



Q4

Quarterly Market Review Fourth Quarter 2025

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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: Sometimes It Helps to Pay Less Attention

Quarterly Market Summary

Returns (CAD), as of December 31, 2025

	Stocks					Bonds	
	Canadian Stock Market	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	Canadian Bond Market	Global Bond Market ex US
Q4 2025	6.25%	0.88%	3.30%	3.18%	-2.28%	-0.32%	0.33%
      							
Since January 2001							
Average Quarterly Return	2.3%	2.8%	1.5%	2.4%	2.0%	1.1%	0.9%
Best Quarter	20.0%	16.8%	15.8%	27.9%	22.2%	8.3%	5.7%
2009 Q2	2009 Q2	2020 Q2	2009 Q2	2001 Q4	2009 Q3	2023 Q4	2023 Q4
	2008 Q4	2022 Q2	2008 Q3	2008 Q3	2008 Q4	2022 Q1	2022 Q1
Worst Quarter	-22.7%	-14.0%	-16.8%	-23.5%	-25.8%	-7.0%	-5.0%

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 [net of tax]), 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 December 31, 2025

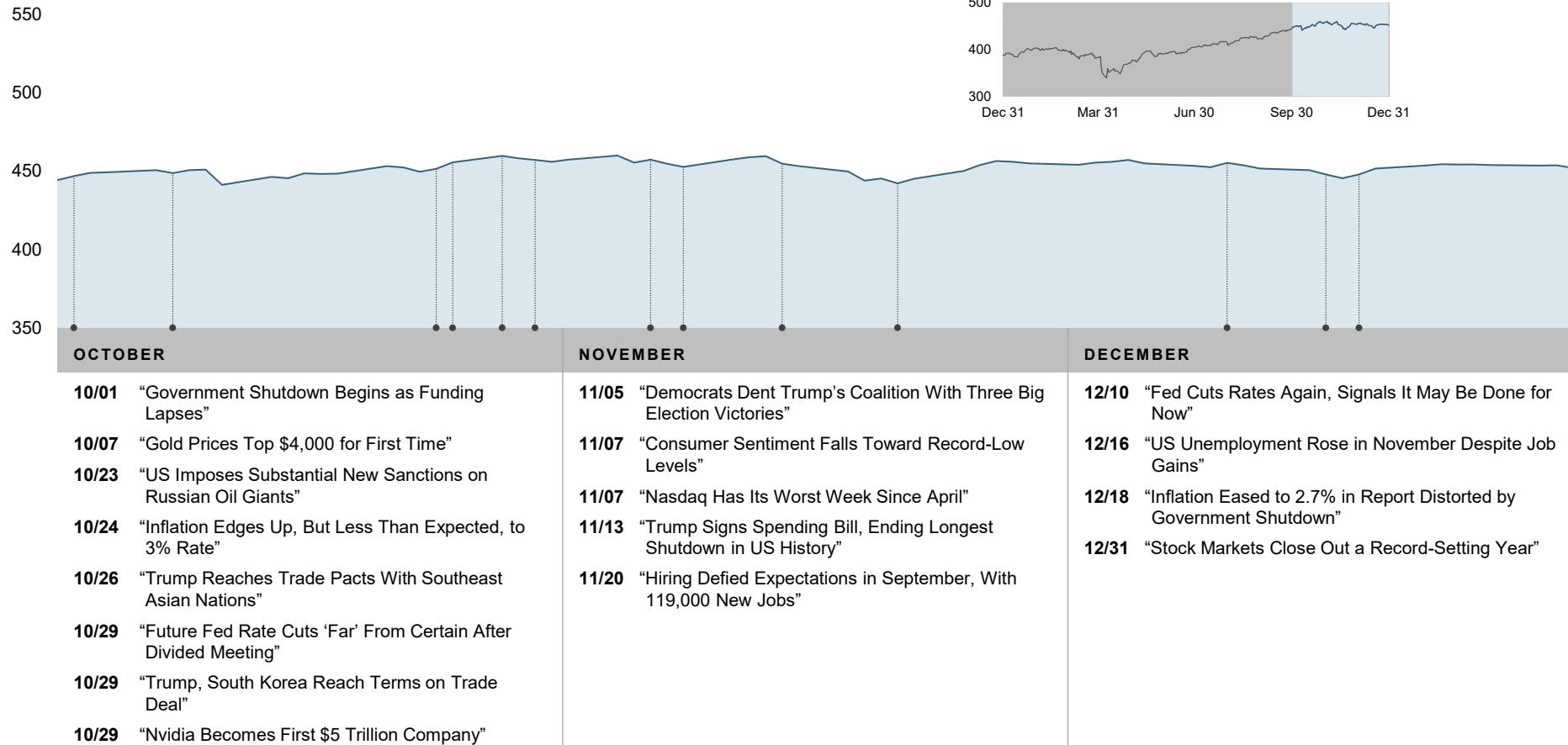
	Stocks					Bonds	
	Canadian Stock Market	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	Canadian Bond Market	Global Bond Market ex US
1 Year	31.68%	11.65%	25.07%	27.30%	2.62%	2.64%	3.05%
							
