



# Q1

## Quarterly Market Review

First 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: Geopolitical Risk

# Quarterly Market Summary

Returns (CAD), as of March 31, 2026

	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
<b>Q1 2026</b>	3.93% 	-2.22% 	0.55% 	1.64% 	2.60% 	0.23% 	-0.58% 
<b>Since January 2000</b>							
Average Quarterly Return	2.3%	2.7%	1.3%	2.0%	2.0%	1.1%	1.0%
Best Quarter	20.0% <b>2009 Q2</b>	16.8% <b>2020 Q2</b>	15.8% <b>2009 Q2</b>	27.9% <b>2001 Q4</b>	22.2% <b>2009 Q3</b>	8.3% <b>2023 Q4</b>	5.7% <b>2023 Q4</b>
Worst Quarter	-22.7% <b>2008 Q4</b>	-14.0% <b>2022 Q2</b>	-16.8% <b>2008 Q3</b>	-23.5% <b>2008 Q3</b>	-25.8% <b>2008 Q4</b>	-7.0% <b>2022 Q1</b>	-5.0% <b>2022 Q1</b>

**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 March 31, 2026

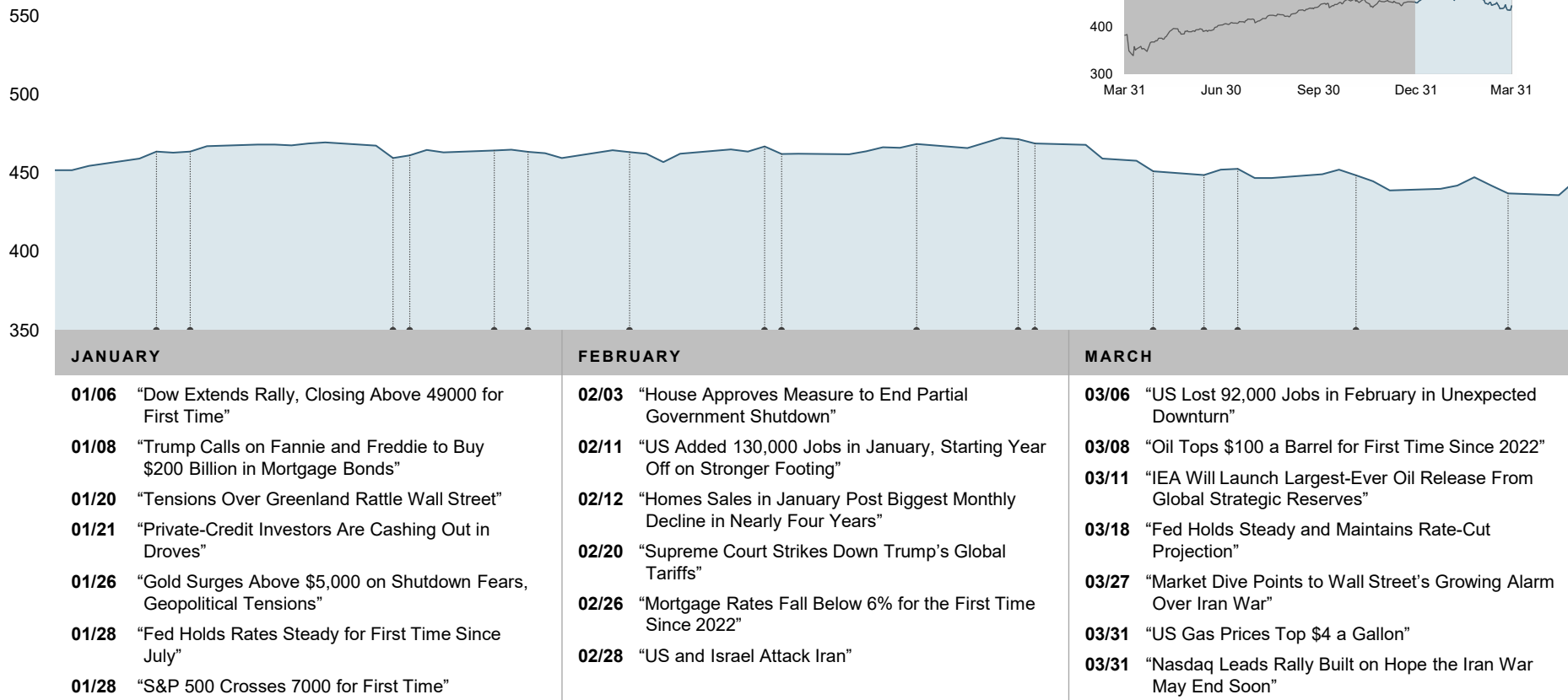
	Stocks					Bonds	
	Canadian Stock Market	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	Canadian Bond Market	Global Bond Market ex US
1 Year	34.83% ↑	14.50% ↑	17.59% ↑	25.62% ↑	3.78% ↑	0.84% ↑	1.63% ↑
5 Years	15.19% ↑	13.21% ↑	10.19% ↑	5.89% ↑	5.01% ↑	0.73% ↑	-0.04% ↓
10 Years	12.59% ↑	14.58% ↑	9.21% ↑	8.62% ↑	3.96% ↑	1.77% ↑	1.38% ↑
15 Years	8.98% ↑	15.55% ↑	8.90% ↑	6.19% ↑	7.64% ↑	2.89% ↑	2.70% ↑
20 Years	8.23% ↑	11.25% ↑	5.98% ↑	6.33% ↑	4.68% ↑	3.48% ↑	3.21% ↑

