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REAL PEOPLE IN AN AI WORLD

Michael Preto, CFP®, CIM®

Investing is rarely a perfectly smooth journey. Even strong long-term investment strategies experience periods where certain parts of the market move ahead while others temporarily fall out of favour.

That has certainly been the case over the past several months. Certain areas of the market have been doing extremely well, while many high-quality businesses have temporarily lagged. Periods like this are not fun, but they are a normal part of long-term investing.

We understand that stretches like this can feel uncomfortable. If you ever have questions or simply want to talk things through, please know that we are always here. Human to human conversations are an important part of what we do.

Our experience has shown that the best outcomes tend to come from staying thoughtful, patient and focused on the long-term plan we have built together.

At the same time, another theme has been dominating headlines and market narratives: artificial intelligence.

It seems that almost every conversation about business, technology and markets eventually comes back to AI. Like many of you, we are watching this unfold with a mix of curiosity and humility. The truth is that no one knows exactly how this technology will reshape the world or how quickly those changes will arrive.

What we do know is that AI will likely influence many industries, including ours.

The interesting question is not whether AI will matter. It almost certainly will.

The real question is ***how it will be used.***



TECHNOLOGY AS A TOOL

At Hillside we see AI primarily as a tool that may help streamline certain operational parts of our business. If technology can help us work more efficiently behind the scenes, it creates something incredibly valuable for our team: **Time**.

Our intention is simple. If technology helps free up time, we want to spend more of that time where it matters most — with you and your families.

THE HUMAN SIDE OF WEALTH

While technology may improve how certain tasks get done, managing wealth has always involved more than numbers on a screen.

Many of the most important conversations we have with clients revolve around life decisions. When retirement might feel right. How and when to support children or grandchildren. How wealth can be passed on in a way that strengthens family relationships.

And perhaps most importantly, a question we often explore together:

WHAT IS THIS MONEY ACTUALLY FOR?

For some families the answer involves travel and shared experiences. For others it means supporting the next generation, giving back to causes they care about, or simply creating a sense of security and flexibility in life.

Part of our role at Hillside is helping clients think through those possibilities and turn them into something meaningful. Through our planning work and Dreamscaping conversations, we explore how financial resources can support the life our clients want to live and the legacy they want to leave.

HILLSIDE WEALTH MANAGEMENT | FREEDOM | FAMILY | PERFORMANCE



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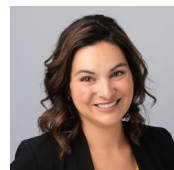
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TAX-LOSS HARVESTING

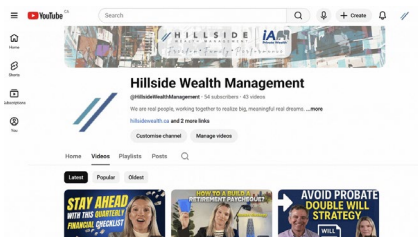
Market volatility isn't just something to endure — it can be something to use strategically.



In our latest video, Investment Advisor Amanda Baxter breaks down:

- What tax-loss harvesting really means
- When it makes sense (and when it doesn't)
- Why tax-aware investing is a critical part of portfolio management

Tax-loss harvesting is one way disciplined investors can turn short-term losses into long-term advantages by reducing taxes and improving after-tax returns.



Subscribe to our [YouTube Channel](#) today!

Technology can help us organize information and analyze portfolios. But understanding what wealth means to each family still comes down to thoughtful conversations and relationships built over time.

A REMINDER OF WHY WE DO THIS

Several years ago we worked with a business coach to better understand why we do what we do. After a lot of reflection, we landed on a simple idea that still guides our firm today: *Real people working together to realize big, meaningful dreams.*

At the time, artificial intelligence was not even part of the conversation. Yet today that idea feels more relevant than ever.

As technology becomes more powerful, the value of genuine human relationships only increases.

Our goal is to embrace useful tools where they improve efficiency and insight, while continuing to invest our energy where it matters most; working directly with the families we serve.

LOOKING AHEAD

The world will continue to evolve. Technology will advance and market narratives will change.

Through all of it, our focus remains the same.

Helping the families we work with manage their wealth thoughtfully so they can pursue the things that matter most to them.

More conversations.

More planning.

More Dreamscaping.

More time spent helping real people pursue the big, meaningful dreams that make life fulfilling.

Because in the end, that is still what Hillside is all about.

Real people working together to realize big, meaningful dreams.



