Manulife Wealth

D.R. JOHNSON FINANCIAL SERVICES

Q2

Quarterly Market Review

Second Quarter 2026

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:

Quarterly Market Summary

Returns (CAD), as of June 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
Q2 2026	6.96%	17.35%	12.66%	26.11%	12.61%	2.01%	0.91%
Since January 2000							
Average Quarterly Return	2.3%	2.9%	1.4%	2.2%	2.1%	1.1%	1.0%
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]).

Long-Term Market Summary

Returns (CAD), as of June 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	32.87%	27.69%	25.01%	49.21%	19.98%	3.46%	1.41%
5 Years	14.85%	15.40%	12.05%	10.15%	5.78%	0.80%	-0.05%
10 Years	12.79%	16.08%	10.63%	11.05%	4.70%	1.71%	1.23%
15 Years	9.86%	16.86%	9.71%	7.99%	8.28%	2.86%	2.63%
20 Years	8.79%	12.52%	6.83%	8.07%	5.58%	3.64%	3.27%

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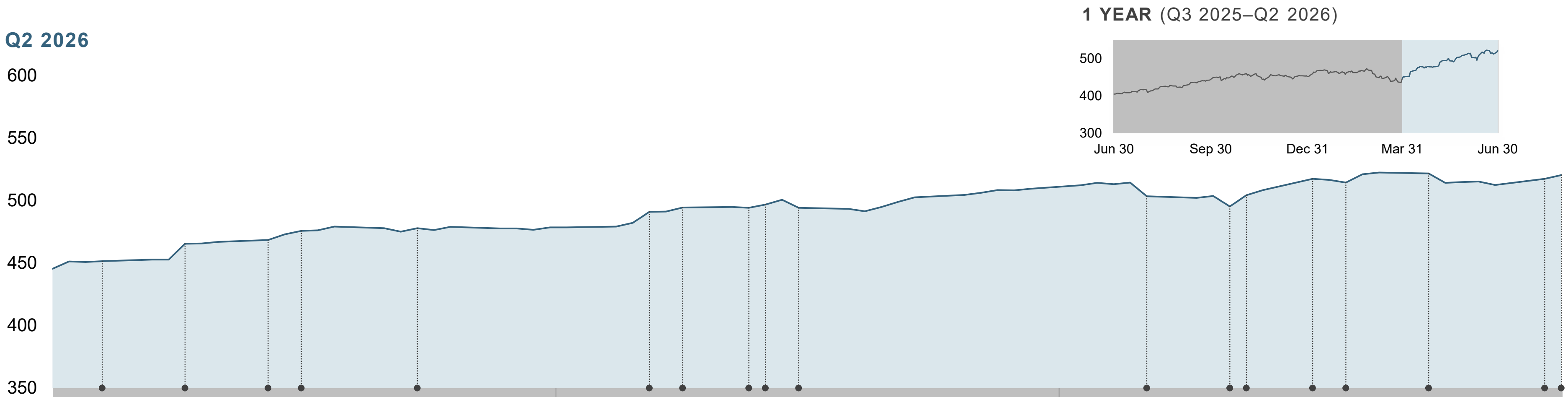
World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2026



APRIL

04/03 "Hiring Defied Expectations in March, With 178,000 New Jobs"

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

04/12 "Trump Announces US Blockade of Strait of Hormuz"

04/15 "S&P Hits 7000, Closing at First Record Since January"

04/22 "US Officials Try to Get a Grip on Risks Bubbling Inside Private Credit"

MAY

05/06 "Oil Drops Sharply on Hopes of US-Iran Agreement"

05/08 "US Adds 115,000 Jobs in April With Solid Hiring Across Sectors"

05/12 "Inflation Soared to 3.8% in April, Driven by Gasoline Prices"

05/13 "Kevin Warsh Is Confirmed as Fed Chair in 54–45 Senate Vote"

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

JUNE

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

06/05 "Nasdaq Suffers Worst Week in More Than a Year"