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# World Stock Market Performance

MSCI All Country World Index with selected headlines from Q1 2026

## Q1 2026

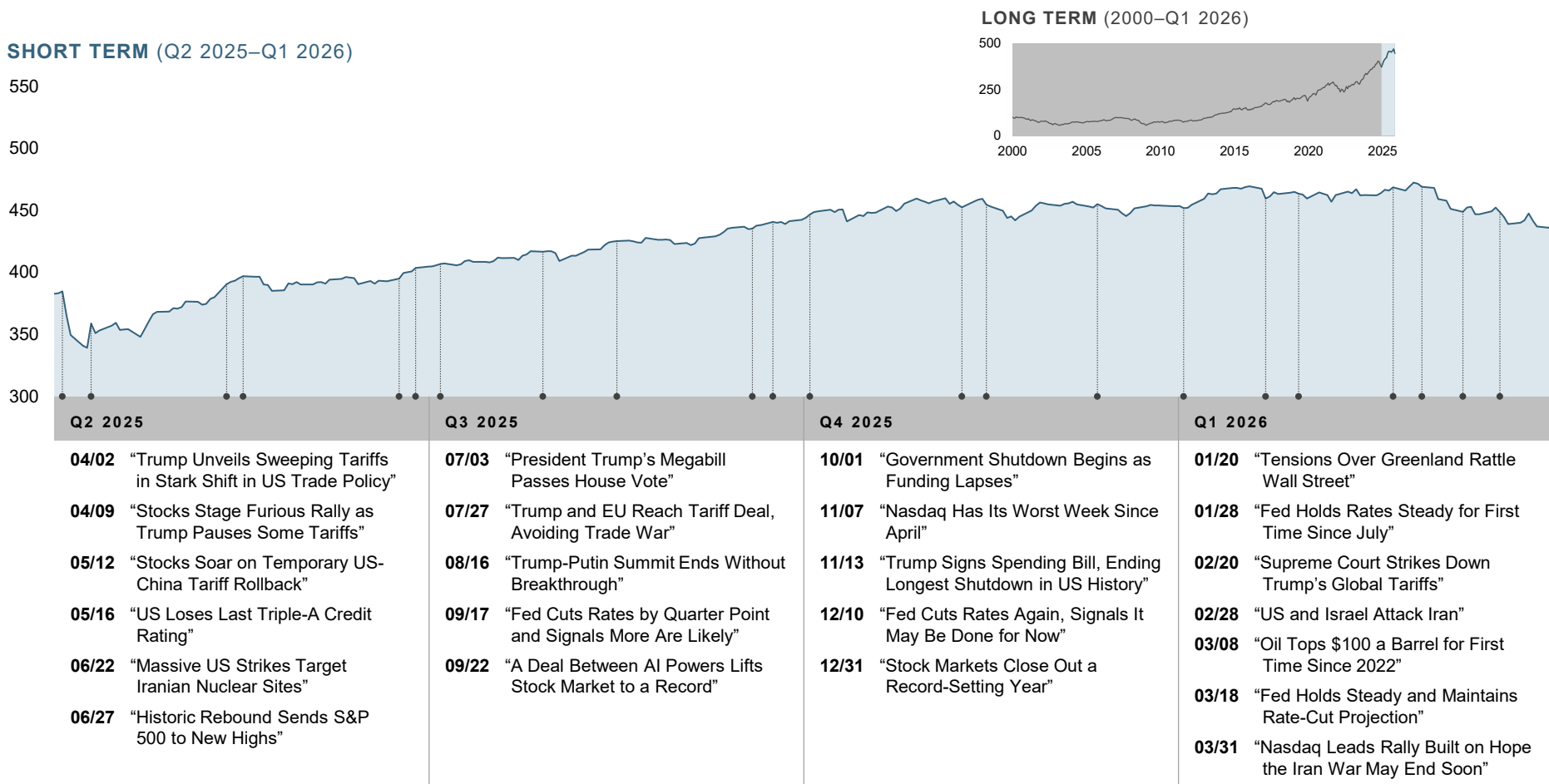


*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

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



*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.*

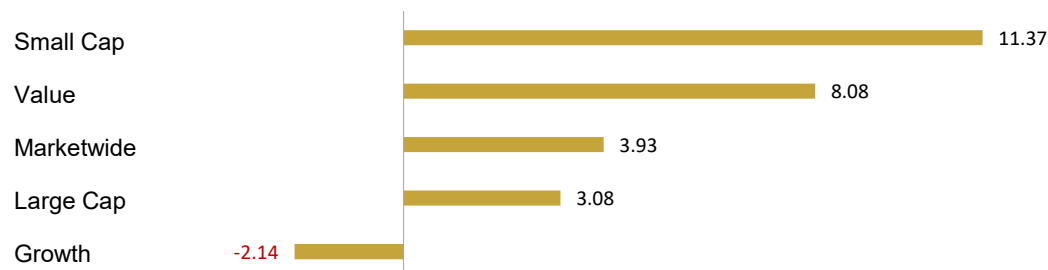
Graph Source: MSCI ACWI Index (net dividends, CAD). MSCI data © MSCI 2026, all rights reserved. Index level based at 100 starting January 2000. It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. Past performance is not a guarantee of future results.

# Canadian Stocks

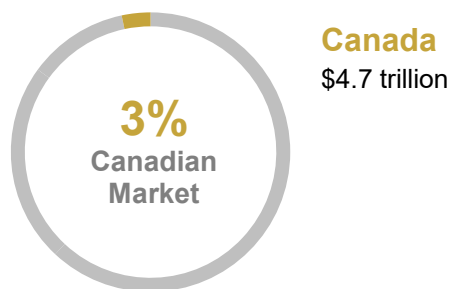
