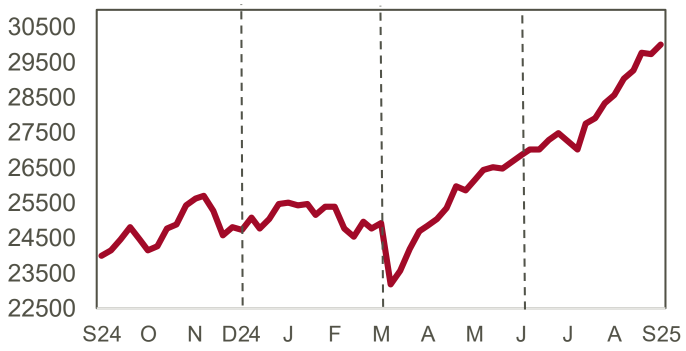
Economic Update Q3 2025

Economic and market insights

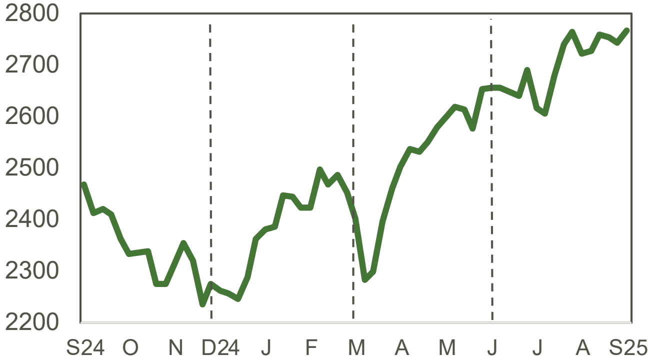
Market Indicators

S&P/TSX Composite
2024 21.70%
September 2025 23.93%

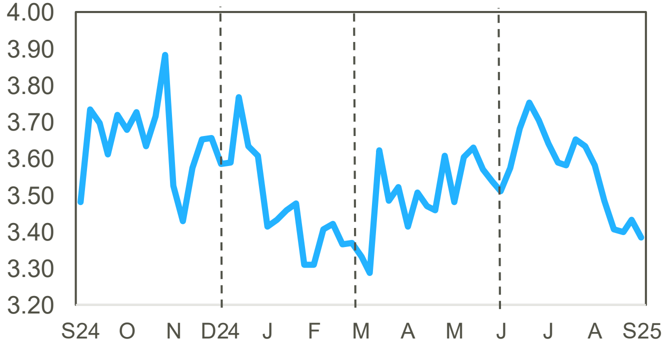


S&P 500
2024
36.4% (Cdn)
25.0% (U.S.)
September 2025
11.09% (Cdn)
14.83% (U.S)

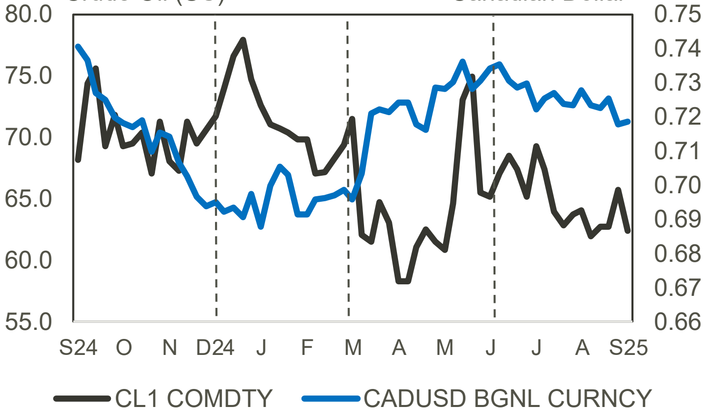
EAFE (US)
2024
13.2% (Cdn)
11.3% (U.S)
3.8% (Local)
September 2025
21.07% (Cdn)
25.14% (U.S)
13.63% (Local)



FTSE Canada Universe Bond
2024 4.20%
September 2025 2.98%



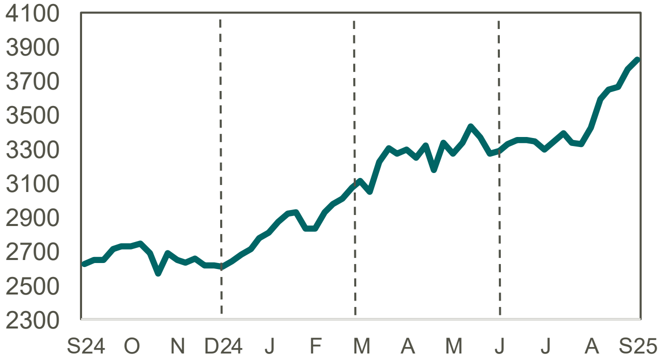
Crude Oil (US)
Canadian Dollar*



Left scale Right scale

*graph shows the number of US$ per CDN$

Gold



Source: Morningstar Direct & Bloomberg September 30, 2025

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Index returns ending September 30, 2025

