

Market Watch

S&P/TSX 35,369.10 + 176.44	S&P 500 7,411.98 + 3.68	DOW 51,947.25 + 235.60	NASDAQ 24,975.82 -161.87	DOLLAR 70.96¢US -0.05¢	OIL per barrel US\$89.31 -\$2.88	GOLD US\$4,070.80 +\$20.60
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Canadian banks reign supreme

Most readers are likely aware that Canadian bank stocks have been a good investment.

This week's chart highlights just how profitable investing in Canadian banks has been relative to other potential investments over the last 20 years. The performance of the 'Big six' Canadian banks (BMO, CIBC, National, RBC, Scotia and TD) is shown in the red bars relative to the performance of broader stock indexes such as the S&P 500 and S&P TSX as well as bank stock indexes from other regions (U.S., Europe, Japan and emerging markets).

The bars at the top of the chart represent the annualized return from investing in each respective index over the past 20 years. For example, investing in the 'Big six' Canadian banks has returned an average of 13 per cent per year over the past 20 years relative to the S&P 500 at 11.4 per cent per year and the S&P TSX at 8.8 per cent per year.

The world's most sophisticated investors (e.g. pension funds, hedge funds, etc.) analyze investment returns relative to risk. It's one thing to say that your portfolio earned 15 per cent last year but do you understand how much risk you



Eric Van Enk
Economics 101

took to achieve that return? Most people don't, which is why they turn to professional money managers to help them achieve their objectives while taking the least amount of risk required.

In other words, the goal of professional investment managers is to maximize risk-adjusted returns.

There are several ways to measure risk-adjusted returns, one of the best known being the Sharpe Ratio which calculates the excess return earned over a risk-free rate (e.g. government bond) per unit of volatility. This week's chart is great because it also depicts return relative to risk on the bottom of the chart, and, once again, notice that Canadian banks have outperformed the broader equity markets (e.g. S&P

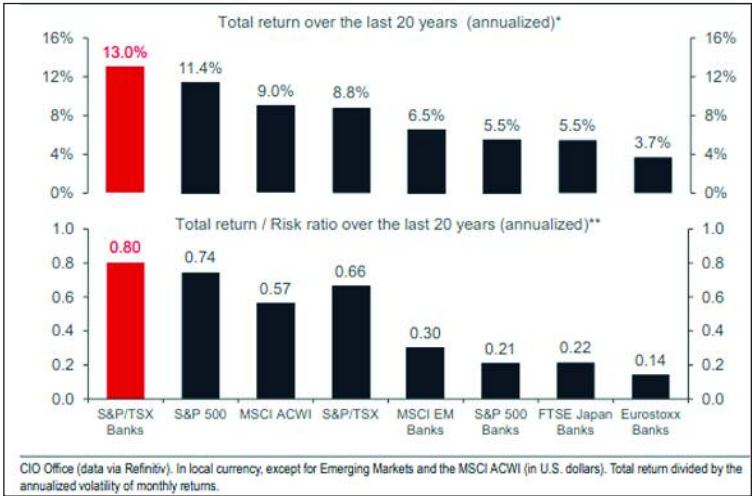
500) as well as banks in other regions of the globe on a risk-adjusted basis.

Why has the performance of Canadian bank stocks been so strong and will this outperformance continue?

Unfortunately, I don't have a crystal ball and can't predict the future. However, we can examine the factors driving Canadian bank outperformance and question if there is likely to be a change in these factors.

The long-term outperformance of a company's stock can be driven by several factors but two of the most common are the quality of the management team and strategic barriers to entry. The first factor is relatively easy to understand, stronger management teams tend to make better decisions, leading to higher profits which ultimately drive share prices. The second factor, barriers to entry, is a bit more complicated. If a company earns a high profit margin, competition will enter that sector, driving down prices and profit margins.

If, however, significant barriers to entry exist which make it difficult for new businesses to compete, existing companies can continue to earn excess profits. The 'Big six' Canadian banks have a signifi-



NATIONAL BANK FINANCIAL

cant barrier to entry in the form of legislation. Canadian federal legislation (The Bank Act) regulates which companies can operate as Schedule 1 Banks in Canada which limits the ability of foreign banks to compete. In this way, Canadian banks operate more like an oligopoly which can maintain high profit margins indefinitely.