Returns (CAD), 1st Quarter 2026

- 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



## Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	11.37	65.80	25.85	15.67	12.29	6.21	5.98
Value	8.08	44.53	25.09	18.87	13.58	9.53	8.40
Marketwide	3.93	34.83	21.18	15.19	12.59	8.98	8.23
Large Cap	3.08	30.75	20.12	14.77	12.66	9.19	8.40
Growth	-2.14	20.56	16.38	10.07	9.36	6.31	6.01

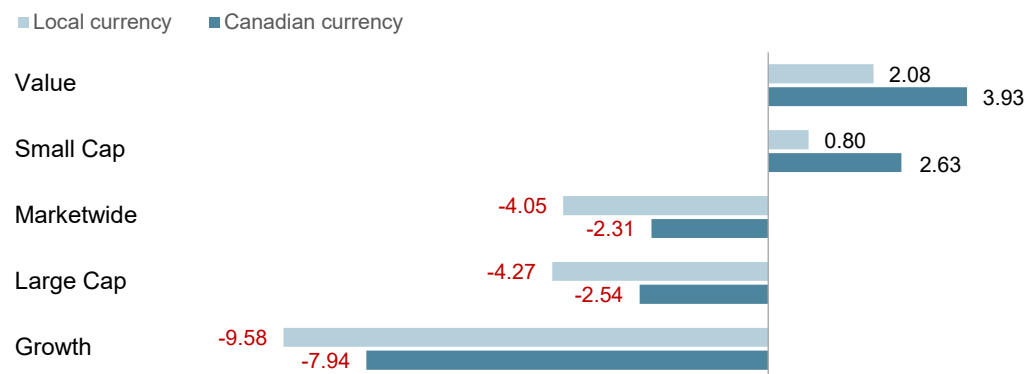
**Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (S&P/TSX Composite Index), Large 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 © 2026 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. MSCI data © MSCI 2026, 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), 1st Quarter 2026

