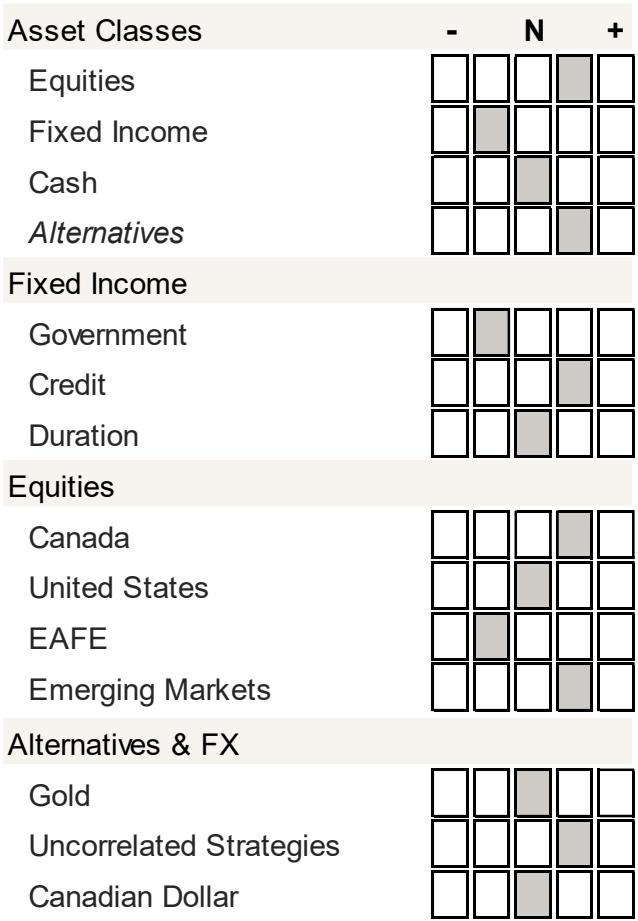


## 2025 in review through 10 key charts

### Highlights

- In keeping with tradition, we're taking advantage of this special January edition to look back at the key events of 2025 through 10 key charts.
- In 2025, financial markets had to contend with an unpredictable environment, exemplified by (1) the saga of U.S. tariffs which, in early April, rose to such high levels that they triggered (2) a period of severe volatility, with the S&P 500 posting one of its worst weeks in history.
- Fortunately, (3) fears of a significant rise in inflation caused by tariffs did not materialize, (4) allowing the Federal Reserve to deliver the expected rate cuts. This environment (5) was favourable for equities, which ended with above-average gains for their third consecutive year.
- On our side of the border, tariffs certainly did not help (6) the Canadian labour market, which has been experiencing a period of relative weakness. To support the economy, (7) the Bank of Canada continued to cut its policy rate, but this had little impact on fixed income returns as long-term bond yields remained unchanged.
- Paradoxically, (8) it was Canadian equities that benefitted from this backdrop, with the S&P/TSX recording one of its best years ever (9), largely thanks to gold miners. But (10) nothing truly compares to the rise of Nvidia, the AI leader whose market capitalization would rank third in the world if the company were a country, behind only the United States and Japan.
- Happy reading and best wishes for the new year!

### Global Asset Allocation Views



CIO Office



## Market review

### Fixed income

→ The Canadian fixed income universe pulled back at the end of the year as bond yields rose in response to much-stronger-than-expected employment figures. For the year, Canadian bonds underperformed compared to 2023 and 2024, with modest gains of 2.4%. In fact, despite several rate cuts by the Bank of Canada, long-term bond yields rose slightly during the year.

### Equities

- Equity leadership in 2025 was characterized by a certain shift away from the United States, with the S&P 500 (+17.9%) significantly underperforming the rest of the world, where Canada, EAFE, and Emerging Markets all posted returns of over 30%.
- In Canada, the S&P/TSX benefitted from the spectacular annual performance of Materials (+100%), in an environment of sharp price increases for gold and several other metals (copper, silver, etc.).

### FX & commodities

- Oil prices fell in December, in Q4, and over the year against a backdrop of weak global demand growth while OPEC+ unwound its production cuts. Gold, meanwhile, had a phenomenal year, rising nearly 65%, a performance almost three times that of the global equity market (MSCI ACWI).
- The U.S. dollar had one of its worst years ever in 2025, with the DXY index falling nearly 10%. However, this decline was more modest against the Loonie.

