KELSON GESTION DE PATRIMOINE WEALTH MANAGEMENT | iA Gestion privée de patrimoine Private Wealth

QUARTERLY COMMENTARY

Market *Review*

Q1, 2026

Quarterly Market Summary

Returns (in CAD), 1st Quarter 2026
Returns for key market segments, Q1 2026:

Canadian Stock Market: 3.93%

The Canadian stock market outperformed the US, international developed, and emerging markets.

Emerging Markets Stocks: 1.64%

Emerging markets posted positive returns, underperforming Canadian stocks.

International Developed Stocks: 0.55%

International developed markets posted positive returns, outperforming the US market.

US Stock Market: -2.22%

The US market posted negative returns, underperforming all major global markets.

Global Bond Market ex US: -0.58%

Global bond markets posted negative returns as interest rates generally increased.

Canadian Bond Market: 0.23%

The Canadian bond market posted modest positive returns for the quarter.

Global Real Estate: 2.60%

Global real estate posted positive returns; US REITs (+6.54%) outperformed non-US REITs (-6.22%).

Canadian Stocks

Q1 2026 Performance Highlights

- 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

Canadian equities led global markets in Q1 2026, with value and small cap stocks both outperforming. The S&P/TSX Composite delivered strong returns amid resilient commodity prices and improving investor sentiment.

11.37%	**-2.14%**
Small Cap	**Growth**
3.08%	**8.08%**
Large Cap	**Value**

Canada = 3% of World Market Capitalization or **$4.7 trillion**

US Stocks

Q1 2026 Performance Highlights

- 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.
- Returns in $CAD

2.63% Small Cap	**-7.94%** Growth
-2.54% Large Cap	**3.93%** Value

US = 63% World Market Capitalization or **$87.3 trillion**

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.

International Developed Stocks

Q1 2026 Performance Highlights

- 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.
- Returns in $CAD

0.53%

Small Cap

-2.98%

Growth

0.55%

Large Cap

3.84%

Value

International Developed = 23% World Market Capitalization or **$32.6 trillion**

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Emerging Markets Stocks

Q1 2026 Performance Highlights

- 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.

Value and large cap stocks led emerging market returns in Q1 2026. Despite geopolitical uncertainty, emerging economies benefited from resilient domestic demand and stable commodity markets.

1.06%	**0.35%**
Small Cap	**Growth**
1.64%	**2.93%**
Large Cap	**Value**

Emerging Markets = 11% World Market Capitalization or **$16.4 trillion**

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Fixed Income

Yield Curve Dynamics

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. At the end of the quarter, the yield curve became more upwardly sloped in the short-term maturity range.

Term Premiums

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

Credit Premiums

Realized credit premiums in Canadian bonds were negative during the quarter, as corporate bonds generally underperformed their government counterparts.

Asset Class	QTR	1 Year	3 Year
Bloomberg Global Aggregate Bond Index (hedged to CAD)	-0.58%	1.63%	2.78%
FTSE Canada Universe Bond Index	0.23%	0.84%	3.49%

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Geopolitical Risk

> *"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."*
>
> *-Wes Crill, PhD, Senior Client Solutions Director and Vice President, Dimensional Fund Advisors*

Markets are forward-looking. Prices adjust continuously as new information becomes available. When unexpected developments arise, markets often decline, reflecting increased uncertainty and changing expectations. Over time, however, prices tend to incorporate a risk premium, which has historically been associated with positive expected returns, though this is never guaranteed. History shows that global equity markets have progressed upward despite wars and political upheavals. For long-term investors, maintaining discipline is typically more effective than reacting to short-term events.

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