5 Years	16.09%	14.82%	10.53%	5.73%	5.45%	-0.35%	-0.42%
							
10 Years	12.66%	14.13%	8.04%	8.27%	3.65%	1.89%	1.77%
							
15 Years	9.09%	16.04%	8.95%	6.07%	7.68%	2.85%	2.73%
							
20 Years	8.44%	11.66%	6.42%	6.84%	5.15%	3.45%	3.19%
							

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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q4 2025

Q4 2025



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.

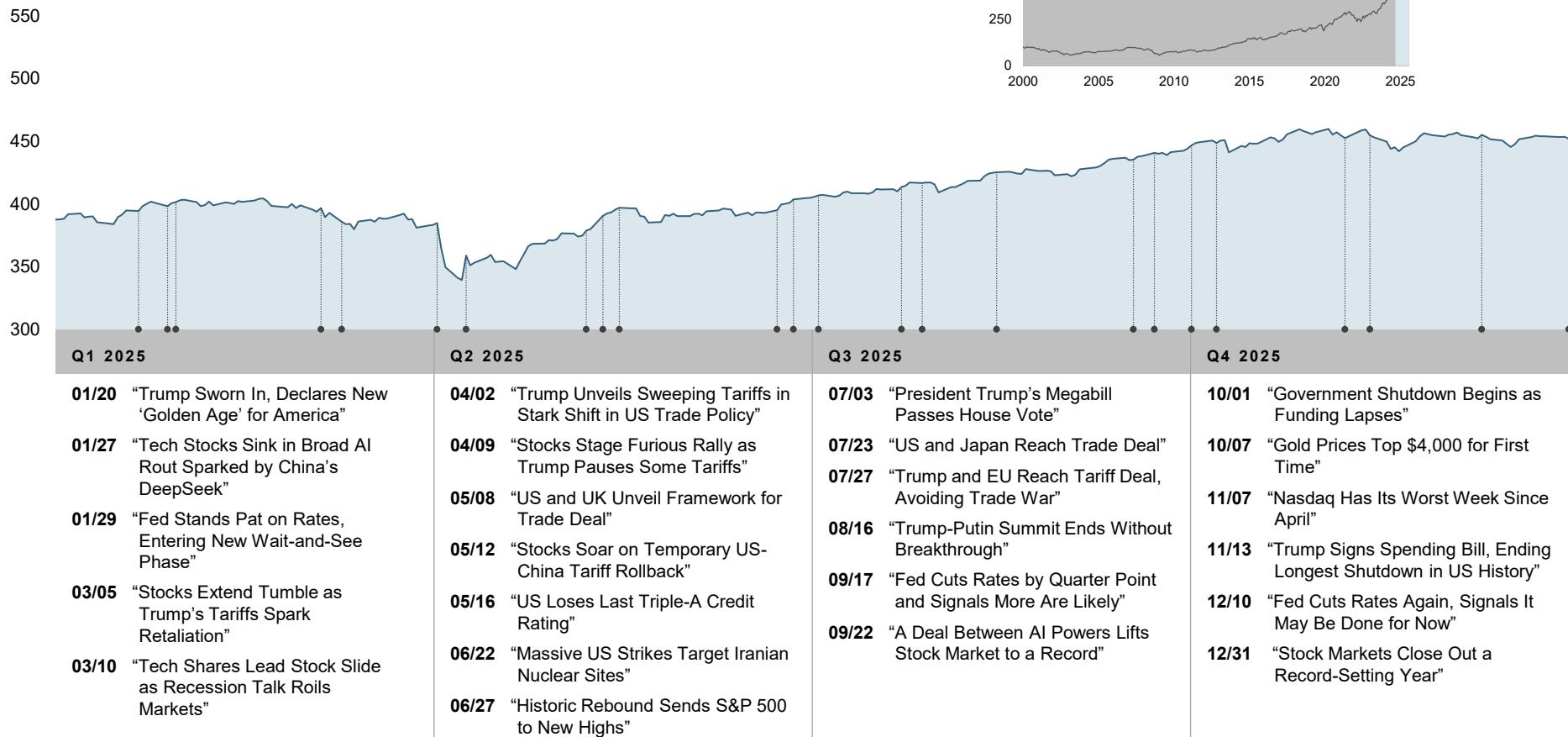
Graph Source: MSCI ACWI Index (net dividends, CAD). MSCI data © MSCI 2026, all rights reserved. Index level based at 100 starting January 2000.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