### Market Total Returns

Asset Classes	Dec	Q4	2025
<b>Cash (S&amp;P Canada T-bill)</b>	<b>0.2%</b>	<b>0.6%</b>	<b>2.9%</b>
<b>Bonds (ICE Canada Universe)</b>	<b>-1.3%</b>	<b>-0.4%</b>	<b>2.4%</b>
Short Term	-0.3%	0.3%	3.8%
Mid Term	-1.1%	-0.3%	3.8%
Long Term	-3.1%	-1.3%	-1.0%
Federal Government	-1.2%	-0.5%	2.0%
Corporate	-0.6%	0.3%	4.3%
U.S. Treasuries (US\$)	-0.5%	0.7%	6.2%
U.S. Corporate (US\$)	-0.3%	0.8%	7.8%
U.S. High Yield (US\$)	0.7%	1.3%	8.5%
<b>Canadian Equities (S&amp;P/TSX)</b>	<b>1.3%</b>	<b>6.3%</b>	<b>31.7%</b>
Communication Services	-0.6%	-1.7%	11.0%
Consumer Discretionary	1.6%	11.0%	31.0%
Consumer Staples	-0.7%	6.7%	12.8%
Energy	-1.7%	1.8%	19.2%
Financials	4.4%	10.5%	35.3%
Health Care	2.0%	1.4%	0.4%
Industrials	0.5%	-1.4%	3.1%
Information Technology	-2.8%	2.8%	23.1%
Materials	2.7%	11.9%	100.6%
Real Estate	-0.1%	-5.8%	4.6%
Utilities	-2.4%	1.8%	19.7%
S&P/TSX Small Caps	2.4%	10.2%	50.2%
<b>U.S. Equities (S&amp;P 500 US\$)</b>	<b>0.1%</b>	<b>2.7%</b>	<b>17.9%</b>
Communication Services	-1.0%	7.3%	33.6%
Consumer Discretionary	0.8%	0.7%	6.0%
Consumer Staples	-1.6%	0.0%	3.9%
Energy	0.2%	1.5%	8.7%
Financials	3.1%	2.0%	15.0%
Health Care	-1.4%	11.7%	14.6%
Industrials	1.3%	0.9%	19.4%
Information Technology	-0.3%	1.4%	24.0%
Materials	2.2%	1.1%	10.5%
Real Estate	-2.2%	-2.9%	3.2%
Utilities	-5.1%	-1.4%	16.0%
Russell 2000 (US\$)	-0.6%	2.2%	12.8%
<b>World Equities (MSCI ACWI US\$)</b>	<b>1.1%</b>	<b>3.4%</b>	<b>22.9%</b>
MSCI EAFE (US\$)	3.0%	4.9%	31.9%
MSCI Emerging Markets (US\$)	3.0%	4.8%	34.4%
<b>Commodities (GSCI US\$)</b>	<b>-0.3%</b>	<b>1.0%</b>	<b>7.1%</b>
WTI Oil (US\$/barrel)	-2.3%	-9.4%	-21.0%
Gold (US\$/oz)	3.0%	12.8%	64.7%
Copper (US\$/tonne)	10.9%	21.8%	43.9%
<b>Forex (US\$ Index DXY)</b>	<b>-1.1%</b>	<b>0.6%</b>	<b>-9.4%</b>
USD per EUR	1.2%	0.0%	13.4%
CAD per USD	-1.8%	-1.4%	-4.6%

CIO Office (data via Refinitiv, as of 2025-12-31)

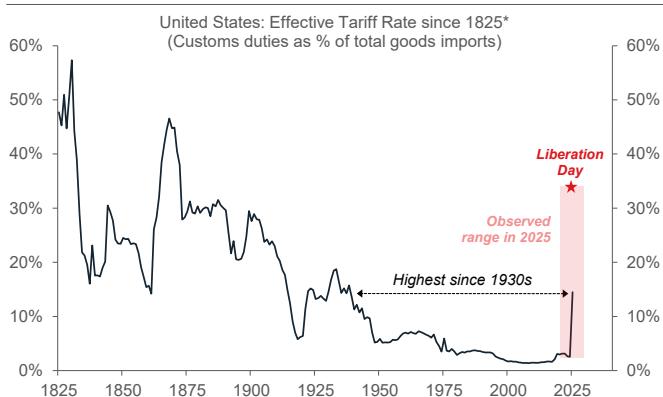


## 2025 in review through 10 key charts

In many ways, 2025 was marked by Donald Trump's return to the White House. The Trump 2.0 administration, through its protectionist measures, immigration restrictions, and attacks on the Federal Reserve, among other things, truly disrupted the political status quo. While all of this is reminiscent of Donald Trump's first presidency, the reforms implemented at the start of his second term have been way more unpredictable and far-reaching than they were eight years ago.

