Manulife Wealth
D.R. JOHNSON FINANCIAL SERVICES

# Q3

# Quarterly Market Review

## Third Quarter 2026

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# Quarterly Market Review

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the Canadian, US, and international markets. The report concludes with a quarterly topic.

## Overview:


Market Summary

World Stock Market Performance

Canadian Stocks

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

Fixed Income

Global Fixed Income

Quarterly Topic: The Future Is Unknown, So Plan Accordingly

# Quarterly Market Summary

## Returns (CAD), as of September 30, 2026

| | Stocks | | | | | Bonds | |
|---|---|---|---|---|---|---|---|
| | Canadian Stock Market | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | Canadian Bond Market | Global Bond Market |
| **Q3 2026** | 1.62% ↑ | 1.48% ↑ | 0.88% ↑ | -0.30% ↓ | -5.96% ↓ | -2.96% ↓ | -2.95% ↓ |
| **Since January 2000** | | | | | | | |
| Average Quarterly Return | 2.3% | 2.9% | 1.4% | 2.2% | 2.0% | 1.1% | 0.9% |
| Best Quarter | 20.0% **2009 Q2** | 17.4% **2026 Q2** | 15.8% **2009 Q2** | 27.9% **2001 Q4** | 22.2% **2009 Q3** | 8.3% **2023 Q4** | 5.7% **2023 Q4** |
| Worst Quarter | -22.7% **2008 Q4** | -14.0% **2022 Q2** | -16.8% **2008 Q3** | -23.5% **2008 Q3** | -25.8% **2008 Q4** | -7.0% **2022 Q1** | -5.0% **2022 Q1** |

**Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Canadian Stock Market (S&P/TSX Composite Index), US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI EAFE Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), Canada Bond Market (FTSE Canada Universe Bond Index), and Global Bond Market (Bloomberg Global Aggregate Bond Index [hedged to CAD]). S&P/TSX data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2026, all rights reserved. FTSE fixed income indices © 2026 FTSE Fixed Income LLC, all rights reserved. Bloomberg data provided by Bloomberg.

# Long-Term Market Summary

Returns (CAD), as of September 30, 2026

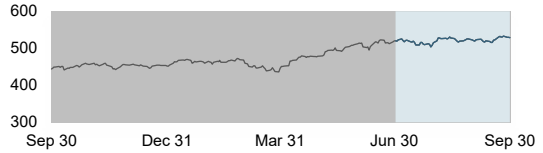
| | Stocks | | | | | Bonds | |
|---|---|---|---|---|---|---|---|
| | Canadian Stock Market | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | Canadian Bond Market | Global Bond Market |
| 1 Year | 20.02% | 17.47% | 18.05% | 31.85% | 6.16% | -1.10% | -2.32% |
| 5 Years | 15.18% | 15.24% | 11.84% | 11.45% | 4.03% | 0.30% | -0.67% |
| 10 Years | 12.37% | 15.62% | 9.91% | 9.93% | 3.96% | 1.29% | 0.87% |
| 15 Years | 10.92% | 17.67% | 10.76% | 9.26% | 8.53% | 2.31% | 2.21% |
| 20 Years | 8.78% | 12.33% | 6.66% | 7.78% | 4.76% | 3.24% | 2.95% |

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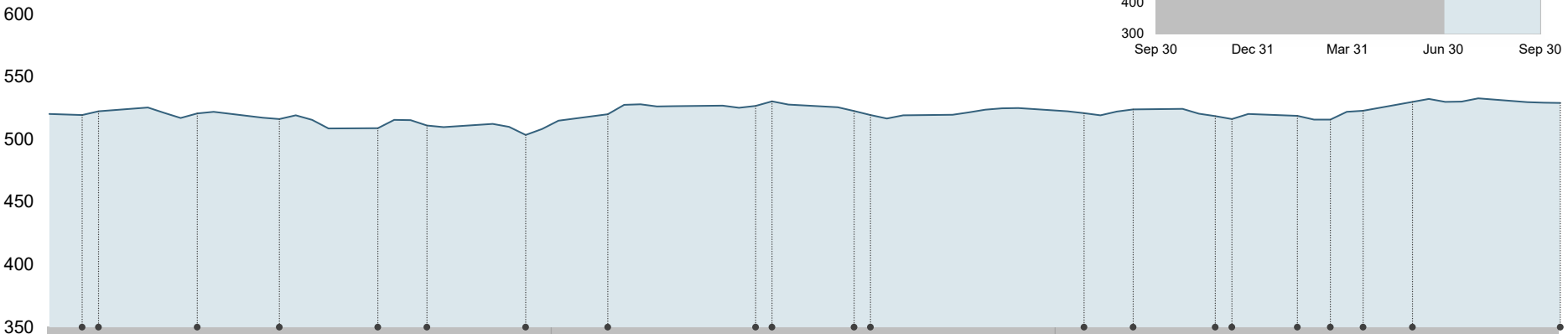
# World Stock Market Performance