The 'Big six' Canadian bank stocks have been excellent investments and continue to attract the 'best and brightest' management teams given their ability to compensate these individuals beyond what most companies or organizations

can pay.

Furthermore, federal legislation effectively limits competition in the Canadian banking sector which contributes to higher profit margins. If these factors remain unchanged, Canadian banks will remain well positioned as attractive investments.

Eric Van Enk is a wealth adviser & portfolio manager with National Bank Financial in Medicine Hat. He is a graduate of the University of Calgary, as well as a CFA charter holder with 20 years of financial markets experience in New York, Toronto and Calgary. He can be reached at eric.vanenk@nbc.ca

PUBLIC NOTICES



Medicine Hat

8AM - 4PM SPECIAL SERVICES

Electric Outages.....	403.529.8260
Gas Emergency	403.529.8191
Water & Sewer Emergency	403.502.8042
After Hours Special Services.....	403.526.2828

DEVELOPMENT PERMITS APPROVED JULY 16 TO JULY 22, 2026

RESIDENTIAL

18 B CAMERON ROAD SE - Residential Accessory Building (Garage).

336 7 STREET SE - Residential Accessory Building (Garage)

29 HUNTLEY COURT NE - Residential Accessory Building (Garage).

437 9 STREET SW - Residential Accessory Building (Garage)

2755 BURTON PLACE SE - Residential Accessory Building (Garage) Addition

61 SOMERSIDE GATE SE - Residential Accessory Building (Garage).

59 SOMERSIDE GATE SE - Residential Accessory Building (Garage)

45 4000 13 AVENUE SE - Planned Residential Community (Manufactured Home)



**What's Happening
IN YOUR NEIGHBOURHOOD?**

Scan code
to view development
notices online
(updated weekly)

COMMERCIAL/INDUSTRIAL/ INSTITUTIONAL

1 821 17 STREET SW - Change Of Use To Vehicle Service/Repair.

HOME BUSINESS

3 1035 MILL STREET SE - Home Business Minor - Delivery Service.
(Refused.No application fee payment / Incomplete application).

42 CAIRNEY CRESCENT SE - Home Business Minor - General Contractor/
Project Manager/Demolition/Door and Window Installation.
(Refused. No application fee payment / Incomplete application).

368 WASHINGTON WAY SE - Home Business Minor - Administrative Consultant.
(Refused. No application fee payment / Incomplete application).

A person claiming to be affected by a decision of the Development Authority may appeal to the Medicine Hat Subdivision and Development Appeal Board by completing and submitting to the City Clerk Department, the required Notice of Appeal form within twenty one (21) days of this publication. Forms available from: City Clerk Dept., 3rd Floor, City Hall or City website: www.medicinehat.ca.

All Development Permits listed are subject to conditions. For more information, contact Planning and Development Services, 2nd Floor, City Hall. Ph. (403) 529-8374.

FIRE HYDRANT INSPECTIONS & WATER MAIN FLUSHING

Environmental Utilities maintenance crews perform regular, routine maintenance to uphold the waterworks system infrastructure and water quality by annually inspecting fire hydrants and flushing water mains.

During these operations, there may be some discolouration in the water which is not harmful to consume and will dissipate when flushing is complete.

It is important to note that discoloured water should not be used for laundry, and that fluctuating water pressure may also be noticed.

Should discolouration persist over three hours, turn on a cold-water faucet or an outside sprinkler and let the water run for several minutes until the water runs clear.

For additional information or to confirm whether crews are working in your zone, refer to the Water Flushing information on the City's website at www.medicinehat.ca/water or contact Environmental Utilities at 403-529-8176.

www.medicinehat.ca

‘Existential’: Community papers struggling to survive amid Canada Post flyer delivery

CHRISTOPHER REYNOLDS
The Canadian Press

Community newspaper owners claim Canada Post is helping to drive some of them out of business thanks to an expanded partnership it forged with the country's largest printing firm.

Last month, the Crown corporation launched the countrywide rollout of a joint venture with Transcontinental Inc. known as Raddar, which saw Canada Post start delivering discount-deal leaflets in all 10 provinces.

Community newspapers have traditionally relied on flyer bundles to fund their publications, which are delivered free to millions of readers in urban and rural communities.

