



Q3

Quarterly Market Review

Third 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: AI Is Everywhere, Including Your Portfolio

Quarterly Market Summary

Returns (CAD), as of September 30, 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
Q3 2025	12.50%	10.31%	6.83%	12.82%	6.28%	1.51%	0.75%
							
Since January 2001							
Average Quarterly Return	2.2%	2.8%	1.5%	2.4%	2.0%	1.1%	1.0%
Best Quarter	20.0%	16.8%	15.8%	27.9%	22.2%	8.3%	5.7%
	2009 Q2	2020 Q2	2009 Q2	2001 Q4	2009 Q3	2023 Q4	2023 Q4
Worst Quarter	-22.7%	-14.0%	-16.8%	-23.5%	-25.8%	-7.0%	-5.0%
	2008 Q4	2022 Q2	2008 Q3	2008 Q3	2008 Q4	2022 Q1	2022 Q1

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Long-Term Market Summary

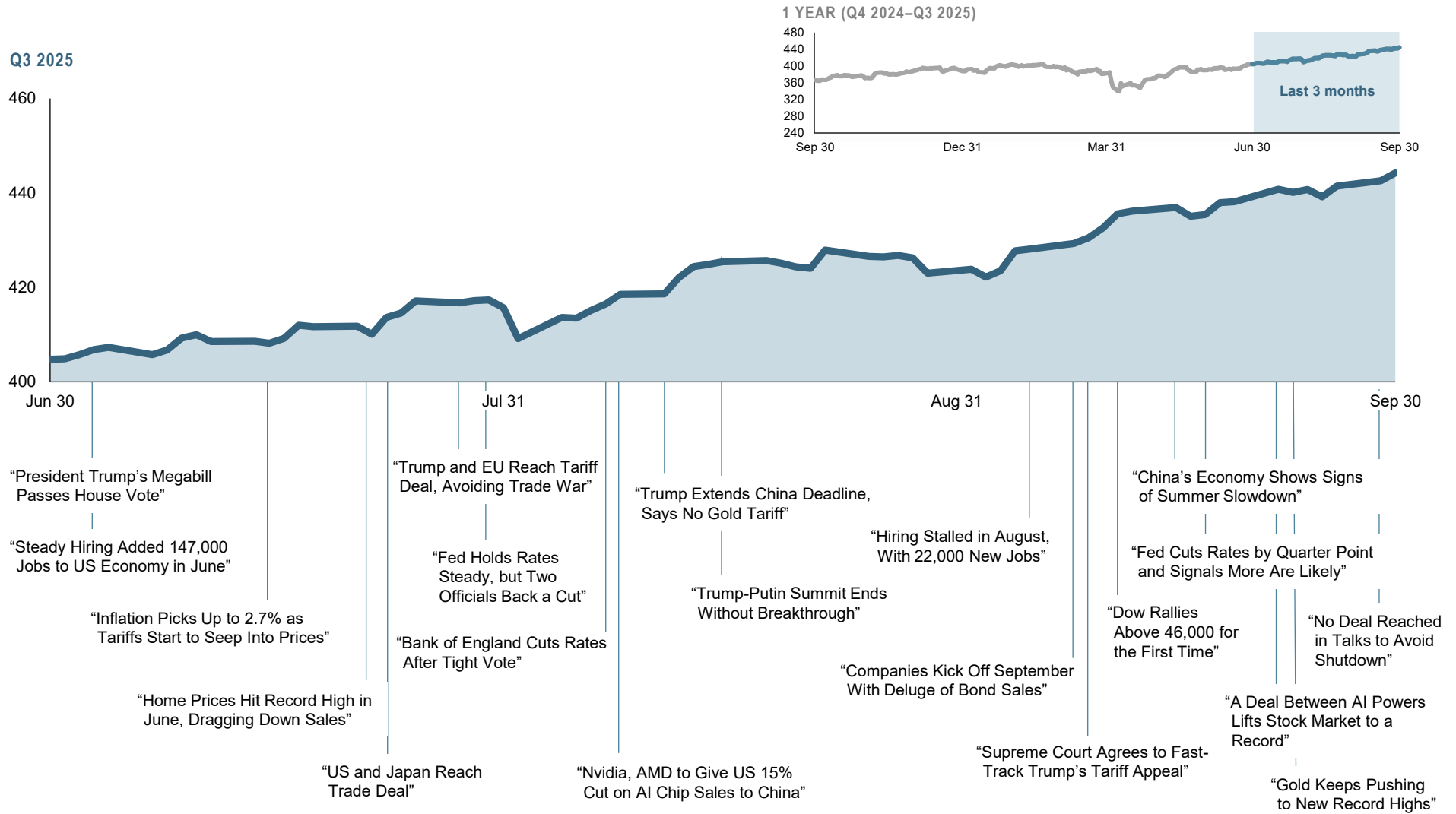
Returns (CAD), as of September 30, 2025

	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	28.60% 	20.92% 	18.43% 	20.84% 	1.71% 	2.93% 	1.36% 
5 Years	16.68% 	16.69% 	12.07% 	7.89% 	7.45% 	-0.16% 	-0.33% 
10 Years	11.82% 	15.14% 	8.57% 	8.39% 	4.76% 	2.02% 	1.74% 
15 Years	9.31% 	16.58% 	8.94% 	6.12% 	8.09% 	2.83% 	2.61% 
20 Years	8.27% 	11.75% 	6.50% 	7.08% 	5.35% 	3.50% 	3.20% 

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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q3 2025



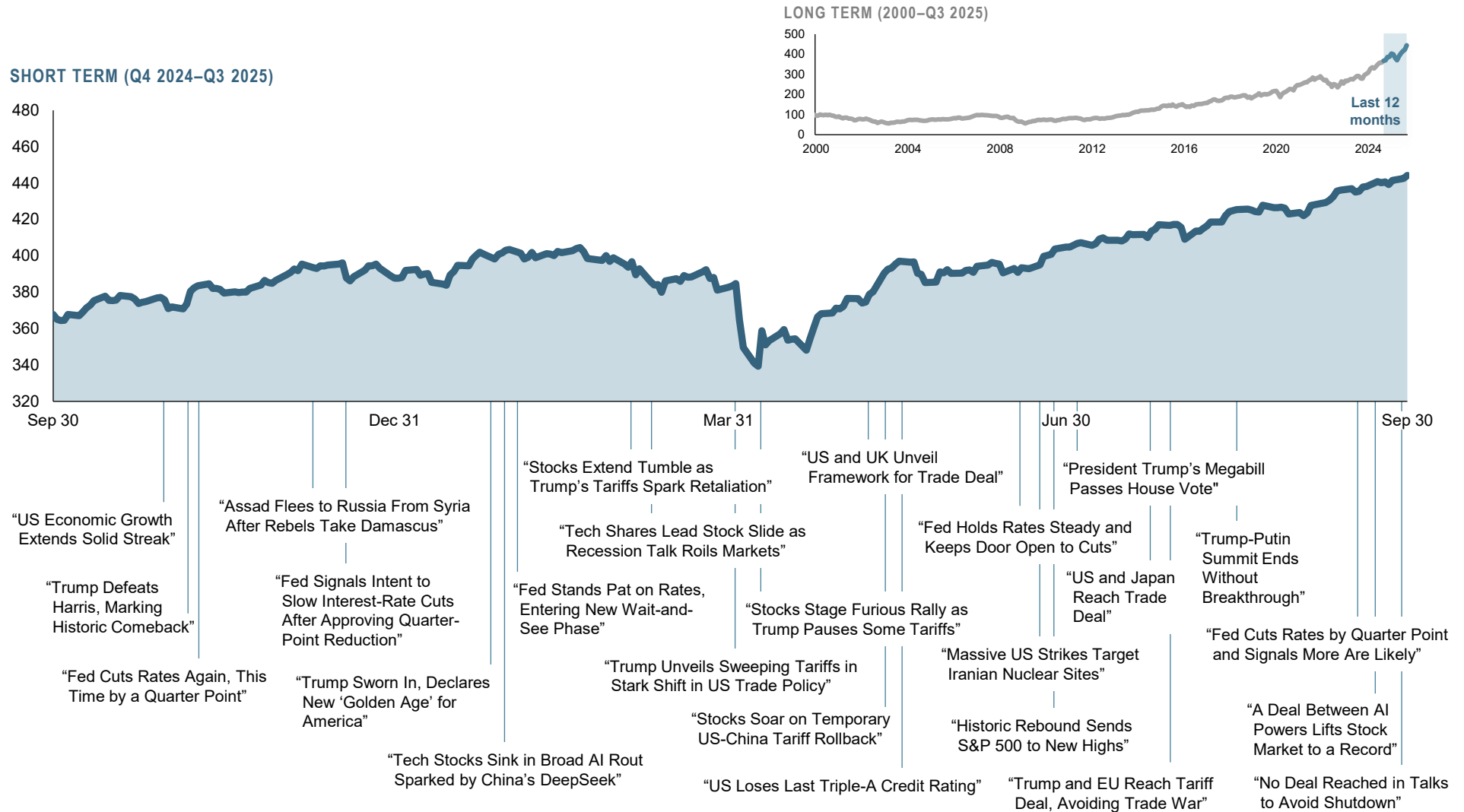
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends, CAD). MSCI data © MSCI 2025, 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