Annualized

	YTD	1 YR	3 YR	5 YR	10 YR
S&P/TSX	23.93%	28.60%	21.31%	16.68%	11.82%
S&P 500 ($C)	11.09%	21.12%	25.46%	17.42%	15.73%
MSCI EAFE ($C)	21.63%	19.04%	22.84%	12.63%	9.11%
MSCI Emerging Markets ($C)	24.05%	21.71%	19.31%	8.39%	8.83%
FTSE Canada Universe Bond Index	2.98%	2.93%	4.66%	-0.16%	2.02%

Source: Morningstar Direct

Sector returns as at September 30, 2025

	S&P/TSX				S&P 500			
	Weight	3 mo	YTD	1 yr	Weight	3 mo	YTD	1 yr
Communication services	2.12%	7.70%	12.92%	-8.77%	10.14%	12.04%	24.51%	35.55%
Consumer discretionary	3.12%	3.68%	18.04%	18.99%	10.54%	9.54%	5.30%	20.31%
Consumer staples	3.37%	1.57%	5.73%	9.57%	4.91%	-2.36%	3.89%	0.51%
Energy	15.75%	12.60%	17.09%	24.80%	2.89%	6.21%	7.04%	4.43%
Financials	31.97%	10.60%	22.48%	30.60%	13.54%	3.22%	12.75%	20.75%
Health care	0.27%	5.49%	-0.97%	-4.60%	8.86%	3.76%	2.61%	-7.95%
Industrials	11.32%	-1.36%	4.57%	4.11%	8.29%	5.02%	18.38%	15.69%
Information technology	9.93%	13.21%	19.68%	46.24%	34.78%	13.19%	22.31%	28.22%
Materials	16.91%	37.80%	79.27%	70.76%	1.77%	3.10%	9.32%	-4.27%
Real estate	1.70%	7.57%	11.05%	-0.60%	1.94%	2.59%	6.19%	-2.24%
Utilities	3.54%	6.88%	17.52%	15.70%	2.35%	7.57%	17.69%	11.20%

Source: Bloomberg, total return data

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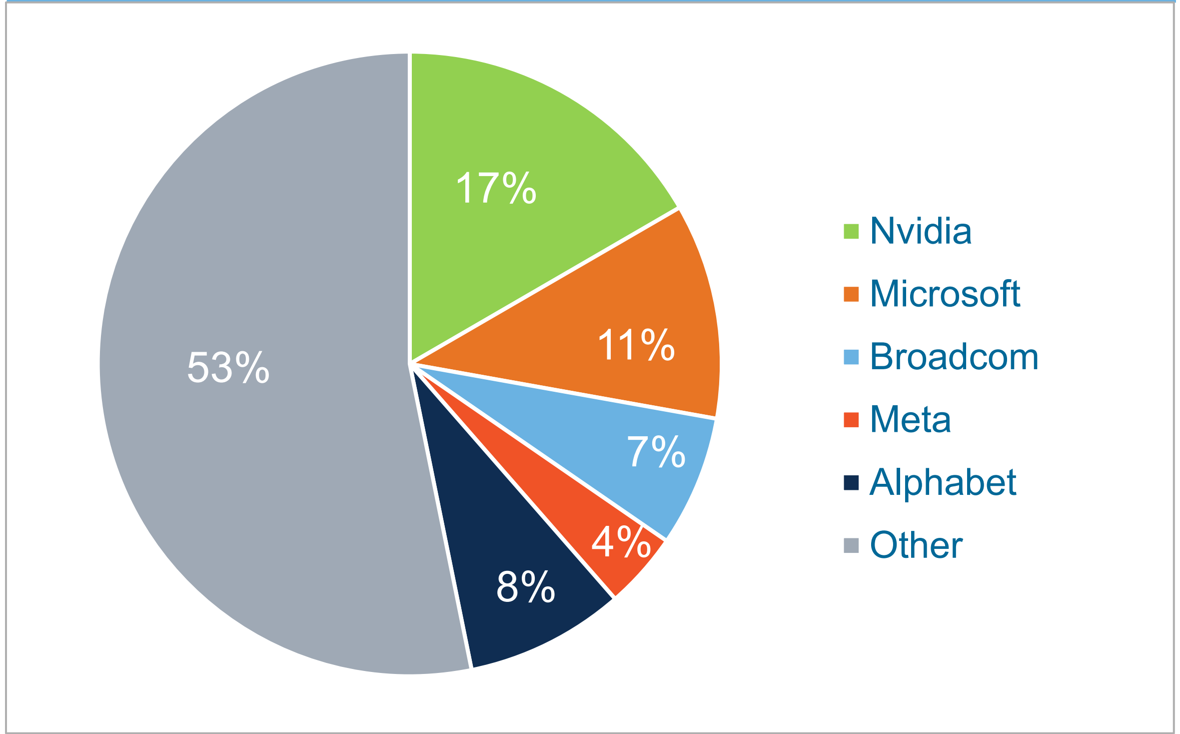
AI still dominates returns