World Stock Market Performance

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

SHORT TERM (Q1 2025–Q4 2025)



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.

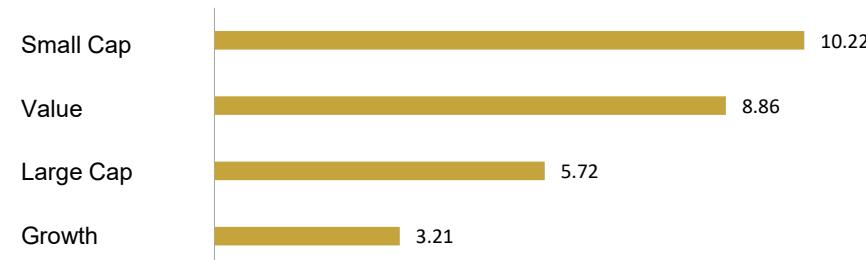
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Canadian Stocks

Returns (CAD), 4th Quarter 2025

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

Ranked Returns (%)



World Market Capitalization—Canada



Canada
\$4.5 trillion

Periodic Returns (%)

Asset Class	QTR	ANNUALIZED						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Small Cap	10.22	50.19	23.21	15.33	12.00	5.75	5.84	
Value	8.86	34.47	23.06	20.39	13.42	9.48	8.33	
Large Cap	5.72	29.06	20.52	16.01	12.78	9.38	8.65	
Growth	3.21	25.45	19.31	10.62	9.66	6.71	6.62	

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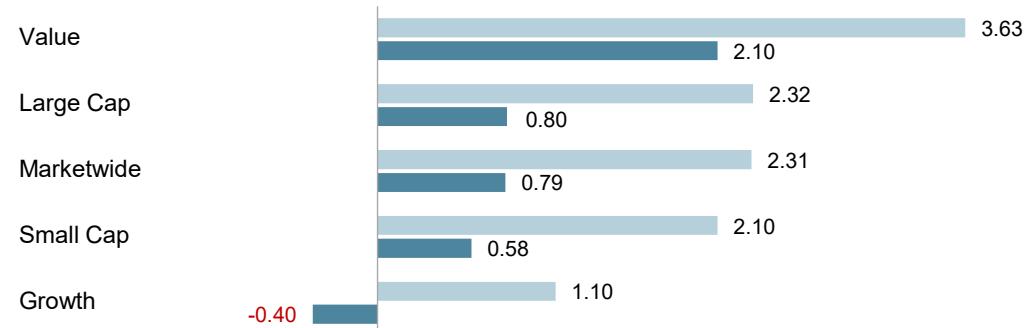
US Stocks