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 2025, all rights reserved. Index level based at 100 starting January 2000.

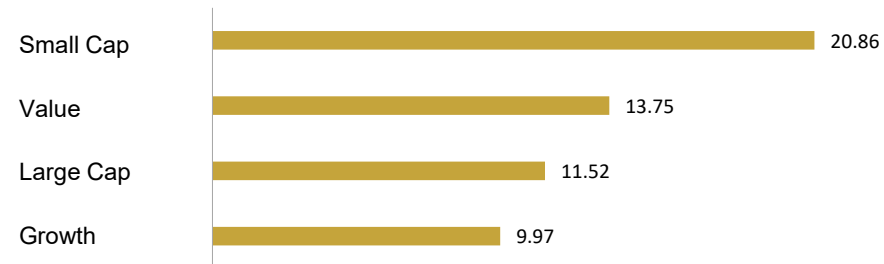
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

Canadian Stocks

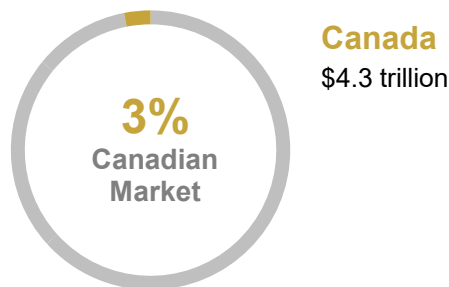
Returns (CAD), 3rd Quarter 2025

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

Ranked Returns (%)



World Market Capitalization—Canada



Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	20.86	36.26	37.20	22.51	17.98	11.04	6.24	5.43
Value	13.75	23.52	28.67	21.58	21.67	12.45	9.32	8.12
Large Cap	11.52	22.07	26.71	20.45	16.48	11.97	9.55	8.50
Growth	9.97	21.55	27.58	20.71	10.59	8.96	7.21	6.50

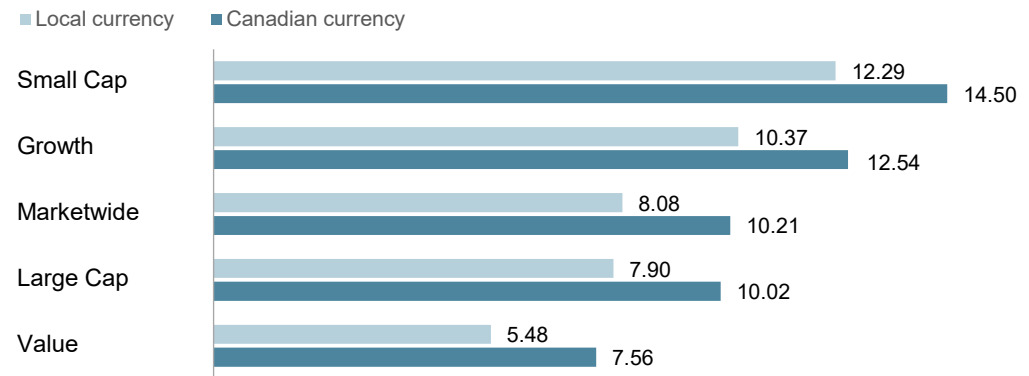
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (S&P/TSX 60 Index), Small Cap (S&P/TSX Small Cap Index), Value (MSCI Canada Value Index), and Growth (MSCI Canada Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by S&P/TSX Composite Index, Russell 3000 Index, MSCI EAFE IMI Index, MSCI Emerging Markets IMI Index. S&P/TSX data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2025, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

US Stocks

Returns (CAD), 3rd Quarter 2025

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

Ranked Returns (%)



