expertise. Depending on the complexity of the couple's finances, this step may require input from several professionals.

Professional valuations can become one of the largest unexpected expenses in a

divorce. In some cases, couples agree to use a single independent expert. In more contested situations, however, each spouse may retain separate valuation professionals, which can significantly increase both the cost and time needed to reach a settlement.

Bottom line:

Professional valuation fees can add up – particularly if spouses retain separate experts.

What you can do:

- Budget for these costs early.
- Where appropriate, consider using jointly retained independent experts.

Heather & David's Situation

Heather assumed valuing their assets would simply involve collecting account statements. Instead, they needed an appraisal for the family home and cottage, a valuation of David's private interest in his brother's company, and an actuarial valuation of Heather's defined benefit pension plan. The professional fees quickly added up, before either lawyer had begun negotiating the settlement.

2. Getting the Valuation Date Right

For the equalization process, each asset and liability is assigned a value as of a specific valuation date. Under Ontario law, this is generally the date on which the spouses separate. Think of the valuation date as a snapshot of your family's financial position on the day you separated.

Establishing and documenting the correct separation date is critical. Because it determines the value of all assets and liabilities used in the equalization calculation, keeping records and obtaining legal advice early can help reduce the risk of costly disputes over asset values.

Bottom line:

A disputed or incorrect valuation date can lead to costly legal and professional fees.

What you can do:

Keep clear records of when you separated.

Speak with your lawyer early if the separation date may be disputed.

Heather & David's Situation

Heather moved into the basement in early March after the relationship broke down, but the couple continued living under the same roof until David found a new apartment in June. Months later, they disagreed about when they had actually separated. Because investment markets and real estate values had changed during that time, determining the correct valuation date became an expensive legal issue.

3. Missing Financial Information

Many people don't fully understand everything they own – or owe – until they begin the divorce process. Missing information can delay negotiations, increase professional fees, and result in an unfair settlement.

Bottom line:

An incomplete financial picture can delay your settlement and increase costs.

What you can do:

Gather copies of financial documents and account statements early.

Understand all family assets and liabilities before negotiating a settlement.

Heather & David's Situation

As Heather's and David's finances are being reviewed, Heather discovers that David had drawn heavily on a joint line of credit without her knowledge. Heather's name is on the line of credit, so she's legally responsible for the debt alongside David, despite having no knowledge of the borrowing. Months of additional document requests and professional review were required before they had a complete picture of the family's finances.

4. Hidden Tax Costs

Taxes can significantly affect the true value of what each spouse receives. The equalization payment by one spouse to the other is calculated using the after-tax values of all assets included in net family property, whether or not an asset is actually liquidated so that the resulting taxes become due and payable. The pre-tax values reported on account statements are only a starting point.

A non-comprehensive breakdown of the taxes after a divorce includes:

Capital gains taxes: The sale or transfer of investment assets, pensions and other property (except for the principal residence) can result in significant capital gains tax – in other words, an unexpected cost that reduces the value of your overall assets.

Not all accounts are worth the same: RRSPs come with a future tax bill; TFSAs don't. Both parties need to ensure that the final equalization payment accounts for these differences in tax treatment.

Tax breaks that disappear after divorce: Post-divorce, spouses will lose access to tax-efficient strategies like pension income splitting and spousal RRSP contributions.

Spousal support you receive is taxable: When negotiating support, focus on how much you'll receive after tax, not just the gross monthly payment.

Bottom line:

The value of an asset may be quite different in divorce than the number appearing on an account statement.

What you can do:

Make sure you understand the after-tax value of what you're receiving by working with your accountant and wealth manager before agreeing to a settlement.

Heather & David's Situation

At first glance, Heather believed she was receiving more because she was keeping a larger investment account. What she hadn't considered was that the bulk of her investments consisted of her RRSP, which was discounted by about half to reflect that every future withdrawal would be fully taxable as income. Once taxes were considered, the settlement looked very different.

