Quarterly Market Commentary

Second Quarter 2025

Global markets power through persistent volatility.

- Global equities, as measured by the MSCI ACWI Index, rose sharply during the second quarter of 2025, as the administration of U.S. President Donald Trump announced progress on trade deals with major trading partners, most notably China. The rally occurred despite heightened geopolitical uncertainty in the face of escalating conflict in the Middle East, marked by Israeli and U.S. military strikes on Iranian nuclear sites; however, these tensions eased by quarter-end. Emerging markets outperformed developed markets.
- Global fixed-income assets posted gains for the quarter. U.S. Treasury yields were mixed across the yield curve. (Prices move inversely to yields.)
- Global diversification in equity markets remains a strategic SEI investment theme.

SEI's Domestic View

In our last outlook, we expressed growing concern about the intermediate-term outlook for the Canadian economy, given the Trump Administration's global trade war against a backdrop of slowing domestic economic growth and rising unemployment. We remain concerned, but hard economic data (primarily economic growth, inflation, and unemployment) have yet to deteriorate meaningfully. While that's encouraging, it's early days yet and those risks are still clearly in play. This puts businesses, households, economists, central bankers, and investors firmly in wait-and-see mode as we head into the second half of the year.

While economic surveys tend to be somewhat unreliable in terms of predicting actual future behavior, it is important to note that both business and household surveys are indicating significant anxiety around U.S. tariffs.[1] The Bank of Canada (BOC) is in a similar place. While first-quarter economic growth surprised a bit to the upside and inflation has looked fairly tame, final domestic demand was flat—trade data likely distorted these figures as businesses and consumers tried to get ahead of U.S. tariffs—and the BOC's preferred measures of inflation remain stubbornly at the high end of its desired range.

As the BOC put it following its decision to hold its policy interest rate steady in June, "the outcomes of these [trade] negotiations are highly uncertain, tariff rates are well above their levels at the beginning of 2025, and new trade actions are still being threatened. Uncertainty remains high…The Bank's preferred measures of core inflation, as well as other measures of underlying inflation, moved up. Recent surveys indicate that households continue to expect that tariffs will raise prices and many businesses say they intend to pass on the costs of higher tariffs. The Bank will be watching all these indicators closely to gauge how inflationary pressures are evolving. With uncertainty about U.S. tariffs still high, the Canadian economy softer but not sharply weaker, and some unexpected firmness in recent inflation data, Governing Council decided to hold the policy rate as we gain more information on U.S. trade policy and its impacts. We will continue to assess the timing and strength of both the downward pressures on inflation from a weaker economy and the upward pressures on inflation from higher costs."[2] This aligns closely with views being expressed by monetary policymakers in some other countries.

Canada's labour market is also in a similar spot to many other countries. While there have been clear signs of softening from the strong-labour-demand period that followed the reopenings of national economies after the initial waves of COVID-19, employment conditions in many regions have eased to more normal levels, and labour markets have yet to show signs of significant unravelling. While the duration of unemployment has been worsening in Canada[3], job vacancies have actually increased in three of the first four months of 2025, and the job-vacancy rate has been holding steady at around 3.5%—well below the COVID-19 reopening years of 2021-2022, but in line with historic levels outside that period.

While we remain concerned about the trajectory of unemployment, the Canadian economy has managed to avoid recession thus far barring any significant future revisions to economic data. (Official economic growth estimates are revised on a regular schedule but aren't finalized until nearly three years after the fact.[4])

As with trade policy, there's still a fair amount of uncertainty around fiscal policy in Canada. The Liberal-led government has released its initial spending plans and "main estimates" of appropriations (also known as the Blue Book), but it doesn't plan to submit an official budget until this fall. Based on initial figures, there could be a meaningful government spending impulse in 2026, similar to a number of other countries. But the specifics of those spending plans and what they might mean for employment, inflation, and Canada's longstanding productivity challenge are not yet clear.