World Market Capitalization—US



Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	14.50	6.49	13.64	15.22	12.05	9.74	12.24	—
Growth	12.54	12.86	28.29	31.01	17.72	18.34	18.93	—
Marketwide	10.21	10.36	20.46	24.10	16.19	14.57	15.97	11.15
Large Cap	10.02	10.55	20.81	24.62	16.44	14.89	16.22	—
Value	7.56	7.38	11.93	16.48	14.12	10.27	12.61	—

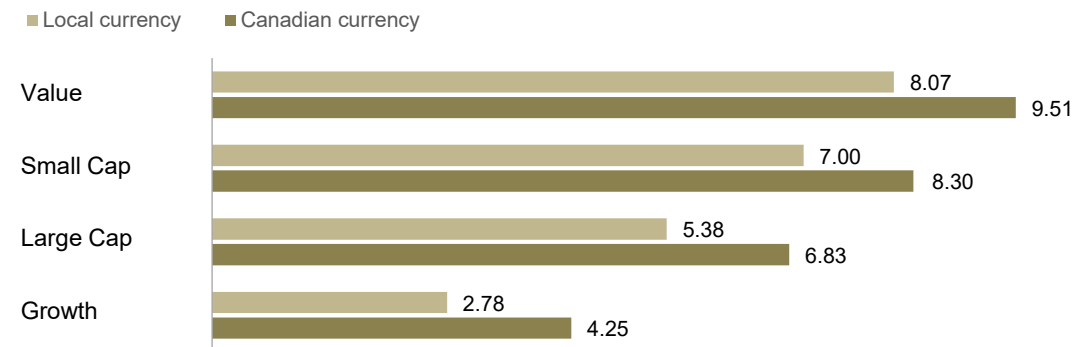
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International Developed Stocks

Returns (CAD), 3rd Quarter 2025

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

Ranked Returns (%)



World Market Capitalization—International Developed



International Developed Markets
\$31.8 trillion

Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Value	9.51	27.63	26.20	26.19	16.61	8.56	8.62	6.03
Small Cap	8.30	24.21	21.18	20.15	9.36	8.32	9.92	7.24
Large Cap	6.83	21.07	18.43	22.21	12.07	8.57	8.94	6.50
Growth	4.25	14.69	10.99	18.33	7.51	8.32	9.07	6.80

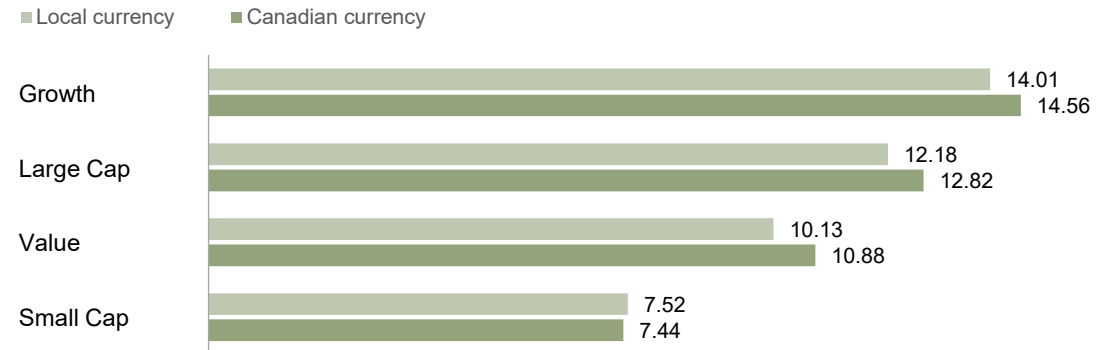
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Emerging Markets Stocks

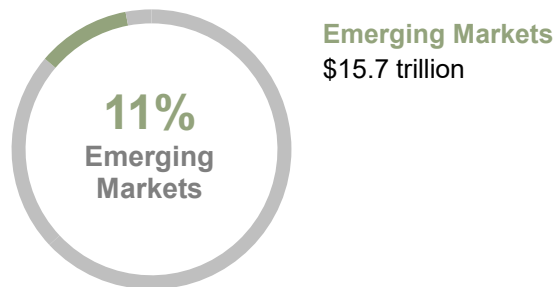
Returns (CAD), 3rd Quarter 2025

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

Ranked Returns (%)