## MSCI All Country World Index with selected headlines from Q3 2026

**1 YEAR** (Q4 2025–Q3 2026)




**Q3 2026**




### JULY

**07/02** "US Snaps Hiring Hot Streak With 57,000 Jobs Added in June"

**07/03** "Small Stocks Are Having Their Biggest Run in Decades"

**07/09** "US, Iran Trade Fire in Largest Escalation Since Peace Deal"

**07/14** "Inflation Slowed to 3.5% in June, as Americans Got a Break From Gas Prices"

**07/20** "Trump Imposes Additional 50% Tariffs on Certain Canadian Goods"

**07/23** "US Stocks Fall as Tech Selloff Deepens, Oil Prices Hit $100 a Barrel"

**07/29** "Fed Holds Rates Steady But Three Officials Vote for Increase"

### AUGUST

**08/03** "US, Japan Intervene to Boost Yen for First Time Since 1998"

**08/12** "Inflation Pulled Back Slightly to 3.4% in July"

**08/13** "US Stocks Rise, S&P 500 Closes at Record High"

**08/18** "Global Government Bond Yields Hit Multiyear Highs"

**08/19** "A New Milestone for US Debt: $40 Trillion"

### SEPTEMBER

**09/01** "Oil Prices Rise as Renewed US-Iran Fighting Deepens Hormuz Supply Risks"

**09/04** "Strong Hiring Beats Expectations With 162,000 New Jobs"

**09/08** "ECB Set to Raise Key Rate Again, Signal Caution on Further Moves"

**09/09** "US Treasury Plans $6 Billion Buyback, Yields Rise"

**09/10** "Home Sales in August Tumbled to Lowest Level Since Last Year"

**09/14** "Wall Street Confronts Prospect of a New Era After Treasury Yield Hits 5%"

**09/16** "Fed Delivers First Rate Hike in Years With Unanimous Vote"

**09/18** "US Reaches Greenland Security Agreement"

**09/20** "Trump Announces an 'AI Force' After Industry Sounded Alarm"

**09/30** "A Tech-Fueled Stock Market Powers Through, but Limps Into the Fourth Quarter"

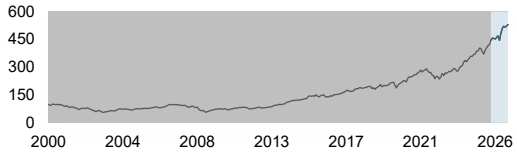
***These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.***

Graph Source: MSCI ACWI Index (net dividends, CAD). MSCI data © MSCI 2026, all rights reserved. Index level based at 100 starting January 2000.
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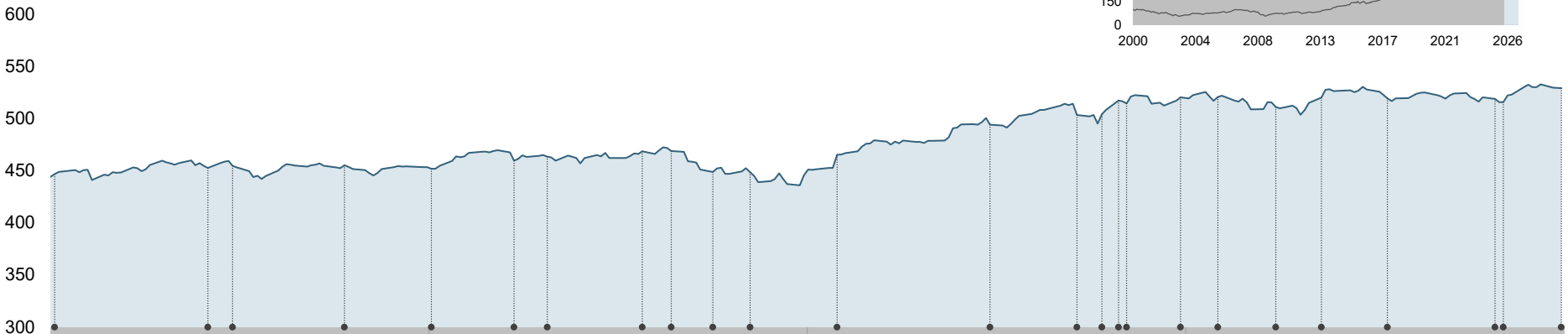
# World Stock Market Performance