	Average Weight (%)	Total Return (%)	Contribution (%)
S&P 500 YTD	100	11.7	
Nvidia	6.8	27.2	2.6
Microsoft	6.6	18.9	1.8
Broadcom	2.2	46.0	1.1
Meta	2.8	31.0	0.6
Alphabet	3.8	26.7	1.3
Palantir	0.5	137.4	0.5

S&P 500 YTD Total Return Contribution



Source: Bloomberg, October 6, 2025

Key questions

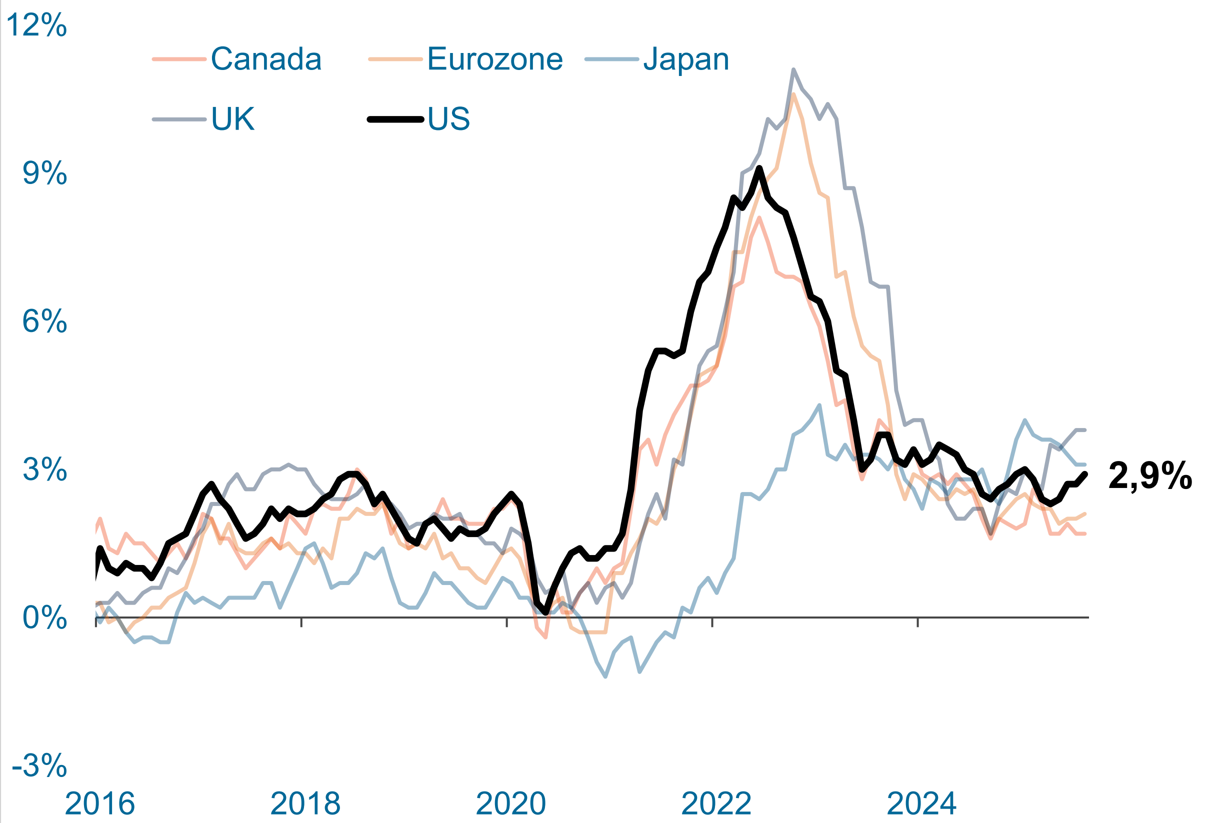
1. Does weakening soft data converge with resilient hard data?