Paul Deegan, CEO of News Media Canada, which represents scores of community papers among the 550 news titles it advocates for, says those outlets are now losing ad clients after being undercut by a government-backed enterprise. The revenue loss threatens to shutter news outlets and leave residents less informed about their communities, he said.

“Essentially what’s happened is that publishers that would have had a number of flyers as commercial inserts, those orders have all but dried up. It’s literally fallen off a cliff,” said Deegan.

“Our folks feel it’s anticompetitive behaviour. They’re trying to squeeze us out.”

As the latest casualty, Deegan points to Winnipeg’s Community Review, a hyperlocal paper with east and west editions that was slated to shut down on Friday. The closure will end delivery to 200,000 households and leave more than 800 part-time delivery workers out of a job less than two months after Raddar’s arrival, according to the industry association.

Community papers farther west are feeling the pinch too. Great West Media, which owns nine publications covering Alberta communities from Banff and Barrhead to suburban Edmonton and Calgary, has seen large retailers abandon its flyer offering and switch over to Raddar — which offers a sleek, thinner package that’s easier for mail carriers to

haul than traditional flyer bundles.

“That’s cut our flyer volumes by about 80 per cent, because now all that volume has shifted over to Canada Post,” said Evan Jamison, co-owner and vice-president of manufacturing at Great West Media, a family operation going back to the 1960s.

“It could be existential for some of them,” he said of the newspapers. “Some of them may not survive.”

Canada Post notes that many community news groups have relied on it to bring papers to doorsteps rather than on their own delivery systems. As some news companies opt to shut down papers or scrap private delivery — even before Raddar’s arrival — the Crown corporation said it has stepped in to help fill the gap in flyer distribution.

“We understand the challenges facing community newspapers and continue to work with them. The entire flyer industry is undergoing a massive shift following the closure of some major players, which is affecting all who rely on this business — from papers to printers to distributors,” said Canada Post spokesperson Lisa Liu in an email.

Montreal-based Transcontinental said Raddar’s national rollout gives retailers an alternative to digital ads and means more Canadian households will have access to savings on products ranging from groceries to home decor.

“In recent years, flyer distribution has undergone a significant transformation with the successive withdrawal of news organizations such as Glacier Media, Metroland and, most recently, Postmedia from the business,” said Patrick Brayley, Transcontinental’s chief operating officer.

“In the wake of these changes, our customers have welcomed Raddar and Raddar.ca as a cost-effective national mass media platform with national reach and local precision.”

The company respects the role of local newspapers, he added, noting that Transcontinental has played a role in publishing and distributing local papers for decades.

News Media Canada (whose members include the owners

of *The Canadian Press*), has called on the federal government to ensure Canada Post is offering community papers comparable pricing to what Transcontinental receives.

Industry insiders also say the House of Commons heritage committee should conduct hearings into how the Crown corporation can help sustain print news.

The challenges are not new.

“It’s sort of a multi-threaded story of the decline of local print and the Canada Post ad mail program essentially siphoning off revenue that supports editorial product, particularly in the free, hyperlocal community market. And that started back in the ‘90s,” said Howard Law, a media advocate and former union representative.

For community papers, however, the bleeding has worsened in recent years and many closures predate Raddar’s rollout.

Postmedia said on May 12, two days before Raddar announced its countrywide expansion, that it would cease all flyer distribution by the end of August, costing 250 employees their jobs, 50 of them full-time positions.

In 2023, Ontario residents learned they would lose more than 70 local print papers after Metroland Media Group announced it would move to a digital-only model, ending its flyer business and prompting more than 600 layoffs.

The same year in British Columbia, Glacier Media shut down print operations for three papers in the Lower Mainland and two more in the province’s northeast.

In Quebec, 17 hyperlocal print papers closed in the province’s two largest cities after then-Montreal mayor Montreal Valérie Plante said Transcontinental’s weekly flyer bundles — and the newspapers wrapped around them inside a plastic bag — would be delivered only to residents who request them. The bylaw marked a win for environmentalists but the last straw for Métro Média, which declared bankruptcy in September 2023.

The Raddar joint venture is not beholden to municipal bylaws because Canada Post is a Crown corporation.

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