In the fog of a trade war, trade flows occupy a more prominent place in economists' minds. Beyond the obvious concerns about what will ultimately be tariffed and at what rates by the U.S. (and counter-tariffed or taxed by Canada and other countries), it's interesting to think about how trade flows will adapt to the various measures and countermeasures. We have a couple of observations to offer.

As with the first Trump Administration's trade policy, there seems to be a common-but-questionable assumption that global trade flows can only adapt haltingly and chaotically to dramatic shifts in tariff schedules. However, like some of the adjustments that occurred in response to the prior Trump Administration's tariffs, recent theoretical work and trade-flow data seem to indicate otherwise. In a March working paper, a BOC economist argued that, rather than being inelastic or difficult to change, commercial trade behaviors (at least based on the author's chosen data set) appeared to be highly flexible and adaptable.[5] While interesting in its own right, recent Canadian trade data lend support to the argument. According to Statistics Canada (StatCan), Canadian exports to the U.S. declined for a fourth consecutive month in May and now account for roughly 68% of total exports from a monthly average of 76% in 2024. However, total Canadian exports to other countries reached a record high.[6]

Gold demand adds another interesting wrinkle to the trade data (as well as the longer-term outlook for central bank reserves and the importance of gold and the U.S. dollar in the global financial system). The gold story is fairly well known in financial market circles now—despite traditional gold-price indicators pointing down, demand, especially from a number of central banks (The People's Bank of China chief among them), has been robust in recent years.[7] According to the May trade data from StatCan, gold exports were a key driver of Canada's rise in total exports.

While Canada is a modern, services-dominated economy, industrial activity and exports still play meaningful roles. If global gold demand persists, it could provide the Canadian economy a welcome offset to trade pressures threatened by a slower-growing, higher-tariff world. And if government fiscal impulses unfold in much of the world as we expect, perhaps we could see a rebound or at least some steadiness of energy demand and prices as well (though judging by the very short-lived runup of crude oil prices in response to the Iran-Israel-U.S. conflict, markets still view energy supplies as plentiful). While these two observations won't turn Canada's economic performance around by themselves, they do offer a couple of silver linings to an otherwise concerning trade and export outlook.

What should an investor do while waiting for clarity around the many risks facing economies and markets today? Perhaps the most important thing to do is remember that investing is all about assuming risk and hopefully being compensated fairly (or better!) for it. As long as the degree of risk assumed is well-suited to an investor's financial objectives and constraints, and the bedrock principles of diversification are adhered to, one can observe the unfolding geopolitical environment with some emotional detachment, however chaotic it might get.

SEI's Global View

Global financial markets scaled a wall of worry in the second quarter of 2025—geopolitics took center stage from tariff turbulence, while equity markets rallied sharply from the post "Liberation Day" lows. Delays on implementing broad-based tariffs and progress with certain negotiations, including China, gave investors confidence to buy the early April equity dip and push the broad-market S&P 500 Index to an all-time high to close the quarter. Even the lack of progress with the Russia/Ukraine war and the escalation of the conflict between Israel and Iran, including the U.S. bombing of Iranian nuclear sites, were not enough to derail the risk rally. In contrast to equities, oil and volatility markets failed to hold gains from the price spike following news of the U.S. involvement given the subdued Iranian response, open shipping lanes in the Strait of Hormuz, and a clear desire from the Trump Administration to limit further actions.

Geopolitical risk obviously remains elevated, with the latest focus on the Israel-Iran war and America's entry into the fray. Outside of the energy complex, there has been little reaction on the part of financial markets. The jump in crude oil prices seemed rather constrained and have fallen back to pre-war levels. Even the possibility of a rogue operation by Iran's Islamic Revolutionary Guard Corps aimed at disrupting shipping through the Strait of Hormuz would be irrational and self-defeating. Roughly 95% of Iran's oil exports is loaded onto tankers docked at Kharg Island, near the northern end of the Persian Gulf. Iran cannot afford to disrupt its neighbors' exports without disrupting its own. In addition, China, one of Iran's strategic partners, receives almost half of its imported oil from the Middle East; Iran cannot afford to lose any allies. Remarkably, investors have managed to take all this uncertainty in stride.