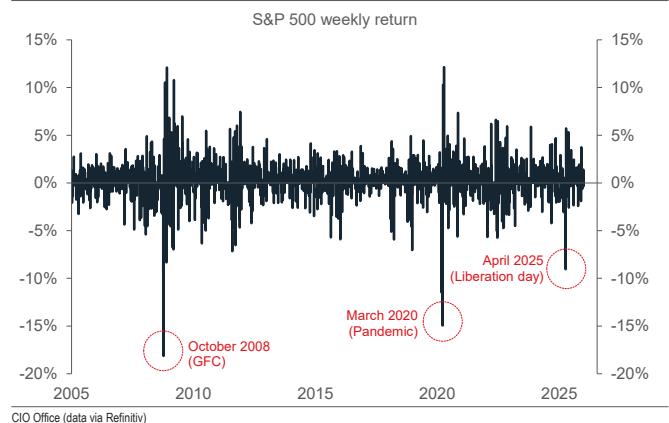
Nothing is more representative of this dynamic than the rollercoaster ride of U.S. tariffs. The saga culminated on Liberation Day in early April with the announcement of reciprocal customs duties that brought the effective tariff rate above 30% (**Chart 1**), a level so high that it jeopardized global economic growth.

### 1 | Tariffs rose sharply...



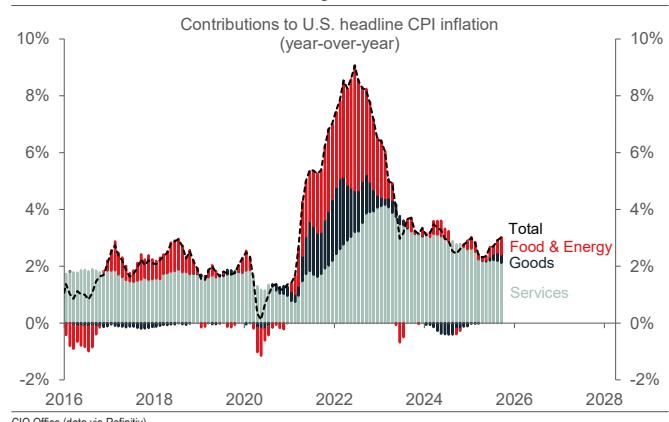
The reaction to this shock was immediate and very negative, both in public opinion and in the markets. Donald Trump's approval rating quickly hit a new low, while the S&P 500 posted one of the worst weeks in its history and the worst since the start of the COVID-19 pandemic in March 2020 (**Chart 2**), forcing the White House to backpedal.

### 2 | ... leading to a bout of extreme market volatility



Fundamentally, the main concern regarding tariffs was that they would cause inflation to skyrocket through higher import prices. Fortunately, this scenario did not materialize; U.S. inflation has remained at around 3%, with tariffs having a modest impact on goods inflation which for the moment contributes very little to total inflation compared to services (**Chart 3**).

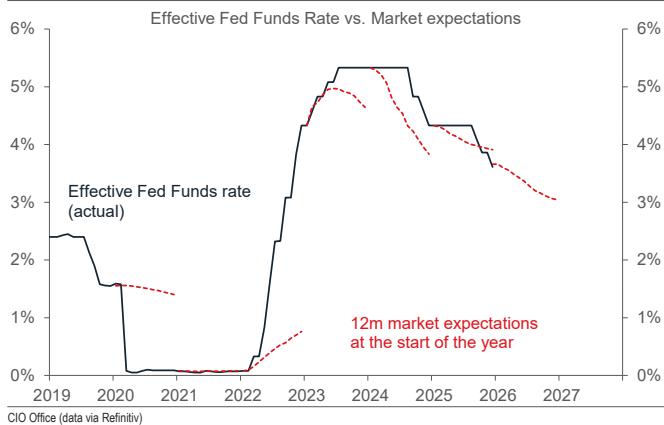
### 3 | Inflation stems mainly from services



This is why, for once, the markets' expectations at the beginning of the year regarding the Federal Reserve's policy path proved to be correct (**Chart 4**, next page), with the U.S. central bank delivering long-awaited easing with three successive 25-bp rate cuts in September, October, and December.