The Costs That Come Later

Finalizing a divorce can bring an enormous sense of relief. But while the legal process may be over, the financial impact often isn't. Some costs appear immediately. Others don't emerge until years later, when life inevitably changes.

A non-exhaustive list will likely include many of the following:

- **Replacing family health coverage:** One partner often relies on the other's family health coverage, which vanishes upon divorce. This is an immediate hidden cost due to the

significant expense of securing individual insurance.

- **Replacing accommodations:** While staying in the family home may feel like a win, the full cost of maintaining it must be taken into consideration in any support payment to keep up with property taxes, maintenance, and major repairs.
- **Buying or renting a new home:** Either can mean realtor fees, moving costs, furniture, and the ongoing expense of maintaining a second household. Even if both spouses' incomes remain the same after divorce, they'll be spread across two homes, each with their own everyday costs like utilities, property taxes, insurance, and maintenance. This can quickly put pressure on cash flow for one or both spouses.
- **Children's needs:** These days, determining the amount of child support payments is relatively straightforward, but the needs of a child(ren) can change, and so can a parent's mind! "Section 7 expenses", known as extraordinary costs like daycare, competitive sports, braces, or post-secondary tuition, are shared separately from regular child support. As the needs of a child change, these costs can lead to unexpected outlays and, in some cases, renewed legal negotiations.
- **Support payments can change:** Even after a divorce is finalized, a change in circumstances – like the loss of a high-paying job or retirement – can trigger a "Motion to Change." When this happens, both ex-spouses can find themselves in a second round of legal fees.
- **Self-care:** Divorce is ranked among life's most stressful events. It's likely that one or both ex-spouses will participate in some form of therapy or counselling, especially during high-conflict periods. In addition to the hourly rates, there may also be lost hours of paid work because of absences brought on by stress.

Bottom line

A divorce settlement isn't the end. Planning ahead can help you avoid costly surprises and the need to return to court.

What you can do

Develop a post-divorce cash flow plan before finalizing your settlement.

Build flexibility into your divorce settlement whenever possible.

Understand what life will cost after the divorce and consider how your financial needs may change over the next 5-10 years.

Heather & David's Situation

When their separation agreement was finalized, the children were eight and ten, so future expenses like competitive hockey, braces, and university weren't fully anticipated. Heather also needed to replace the family's health coverage after the divorce. David's later job loss meant the couple had to revisit their spousal support arrangement. Years later, thinking everything was settled, these unanticipated items and changing circumstances resulted in further disagreements, renewed negotiations, and additional legal fees.

You don't have to navigate this process alone. At Nexus, our collaborative approach helps bring calm, clarity, and objective guidance to the uncertainty of "what happens next."

Expected and Unexpected Divorce Costs

Cost	Description	
Legal Counsel	Each spouse retains a lawyer to protect their interests and provide independent advice.	●
Accounting Advice	An accountant helps assess tax implications and the after-tax value of a proposed settlement.	●
Business Valuation	A Chartered Business Valuator determines the value of a privately owned business.	●
Real Estate Appraisal	A real estate appraiser provides an independent estimate of the value of a home, cottage or other property.	●
Pension Valuation	An actuary calculates the value of a defined pension plan for equalization purposes.	●
Tangible Personal Property Valuation	A qualified appraiser determines the value of valuable jewellery, watches, art, and other personal property.	●
Wellbeing & Support	Obtaining mental health support and counselling can become an important – and costly – part of navigating a divorce.	●
Health Coverage	Replacing family health coverage may be a significant post-divorce expense.	●
Starting Over	Setting up two households can be more expensive than expected.	●
Children's Needs Change	As children grow, new expenses can lead to higher costs and renewed legal obligations.	●
Keeping the House	Owning the family home means taking on all future expenses.	●
Support Can Change	Changes in circumstances can result in spousal support being revisited.	●

● Expected ● Unexpected

How Nexus Can Help

Identifying these hidden expenses helps bring “surprise costs” into the open, so divorcing couples have a clearer sense of what to expect. This information is not meant to discourage separation or divorce when it is the right decision. Rather, understanding both the “sticker price” and the hidden costs – and working with a supportive team – can help you move into the next chapter of your life with greater confidence.

