

JUNE 30, 2025

Market Overview

Volatile Second Quarter Driven by Geopolitical and Trade Policy Uncertainty

An analysis by iAGAM Fund Management and Oversight Team

Market Index Heat Map

Fixed Income	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Money Market (FTSE)	0,22	0,64	1,48	1,48	3,82	4,22	2,62
Canada Short Term (FTSE)	0,27	0,49	2,19	2,19	6,34	4,42	1,76
Canada Long Term (FTSE)	-0,42	-2,32	-0,57	-0,57	4,31	3,51	-3,69
Canada Universe (FTSE)	0,06	-0,57	1,44	1,44	6,13	4,31	-0,38
Canada Corporate (FTSE)	0,29	0,45	2,28	2,28	8,15	6,27	1,69
Canada Real Return Bonds (FTSE)	-0,58	-2,15	1,23	1,23	5,83	3,56	-0,13
Canada Investment Grade (S&P)	0,26	0,45	2,22	2,22	7,73	6,00	1,81
Canada High Yield (S&P)	0,86	1,35	2,39	2,39	7,99	8,34	6,20
U.S. High Yield (iShares ETF)	1,65	3,16	3,93	3,93	8,81	8,30	4,44
Global Aggregate (Morningstar)	1,21	1,42	2,78	2,78	5,53	3,75	0,00
Floating Rate Notes (iShares ETF)	0,26	0,71	1,65	1,65	3,77	4,43	2,76

Equities	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	2,24	7,59	9,46	9,46	26,31	15,48	14,95
Canadian Equities (TSX Composite)	2,91	8,53	10,17	10,17	26,37	16,09	15,02
Canadian Equities (TSX Dividend)	2,29	7,57	10,35	10,35	24,25	14,66	16,11
Canada Small Cap (TSX)	6,18	11,75	12,74	12,74	23,10	14,06	15,06
U.S. Equities (S&P 500)	4,29	5,18	0,76	0,76	14,84	21,97	16,68
U.S. Equities (Nasdaq 100)	5,46	11,53	2,40	2,40	14,90	27,76	17,47
Global Equities (MSCI World)	3,56	5,83	4,13	4,13	16,44	21,12	15,13
Global Equities Growth (MSCI)	4,13	11,63	3,10	3,10	16,47	25,61	15,37
Global Equities Value (MSCI)	2,94	0,14	5,22	5,22	16,43	16,49	14,36
Global Small Cap (MSCI)	3,99	5,95	2,20	2,20	14,69	14,83	11,52
International Equities (MSCI EAFE)	1,45	6,25	13,78	13,78	18,00	18,77	11,76
Emerging Markets (MSCI)	5,33	6,37	9,65	9,65	15,64	12,31	7,30

Canadian Sectors (S&P/TSX Composite)	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer Discretionary	3,4	3,66	14,05	13,37	13,85	23,70	17,02	15,60
Consumer staples	3,7	-2,08	4,60	3,39	4,09	14,35	15,63	14,01
Energy	15,9	3,41	1,29	5,56	3,99	13,03	12,25	22,89
Financials	32,8	3,61	12,14	10,49	10,75	38,13	18,77	19,75
Health Care	0,3	9,42	3,14	-5,83	-6,12	5,38	0,07	-16,17
Industrials	12,8	0,32	8,14	5,56	6,01	8,35	13,33	13,34
Information Technology	9,8	4,92	14,24	3,79	5,72	47,34	38,35	9,36
Materials	13,5	3,71	8,12	29,06	30,10	39,01	29,02	11,62
Real Estate	1,8	1,42	4,95	3,17	3,24	13,63	5,27	7,48
Communication services	2,2	2,94	2,61	5,93	4,85	-6,39	-7,81	0,06
Utilities	3,8	0,22	4,83	9,59	9,96	26,20	3,43	7,96

U.S. Sectors (S&P 500)	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10,4	1,25	5,71	-11,59	-8,97	17,98	20,91	11,67
Consumer staples	5,5	-2,92	-4,34	-1,00	0,38	10,93	10,17	10,35
Energy	3,0	3,85	-13,33	-3,68	-4,58	-4,30	11,84	22,56
Financials	14,0	2,17	-0,10	1,99	3,19	28,38	22,39	19,32
Health Care	9,3	1,08	-12,02	-7,57	-6,36	-6,24	5,44	7,94
Industrials	8,6	2,55	6,94	5,01	6,52	21,89	22,84	17,88
Information Technology	33,1	8,72	17,19	-0,28	2,22	14,47	33,98	22,72
Materials	1,9	1,34	-2,25	-0,89	0,40	1,50	10,50	11,57
Real Estate	2,0	-0,80	-5,28	-1,91	-1,98	11,26	6,17	7,19
Communication services	9,8	6,26	12,31	3,10	5,23	22,58	30,31	17,10
Utilities	2,4	-0,64	-1,18	2,75	3,60	22,96	10,70	11,16

Currencies	Rate	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0,73 \$	0,77	5,48	5,40	5,40	0,28	-1,86	-0,04

*Positive performance signifies an appreciation of the Canadian dollar versus the US dollar

Market Highlights

The second quarter was marked by heightened volatility across financial markets, largely driven by uncertainty surrounding U.S. trade policy and geopolitical tensions in the Middle East early in the period. Despite these headwinds, investor concerns ultimately proved overstated, as key economic indicators remained resilient. In this context, most major asset classes posted positive returns for the quarter.

Riskier Fixed-Income Securities Lead the Way

Credit spreads, which widened in April, gradually narrowed over the remainder of the quarter, supporting the performance of high-yield bonds and corporate credit. Meanwhile, rising long-term interest rates steepened the yield curve, negatively impacting long-duration bonds.

Equity Markets Rebound After a Challenging Start

Following a turbulent April, renewed investor confidence enabled major equity indices to end the quarter in positive territory. However, ongoing geopolitical uncertainty contributed to heightened volatility in currency markets, which impacted returns when expressed in Canadian dollars.

Growth stocks outperformed value stocks throughout the quarter, supported by strong performance in the information technology sector in both Canada and the United States. In contrast, the energy and healthcare sectors weighed on overall market performance.

The appreciation of the Canadian dollar against the U.S. dollar negatively affected returns for Canadian investors holding U.S.-denominated assets.

Fund Performance Highlights

- The Fidelity American High Yield Currency Neutral and Strategic Corporate Bond (iA) funds outperformed, benefiting from narrowing credit spreads. In contrast, the Bonds (iA) and Fixed Income Managed Portfolio (iA) funds faced a more challenging quarter.
- On the equity side, the U.S. DAQ Index (iA) and Canadian Equity Index (iA) funds outperformed. However, the Global Health Care (Renaissance) fund underperformed, reflecting the broader weakness in the healthcare sector.

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