06/10 "Inflation Heated Up to 4.2% in May, as Energy Costs Continued to Bite"

06/11 "ECB Becomes First Major Central Bank to Raise Rates Since Inflation Resurgence"

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"

06/22 "UK Prime Minister Keir Starmer Quits Amid Rebellion"

06/28 "US and Iran Agree to Halt Days of Fighting Over Strait"

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

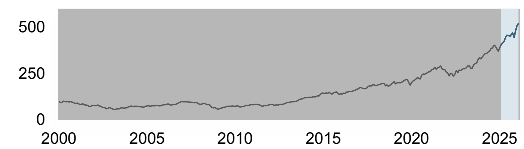
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

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.

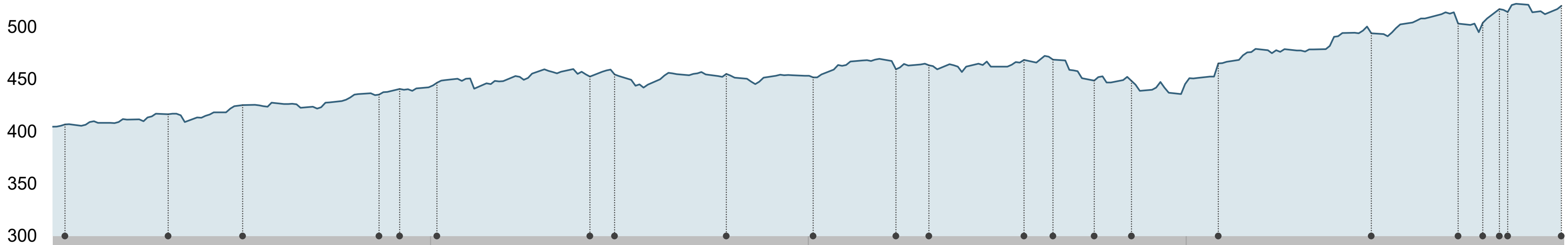
World Stock Market Performance

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

LONG TERM (2000–Q2 2026)



SHORT TERM (Q3 2025–Q2 2026)



Q3 2025

07/03 "President Trump's Megabill Passes House Vote"

07/27 "Trump and EU Reach Tariff Deal, Avoiding Trade War"

08/16 "Trump-Putin Summit Ends Without Breakthrough"

09/17 "Fed Cuts Rates by Quarter Point and Signals More Are Likely"

09/22 "A Deal Between AI Powers Lifts Stock Market to a Record"

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 the 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"

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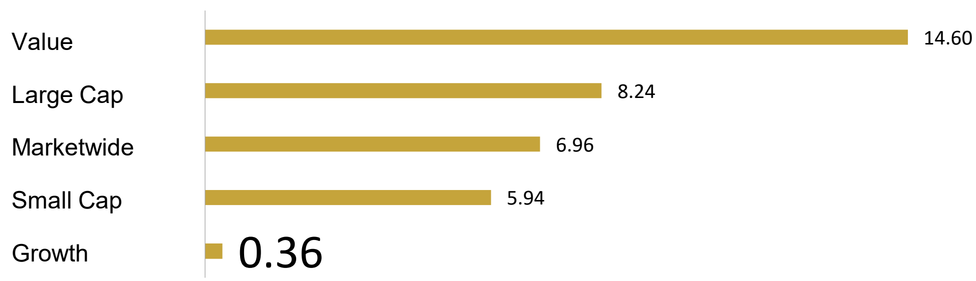
Canadian Stocks

Returns (CAD), 2nd Quarter 2026

- The Canadian equity market posted positive returns for the quarter and underperformed US, international developed, and emerging markets.
- Value outperformed growth.
- Small caps underperformed 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
Value	14.60	23.86	53.36	30.68	20.24	14.61	10.85	9.37
Large Cap	8.24	11.57	31.54	22.70	14.60	13.08	10.14	9.04
Marketwide	6.96	11.16	32.87	23.48	14.85	12.79	9.86	8.79
Small Cap	5.94	17.98	57.17	30.33	14.98	11.09	7.23	6.40
Growth	0.36	-1.78	11.47	15.66	8.40	9.10	6.84	6.26