World Market Capitalization—Emerging



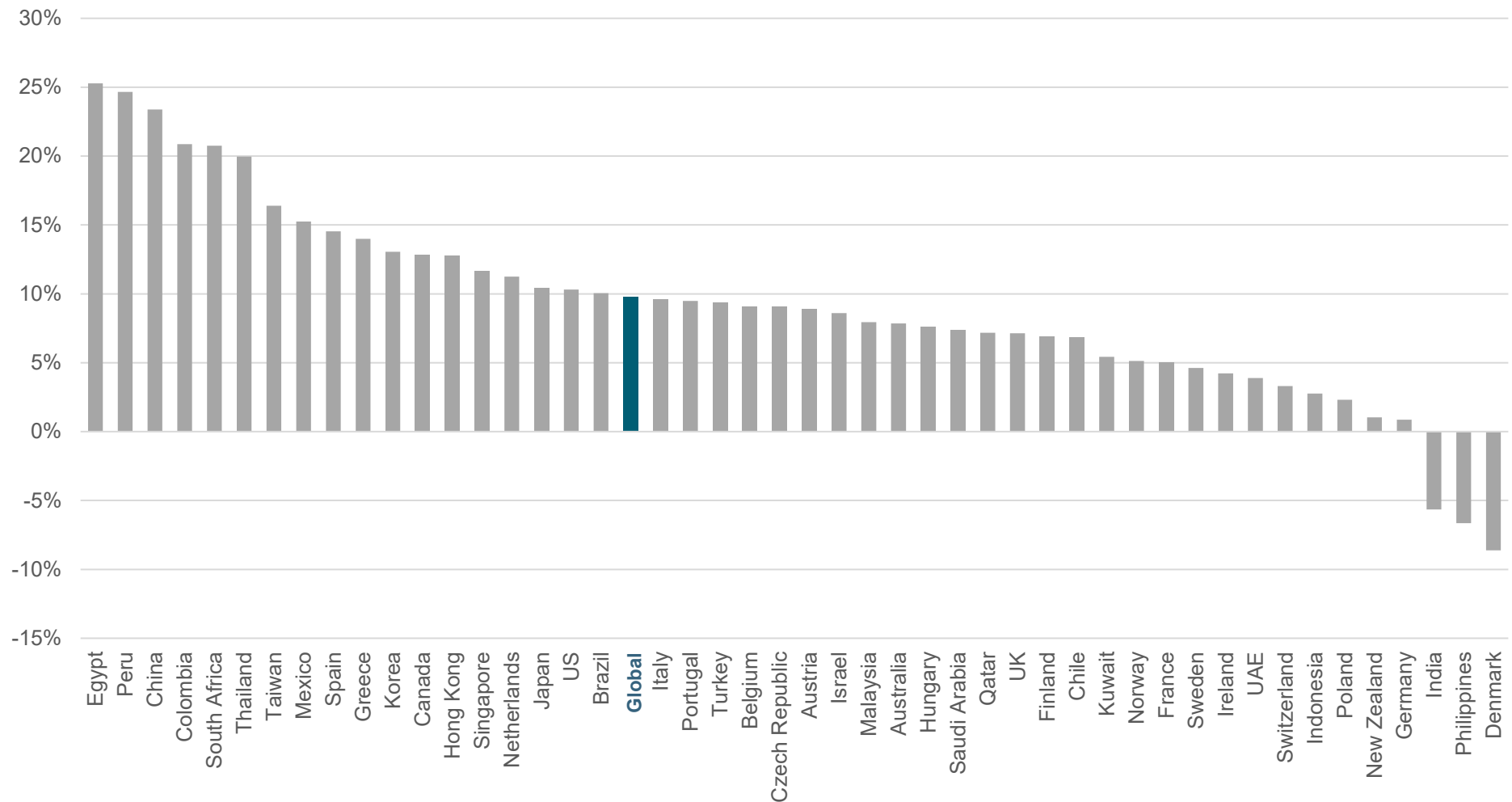
Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	14.56	25.77	24.64	18.99	5.16	9.10	7.12	7.47
Large Cap	12.82	23.38	20.84	18.71	7.89	8.39	6.12	7.08
Value	10.88	20.73	16.69	18.30	10.81	7.54	5.01	6.58
Small Cap	7.44	12.88	11.52	18.40	13.43	8.89	6.87	8.58

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Country Returns

Returns (CAD), 3rd 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 © 2025 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 2025, all rights reserved.