2. Do businesses have pricing power (e.g. pass on costs to consumers)?

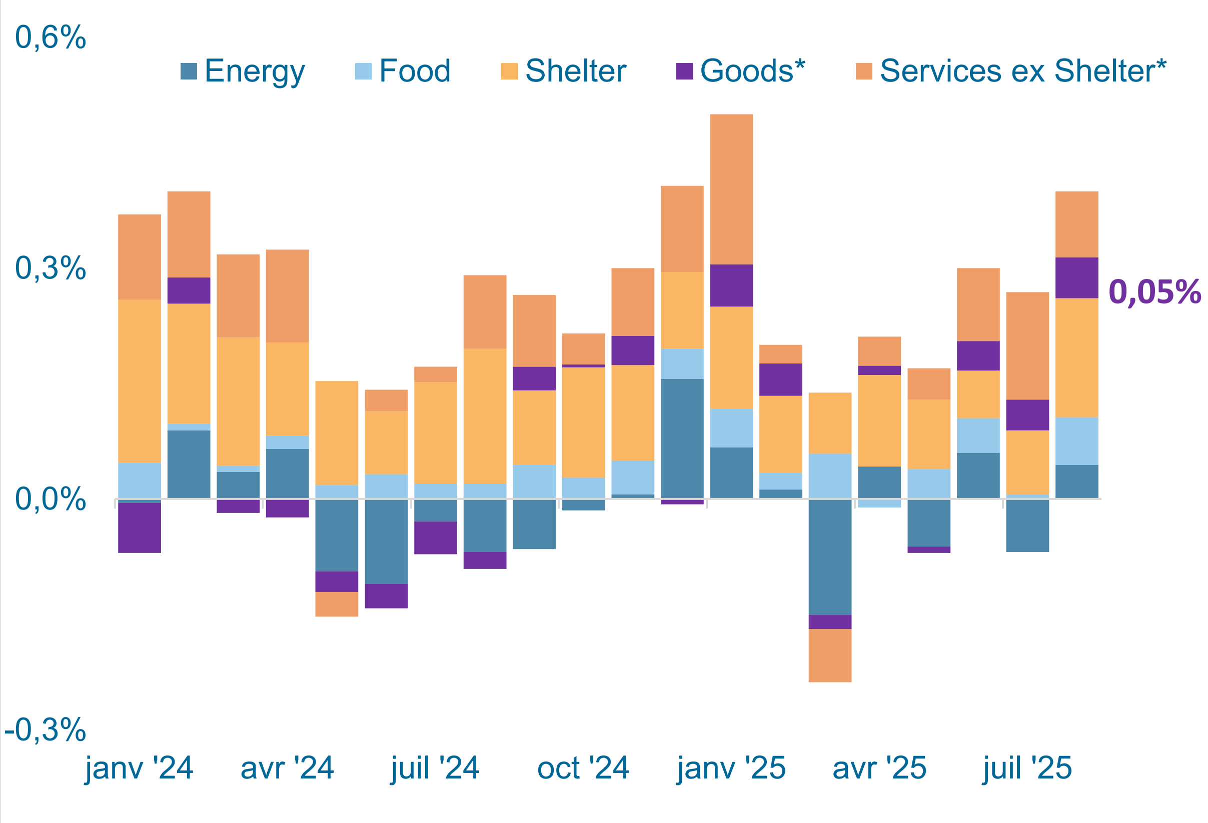
3. How does global trade hold up in the face of tariffs?

Tariff-driven inflation has been modest

Headline CPI (YoY %)



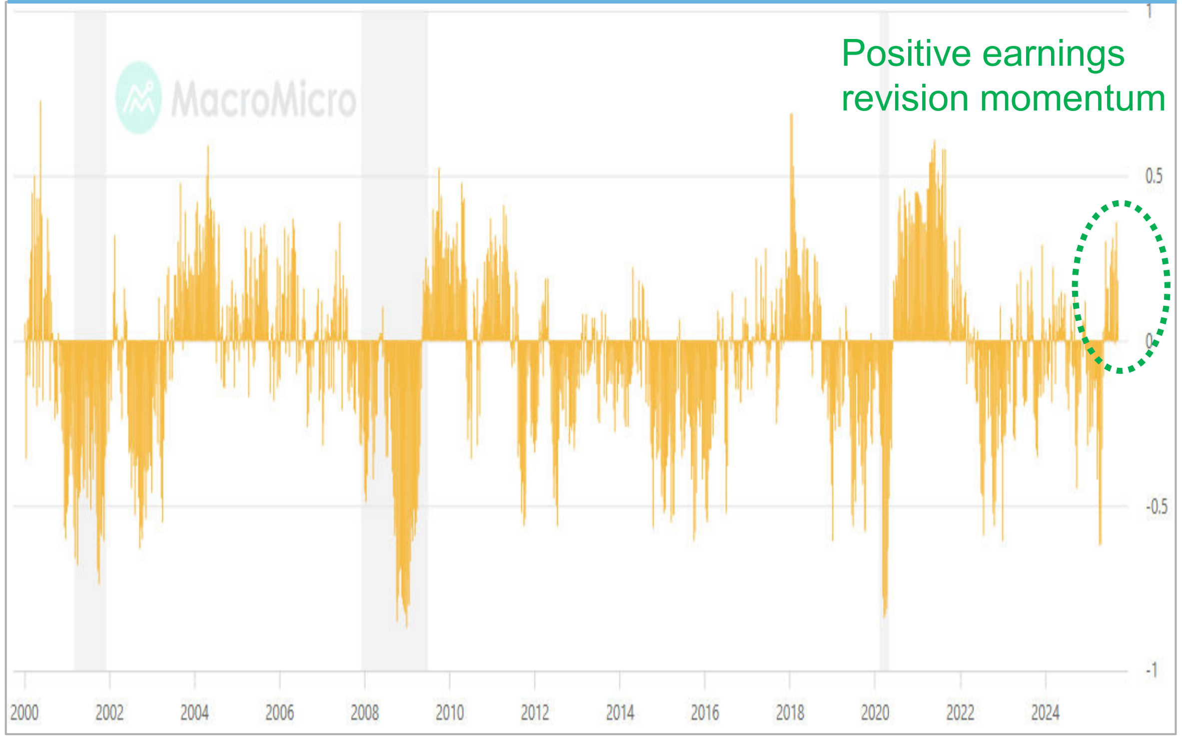
US MoM CPI Contribution Breakdown (%)