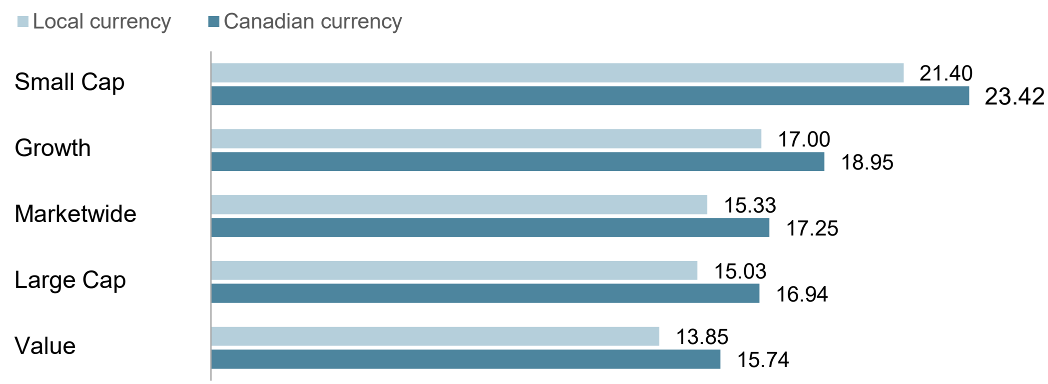
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (S&P/TSX Composite Index), Large 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.

US Stocks

Returns (CAD), 2nd Quarter 2026

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

Ranked Returns (%)



World Market Capitalization—US

US
$102.6 trillion

Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED 1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	23.42	26.66	45.87	20.93	9.51	12.18	12.96	—
Growth	18.95	9.50	22.74	24.89	16.03	18.84	18.67	—
Marketwide	17.25	14.54	27.24	22.70	14.92	15.53	16.26	11.92
Large Cap	16.94	13.98	26.41	22.81	15.28	15.76	16.50	—
Value	15.74	20.29	32.09	19.82	13.31	11.71	13.46	—

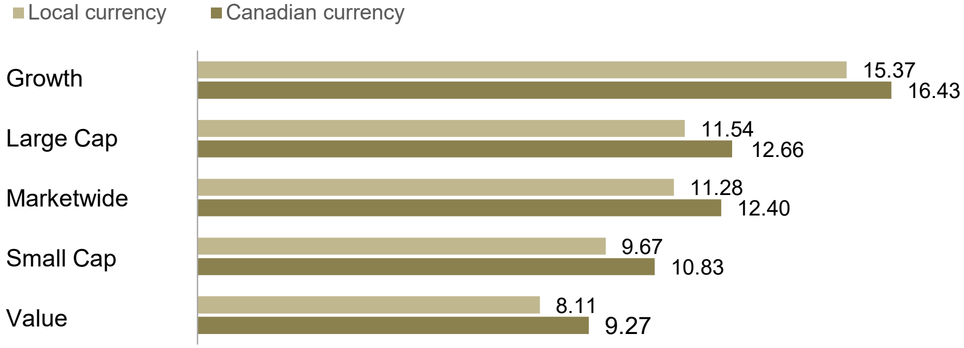
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Small Cap (Russell 2000 Index), Value (Russell 3000 Value Index), and Growth (Russell 3000 Growth Index). Russell 3000 Index is used as the proxy for the US market. 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, and MSCI Emerging Markets IMI Index. 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.