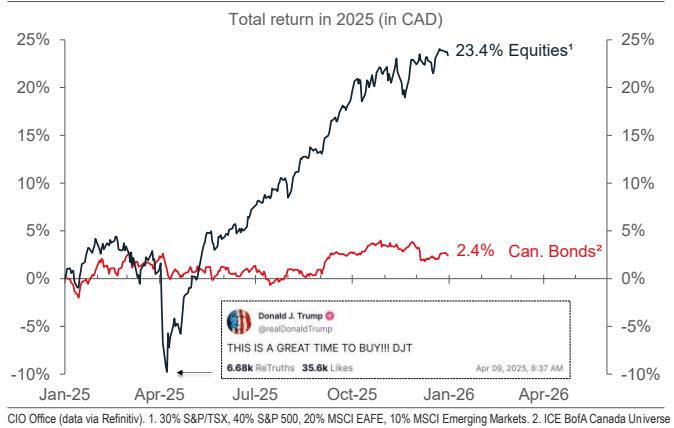


#### 4 | The Fed cut rates, as expected by markets...



As a result, the bout of volatility seen in early April turned out to cause more fear than harm to the stock market, with President Trump literally telling investors exactly when to buy the dip (**Chart 5**). For the third consecutive year, equities ended with a performance well above their historical average and far ahead of Canadian bonds.

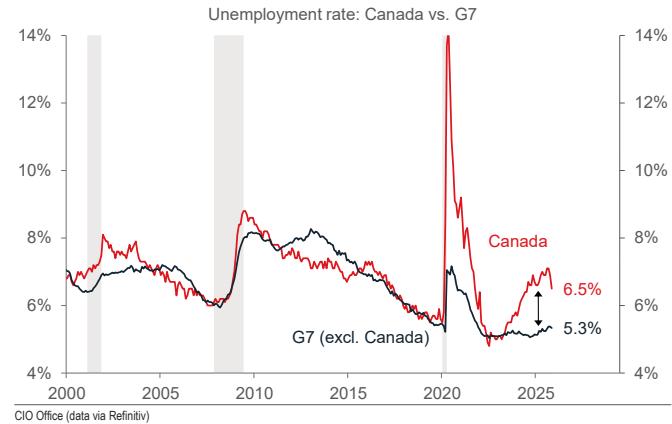
#### 5 | ... and equities easily outperformed bonds



On our side of the border, tariffs have certainly not helped the labour market, which has been experiencing a period of relative weakness for some time, especially when compared to other G7 countries (**Chart 6**). Besides, Statistics Canada estimates that nearly 9% of Canadian workers are employed in industries dependent on U.S. demand

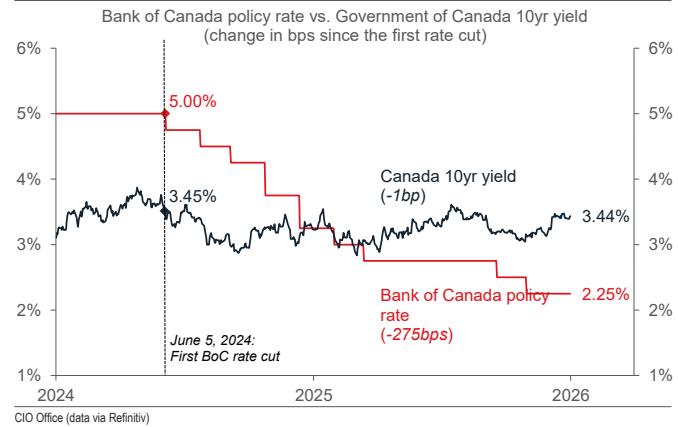
for exports<sup>1</sup>, which explains the sensitivity of the Canadian economy to the trade policies of our southern neighbours.

#### 6 | The relative weakness of the Canadian economy...



Against this backdrop, the Bank of Canada cut its policy interest rate four times in 2025, ending the year at 2.25%, less than half the peak of 5.00% reached in June 2024. However, these rate cuts fell short of having the desired effect on fixed income returns; exceptionally, the yield on a 10-year Canadian government bond remained virtually unchanged during the same period (**Chart 7**).