Source: Bloomberg August 2025

Earnings outlook underpinning equity growth

US Earnings Revisions Index



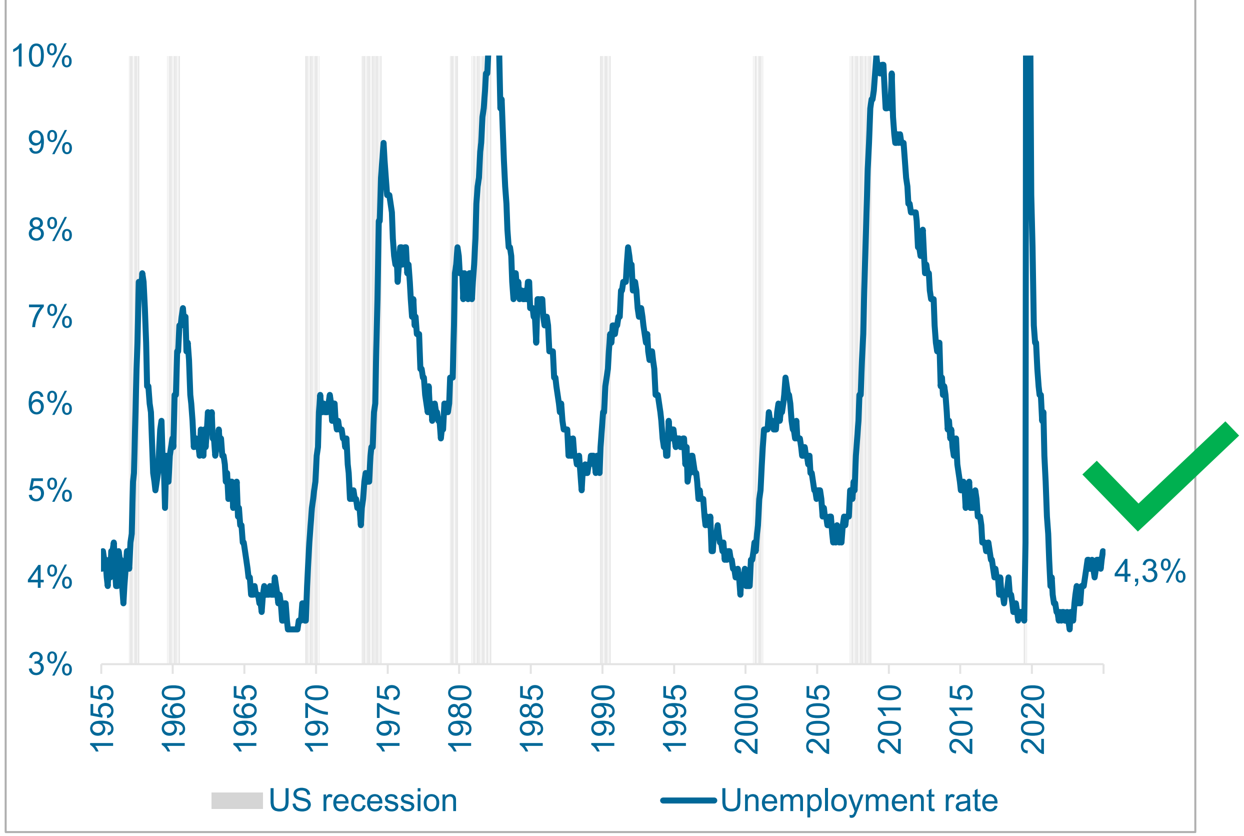
S&P 500 Earnings Estimates

Name	2027	2026	2025
Latest Update: Daily			
Sum of the 4 quarters during the year			
▾ S&P 500 Index EPS	12.8%	12.8%	9.5%
▸ Communication Services	13.1%	8.4%	15.9%
▸ Consumer Discretionary	16.0%	8.7%	4.8%
▸ Consumer Staples	8.5%	7.4%	-1.2%
▸ Energy	20.3%	16.2%	-12.4%
▸ Financials	11.3%	11.4%	5.9%
▸ Real Estate	6.3%	5.8%	0.0%
▸ Health Care	10.7%	9.1%	12.5%