International Developed Stocks

Returns (CAD), 2nd Quarter 2026

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

Ranked Returns (%)



World Market Capitalization—International Developed

International Developed Markets
$35.6 trillion

Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	16.43	12.96	18.17	14.09	7.77	9.58	9.57	7.00
Large Cap	12.66	13.28	25.01	19.18	12.05	10.63	9.71	6.83
Marketwide	12.40	13.01	24.59	19.08	11.50	10.48	9.76	6.92
Small Cap	10.83	11.42	22.06	18.44	8.26	9.60	10.15	7.38
Value	9.27	13.47	32.00	24.37	16.27	11.43	9.65	6.49

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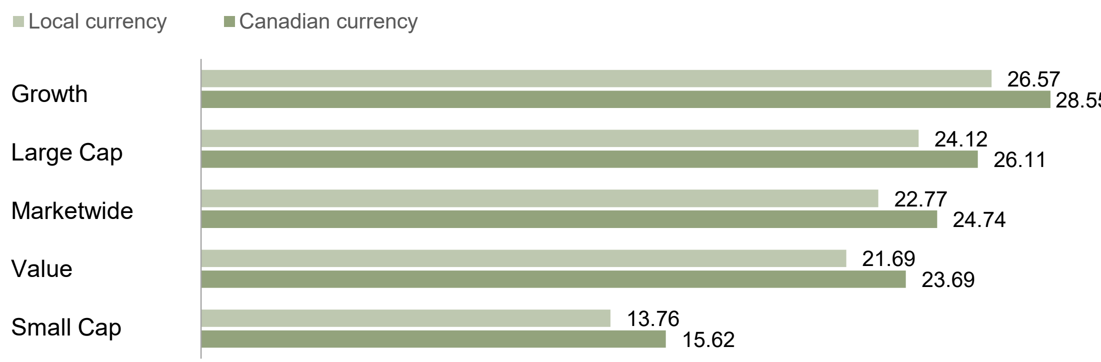
Emerging Markets Stocks

Returns (CAD), 2nd Quarter 2026

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

Ranked Returns (%)



World Market Capitalization—Emerging

Emerging Markets
$19.9 trillion

Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Growth	28.55	29.00	50.41	26.57	8.22	11.58	8.95	8.41
Large Cap	26.11	28.18	49.21	25.92	10.15	11.05	7.99	8.07
Marketwide	24.74	26.70	45.88	24.98	10.13	10.96	7.99	8.19
Value	23.69	27.31	47.93	25.18	12.18	10.41	6.91	7.62
Small Cap	15.62	16.84	25.69	19.03	10.11	10.45	8.15	9.04