There has been a good deal of volatility, particularly for equities, but a broad grouping of assets is in positive territory for the year to date. International stocks, as measured by the MSCI World ex USA Index, climbed 19.0% for the first six months of 2025. U.S. large-cap stocks, as represented by the Russell 1000 Index, are up 6.1% thus far in 2025, but were down by more than 15% in April on a year-to-date basis following the unveiling of so-called reciprocal tariffs. The small-cap Russell 2000 Index has been down much of the year but has come back from an even steeper loss of almost 21% and is down just 1.8% for the year-to-date.

Regarding monetary policy, more interest-rate cuts are probably ahead, but the pace of easing in Canada and the eurozone should slow since policy rates are approaching the same level as the current inflation rate. The U.S. and the U.K., on the other hand, probably have more room to cut their respective policy rates, but SEI expects both central banks to be cautious in doing so. At a time when the outlook is so uncertain, all the major central banks are probably more data-dependent than ever. Among the potentially inflationary developments all central banks need to consider: the generally expansive fiscal policies pursued by their governments, the potential for retaliatory tariff hikes that increase prices on targeted goods, and the potential impact of the Israeli-Iranian war on energy prices (now less concerning). Economies appear to be heading in a stagflationary direction, making monetary policy choices more difficult.

SEI believes that recessionary risk has risen considerably. While our base case remains that the global economy will avoid recession in 2025, we recognize a slowing in both the hard and soft data. The much-ballyhooed European stimulus will be more of a 2026-and-beyond story, and the Fed is solidly in wait-and-see mode with tariff uncertainty still unfolding, so it is less than clear if the second half of 2025 will look more like the first or second quarter.

Global diversification in equity markets remains a strategic SEI investment theme, along with our preference for active portfolio management. Despite the "Magnificent Seven" mega-cap tech stocks, which trade at an average of nearly 30 times future earnings, dominating performance during the second quarter after faltering to start the year, we continue to expect broader participation from U.S. equity sectors and capitalizations in the latter half of 2025.

Within the fixed-income markets, credit spreads remain relatively tight yet yields and income are attractive. We continue to prefer securitized credit over corporate debt given the favorable risk-adjusted yields. In our view, asset classes such as collateralized loan obligations (CLOs) look particularly attractive at this stage of the cycle.

Economic Backdrop

Global equities, as measured by the MSCI ACWI Index, rose sharply during the second quarter of 2025, as the Trump Administration announced progress on trade deals with major trading partners, most notably China. The rally occurred despite heightened geopolitical uncertainty in the face of escalating conflict in the Middle East, marked by Israeli and U.S. military strikes on Iranian nuclear sites; however, these tensions eased by quarter-end. The U.S. broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index climbed 10.9% and 18.0%, respectively, for the quarter, closing the period at record highs.

Emerging markets outperformed developed markets in the second quarter. The Latin America region (excluding Brazil) was the top performer within the emerging markets for the quarter due mainly to strength in Mexico. Hungary led the robust performance in Eastern Europe. Conversely, the Saudi Arabia market lost ground during the period. The Pacific region and the European Union countries were the strongest performers within the developed markets for the quarter. Hong Kong and Australia led the rally in the Pacific markets, while the Netherlands and Spain were the main contributors to the upturn in European Union stocks. The Nordic countries recorded positive returns for the period, but were the primary developed-market laggards.[8]

Global fixed-income assets, as measured by the Bloomberg Global Aggregate Bond Index, gained 4.5% for the second quarter. High-yield bonds led the U.S. fixed-income market, followed by investment-grade corporate bonds and U.S. Treasury securities. Mortgage-backed securities (MBS) recorded losses during the quarter. U.S. Treasury yields were mixed across the yield curve. Yields on 2-, 3-, and 5-year Treasury notes dipped by corresponding margins of 0.17%, 0.21%, and 0.17% to 3.72%, 3.68%, and 3.79%, respectively, while the 10-year Treasury yield edged up 0.01% to 4.24%. The yield curve inverted (3-month yields exceeded 10-year yields) during the quarter.[9]