Real Estate Investment Trusts (REITs)

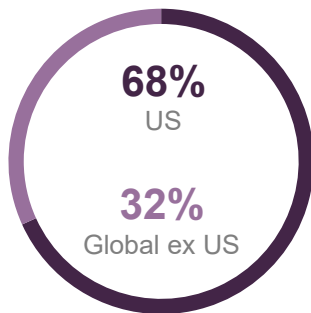
Returns (CAD), 3rd Quarter 2025

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

Ranked Returns (%)



Total Value of REIT Stocks



US

\$1,505 billion
102 REITs

Global ex US

\$693 billion
274 REITs
(25 other countries)

Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
US REITS	7.16	1.10	1.24	10.95	10.34	6.05	10.04	7.14
Global ex US REITS	5.66	18.44	6.71	10.36	4.50	3.04	6.10	3.82

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Fixed Income

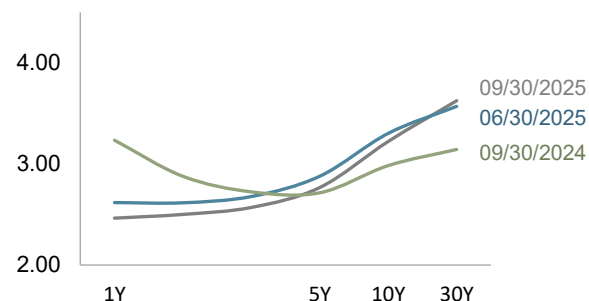
Returns (CAD), 3rd Quarter 2025

Short- to intermediate-term interest rates decreased, and longer-term interest rates increased in the Canadian government bond market during the quarter. The Canadian government yield curve was flat to inverted in the short-term maturity segment and upwardly sloped in the intermediate- to long-term maturity segment.

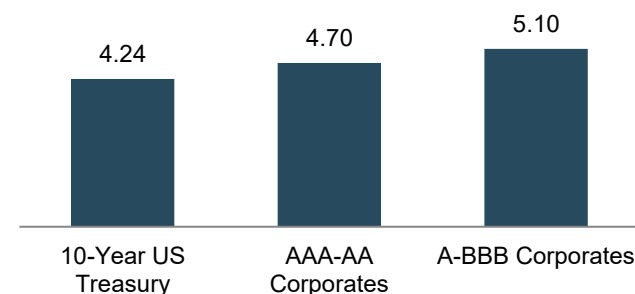
Realized term premiums in Canadian bonds were positive during the quarter, as longer-term bonds generally outperformed both short-term bonds.

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	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
FTSE World Government Bond Index 1-5 Years (CAD)	2.62	4.20	7.18	5.91	0.97	1.45	2.24	2.64
FTSE Canada Universe Bond Index	1.51	2.98	2.93	4.66	-0.16	2.02	2.83	3.50
FTSE Canada Short-Term Bond Index	1.32	3.54	4.21	4.98	1.88	2.07	2.27	2.93
Bloomberg Global Aggregate Bond Index (hedged to CAD)	0.75	2.71	1.36	4.12	-0.33	1.74	2.61	3.20
FTSE Canada 30 Day T-Bill	0.68	2.12	3.14	4.17	2.67	1.81	1.49	1.72
FTSE World Government Bond Index 1-5 Years (hedged to CAD)	0.54	2.65	2.47	3.74	1.01	1.46	1.73	2.33

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. Sinquefeld). FTSE fixed income indices © 2025 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2025 ICE Data Indices, LLC.

Global Fixed Income

Yield curves, 3rd Quarter 2025

Except for the US and Canada, interest rates increased in the global developed markets for the quarter.

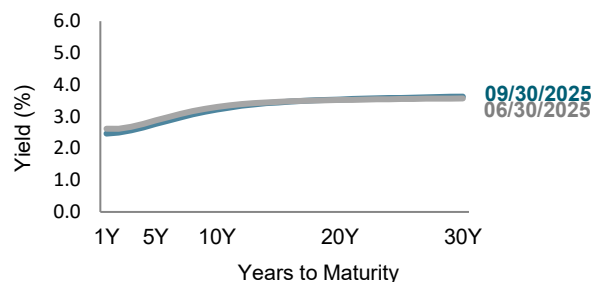
In Canada, short- to intermediate-term interest rates decreased, and long-term interest rates increased. The short-term maturity segment of the yield curve was generally flat but steepened in the three- to five-year maturity segment in Canada, Germany, UK and Australia.