Returns (CAD), 4th Quarter 2025

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

Ranked Returns (%)

■ Local currency ■ Canadian currency



World Market Capitalization—US



Periodic Returns (%)

Asset Class	QTR	ANNUALIZED						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	—
Value	2.10	9.63	13.48	12.11	9.55	12.24	—	—
Large Cap	0.80	11.44	22.70	14.78	13.87	15.72	—	—
Marketwide	0.79	11.23	22.21	14.33	13.58	15.44	11.05	—
Small Cap	0.58	7.11	13.72	7.25	9.04	11.41	—	—
Growth	-0.40	12.41	30.48	16.01	17.08	18.24	—	—

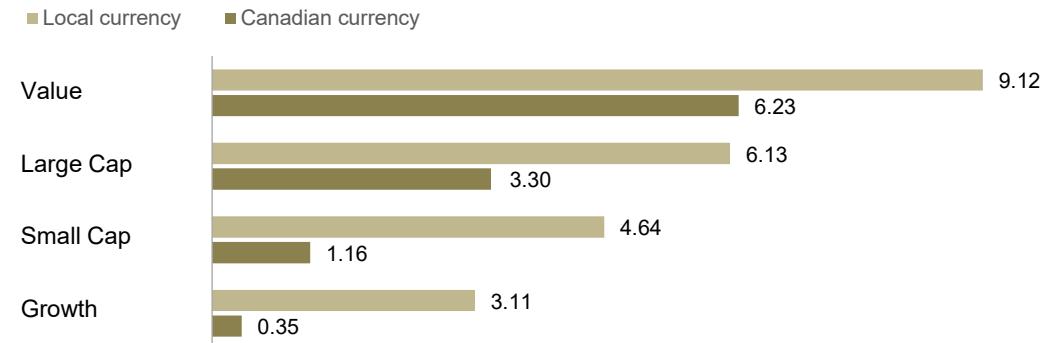
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International Developed Stocks

Returns (CAD), 4th Quarter 2025

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

Ranked Returns (%)



World Market Capitalization—International Developed



International Developed Markets
\$32.7 trillion

Periodic Returns (%)

Asset Class	QTR	ANNUALIZED						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Value	6.23	35.58	21.85	15.04	8.54	8.91	6.11	
Large Cap	3.30	25.07	17.68	10.53	8.04	8.95	6.42	
Small Cap	1.16	25.65	15.40	7.18	7.35	9.42	6.86	
Growth	0.35	15.09	13.59	5.97	7.28	8.78	6.56	

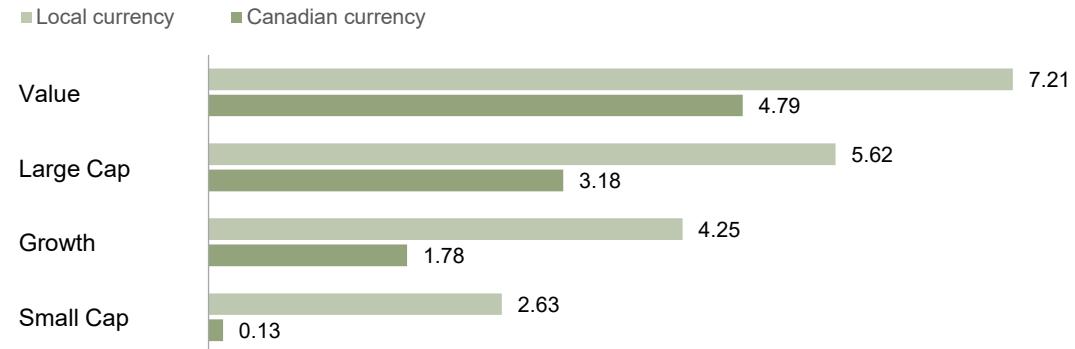
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Emerging Markets Stocks

Returns (CAD), 4th Quarter 2025

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

Ranked Returns (%)