Global commodity prices, as represented by the Bloomberg Commodity Index, were down 3.1% in the second quarter. Oil prices fell sharply in June after moving higher earlier in the quarter, as the announcement of a ceasefire between Israel and Iran eased geopolitical concerns, and investors anticipated a rise in inventories globally. Spot prices for West Texas Intermediate (WTI) and Brent crude oil prices fell 8.9% and 10.7%, respectively, during the quarter. The 5.0% rise in the gold price over the period was attributable to an increase in demand for safe-haven assets spurred by the Israel-Iran military conflict and continued central bank purchases. The New York Mercantile Exchange (NYMEX) natural gas price fell 15.2% in response to a decline in global demand and increasing inventory in the U.S. The 0.2% uptick in the wheat price for the quarter resulted mainly from forecasts that unusually warm summer temperatures and extreme weather could reduce stockpiles in North America, Asia, and Europe.

On the geopolitical front, on June 13 (Iran local time), Israel launched targeted strikes on Iran's nuclear program and military leadership in an effort to hamper the Iranian government's efforts to enrich uranium over concerns that it could be used in the production of nuclear weapons. Major General Hossein Salami, the leader of Iran's Islamic Revolutionary Guard Corps, was among those killed in the attacks. Later in the day, the Israeli military announced that it had detected "dozens" of missiles launched from Iran toward Israel. In its announcement of the attack, the Israel Defense Force (IDF) said, "The Aerial Defense Array [Israel's missile and air defense system] is currently identifying and intercepting launches." On June 22 (Iran local time), the U.S. conducted targeted military strikes on several of Iran's nuclear facilities. U.S. military forces dropped 14 Massive Ordnance Penetrators (dubbed "bunker-buster bombs") on the Fordow and Natanz nuclear sites in Iran, and fired additional precision-guided weapons at the Isfahan nuclear site. The Trump Administration said that the attacks severely damaged the nuclear facilities.

U.S. trade policy remained a focal point for the global financial markets for much of the quarter. On April 2 (which the Trump administration dubbed "Liberation Day" for U.S. trade policy), the U.S. government announced a blanket minimum tariff of 10% for all imports, and imposed so-called reciprocal tariffs on multiple countries (with the exception of goods from Canada and Mexico covered under the U.S.-Mexico-Canada Agreement). However, shortly thereafter, Trump announced a 90-day suspension of these reciprocal tariffs, with the exception of China. The action followed a brief period of significant volatility in the U.S. Treasury market. The yield on the 10-year U.S. Treasury note rose sharply on fears that the tariffs could have a negative impact on the economy and reignite inflation. Bond prices and yields move inversely. The yield subsequently retreated after the announcement of the tariff suspension.

Under a tentative agreement with the U.K., which Trump and U.K. Prime Minister Keir Starmer announced on May 8, U.K. steel and aluminum imports will be exempt from the 25% tariff and levies on autos manufactured in the U.K. will be reduced from 25% to 10% for the first 100,000 imported vehicles. The agreement stipulates that the U.K. will purchase Boeing jets worth $10 billion and ease restrictions on imports of ethanol from the U.S. Imported goods from the U.K. will still be subject to the global 10% tariff implemented in early April. Trump announced in late May that he was a delaying the imposition of the levies from June 1 to July 9 after the EU agreed to accelerate negotiations. He said that European Commission President Ursula von der Leyen requested an extension of the tariff deadline while trade negotiations continued. On June 26, U.S. Commerce Secretary Howard Lutnick announced that the U.S. and China had completed a trade agreement that the countries negotiated last month during talks in Geneva, Switzerland. Lutnick also said that the U.S. was close to finalizing trade agreements with 10 other countries. The ongoing tariff dispute remains highly volatile and in constant flux.