You don't have to navigate this process alone. At Nexus, our collaborative approach helps bring calm, clarity, and objective guidance to the uncertainty of “what happens next.” We help you understand the financial implications of divorce, plan for unexpected costs, and make informed decisions by working together with your team of professionals by:

- **Considering the tax implications** of different asset divisions to determine which combination of cash, investments, pensions, and property may best support your long-term financial security.
- **Determining affordability** across child support, spousal support, and living expenses, so you have a realistic view of post-divorce cash flow.
- **Helping you avoid reactive decisions** that can arise during an emotionally difficult time, such as selling a family cottage too quickly or agreeing to a settlement before fully understanding the long-term impact.

Divorce can feel overwhelming, especially when it means starting over after years – or decades – of shared finances. With the right team in place, you can understand your options, make decisions with greater confidence, and move forward with a clearer sense of what life after divorce may look like.

This article is the first in a series exploring the financial considerations surrounding separation and divorce. Stay tuned for future articles that will examine why women often experience a greater financial impact when a marriage ends and the steps they can take to protect their financial future.

For additional links and resources for this article and more, please visit:
nexusinvestments.com/insights/blog/

The Rare Privilege of Compounding

A recent conversation with my son about his Classical Civilizations course left me at a bit of a loss for words. How do you articulate the scale of 2000 years of history? Since the days of ancient Greece and Rome, empires have risen and fallen, wars have reshaped nations, currencies have come and gone, and countless fortunes have been created and lost.



by Devin Crago, CFA

Around the same time, I came across a story that offered a similar millennia-spanning perspective from an investor's point of view. In a recent Wall Street Journal piece, Jason Zweig shared an anecdote about the late bond investor Martin Leibowitz. During a job interview in 1969, Leibowitz was asked to imagine a Roman soldier in 33 A.D. investing the equivalent of 10 cents at a 4% annual return. Over nearly two millennia, the small starting amount would have compounded to be larger than all the wealth in the world.¹ But according to Leibowitz, before he could finish the calculation, he was asked a second, more intriguing question: what happened to that wealth?

Compounding's Historical Fragility

It's a deceptively simple question. There are no descendants of Roman soldiers with bank accounts containing more zeros than anyone could reasonably count. The answer, as Zweig points out, is that no fortune compounds uninterrupted for 2000 years. Somewhere along the way, wars are fought, plagues arrive, businesses fail, assets are confiscated, or investors simply make poor decisions. The wealth disappears long before compounding can perform its miracle.

But viewed through the lens of history, the real miracle isn't compounding. After all, that's just math. The real miracle is the rare privilege of living in a society where capital has a reasonable chance to survive, grow, and compound over long periods of time.

There is a paradox here. Despite repeated episodes of wealth destruction, humans have become far more prosperous over time. Life expectancy has increased, standards of living have improved, and innovations once

considered miraculous have become ho-hum parts of everyday life. How can wealth be so fragile, yet improvements in prosperity be so durable?

The Durability of Human Progress

You can find one explanation in the writings of Matt Ridley, who some Nexus clients might remember was our guest speaker at our 2021 annual event. In *The Rational Optimist* and later *How Innovation Works*, he argued that prosperity grows not because fortunes survive, but because human ideas do. Over time, humans learn from each other, we specialize in specific areas, we trade, we run science experiments and, critically, we build on the discoveries of previous generations. The result is a gradual accumulation of knowledge that makes societies more productive and prosperous.

Innovation, according to Ridley, is not the product of solitary genius but rather the result of human collaboration. Steve Jobs didn't wake up one morning and start building an iPhone. He assembled pieces of technology that thousands of people had spent decades developing and combined them in an innovative new way. Bob Dylan talks about song writing in the same way – he studied other musicians, absorbed their ideas, and recombined them into something new.