▸ Industrials	11.3%	14.8%	9.1%
▸ Information Technology	14.8%	19.9%	23.9%
▸ Materials	11.4%	17.9%	3.9%
▸ Utilities	9.6%	8.2%	6.9%
▸ Non-Adjusted Sector EPS			
▸ Non-Adjusted Sector EPS as % of Index EPS			
Note: Non-adjusted EPS was not adjusted …			
Note: FFO was used for Real Estate sector			
Note: Sum of Non-Adjusted Sector EPS = I…			

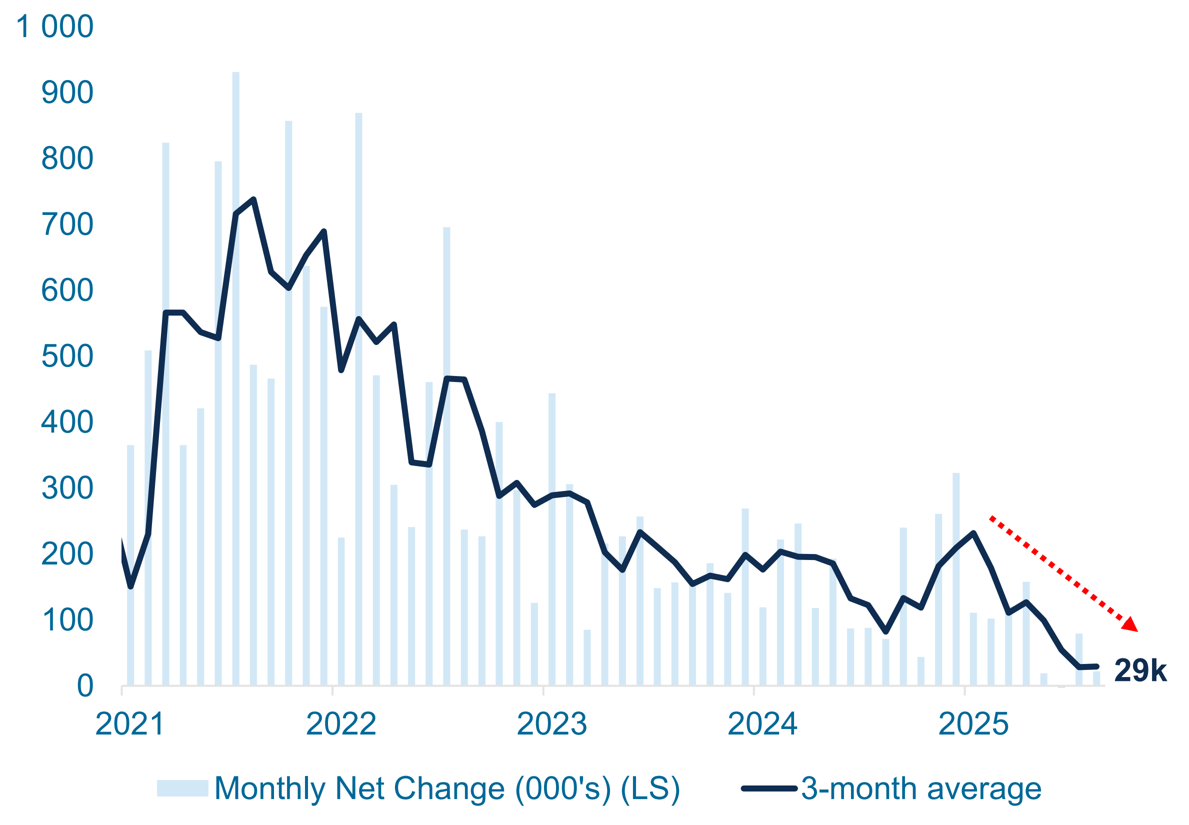
Source: Bloomberg August 31, 2025 (LS), MacroMicro/Citigroup August 29, 2025 (RS)

US jobs resilient, but softening

US unemployment rates (%)