Economic Data (unless otherwise noted, data sourced to Bloomberg)

- According to Statistics Canada, consumer prices (as measured by the change in the Consumer Price Index (CPI)) rose 0.6% and 1.7%, respectively for the month and year ending May. Inflation was fairly broad-based with new car prices increasing while the growth in shelter costs slowed some. Producer prices were lower in May, as the Industrial Product Price Index (IPPI) slid 0.5% while the Raw Materials Price Index (RMPI) decreased 0.4%. Year-over-year prices were mixed rising 1.2% and falling 2.8%, respectively, for the IPPI and RMPI. Prices for energy and lumber were weak, while prices for metals remained robust. The Canadian economy added 83,000 jobs in June and the unemployment rate was down 0.1% to 6.9%.

- The U.S. Department of Labor reported that the consumer-price index (CPI) ticked up 0.1% in May, down marginally from the 0.2% rise in April and slightly below expectations. Housing and food costs each increased 0.3% for the month. Conversely, the energy index declined 1.0% in May due to a steep drop in gasoline prices. The CPI advanced 2.4% year-over-year—marginally higher than the 2.3% increase in April and in line with expectations. Costs for utility gas service and electricity climbed 15.3% and 4.5%, respectively, over the previous 12-month period. Gasoline and fuel oil prices declined by corresponding margins of 12.0% and 8.6%. Core inflation, as measured by the CPI for all items less food and energy, rose 2.8% year-over-year in May, unchanged from the annual increase in April. Food prices were up 2.9% over the previous 12-month period, while energy costs fell 3.5%. According to the third estimate from the Department of Commerce, U.S. gross domestic product (GDP) decreased at an annual rate of 0.5% in the first quarter of 2025—sharply lower than the 2.4% rise in the fourth quarter of 2024, and down from the government's second estimate of a 0.2% dip. The economic contraction in the first quarter was attributable mainly to a surge in imports (a subtraction from GDP) as businesses rushed to purchase goods before the Trump administration's import tariffs took effect in early April. GDP also was hampered by a drop in government spending. Conversely, nonresidential fixed investment (purchases of equipment and software, and nonresidential structures) and consumer spending each rose for the quarter.

- The Office for National Statistics (ONS) reported that inflation in the U.K., as measured by the CPI, increased 0.2% in May, sharply lower than the 1.2% rise in April. The CPI advanced at an annual rate of 3.4% in May, down marginally from the 3.5% year-over-year increase for the previous month. Furniture and household goods, and clothing and footwear posted the largest gains in May, while transportation costs declined. Prices for housing and household services, and education prices were up 7.7% and 7.5%, respectively, over the previous 12-month period, while clothing and footwear priced dipped 0.3%. Core inflation, which excludes volatile food, energy, and alcohol and tobacco prices, increased at an annual rate of 3.8% in May, decelerating from the 3.8% year-over-year upturn in April.[10] The ONS also announced that U.K. GDP increased 0.7% in the first quarter of 2025, up from the 0.1% growth rate in the fourth quarter of 2024. Output in the production, services, and construction sectors rose 1.3% and 0.7%, and 0.3%, respectively, over the quarter.[11]

- Eurostat pegged the inflation rate for the eurozone at 2.0% for the 12-month period ending in June, slightly higher than the 1.9% annual upturn in May. Costs in the services sector rose at an annual rate of 3.3% in June, edging up from the 3.2% increase in May. Prices for food, alcohol and tobacco increased 3.1% year-over-year in June versus the 3.2% annual rise for the previous month. In contrast, energy prices fell 2.7% year-over-year. Core inflation, which excludes volatile energy and food prices, increased at an annual rate of 2.3% in June, unchanged from the year-over-year increase in May.[12] Eurostat also reported that eurozone GDP rose 0.6% the first quarter of 2025, representing improvement over the 0.3% growth rate for the fourth quarter of 2024. Eurozone GDP increased 1.5% over the previous 12-month period. The economies of Ireland and Iceland were the strongest performers for the first quarter, expanding 9.7% and 2.7%, respectively. In contrast, GDP in both Denmark and Luxembourg declined 0.5% during the quarter.[13]