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

### Ranked Returns (%)



### World Market Capitalization—US



### Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Value	3.93	12.18	14.71	10.80	10.60	12.23	—
Small Cap	2.63	21.46	13.76	5.56	10.29	11.20	—
Marketwide	-2.31	14.08	18.59	12.74	14.03	14.96	10.65
Large Cap	-2.54	13.75	18.87	13.21	14.28	15.23	—
Growth	-7.94	14.95	21.64	14.16	16.92	17.29	—

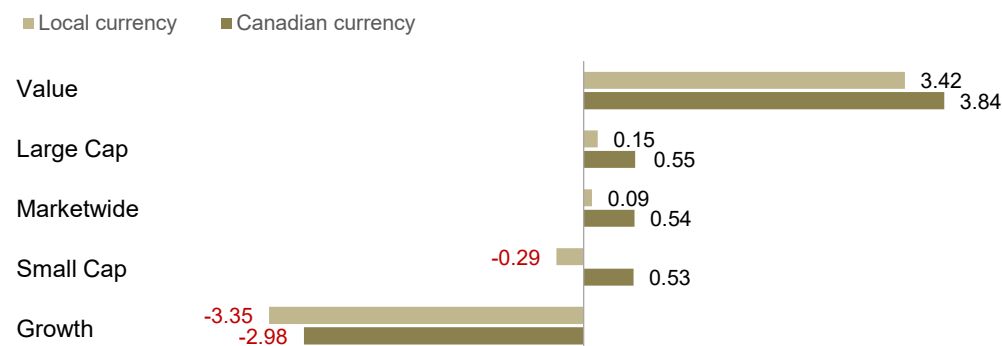
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# International Developed Stocks

Returns (CAD), 1st Quarter 2026

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

## Ranked Returns (%)



## World Market Capitalization—International Developed



**International Developed Markets**  
\$32.6 trillion

## Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Value	3.84	26.10	21.09	14.56	10.18	9.02	5.83
Large Cap	0.55	17.59	14.79	10.19	9.21	8.90	5.98
Marketwide	0.54	18.17	14.66	9.67	9.06	8.96	6.07
Small Cap	0.53	21.74	13.81	6.64	8.24	9.40	6.36
Growth	-2.98	9.25	8.62	5.74	7.95	8.56	5.95

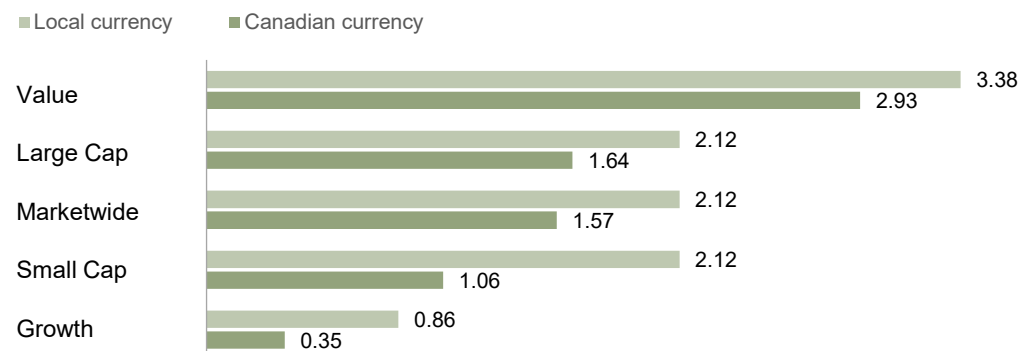
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# Emerging Markets Stocks