## MSCI All Country World Index with selected headlines from past 12 months

**LONG TERM** (2000–Q3 2026)




**SHORT TERM** (Q4 2025–Q3 2026)




### Q4 2025

**10/01** "Government Shutdown Begins as Funding Lapses"

**11/07** "Nasdaq Has Its Worst Week Since April"

**11/13** "Trump Signs Spending Bill, Ending Longest Shutdown in US History"

**12/10** "Fed Cuts Rates Again, Signals It May Be Done for Now"

**12/31** "Stock Markets Close Out a Record-Setting Year"

### Q1 2026

**01/20** "Tensions Over Greenland Rattle Wall Street"

**01/28** "Fed Holds Rates Steady for First Time Since July"

**02/20** "Supreme Court Strikes Down Trump's Global Tariffs"

**02/28** "US and Israel Attack Iran"

**03/08** "Oil Tops $100 a Barrel for First Time Since 2022"

**03/18** "Fed Holds Steady and Maintains Rate-Cut Projection"

### Q2 2026

**04/08** "Stocks Jump After US, Iran Walk Back From Brink"

**05/15** "Mounting Inflation Pressures Deepen Global Bond Slide"

**06/05** "May Jobs Growth Puts US on a Strong Hiring Streak"

**06/11** "SpaceX Officially Raises $75 Billion in Record-Breaking IPO"

**06/14** "US and Iran Have Reached a Deal to Stop Fighting, Reopen Shipping"

**06/17** "Fed Holds rates Steady, but More Officials See Higher Rates as Next Move"

**06/30** "S&P 500, Nasdaq on Pace for Best Quarter in Six Years"

### Q3 2026

**07/09** "US, Iran Trade Fire in Largest Escalation Since Peace Deal"

**07/23** "US Stocks Fall as Tech Selloff Deepens, Oil Prices Hit $100 a Barrel"

**08/03** "US, Japan Intervene to Boost Yen for First Time Since 1998"

**08/19** "A New Milestone for US Debt: $40 Trillion"

**09/14** "Wall Street Confronts Prospect of a New Era After Treasury Yield Hits 5%"

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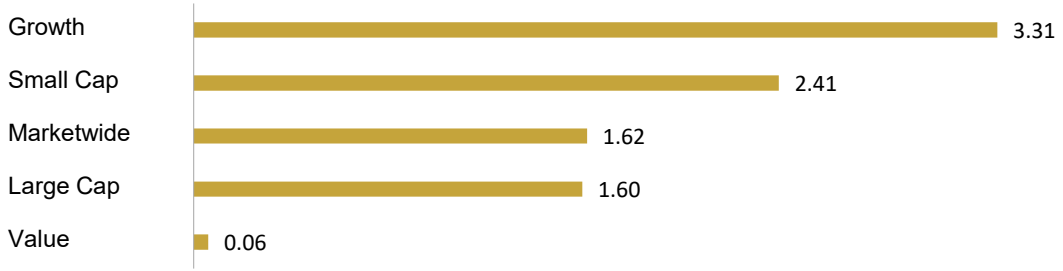
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# Canadian Stocks

## Returns (CAD), 3rd Quarter 2026

- The Canadian equity market posted positive returns for the quarter and outperformed US, international developed, and emerging markets.
- Value underperformed growth.
- Small caps outperformed large caps.

### Ranked Returns (%)




### World Market Capitalization—Canada




**Canada**
$5.0 trillion

### Periodic Returns (%)

| | | | ANNUALIZED | | | | | |
|---|---|---|---|---|---|---|---|---|
| Asset Class | QTR | YTD | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
| Growth | 3.31 | 1.46 | 4.72 | 18.03 | 9.28 | 8.78 | 8.18 | 6.45 |
| Small Cap | 2.41 | 20.82 | 33.17 | 31.71 | 16.13 | 10.82 | 8.79 | 6.71 |
| Marketwide | 1.62 | 12.96 | 20.02 | 25.06 | 15.18 | 12.37 | 10.92 | 8.78 |
| Large Cap | 1.60 | 13.36 | 19.84 | 24.42 | 14.92 | 12.63 | 11.21 | 8.94 |
| Value | 0.06 | 23.93 | 34.91 | 31.18 | 20.19 | 13.97 | 11.69 | 9.20 |

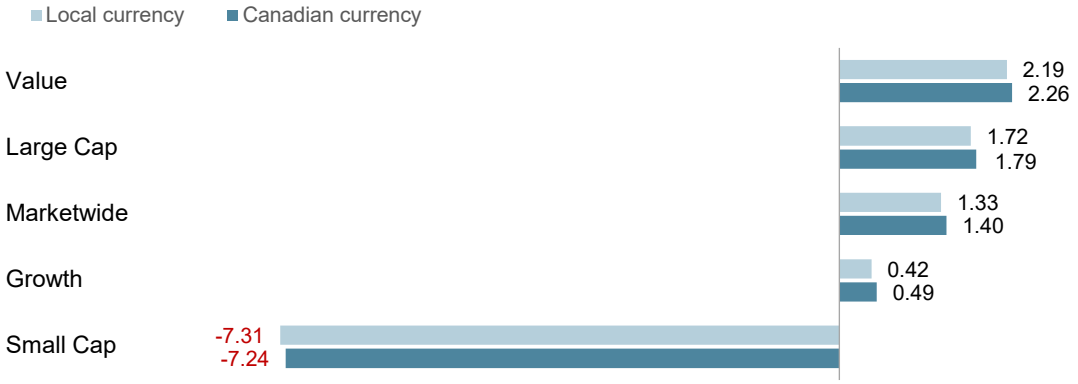
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# US Stocks