Index Data (Q2 2025, in CAD)

- The S&P/TSX Composite Index gained 8.53%.
- The FTSE Canada Universe Bond declined 0.57%.
- The S&P 500 Index, which measures U.S. equities, returned 5.18%.
- The MSCI ACWI (Net) Index, used to gauge global equity performance, rose 5.73%.
- The ICE BofA U.S. High Yield Constrained Index, representing U.S. high-yield bond markets, returned 3.08% (currency hedged) and -1.81% (unhedged).
- The Chicago Board Options Exchange Volatility Index, also known as the "fear index," a measure of implied volatility in the S&P 500 Index, moved higher from 22.28 to 16.73 for the quarter—notably spiking above 40 in early April.
- WTI Cushing crude-oil prices, a key indicator of movements in the oil market, moved from US$71.48 to $65.11 a barrel to end the quarter.
- The Canadian dollar strengthened to C$1.36 per U.S. dollar. The U.S. dollar was materially weaker versus the world's other major currencies, ending June at US$1.17 versus the euro, US$1.37 against sterling, and at 144.45 yen.

Glossary

The **Bloomberg Commodity Total Return Index** comprises futures contracts and tracks the performance of a fully collateralized investment in the index. This combines the returns of the index with the returns on cash collateral invested in 13-week (three-month) U.S. Treasury bills.

The **Bloomberg Global Aggregate Bond Index** is a market capitalization-weighted index that tracks the performance of investment-grade (rated BBB- or higher by S&P Global Ratings/Fitch Ratings or Baa3 or higher by Moody's Investors Service) fixed-income securities denominated in 13 currencies. The index reflects reinvestment of all distributions and changes in market prices.

The **Cboe Volatility Index** (VIX) measures the constant 30-day volatility of the U.S. stock market using real-time, mid-quote prices of S&P 500 Index call and put options. A call option gives the holder the right to buy a stock at a specified price; a put option gives the holder the right to sell a stock at a specified price.

The **Consumer Price Index** (CPI) is based on a fixed basket of goods and services designed according to international standards and methods.

The **FTSE Canada Universe Bond Index** comprises a series of benchmarks designed to track the performance of the bonds denominated in Canadian dollars.

The **ICE BofA High Yield Constrained Index** is a market value-weighted index of all domestic and Yankee high yield bonds, including deferred interest bonds and payment-in-kind securities, with maturities of one year or more and a credit rating of BB+ or lower by S&P Global Ratings and Fitch Ratings or Ba1 or lower by Moody's Investors Service, but are not in default.

The **Industrial Product Price Index** (IPPI) reflects the prices that producers in Canada receive as goods leave the factory gate. The IPPI does not reflect what the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes, such as sales taxes and tariffs, and all costs that occur between the time a good leaves the plant and the time the final user takes possession of the good. This includes transportation, wholesale and retail costs. Although the IPPI does not measure the direct effect of tariffs on prices, tariffs may indirectly influence prices measured in the IPPI. For example, inputs used in the production process that are imported and on which Canada imposes a tariff may raise the prices charged by Canadian producers. Tariffs on Canadian imports or exports may also indirectly influence prices in the IPPI through their impact on supply and demand dynamics.

The **MSCI ACWI Index** is a market capitalization-weighted index that tracks the performance of over 2,000 companies, and is representative of the market structure of 48 developed and emerging-market countries in North and South America, Europe, Africa, and the Pacific Rim. The index is calculated with net dividends reinvested in U.S. dollars.