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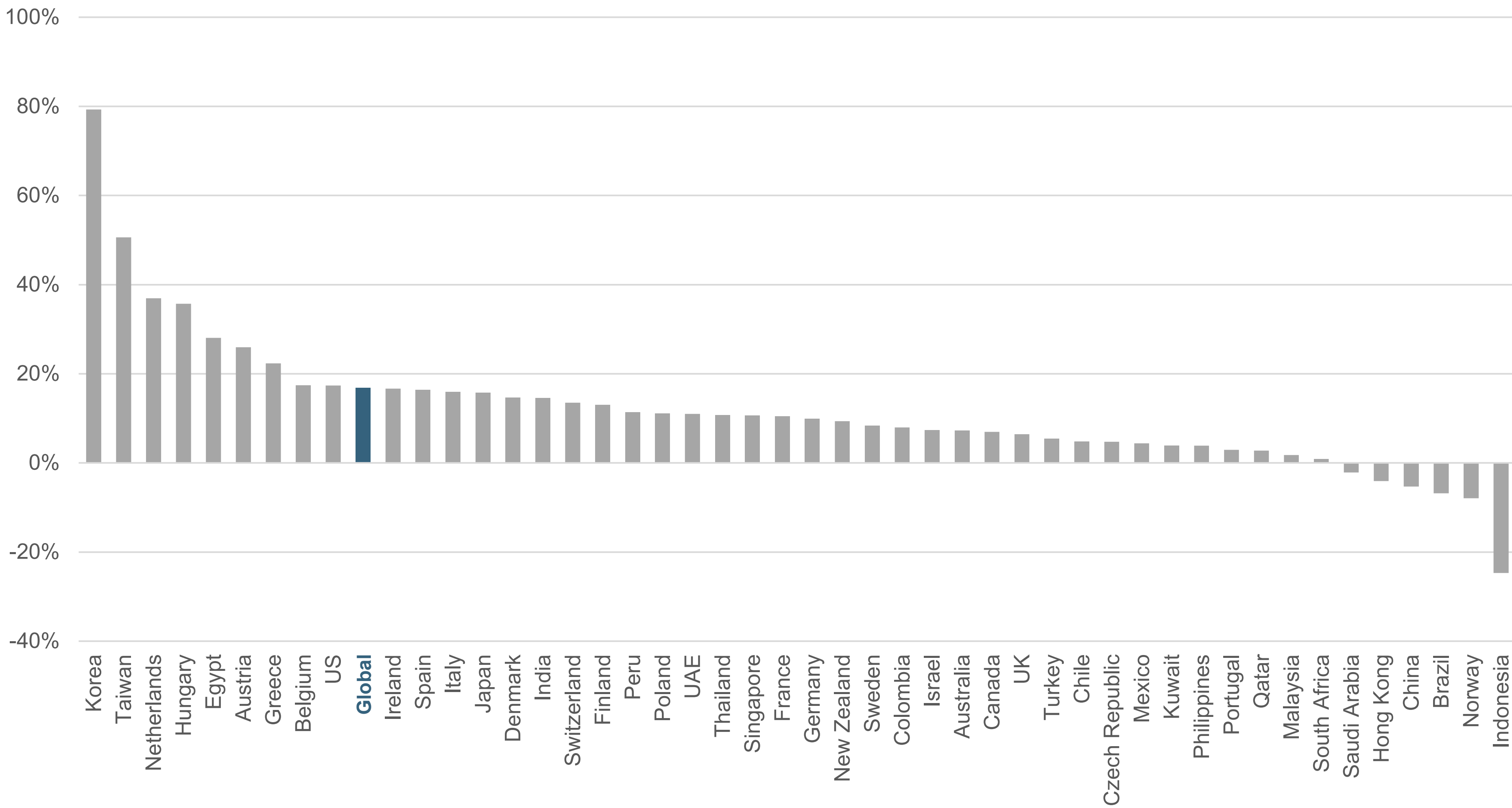
Country Returns

Returns (CAD), 2nd 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 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.

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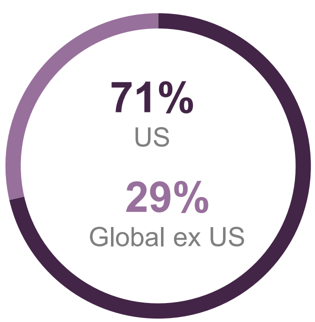
Real Estate Investment Trusts (REITs)

Returns (CAD), 2nd Quarter 2026

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

Ranked Returns (%)

Total Value of REIT Stocks



US
$1,754 billion
99 REITs

Global ex US
$702 billion
274 REITs
(26 other countries)

Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
US REITS	14.23	21.70	27.47	15.04	8.62	6.37	10.47	7.44
Global ex US REITS	9.02	2.24	8.05	10.04	1.73	2.42	5.64	3.67

