

TAA -Trade Update

CIO OFFICE | June 27, 2025



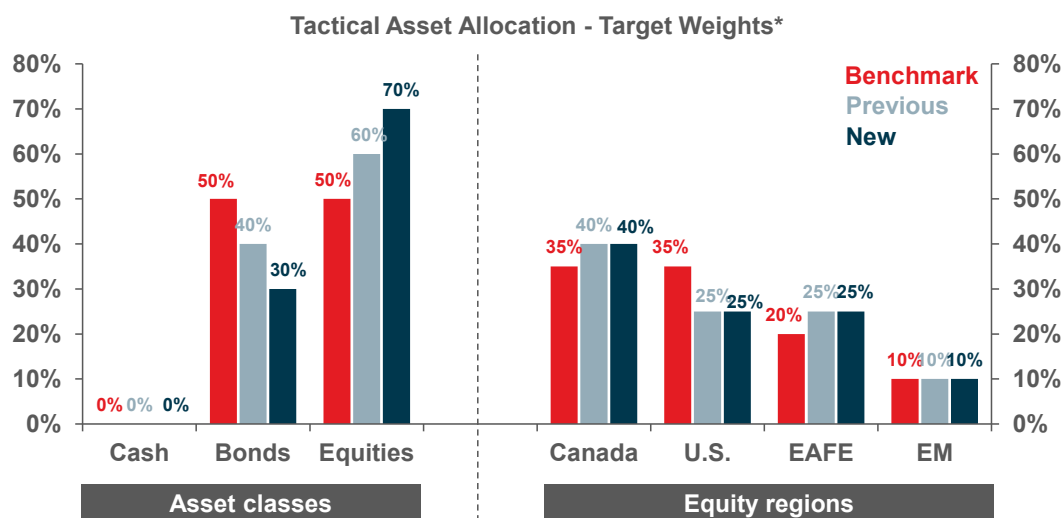
Although the economic environment remains fragile, our conviction in our base case scenario of weak but positive growth has continued to strengthen in recent weeks as recession risks have receded.

Against this backdrop, we are again increasing our allocation to equities, resulting in a moderate overweight relative to bonds.

At the same time, we are liquidating our position in 7 to 10-year U.S. Treasuries after their outperformance in June, leaving the total USD allocation at the target.

In the short term, equity markets are likely to experience a period of consolidation in the face of somewhat weaker economic data. However, the absence of a recession, the likely beginning of a stabilization in U.S. trade relations, and a potential change to a more dovish tone from the Fed should keep equity markets on an upward trend in the second half of the year.

More details and additional charts will be available in our monthly report, which will be released on Thursday, July 3.



* These target weights are based on the Tactical Asset Portfolio (TAA), an overlay strategy. As such, the ultimate deviations within an overall portfolio are only a fraction (e.g., 1/10) of the TAA deviations. To obtain the TAA weights within equity regions, apply the equity weight to the weights of each equity index (e.g., 20% * 45% = 9% for Canada).



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