FAILURE IN THE STOCK MARKET

Jason Del Vicario, CFA® & Steven Chen, CFA®

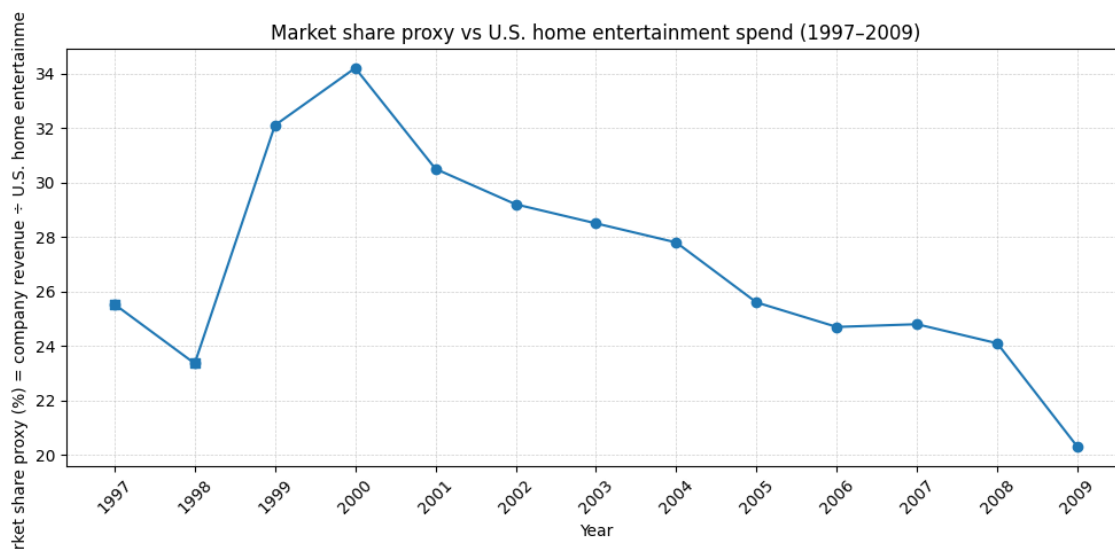
What does impending failure look like for a public company? We've been asked this a lot recently.

Unfortunately, while successful companies often look similar, failing companies tend to be “miserable” in their own unique ways, much like the old line: “all happy families are alike; each unhappy family is unhappy in its own way.” Still, there are common patterns worth watching for – here's an example that illustrates several of most frequent “misereries” which, more importantly (for investors), can often be identified - and sometimes avoided - earlier.

The company primarily operated in the US home entertainment industry. It went public in 1999 and filed for bankruptcy a little over 10 years later. A few highlights:

1. Market share (competitiveness)

The company began consistently losing market share almost immediately after listing - starting in 2000 - well before its main competitor's online streaming launch ultimately disrupted the industry. Persistent market-share erosion is often a signal of a competitive disadvantage in the company's offering.

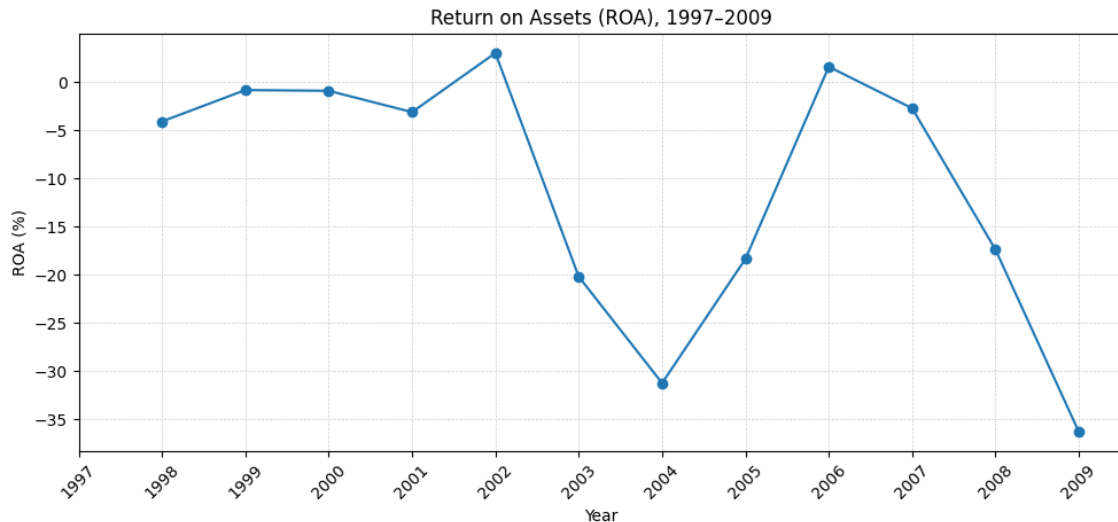


Source: chart generated by ChatGPT, March 2026.