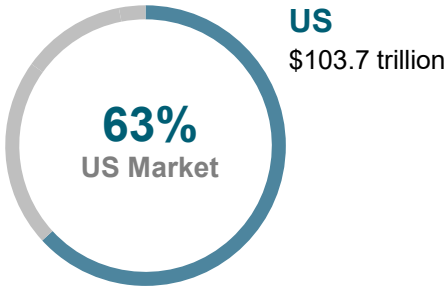
## Returns (CAD), 3rd Quarter 2026

- The US equity market posted positive returns for the quarter and underperformed the Canadian market, but outperformed international developed and emerging markets.
- Value outperformed growth.
- Small caps underperformed large caps.

### Ranked Returns (%)




### World Market Capitalization—US




**US**
$103.7 trillion

### Periodic Returns (%)

| Asset Class | QTR | YTD | ANNUALIZED 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
|---|---|---|---|---|---|---|---|---|
| Value | 2.26 | 23.00 | 25.58 | 21.21 | 13.54 | 11.42 | 14.44 | — |
| Large Cap | 1.79 | 16.02 | 16.95 | 24.02 | 15.14 | 15.39 | 17.29 | — |
| Marketwide | 1.40 | 16.15 | 17.07 | 23.79 | 14.76 | 15.07 | 17.07 | 11.74 |
| Growth | 0.49 | 10.03 | 9.59 | 25.64 | 15.47 | 18.20 | 19.30 | — |
| Small Cap | -7.24 | 17.48 | 18.17 | 19.21 | 8.36 | 10.26 | 13.68 | — |

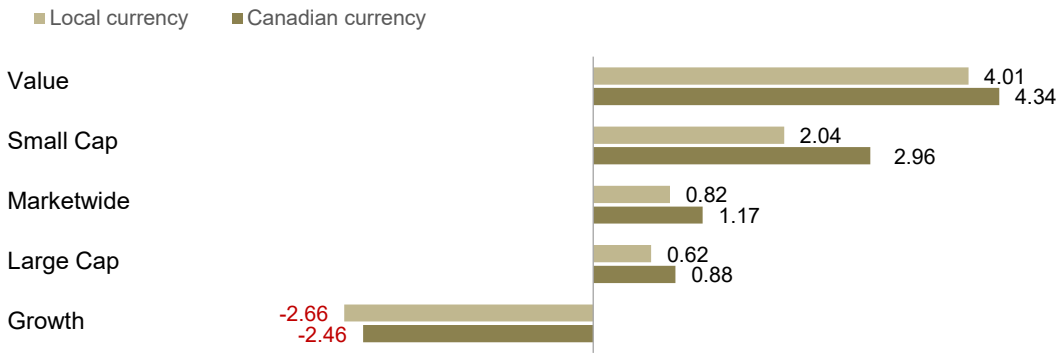
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# International Developed Stocks

## Returns (CAD), 3rd Quarter 2026

- The international developed equity market posted positive returns for the quarter and underperformed Canadian and US markets, but outperformed emerging markets.
- Value outperformed growth.
- Small caps outperformed large caps.

### Ranked Returns (%)




### World Market Capitalization—International Developed




**International Developed Markets**
$35.6 trillion

### Periodic Returns (%)

| Asset Class | QTR | YTD | ANNUALIZED 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
|---|---|---|---|---|---|---|---|---|
| Value | 4.34 | 18.40 | 25.77 | 25.00 | 16.96 | 10.92 | 10.95 | 6.41 |
| Small Cap | 2.96 | 14.72 | 16.05 | 20.16 | 8.20 | 8.89 | 11.32 | 7.49 |
| Marketwide | 1.17 | 14.34 | 17.76 | 20.33 | 11.30 | 9.76 | 10.83 | 6.77 |
| Large Cap | 0.88 | 14.28 | 18.05 | 20.35 | 11.84 | 9.91 | 10.76 | 6.66 |
| Growth | -2.46 | 10.18 | 10.57 | 15.77 | 6.74 | 8.65 | 10.37 | 6.73 |

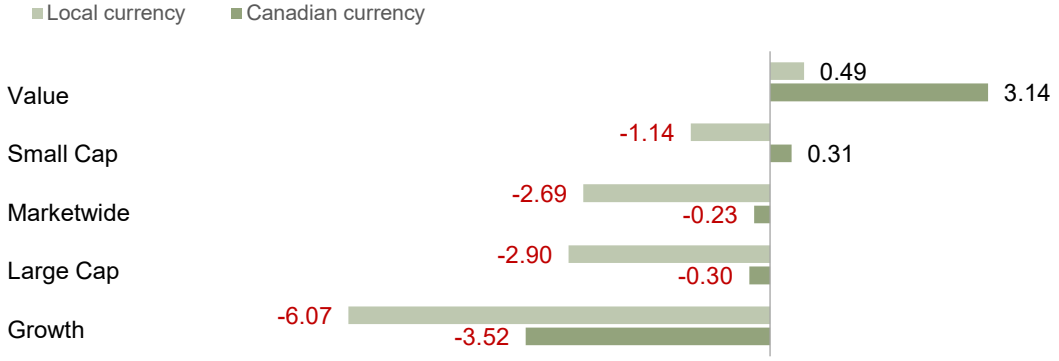
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# Emerging Markets Stocks