World Market Capitalization—Emerging



Emerging Markets
\$16.1 trillion

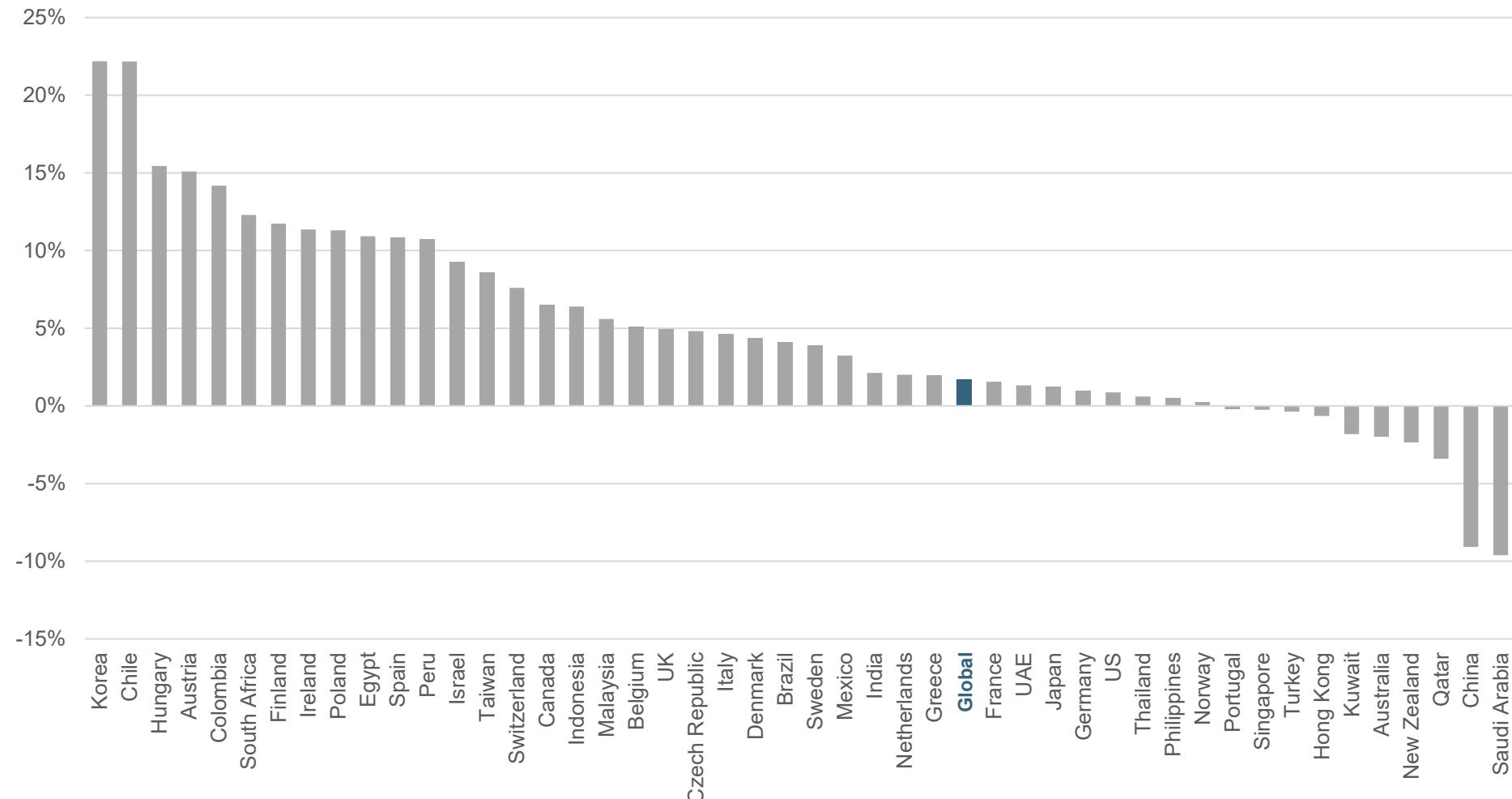
Periodic Returns (%)