The **MSCI World ex-USA Index** tracks the performance of the large- and mid-cap segments of equity markets across 22 of 23 developed- market countries--excluding the U.S. The index's 887 constituents comprise approximately 85% of the free float-adjusted (i.e., including only shares that are available for public trading) market capitalization in each country.

The **Nasdaq Composite Index** is a market capitalization-weighted index that tracks the performance of all domestic and international companies listed on the Nasdaq Stock Market. Technology stocks comprise nearly 50% of the index's weighting.

The **Raw Materials Price Index** (RMPI) reflects the prices paid by Canadian manufacturers for key raw materials. The RMPI includes all charges purchasers incur to bring a commodity to the establishment gate, including transportation charges, net taxes paid, and customs duties and tariffs paid on imported raw materials. Many of the prices measured by the RMPI are set on the world market. However, as few prices are denominated in foreign currencies, their conversion into Canadian dollars has only a minor effect on the calculation of the RMPI.

The **Russell 2000 Index** tracks the performance of the small-cap segment of the U S. equity market. The index is a subset of the Russell 3000 Index, which comprises the 3,000 largest U.S. companies, and includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 1000 Index** tracks the performance of 1000 of the largest U.S. equity securities based on market capitalization. The index is a subset of the Russell 3000 Index, which comprises the 3,000 largest U.S. companies, and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership.

The **S&P 500 Index** is a market-weighted index that tracks the performance of the 500 largest publicly traded U.S. companies and is considered representative of the broad U.S. stock market.

The **S&P/TSX Composite Index** tracks the performance of the broad Canadian equity market—i.e., stocks listed on the Toronto Stock Exchange (TSX).

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Index returns are for illustrative purposes only, and do not represent actual performance of an SEI Fund. Index returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

[1]See "How Canadian businesses and households are reacting to the trade conflict," Bank of Canada, 12 March 2025, available at https://www.bankofcanada.ca/publications/consultations-2025-03-12/, and "Business Outlook Survey—First Quarter of 2025 Box 1: Firms anticipate additional detrimental impacts if widespread tariffs are implemented," Bank of Canada, available at https://www.bankofcanada.ca/2025/04/business-outlook-survey-first-quarter-of-2025/#box1.

[2]"Bank of Canada holds policy rate at 2¾%," available at https://www.bankofcanada.ca/2025/06/fad-press-release-2025-06-04/.

[3]While the current trend of long-term unemployment looks similar to prior recessions, the Canadian economy appears to have escaped recession thus far. Like a number of other historically reliable recession indicators (such as inverted yield curves), the reliability of this measure may also have been undermined by the many distortions associated with the COVID era.

[4]See "Revisions to Canada's GDP," Statistics Canada, 29 February 2024, available at https://www150.statcan.gc.ca/n1/pub/13-605-x/2024001/article/00002-eng.htm.

[5]Lu Han, International Economic Analysis Department, Bank of Canada, "The Mutable Geography of Firms' International Trade," Staff Working Paper 2025-11, last updated 21 March 2025, available at https://publications.gc.ca/collections/collection_2025/banque-bank-canada/FB3-5-2025-11-eng.pdf.

[6]"Canadian international merchandise trade, May 2025," The Daily, Statistics Canada, 03 July 2025, available at https://www150.statcan.gc.ca/n1/daily-quotidien/250703/dq250703a-eng.htm.

[7]See, for example, "Gold & S&P 500 Earnings," Yardeni Research Morning Briefing, 2 July 2025, available at https://yardeni.com/wp-content/uploads/mb_20250702.pdf, or Martin Lynge Rasmussen, "Gold and China," Money: Inside and Out, 22 February 2025, available at https://moneyinsideout.substack.com/p/gold-and-china.

[8] All equity market performance statements are based on the MSCI ACWI Index.

[9] According to the U.S. Department of the Treasury. As of June 30, 2025.

[10] According to the ONS. June 18, 2025.

[11] According to the ONS. June 30, 2025.

[12] According to Eurostat. July 1, 2025.

[13] According to Eurostat. June 6, 2025.