## Returns (CAD), 3rd Quarter 2026

- The emerging equity market posted negative returns for the quarter and underperformed Canadian, US, and international developed markets.
- Value outperformed growth.
- Small caps outperformed large caps.

**Ranked Returns (%)**




**World Market Capitalization—Emerging**




**Emerging Markets**
$19.8 trillion

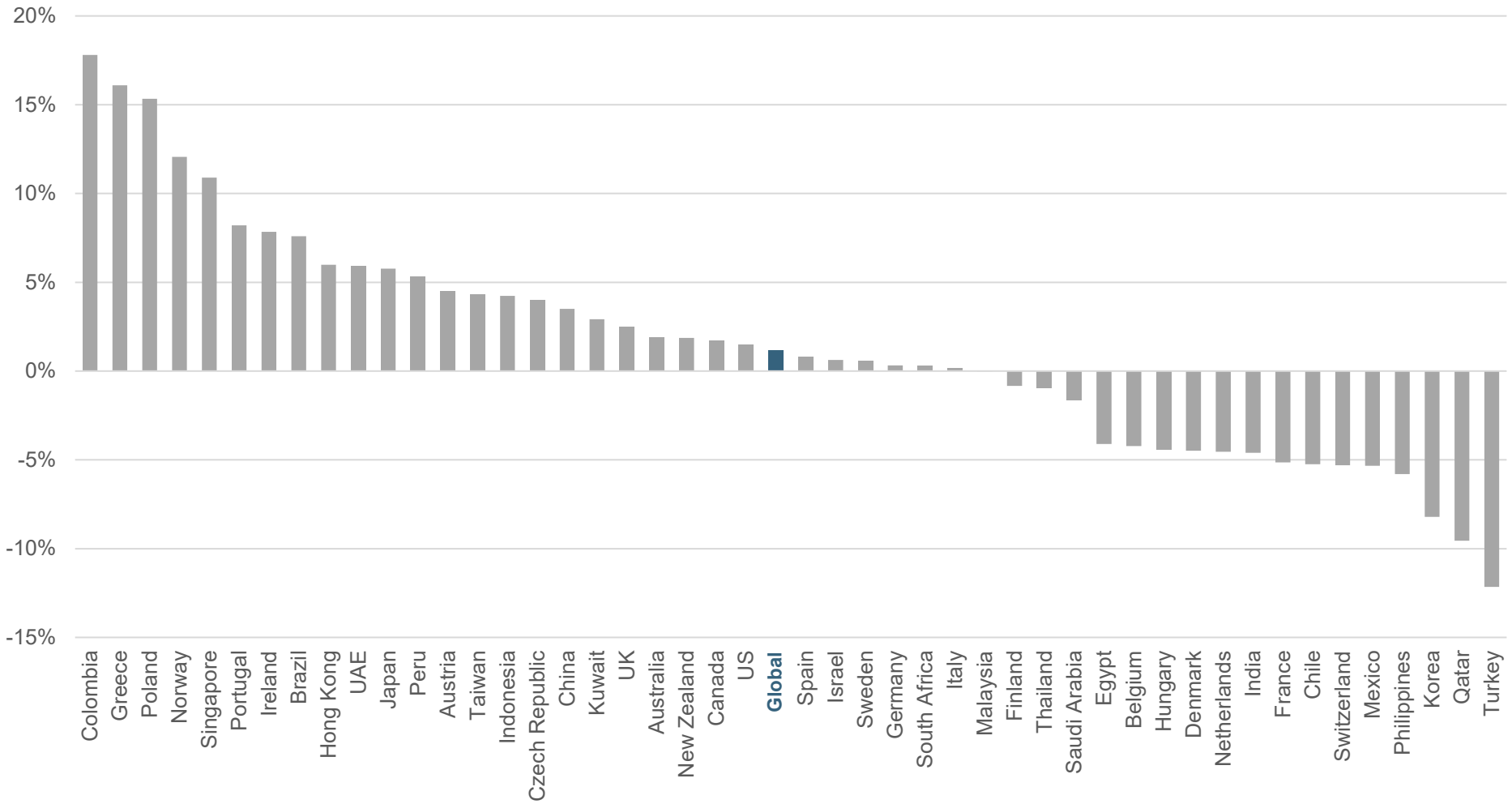
**Periodic Returns (%)**

| | | | ANNUALIZED | | | | | |
|---|---|---|---|---|---|---|---|---|
| Asset Class | QTR | YTD | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
| Value | 3.14 | 31.32 | 37.61 | 25.90 | 13.54 | 9.75 | 8.35 | 7.60 |
| Small Cap | 0.31 | 17.20 | 17.35 | 17.17 | 10.16 | 9.55 | 9.60 | 8.63 |
| Marketwide | -0.23 | 26.41 | 29.90 | 24.88 | 11.27 | 9.86 | 9.29 | 7.89 |
| Large Cap | -0.30 | 27.79 | 31.85 | 26.13 | 11.45 | 9.93 | 9.26 | 7.78 |
| Growth | -3.52 | 24.46 | 26.67 | 26.28 | 9.47 | 10.01 | 10.07 | 7.86 |

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# Country Returns

## Returns (CAD), 3rd Quarter 2026



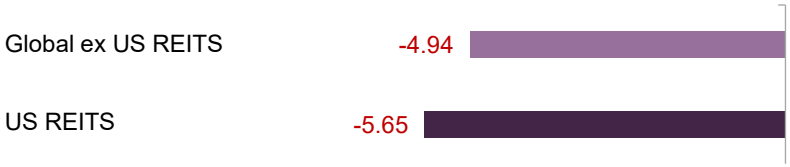

**Past performance is not a guarantee of future results**. Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except Canada, where the S&P/TSX Composite is used, and the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. S&P/TSX data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2026, all rights reserved.

# Real Estate Investment Trusts (REITs)

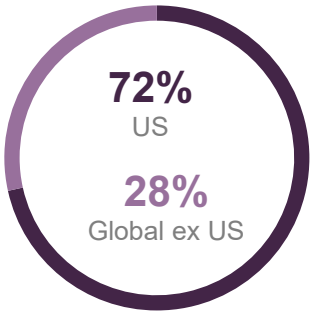