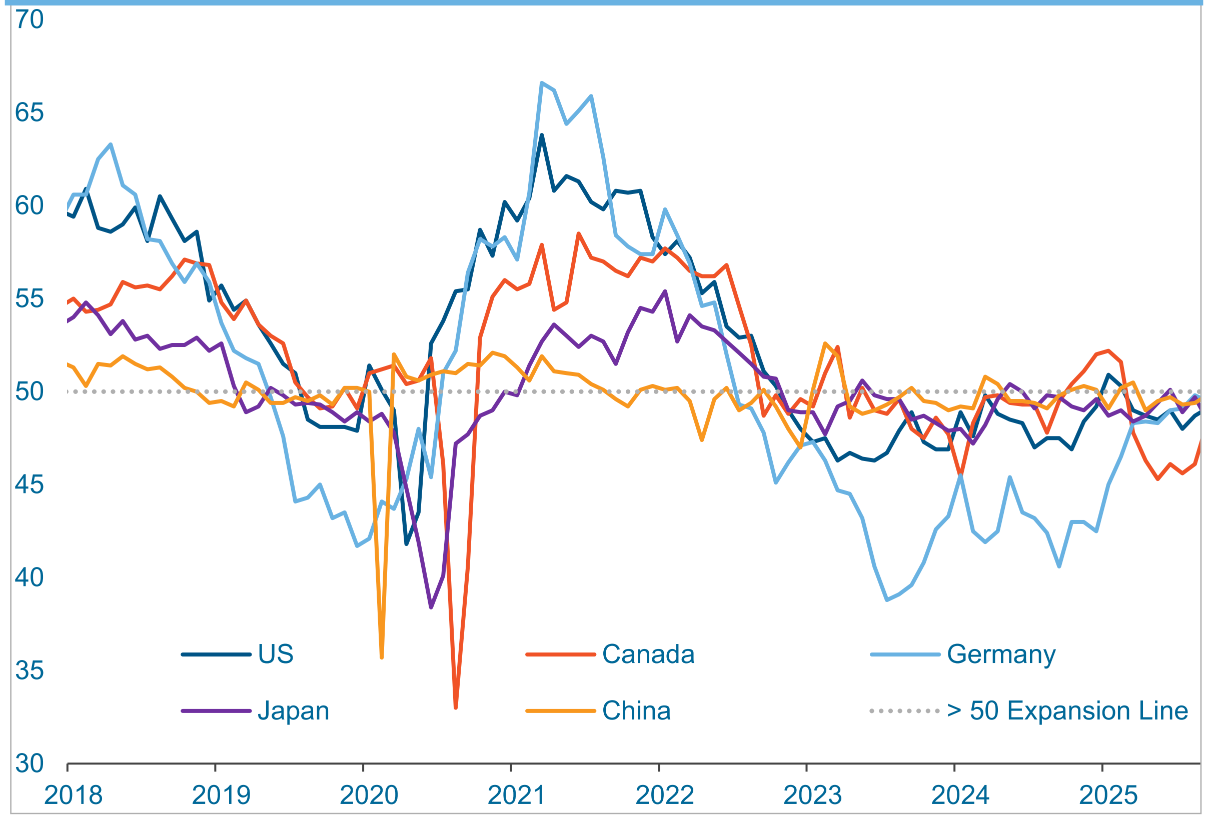
US nonfarm payrolls (thousands)