Returns (CAD), 1st Quarter 2026

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

## Ranked Returns (%)



## World Market Capitalization—Emerging



**Emerging Markets**  
\$16.4 trillion

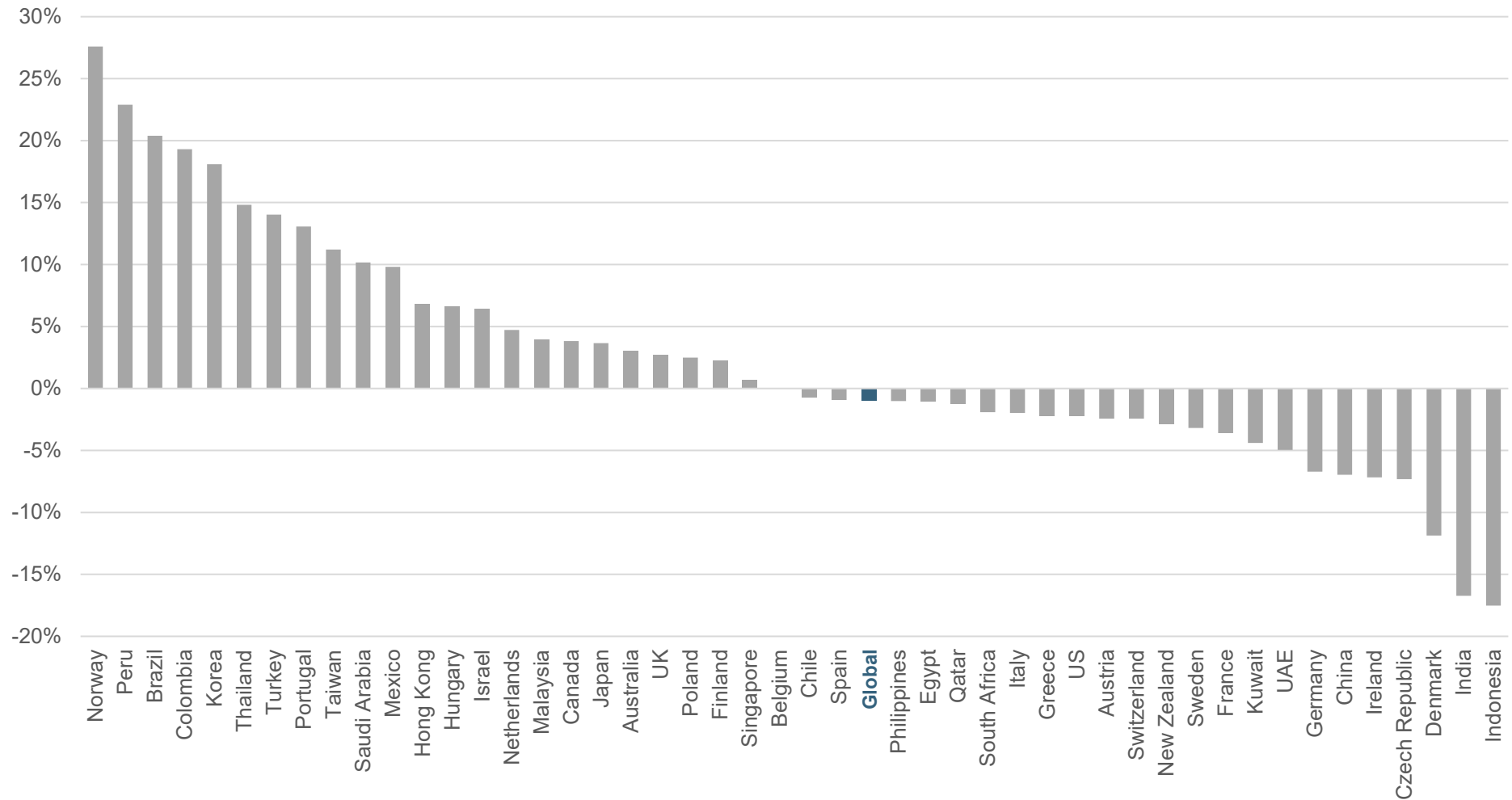
## Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Value	2.93	24.74	16.71	8.38	8.09	5.20	6.04
Large Cap	1.64	25.62	16.02	5.89	8.62	6.19	6.33
Marketwide	1.57	24.97	15.85	6.23	8.64	6.28	6.50
Small Cap	1.06	20.77	14.91	8.94	8.95	6.98	7.55
Growth	0.35	26.26	15.28	3.51	9.04	7.07	6.52