## Returns (CAD), 3rd Quarter 2026

- US real estate investment trusts underperformed non-US REITs during the quarter.

**Ranked Returns (%)**




**Total Value of REIT Stocks**




**US**
$1,669 billion
97 REITs

**Global ex US**
$664 billion
281 REITs
(26 other countries)

**Periodic Returns (%)**

| | | | ANNUALIZED | | | | | |
|---|---|---|---|---|---|---|---|---|
| Asset Class | QTR | YTD | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
| Global ex US REITS | -5.65 | 14.82 | 12.22 | 14.93 | 6.61 | 5.75 | 10.64 | 6.65 |
| US REITS | -4.94 | -2.81 | -2.79 | 9.08 | 0.59 | 1.56 | 6.07 | 2.89 |

**Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

# Fixed Income

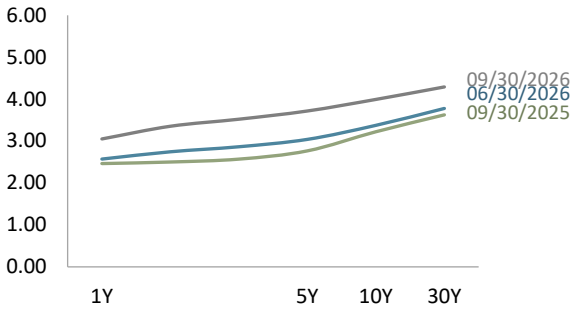
## Returns (CAD), 3rd Quarter 2026

Interest rates increased in the Canadian government bond market during the quarter. The Canadian government yield curve was upwardly sloped throughout the quarter.

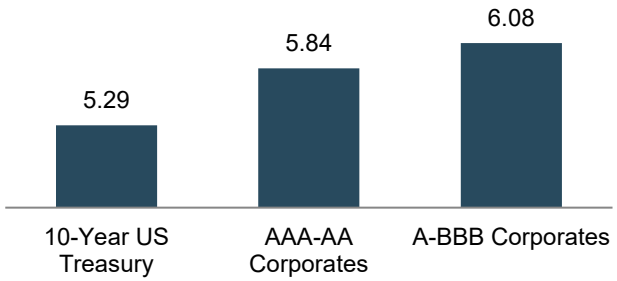
For bonds denominated in the Canadian dollar, realized term premiums were negative during the quarter as longer-term bonds underperformed their shorter-term counterparts.

Realized credit premiums were broadly negative across global developed markets. However, for bonds denominated in the Canadian dollar, realized credit premiums were positive during the quarter as corporate bonds generally outperformed their government counterparts.