#### 7 | ... moves the BoC, but not bond yields

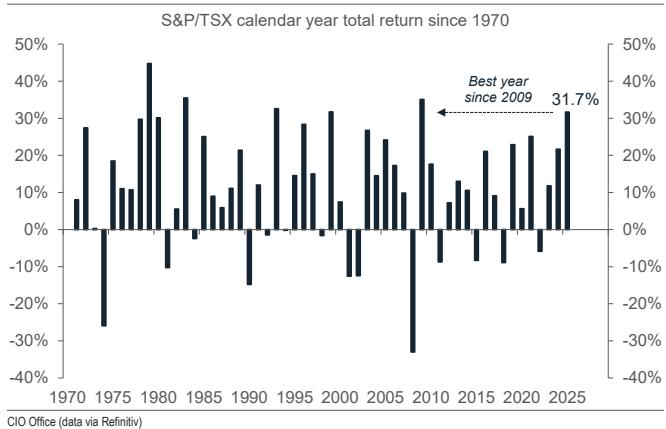


Paradoxically, it was Canadian equities that benefitted from this environment, with the S&P/TSX recording one of its best years ever in 2025 (**Chart 8**, next page).

<sup>1</sup> [United States tariffs and Canadian labour market trends](#), Statistics Canada, October 29, 2025

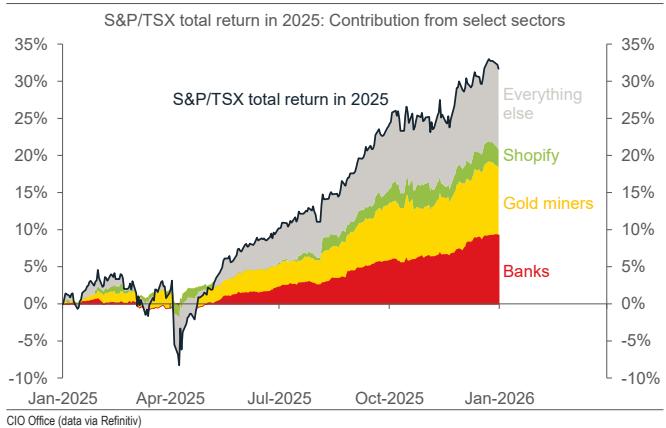


## 8 | Best year for the S&P/TSX since 2009...



This performance was not the result of a broad rally among the 218 members of Canada's flagship equity index. On the contrary, the majority of 2025 gains came from three segments that accounted for only about one-third of the S&P/TSX's market cap at the beginning of the year: banks, gold miners, and Shopify (Chart 9).

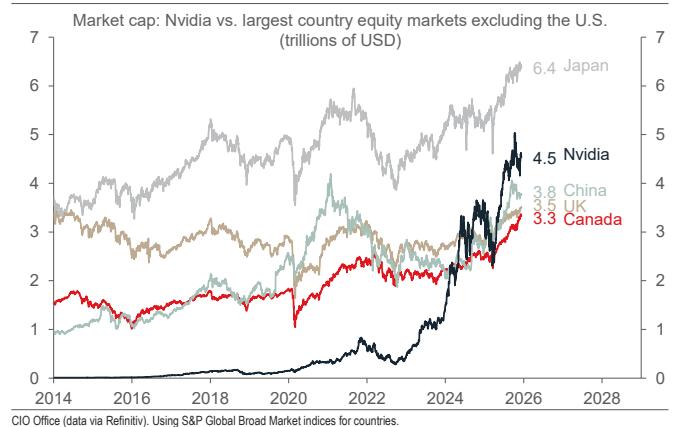
## 9 | ... with highly concentrated gains



But as spectacular as Canada's performance and that of its gold miners may have been, nothing really compares to the rise of American tech giant Nvidia, which has quickly become the world's most valuable company thanks to its dominance in the field of artificial intelligence. To put things in perspective, if Nvidia were its own country, its market capitalization would rank third in the world, behind only the United States and Japan, and

ahead of China, the United Kingdom, and Canada (Chart 10).

## 10 | Nvidia's larger than most countries' market cap



And now, after an eventful year, to say the least, will markets get a break in 2026? For more details, see our [2026 outlook](#) and, in the meantime, we wish you a happy and prosperous 2026!



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