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# Country Returns

Returns (CAD), 1st Quarter 2026



**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), 1st Quarter 2026

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

## Ranked Returns (%)



## Total Value of REIT Stocks



### US

\$1,545 billion  
100 REITs

### Global ex US

\$652 billion  
277 REITs  
(26 other countries)

## Periodic Returns (%)

Asset Class	QTR	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
US REITS	6.54	3.98	10.27	7.82	5.56	9.72	6.41
Global ex US REITS	-6.22	7.32	5.06	1.10	1.72	5.29	3.13

**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

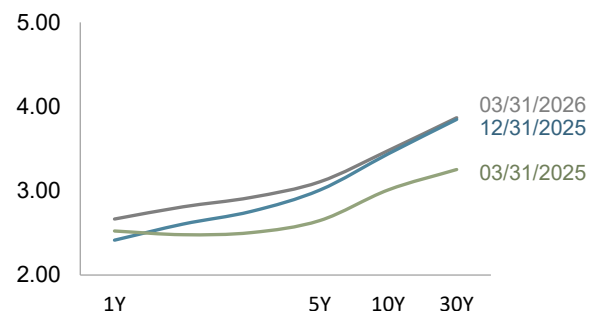
## Returns (CAD), 1st Quarter 2026

Interest rates increased in the Canadian government bond market during the quarter. The Canadian government yield curve was inverted in the short-term maturity range and upwardly sloped in the intermediate- to long-term maturity range through the beginning and middle of the quarter. At the end of the quarter, the yield curve became more upwardly sloped in the short-term maturity range.

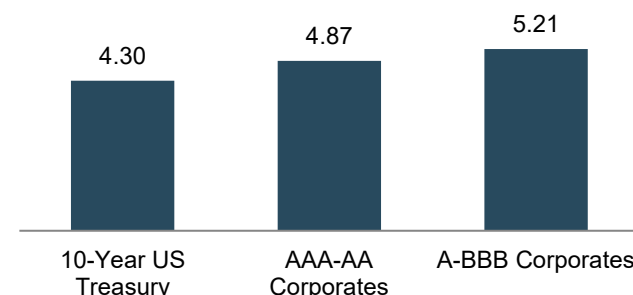
Realized term premiums were negative in Canadian dollar-denominated during the quarter, as longer-term bonds underperformed their shorter-term counterparts.

Realized credit premiums in Canadian bonds were negative during the quarter as corporate bonds generally underperformed 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 World Government Bond Index 1-5 Years (CAD)	1.32	1.96	4.61	2.38	1.61	2.58	2.72
FTSE Canada 30 Day T-Bill	0.53	2.51	3.88	2.89	1.90	1.54	1.70
FTSE Canada Short-Term Bond Index	0.26	2.41	4.32	2.02	2.04	2.31	2.95
FTSE Canada Universe Bond Index	0.23	0.84	3.49	0.73	1.77	2.89	3.48
FTSE World Government Bond Index 1-5 Years (hedged to CAD)	-0.17	2.01	3.13	1.15	1.39	1.79	2.34
Bloomberg Global Aggregate Bond Index (hedged to CAD)	-0.58	1.63	2.78	-0.04	1.38	2.70	3.21

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 © 2026 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2026 ICE Data Indices, LLC.

# Global Fixed Income

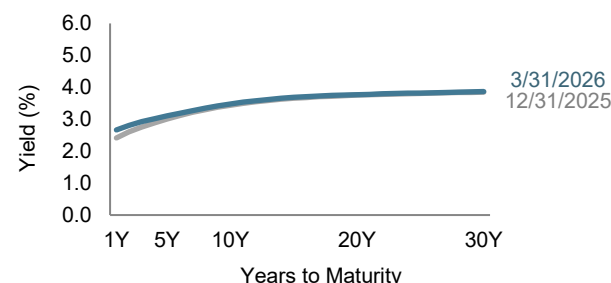
## Yield curves, 1st Quarter 2026

Interest rates generally increased across global developed markets for the quarter.