**Canadian Treasury Yield Curve (%)**




**Bond Yield Across Issuers (%)**




**Periodic Returns (%)**

| Asset Class | QTR | YTD | ANNUALIZED 1 Year | 3 Years | 5 Years | 10 Years | 15 Years | 20 Years |
|---|---|---|---|---|---|---|---|---|
| FTSE Canada 30 Day T-Bill | 0.57 | 1.70 | 2.32 | 3.47 | 3.12 | 1.99 | 1.59 | 1.66 |
| FTSE World Government Bond Index 1-5 Years (CAD) | -0.44 | 3.15 | 2.42 | 6.05 | 2.72 | 1.48 | 2.08 | 2.85 |
| FTSE Canada Short-Term Bond Index | -0.91 | 0.52 | 0.85 | 4.74 | 2.05 | 1.96 | 2.07 | 2.82 |
| FTSE World Government Bond Index 1-5 Years (hedged to CAD) | -0.96 | -0.67 | -0.08 | 2.96 | 1.04 | 1.26 | 1.58 | 2.19 |
| Bloomberg Global Aggregate Bond Index (hedged to CAD) | -2.95 | -2.64 | -2.32 | 2.78 | -0.67 | 0.87 | 2.21 | 2.95 |
| FTSE Canada Universe Bond Index | -2.96 | -0.78 | -1.10 | 4.75 | 0.30 | 1.29 | 2.31 | 3.24 |

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Source: ICE BofA government yield. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield). FTSE fixed income indices © 2026 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2026 ICE Data Indices, LLC.

# Global Fixed Income

## Yield curves, 3rd Quarter 2026

Interest rates increased across global developed markets for the quarter.

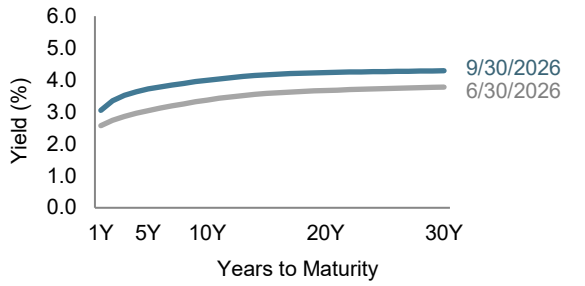
Realized term premiums were negative across global developed markets for the quarter.

In the US and Japan, yield curves remained upwardly sloped. In Germany and the UK, the short-term maturity range steepened while the intermediate- to long-term maturity range remained upwardly sloped. In Australia, the short-term maturity range flattened while the intermediate- to long-term maturity range remained upwardly sloped.

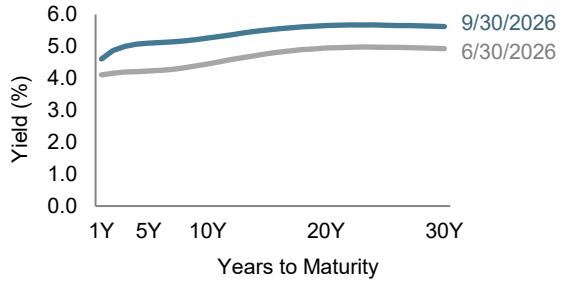
**Changes in Yield (bps) Since 6/30/2026**

| | 1Y | 5Y | 10Y | 20Y | 30Y |
|---|---|---|---|---|---|
| Canada | 48.0 | 67.7 | 61.8 | 56.3 | 51.3 |
| US | 49.7 | 87.5 | 80.7 | 70.5 | 69.5 |
| UK | 47.3 | 66.2 | 60.0 | 49.5 | 45.8 |
| Germany | 56.7 | 73.8 | 67.4 | 55.0 | 50.5 |
| Japan | 52.1 | 48.2 | 36.7 | 27.4 | 26.9 |
| Australia | 48.1 | 63.2 | 59.2 | 54.9 | 51.3 |