Asset Class	QTR	ANNUALIZED						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Value	4.79	26.52	17.03	8.34	7.82	5.05	6.50	
Large Cap	3.18	27.30	16.85	5.73	8.27	6.07	6.84	
Growth	1.78	28.01	16.62	3.27	8.62	6.98	7.09	
Small Cap	0.13	13.02	15.92	10.03	8.17	6.56	8.06	

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Country Returns

Returns (CAD), 4th Quarter 2025



Past performance is no 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 (net of tax) 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), 4th Quarter 2025

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

Ranked Returns (%)



Total Value of REIT Stocks



US

\$1,465 billion
102 REITs

Global ex US

\$693 billion
276 REITs
(26 other countries)

Periodic Returns (%)

Asset Class	QTR	ANNUALIZED						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
Global ex US REITS	0.02	18.46	6.97	2.58	2.48	5.89	3.79	
US REITS	-2.26	-1.19	8.92	8.22	4.67	9.58	6.85	

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Fixed Income

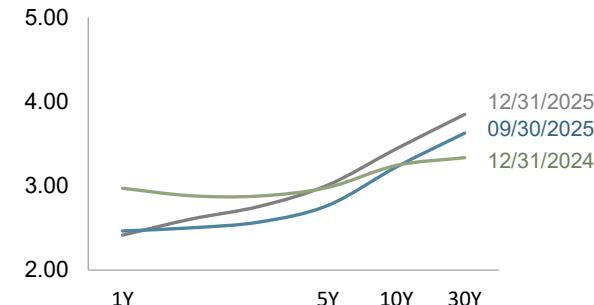
Returns (CAD), 4th Quarter 2025

Interest rates generally increased in the Canadian government bond market during the quarter. The Canadian government yield curve was flat in the short-term maturity range but upwardly sloped in the intermediate- to long-term maturity range.

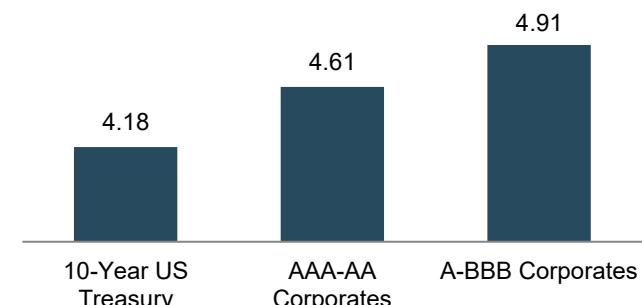
Realized term premiums were negative in Canadian dollar-denominated during the quarter as longer-term bonds generally underperformed shorter-term bonds.

Realized credit premiums in Canadian bonds 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	ANNUALIZED						
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	
FTSE Canada 30 Day T-Bill	0.60	2.73	4.07	2.78	1.86	1.52	1.71	
FTSE World Government Bond Index 1-5 Years (hedged to CAD)	0.59	3.26	3.77	1.11	1.52	1.79	2.35	
Bloomberg Global Aggregate Bond Index (hedged to CAD)	0.33	3.05	3.92	-0.42	1.77	2.73	3.19	
FTSE Canada Short-Term Bond Index	0.33	3.88	4.86	1.85	2.06	2.31	2.96	
FTSE Canada Universe Bond Index	-0.32	2.64	4.51	-0.35	1.89	2.85	3.45	
FTSE World Government Bond Index 1-5 Years (CAD)	-0.70	3.47	4.83	1.34	1.14	2.41	2.68	

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, 4th Quarter 2025

Except for the UK and the US, interest rates generally increased across global developed markets for the quarter.

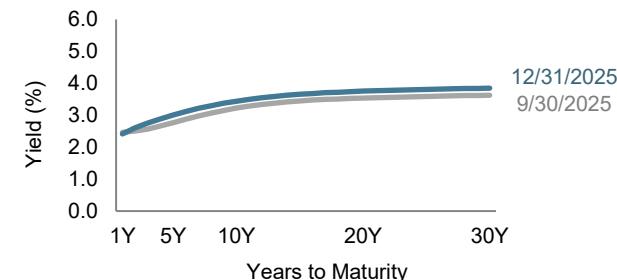
In the UK, interest rates decreased across all maturity ranges. In the US, short-term interest rates decreased while long-term interest rates increased. In Canada, Germany, the UK, and Australia, their yield curves were generally flat in the short-term maturity range but upwardly sloped in intermediate- to long-term maturity range.