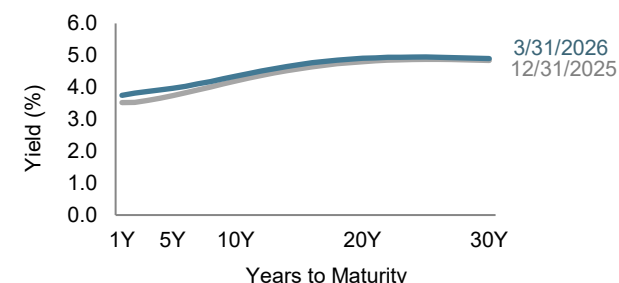
Realized term premiums were negative across global developed markets as longer-term bonds generally underperformed shorter-term bonds.

In Canada, the short-term maturity range steepened while the intermediate- to long-term maturity range remained upwardly sloped. In the UK, the short-term maturity range inverted while the intermediate- to long-term maturity range remained upwardly sloped. In Germany, 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. In Japan, the yield curve remained generally upwardly sloped.

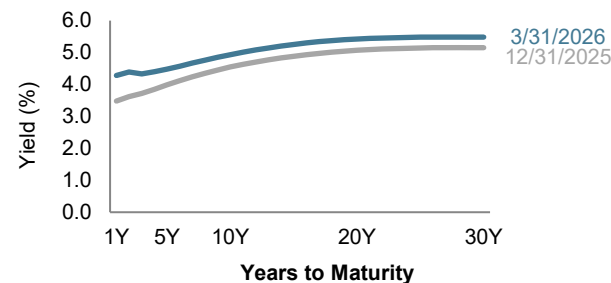
### Canada



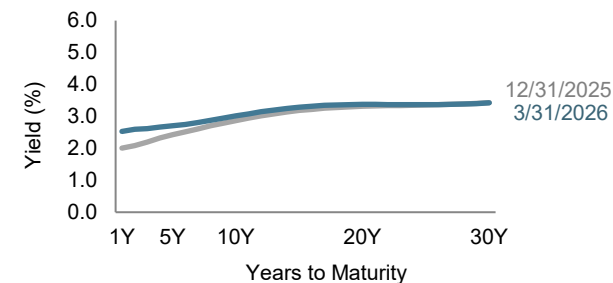
### US



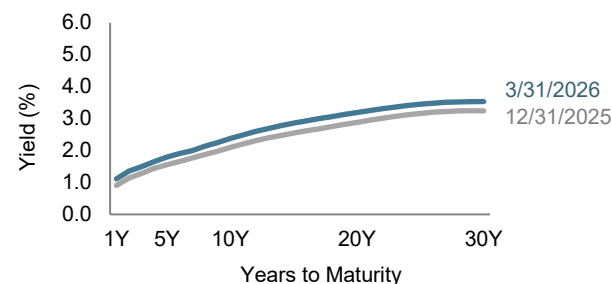
### UK



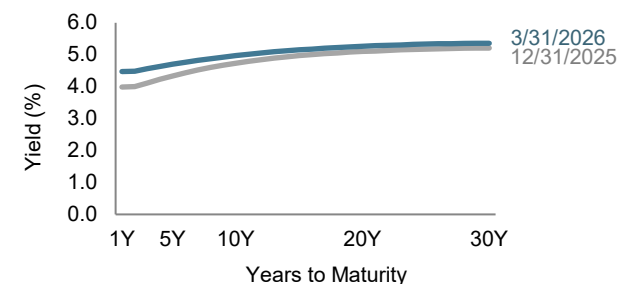
### Germany



### Japan



### Australia



### Changes in Yield (bps) Since 12/31/2025

	1Y	5Y	10Y	20Y	30Y
Canada	25.1	9.8	3.9	1.8	2.0
US	22.7	23.3	15.1	10.1	5.9
UK	80.1	49.4	38.6	35.3	33.1
Germany	52.3	27.9	14.1	6.0	-0.5
Japan	20.4	23.8	27.4	30.8	28.9
Australia	48.5	36.4	23.6	16.4	15.0

# Geopolitical Risk

1st Quarter 2026

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

Wars such as the one unfolding in Iran are always disturbing. For investors, there's additional concern over whether these conflicts will spill over into their investment performance. But it's important for investors to be cautious about making asset allocation changes in response to such events.