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

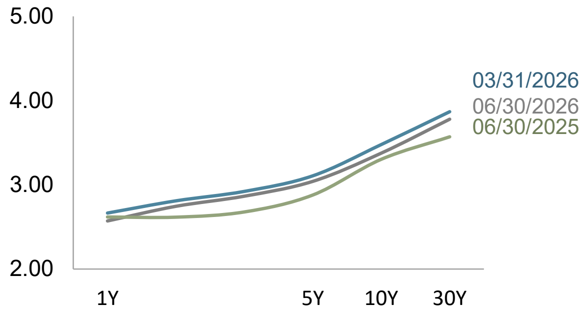
Returns (CAD), 2nd Quarter 2026

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

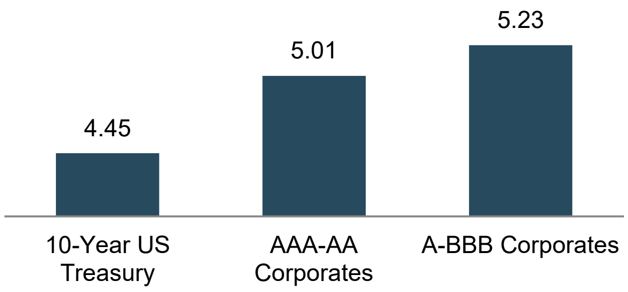
Realized term premiums, for bonds denominated in the Canadian dollar, were positive during the quarter as longer-term bonds outperformed their shorter-term counterparts.

Realized credit premiums, for bonds denominated in the Canadian dollar, were positive during the quarter as corporate bonds generally outperformed their government counterparts.

Canadian Treasury Yield Curve (%)



Bond Yield Across Issuers (%)



Periodic Returns (%)

			ANNUALIZED					
Asset Class	QTR	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
FTSE World Government Bond Index 1-5 Years (CAD)	2.26	3.61	5.57	6.61	3.08	1.68	2.62	2.89
FTSE Canada Universe Bond Index	2.01	2.24	3.46	4.42	0.80	1.71	2.86	3.64
FTSE Canada Short-Term Bond Index	1.19	1.45	3.12	5.02	2.25	2.10	2.29	3.00
Bloomberg Global Aggregate Bond Index (hedged to CAD)	0.91	0.32	1.41	3.13	-0.05	1.23	2.63	3.27
FTSE Canada 30 Day T-Bill	0.58	1.12	2.42	3.70	3.01	1.95	1.56	1.68
FTSE World Government Bond Index 1-5 Years (hedged to CAD)	0.47	0.30	1.44	3.44	1.24	1.37	1.75	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. Sinquefield).

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Global Fixed Income

Yield curves, 2nd Quarter 2026

Interest rate changes were mixed across global developed markets for the quarter. In the US and Japan, interest rates increased. Interest rates decreased in the UK, Germany, Canada, and Australia.

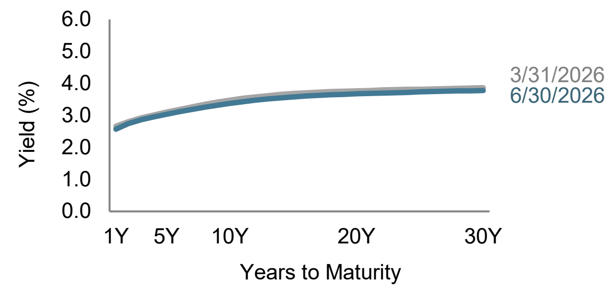
Realized term premiums were generally mixed across global developed markets. In the US, term premiums were broadly positive. However, within the short-term maturity range, term premiums were negative. In the UK and Australia, term premiums were positive. In Japan, term premiums were negative.

In the US, Australia, and Japan, yield curves remained generally upwardly sloped. In the UK, the short-term maturity range was relatively flat while the intermediate- to long-term maturity range remained upwardly sloped. In Germany, the short-term maturity range flattened but remained upwardly sloped, like the overall yield curve. In Australia, the short-term maturity range inverted while the intermediate- to long-term maturity range remained upwardly sloped.