Realized term premiums were mixed across global developed markets. Realized term premiums were positive in the US and Canada, as longer-term bonds generally outperformed shorter-term bonds during the quarter. However, realized term premiums were negative in the UK and Germany, as longer-term bonds generally underperformed shorter-term bonds during the quarter.

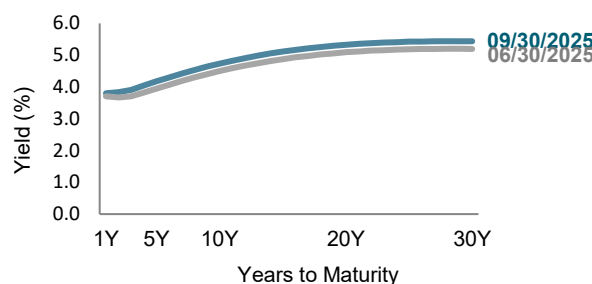
Changes in Yield (bps) Since 06/30/2025

	1Y	5Y	10Y	20Y	30Y
Canada	-15.4	-11.2	-8.0	1.8	5.6
US	-28.4	-4.7	-8.6	-9.0	-5.7
UK	9.3	22.5	23.5	23.6	23.6
Germany	14.1	13.2	9.3	16.9	17.9
Japan	21.3	26.2	22.4	22.7	22.7
Australia	27.1	22.8	16.1	14.2	11.3