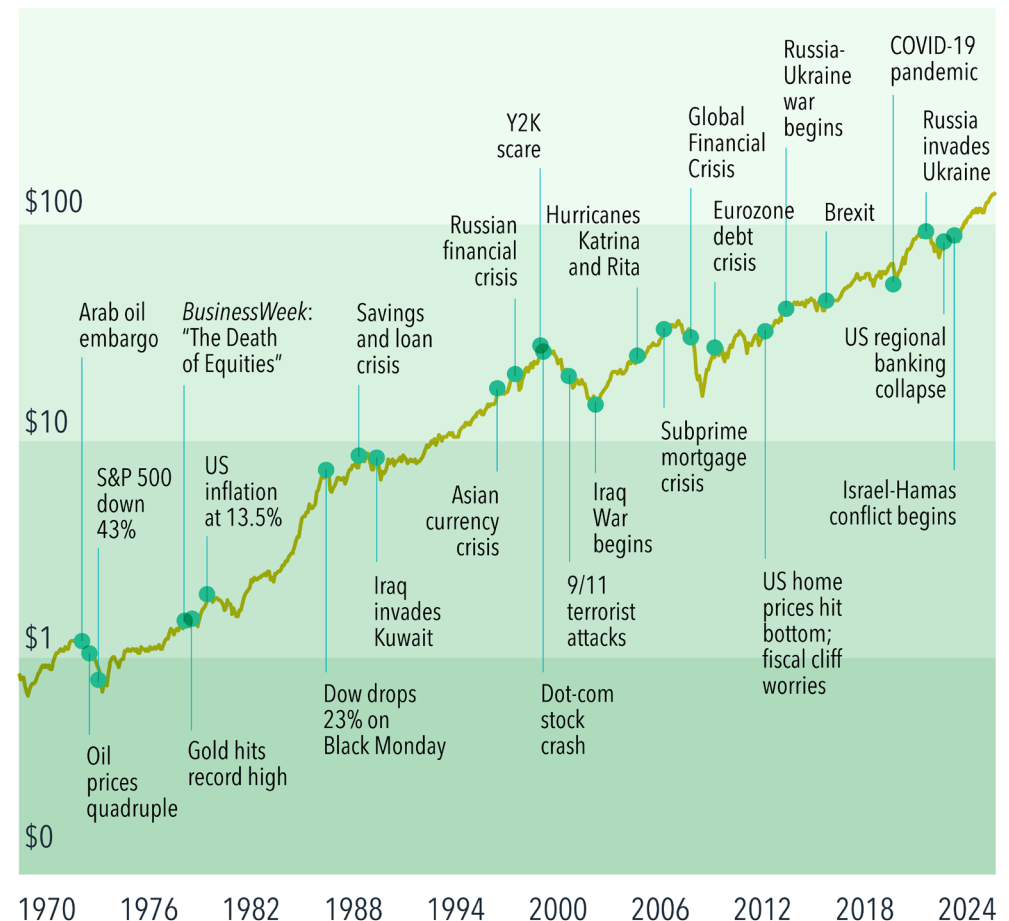
Markets are forward-looking. Prices move in response to changes in information. When unexpected developments arise that investors deem to be poor for markets, markets often drop. But the flip side is markets always set prices for positive expected returns. Once the news gets reflected in market prices, investors can still expect positive returns even amid worrisome circumstances.

This is borne out in historical stock returns. Global equity markets have continued an upward climb even in the face of economic and political upheavals. We don't have to look far for illustrative examples. During the past few years, stock markets have had positive returns despite multiple wars being fought around the world.

This is not to trivialize the destruction wars bring and their impact on geopolitical risks. But history suggests investors may not help themselves by divesting from stocks. For long-term investors, the best bet is usually to stay the course.

## MARKETS HAVE REWARDED DISCIPLINE

Growth of \$1—MSCI World Index (net dividends), 1970–2025



# Geopolitical Risk

(continued from page 15)

## **Past performance is no guarantee of future results.**

In USD. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Data presented in the growth of \$1 chart is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. Source: MSCI data © MSCI 2026, all rights reserved.

## **Glossary**

Expected return: An estimate of average anticipated returns informed by historical data.

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