Global term premiums were mixed. Realized term premiums were mixed in the US, as intermediate-term bonds generally outperformed shorter and longer-term bonds. Realized term premiums were positive in the UK, as longer-term bonds generally outperformed shorter-term bonds during the quarter. However, realized term premiums were negative in Canada and Japan, as longer-term bonds generally underperformed shorter-term bonds during the quarter.

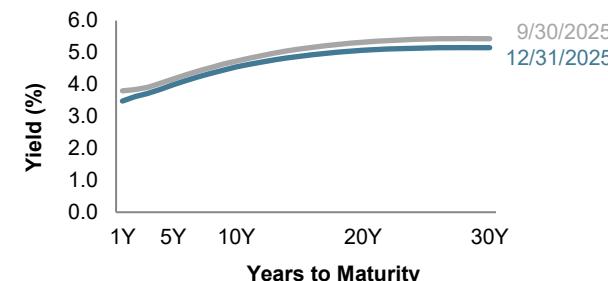
Changes in Yield (bps) Since 09/30/2025

	1Y	5Y	10Y	20Y	30Y
Canada	-5.0	24.2	21.6	21.6	22.2
US	-20.1	-1.7	3.9	10.3	13.3
UK	-32.0	-18.3	-18.7	-25.7	-28.5
Germany	2.1	16.0	16.8	18.7	20.2
Japan	11.4	30.9	39.0	34.8	31.4
Australia	41.5	55.8	44.1	32.3	25.6