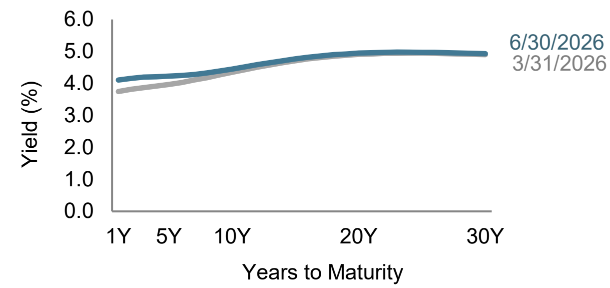
Changes in Yield (bps) Since 3/31/2026

	1Y	5Y	10Y	20Y	30Y
Canada	-9.4	-6.6	-10.2	-9.8	-8.9
US	35.9	25.4	10.6	4.0	2.9
UK	-24.5	-15.9	-12.7	-8.0	-5.4
Germany	-7.8	-12.8	-13.5	-8.2	-4.0
Japan	5.3	12.4	30.2	30.4	20.5
Australia	-0.1	-30.2	-23.2	-16.3	-10.6

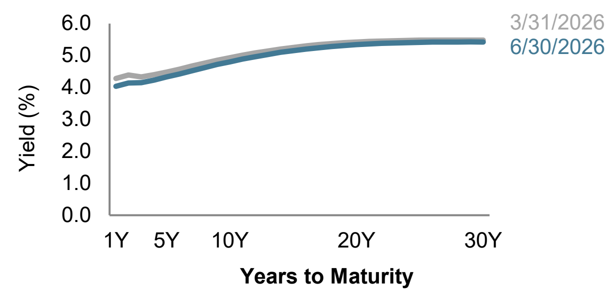
Canada



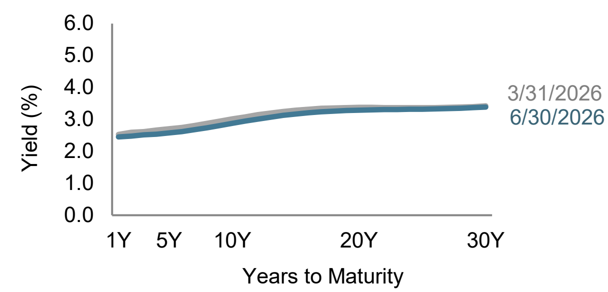
US



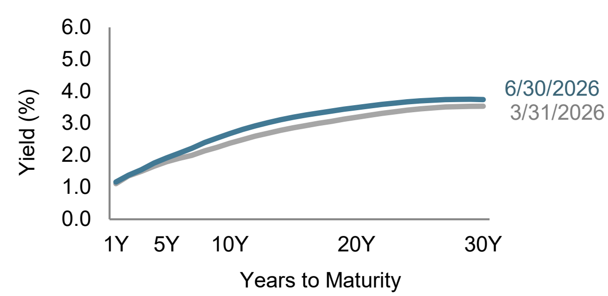
UK



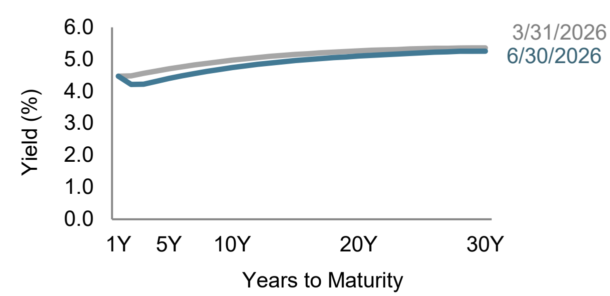
Germany



Japan



Australia



One basis point (bps) equals 0.01%. Source: ICE BofA government yield.

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Still on Track for a Good Year