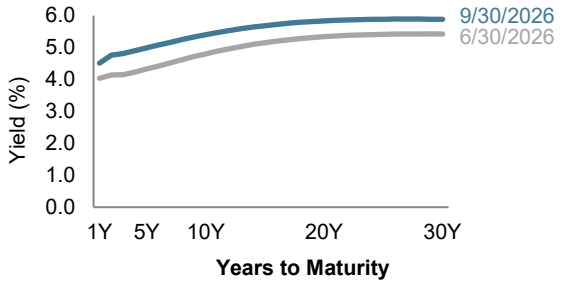
**Canada**



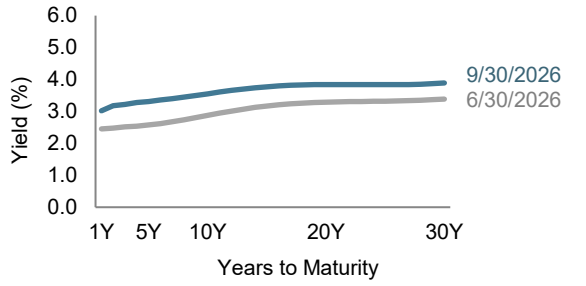

**US**



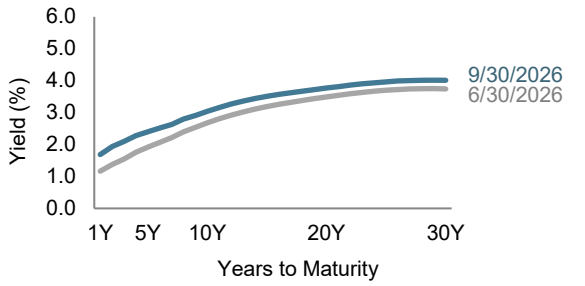

**UK**



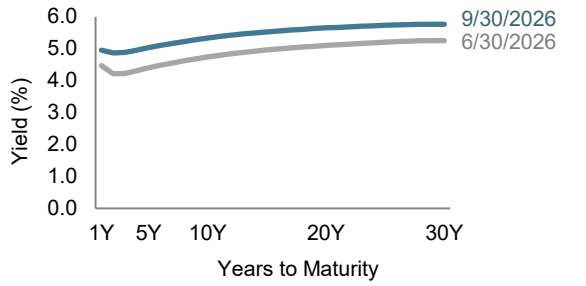

**Germany**




**Japan**




**Australia**




One basis point (bps) equals 0.01%. Source: ICE BofA government yield. ICE BofA index data © 2026 ICE Data Indices, LLC.

# The Future Is Unknown, So Plan Accordingly

3rd Quarter 2026

Wes Crill, PhD, Senior Client Solutions Director and Vice President, Dimensional Fund Advisors

I saw a great Forbes article recently that reinforced the fragility of forecasting using a quarter-century-old anecdote about the Pentagon changing the way they identify future threats. The change stemmed from a review of how quickly the geopolitical landscape evolves—yesterday's adversaries can become tomorrow's allies. Rather than focusing on one specific forecast, it was more prudent to be prepared for all possible outcomes.

This echoes what we often say at Dimensional: Plan, don't predict. We all have views about what the future may bring: companies that will succeed, economies that will grow, markets that will take off. Markets set prices based in part on the aggregate of these expectations. So, market prices already represent a forecast of the future. However, some investors may let their personal forecasts drive their asset allocation decisions. Dogmatic adherence to forecasts dictates concentrated investments that fall short in the event the future differs from our predictions. Diversifying portfolios is a tacit admission that we don't have a crystal ball. You reduce the range of outcomes by preparing for what you can't see coming.

Country stock market returns are a good example of this. Going all-in on one country because you have a view on where their stocks are headed opens you up to a wide range of outcomes. The average difference between the best- and worst-performing developed market countries over the past two decades was over 50 percentage points. Get your call right, and you'll look like a hero. Get it wrong, and you'll be as apoplectic as when Chevy Chase's character loses the rock paper scissors game in Vegas Vacation.

**BEST AND WORST YEARLY DEVELOPED MARKET RETURNS**

2006–2025

| Best Performer Return (%) | | | Worst Performer Return (%) | | Best-Worst Difference (%) |
|---|---|---|---|---|---|
| 49.4 | SPAIN | 2006 | JAPAN | 6.2 | 43.2 |
| 48.7 | FINLAND | 2007 | IRELAND | -20.1 | 68.8 |
| -29.2 | JAPAN | 2008 | IRELAND | -71.9 | 42.7 |
| 87.1 | NORWAY | 2009 | JAPAN | 6.3 | 80.8 |
| 33.8 | SWEDEN | 2010 | SPAIN | -22.0 | 55.8 |
| 13.7 | IRELAND | 2011 | AUSTRIA | -36.4 | 50.1 |
| 39.6 | BELGIUM | 2012 | SPAIN | 3.0 | 36.6 |
| 46.0 | FINLAND | 2013 | SINGAPORE | 1.7 | 44.3 |
| 12.7 | US | 2014 | PORTUGAL | -38.2 | 50.9 |
| 23.4 | DENMARK | 2015 | CANADA | -24.2 | 47.6 |
| 24.6 | CANADA | 2016 | DENMARK | -15.8 | 40.4 |
| 58.3 | AUSTRIA | 2017 | NEW ZEALAND | 11.7 | 46.6 |
| -3.4 | FINLAND | 2018 | AUSTRIA | -27.4 | 24.0 |
| 38.2 | NEW ZEALAND | 2019 | FINLAND | 9.5 | 28.7 |
| 43.7 | DENMARK | 2020 | UK | -10.5 | 54.2 |
| 41.5 | AUSTRIA | 2021 | NEW ZEALAND | -17.1 | 58.6 |
| 0.2 | PORTUGAL | 2022 | SWEDEN | -28.4 | 28.6 |
| 37.1 | ITALY | 2023 | HONG KONG | -14.8 | 51.9 |
| 32.3 | SINGAPORE | 2024 | PORTUGAL | -25.2 | 57.5 |
| 82.4 | SPAIN | 2025 | DENMARK | -13.5 | 95.9 |
| 34.0 | | Average | | -16.4 | 50.4 |

# The Future Is Unknown, So Plan Accordingly

(continued from page 15)

**Past performance is not a guarantee of future results.**

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**Diversification neither assures a profit nor guarantees against loss in a declining market.**

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