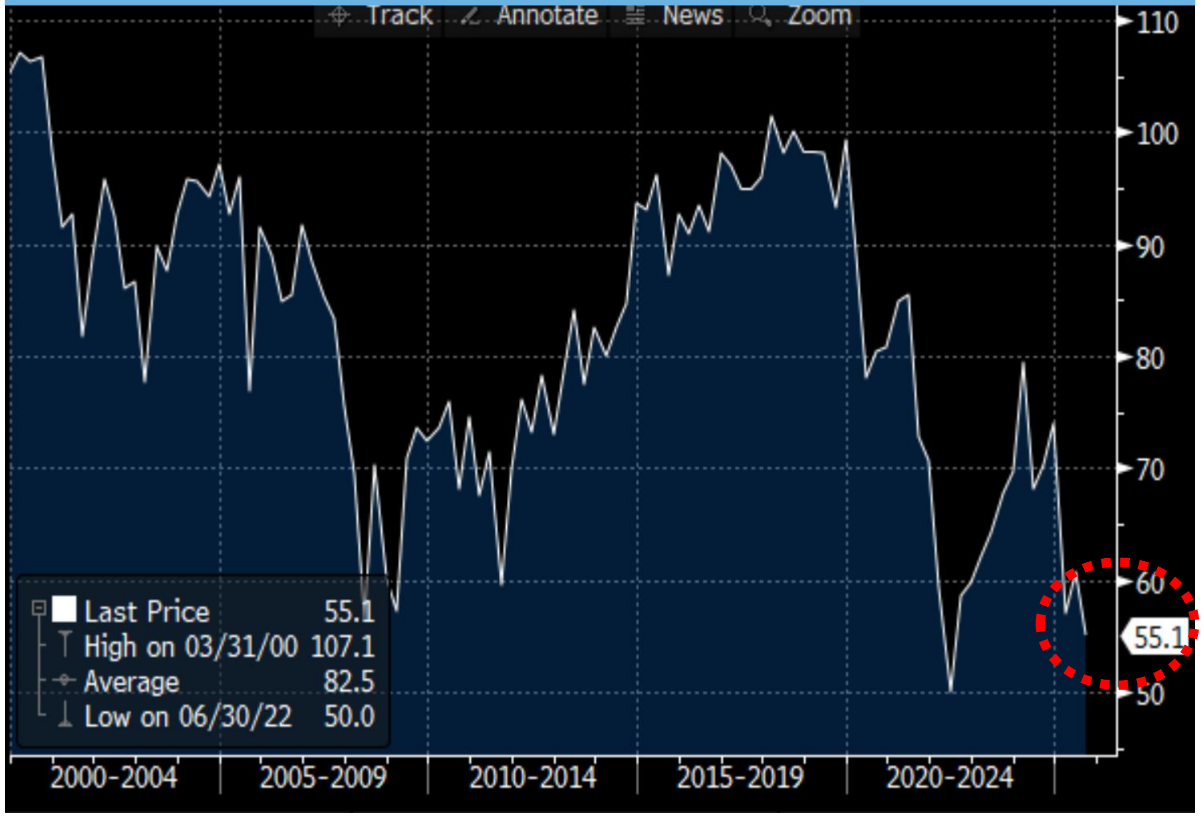
Source: Bloomberg August 2025

Soft data signals weakness ahead

Global Manufacturing PMIs



University of Michigan Consumer Sentiment Index



Source: Bloomberg September 2025 ; US - ISM, Canada, Eurozone, Germany – Markit Economics, Japan – Jibun Bank, China – China Federation of Logistics and Purchasing

Macro outlook

Risks are real….

1. Tariff uncertainty
2. Downside risk to global economic growth due to deglobalization & softening labour markets
3. Price increases can suppress earnings outlook
4. Global fiscal deficits (higher yields)

But reasons for optimism…

1. Several stimulative initiatives:
    - OBBA should support US growth
    - Potential tariff dividend
    - Canada, Europe and other regions responding to the tariff war with their own pro-growth domestic spending plans
2. Hard data remains resilient
3. AI secular growth theme
4. No tariff-driven inflation → likely Fed rate cuts

PAYS TO STAY INVESTED

Crisis	Market Low	Related Market Decline	Months to Recover	1 Year Later	2 Years Later
The Korean War	13-Jul-50	-14.0%	2	31.7%	49.7%
Cuban Missile Crisis	23-Oct-62	-26.4%	10	36.5%	59.2%
JFK Assassination	22-Nov-63	-2.8%	1	23.9%	31.6%
1969 to 70 Market Break	26-May-70	-36.1%	21	43.7%	59.7%
1973 to 74 Market Break	06-Dec-74	-45.9%	67	33.5%	59.3%
1979 to 80 Oil Crisis	27-Mar-80	-17.1%	3	37.1%	14.0%
1987 Stock Market Crash	19-Oct-87	-33.2%	21	23.2%	54.4%
Desert Storm	11-Oct-90	-19.9%	4	29.1%	36.3%
Soviet Coup D'état Attempt	19-Aug-91	-3.6%	1	11.1%	21.2%
Asian Financial Crisis	02-Apr-97	-8.1%	1	49.3%	72.5%
Dot-com Bubble crash	09-Oct-02	-49.1%	55	33.7%	44.5%
Sept 11th	21-Sep-01	-11.6%	1	-12.5%	7.3%
Invasion of Iraq	11-Mar-03	-14.7%	2	38.2%	49.9%
North Korean Missile Test	17-Jul-06	-6.9%	2	25.5%	2.1%
Subprime Mortgage Crisis	09-Mar-09	-56.8%	47	68.6%	95.1%
US Debt Rating Downgrade	03-Oct-11	-19.4%	5	32.0%	52.2%
Crimea Annexation	03-Feb-14	-5.8%	1	17.7%	9.8%
China Yuan Devaluation	11-Feb-16	-13.0%	3	26.6%	43.2%
2018 Global Recession Scare	24-Dec-18	-19.8%	4	37.1%	57.5%
COVID-19 Pandemic	23-Mar-20	-33.9%	4	74.8%	99.2%
2022 Bear Market	12-Oct-22	-25.4%	15	21.6%	62.6%
2025 “Liberation Day”	8-Apr-25	-18.9%	1	-	-
Average		**-21.9%**	**12.3**	**32.5%**	**46.7%**

Snapshots in time of significant negative international events from 1950 to June 16, 2025, and the subsequent change in market value from the stock market low in that calendar year to one and two years after.
Source: Datastream and Bloomberg. Benchmark: S&P 500 Composite, US$ return.

Thank You