2. Return on capital (sustainability)

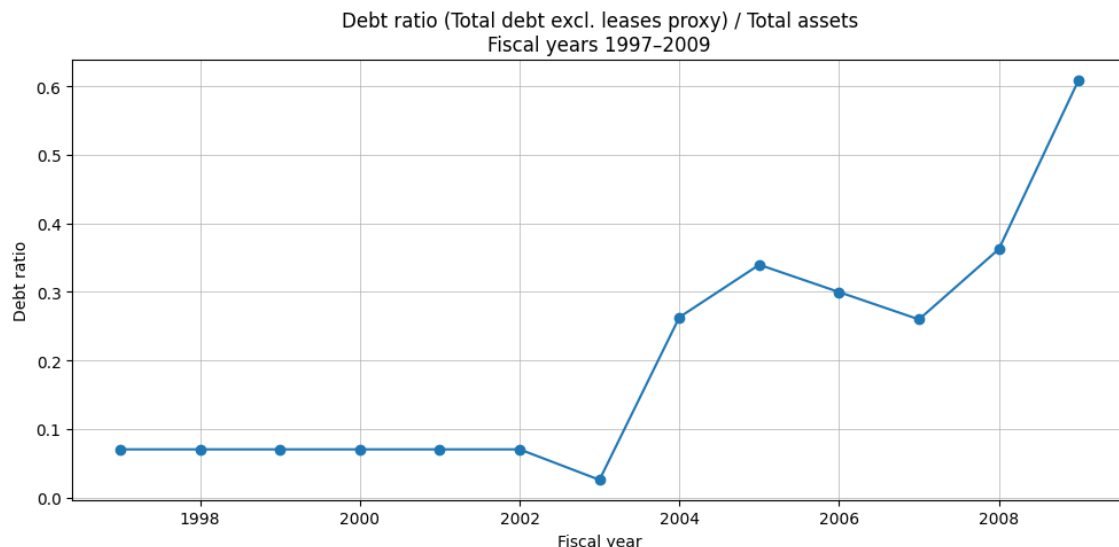
Across its public-market history, the company struggled to earn an attractive return on capital. In fact, it failed to break even in many years, raising questions about the viability of the underlying business model. We use return on assets (ROA) as a proxy rather than return on equity, given the company's high financial leverage (discussed next).



Source: chart generated by ChatGPT, March 2026.

3. Debt ratio (financial health)

Debt became the only remaining “growth” story. Borrowed capital funded the company's losing battle against competition and only temporarily masked a fundamental lack of profitability. Debt is often the coroner's report - not the illness itself. However, using leverage to sustain a low-profit (or unprofitable) business can accelerate the endgame when economic conditions finally tighten – as they did during the Global Financial Crisis.



Source: chart generated by ChatGPT, March 2026.



Yes, the company was Blockbuster.

KEY TAKEAWAYS

1. Start with companies already able to earn high returns on capital;
2. Focus on indicators of underlying competitiveness (e.g., market share, net promoter score, customer retention, employee turnover);
3. Be cautious with businesses that rely on debt to stay alive.

LET'S STAY CONNECTED

Over the past few years, we've been building a growing library of insights, commentary, and educational content across several online platforms. These channels allow us to share timely updates, explain important financial concepts, and give you a closer look at how we think about investing and planning.

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And as always, if there's a topic you'd like to see us cover in a future video or article, please let us know. Many of our best ideas start with questions from YOU!

Because at the end of the day, Hillside isn't just about managing portfolios — it's about helping families navigate their financial lives with clarity and confidence.



FEBRUARY 2026 PERFORMANCE RESULTS

An overview of our portfolios to date.

Performance to February 27, 2026	YTD	6 Mo	1 Yr	3 Yr**	5 Yr**	10 Yr**	Inception**
Hillside Balanced Growth*	-3.95%	-9.40%	-4.40%	9.46%	7.50%	8.45%	9.07%
HBG Benchmark ¹	4.36%	10.56%	16.86%	15.77%	9.70%	9.32%	7.90%
Hillside Focused Growth*	-5.81%	-13.67%	-6.76%	11.67%	9.61%	10.03%	9.87%
HFG Benchmark ²	5.27%	13.65%	22.78%	20.78%	13.81%	12.84%	10.47%

Past performance is not an indication of future returns.

* Performance is presented gross of fees.

**Inception: Sept 2, 2014. Results beyond 1 year are annualized.

1 Hillside Balanced Growth Benchmark: 75% Vanguard Balanced ETF & 25% Vanguard All-Equity ETF

2 Hillside Focused Growth Benchmark: 100% Vanguard All-Equity ETF

Source: SIACHarts.com

The performance presented in this portfolio report is hypothetical and does not represent a specific client account. Details regarding actual returns of an investment account are available from the client's advisor.

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This content was fully or partially generated by artificial intelligence. The advisor reviewed the critical information independently.

Performance is calculated using month-end market values of the model portfolio. Since we use a model portfolio to calculate performance there are no client-initiated cash flows (deposits/withdrawals) to account for. Performance is calculated by dividing the change in the model portfolio's market value by the model portfolio's market value at the beginning of the performance period. Also, all income generated by the portfolio's holdings are held within the model portfolio in cash and is accounted for in the portfolio's month-end market value - this results in a total return measure of the model's performance.

Returns for periods less than 1 year are shown as periodic returns while returns for periods greater than 1 year are annualized. Returns do not include fees and actual returns experienced by an investor may differ from those shown. Past performance is not a guarantee of future results.