From an investor's perspective, Ridley's ideas are useful to mull over. The Roman soldier's 10 cents may not have survived for 2000 years, but human society did and we didn't spend our time twiddling our thumbs. Trade expanded, productivity increased, lifespans extended, and new technologies proliferated all around the globe. To be sure, individual fortunes rarely endured, but humanity's

capacity to innovate continued to advance.

Investors participate in that process by owning businesses that harness innovation, solve problems, and contribute to a steadily growing pool of human knowledge.

The Rewards of Participation

As investors, we've benefited from the fact that Ridley's ideas are not merely theoretical. In the landmark study *Triumph of the Optimists*, the authors analyzed 101 years of investment returns across 16 major countries and multiple asset classes. Their conclusion was that not every investor, business, or even country did well (in fact, many failed entirely). Rather the conclusion is that long-term owners of diversified collections of productive assets were rewarded for their participation in a system that, despite various crises along the way, generated a remarkable amount of innovation and economic growth. The optimists triumphed, not because the journey was a walk in the park, but because human progress continued through thick and thin.

Passing It Forward

Thinking back to that conversation with my son, I think the history he's studying serves as a useful reminder that the foundations of long-term compounding were hard won. If you're fortunate to have any young people in your life, let them know that they have a wonderful opportunity to participate in this system and have compounding work in their favour. Here's one blueprint to get them started on the path. If you've benefitted from compounding in your lifetime, it's worth considering how to pass those benefits on to children, grandchildren, and future generations. My colleague Alex Jemetz explored that topic in a blog on the importance of wealth transfer planning.



The Power of Compounding Endures

Unlike the Roman soldier, all of us have the benefit of being able to look back at the long arc of 2000 years of history. Through that lens, many of today's market concerns appear remarkably fleeting. Elections, recessions, tariff disputes, interest-rate cycles, and market corrections dominate headlines for a while, but are eventually replaced by a new set of concerns. Yet over longer stretches of time, the forces that have mattered most to investors have been far more durable: innovation, productivity, human ingenuity, and our ability to cooperate, exchange ideas, and create value.

However, keeping that long-term perspective can be surprisingly difficult to maintain. Financial news, market forecasts, and economic predictions create the impression that success depends on knowing what happens next. But the truly extraordinary opportunity is not predicting the next six months, it's having the ability to remain invested through the next several decades.

The rare privilege of compounding is not

merely a mathematical phenomenon. It is the product of centuries of accumulated knowledge, functioning institutions, property rights, scientific progress, and relative stability. For long-term investors, the challenge is not to predict every twist and turn along the way. It is to recognize the foundations that make long-term compounding possible, participate in them thoughtfully, and avoid becoming our own worst enemy by interrupting a process that has rewarded patient owners of productive assets for generations.

For additional links and resources for this article and more, please visit:

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¹ The math on this is pretty straightforward. If you start with \$0.10 and assume a 4% return for 1,936 years (1969 minus 33 AD), the compounding formula of $\$0.10 \times (1 + 0.04)^{1936}$ produces a ridiculously large amount of money. The Roman soldier's descendants would have had \$94,742,509,169,229,300,000,000,000,000 by 1969. That's a lot of zeroes and exceeds what reasonable people might estimate to be the value of all the wealth in the world.

NEXUS

Annual Client Event



Save the date!

**Tuesday,
November 24, 2026
in the evening.**

**SixtyEight
at Scotia Plaza**

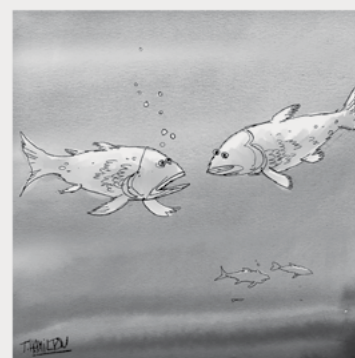
*More info
coming soon.*

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:
Tim Hamilton / The New Yorker Collection/The Cartoon Bank*



"Now that they changed the name of our lake, I probably won't get my mail-in ballot."

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