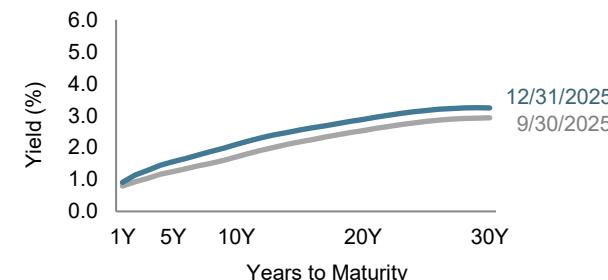
Canada



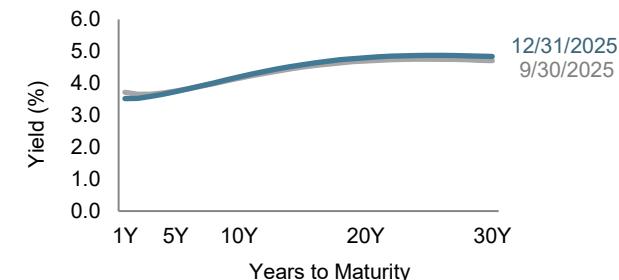
UK



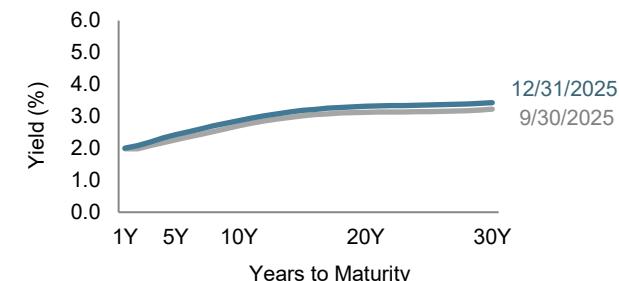
Japan



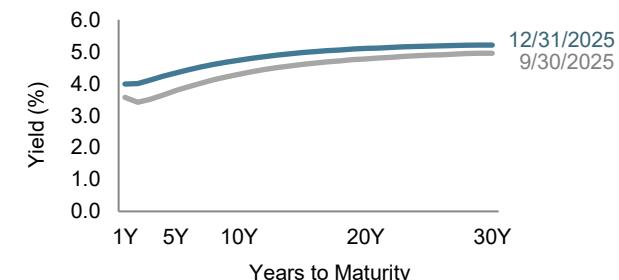
US



Germany



Australia



Sometimes It Helps to Pay Less Attention

4th Quarter 2025

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

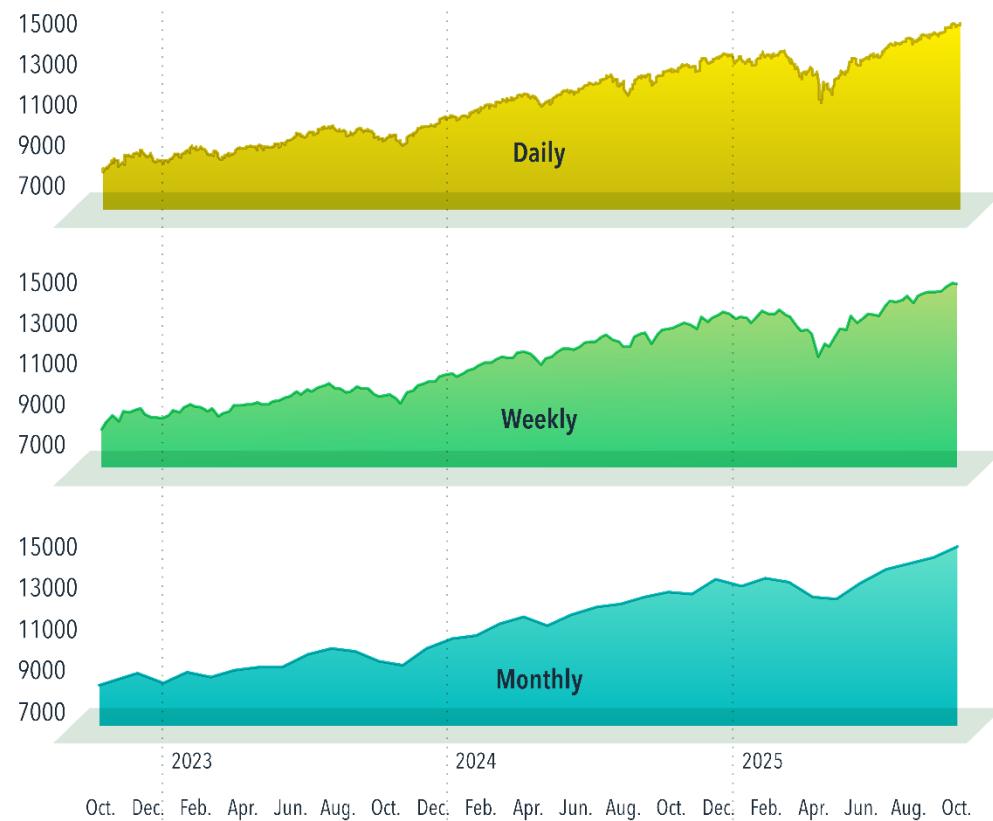
I was on holiday during the stock market's recent ups and downs and missed out on the media coverage and the surrounding "will they/won't they" China tariff news. That is actually my preferred way of coping with market volatility, which is to be unaware of it in real time. While I don't always have a built-in buffer,¹ there's certainly an argument for tuning out daily market movements.

The benefit of the ignorance-is-bliss approach can be visualized by plotting out returns at longer time intervals. As you switch from daily returns to weekly, the jagged edges begin to smooth out. By the time you get to monthly returns, some of the big drawdowns (e.g., third quarter of 2023, April 2025) seem like small blips during an otherwise continuous climb.

A desire to stay informed about what's going on in the world is human nature, and developments with the stock market are part and parcel of that. But thinking about investments in a long-term framework might dull the temptation to make asset allocation changes that studies have shown are a recipe for disappointment.

S&P 500 TOTAL RETURN INDEX LEVEL

For the 3-year period ending September 30, 2025



1. In this case, I was attending my octogenarian mother's wedding. I'm not sure I can go back to that well again.
See following page for important disclosure.

Sometimes It Helps to Pay Less Attention

(continued from page 15)

Past performance is no guarantee of future results.

Disclosures

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