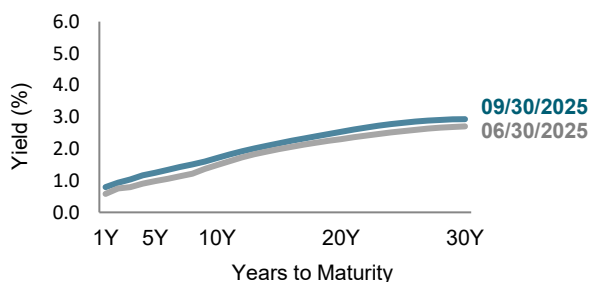
Canada



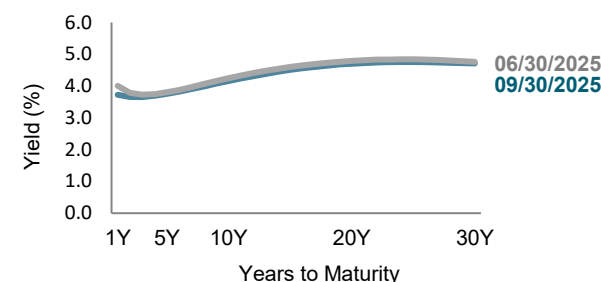
UK



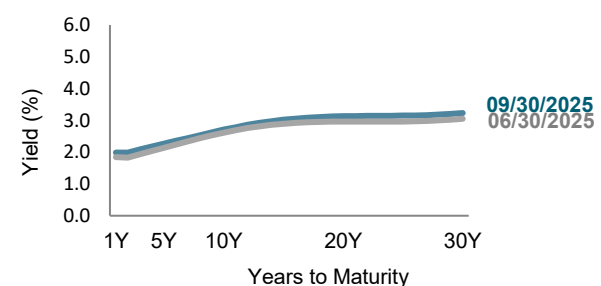
Japan



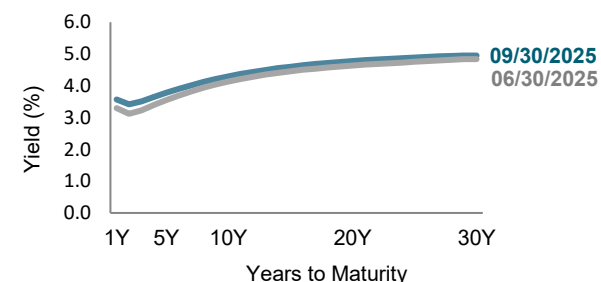
US



Germany



Australia



AI Is Everywhere, Including Your Portfolio

Third Quarter 2025

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

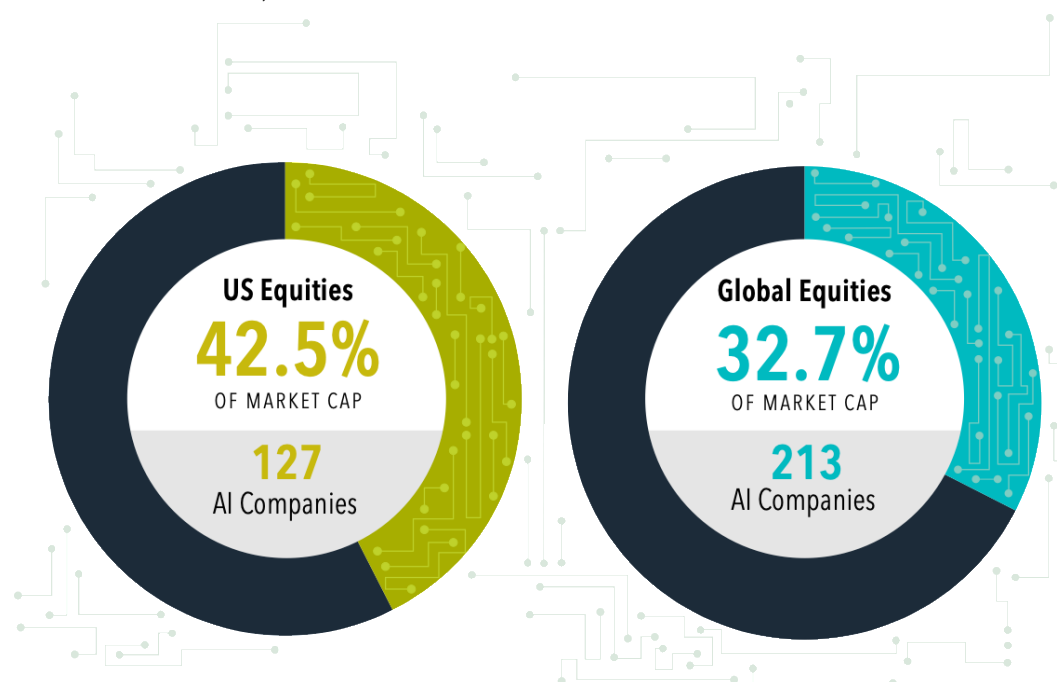
One of the most common investor questions regarding the rise of artificial intelligence (AI) is “How do I take advantage of it in my portfolio?” The good news for investors is diversified equity portfolios already have exposure, mainly because AI tools touch nearly every type of business these days.

Holdings of the five largest AI ETFs collectively span a sizable chunk of the market—42.5% of US stock market capitalization and 32.7% of global market cap. And it’s not just a few big companies like NVIDIA or Apple—in the US alone, 127 companies are included among these AI-focused strategies.

The pervasiveness of AI opportunities is evident when perusing the company names. The usual suspects from technology are well represented—all five hold NVIDIA—but less techy names like Caterpillar, Honeywell, and Thomson Reuters can be found within these ETFs. This exemplifies how AI is likely to touch virtually every business type, making it harder to predict the ultimate winners from the revolution. Broad diversification can help investors avoid missing out on these winners, wherever they show up.

PERCENT OF THE MARKET HELD BY THE TOP 5 AI ETFs

As of December 31, 2024



Holdings are subject to change.

AI Is Everywhere, Including Your Portfolio

(continued from page 15)

Past performance is no guarantee of future results.

Source: Dimensional, using Dimensional and Morningstar data. AI companies are represented by the holdings in the top five largest artificial intelligence (AI) ETFs based on assets under management as of December 31, 2024: AIQ, BOTZ, QTUM, ARKQ, and ROBT. Eligible universe includes US domiciled funds in the US Sector Equity and US Equity Morningstar US category groups. Artificial intelligence (AI) funds include those with one or more of the following terms in the fund name: “AI,” “Quantum,” “Intelligent Machines,” “Autonomous,” “Deep Learning,” “Artificial Intelligence,” “Machine Learning.” Fund names including “AI Powered” are excluded from the analysis. Fund list may not be exhaustive of all funds that invest in AI-themed stocks. The sample excludes leveraged funds, funds of funds, and the US Fund Real Estate and US Fund Infrastructure US category groups. Global Equities is represented by the MSCI ACWI IMI Index. US Equities is represented by the Russell 3000 Index. MSCI data © MSCI 2025, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

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