2nd Quarter 2026

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

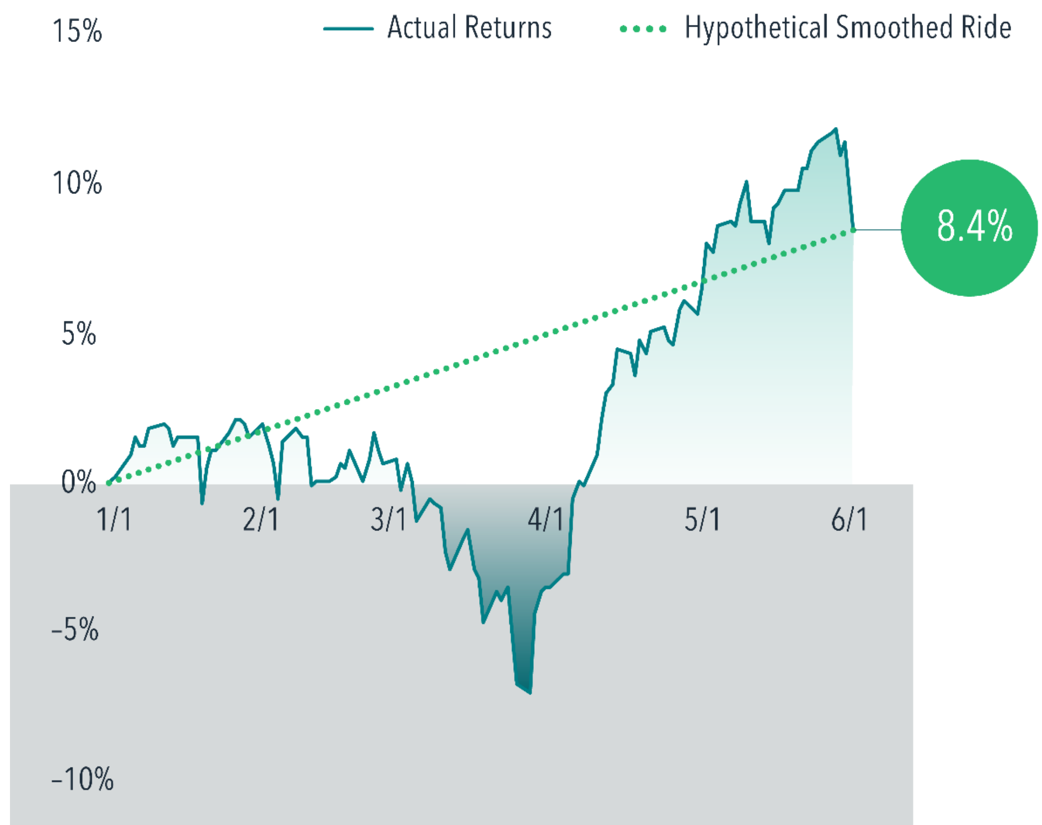
I've said many times in this space that the secret to weathering market volatility is leaving your account statements unopened more often. This may have saved many investors from downing the antacids last Friday.

The S&P 500 Index dropped 2.63% on June 5, placing it among the worst of the index's daily returns over the past 30 years.[1] That stinks. But what doesn't stink is zooming out and seeing how strong the index's performance has been. A cumulative return of 8.4% is a good start to the year considering the longer-term annualized return has been 10.6%.[2]

Most of us would have gladly signed up in advance for that type of performance over the first 112 trading days of 2026, especially if accompanied by the knowledge that we'd have an ongoing war as a backdrop. The ride has been bumpy, but that's what distracts from the long-term view. If we had received the same cumulative return at a constant, smoothed delivery, imagine how thankful stock investors would be. And remember, tolerating the bumps is part of what earns you the equity premium.

So, sit back, ignore those pesky market update emails,[3] and focus your attention on more important things, like catching up on *Widow's Bay* episodes.

S&P 500 INDEX YEAR-TO-DATE AS OF JUNE 5, 2026



Past performance is not a guarantee of future results. Actual investment returns may be lower. In USD. Returns from FactSet. Smoothed ride assumes cumulative return as of June 5 was compounded at a constant daily rate. The smoothed ride is not indicative of any investment. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio.

Still on Track for a Good Year

(continued from page 15)

1. Based on daily returns from June 10, 1996, to June 5, 2026.
2. Cumulative return is as of June 5, 2026. Long-term annualized return covers the period from January 1, 1996, to May 31, 2026.
3. Except *Above the Fray*.

Glossary
Equity premium: The return difference between stocks and a risk-free asset, such as short-term Treasury bills.