

# Economic Outlook



GUARDIAN CAPITAL™

SUMMER 2025

## SUMMARY

- The simplest way to characterize how the global economic outlook has developed over the last three months would be “less bad”.
- Expectations remain less buoyant than at the outset of the year, but there has been an improvement versus three months ago — and this positive inflection in anticipated economic momentum goes some way in explaining the behaviour of markets since April.
- Economic uncertainty remains exceedingly high due to the persistent lack of clarity concerning US policy, but it has come down from its peaks, as potential for a “scorched earth” approach that was tabled three months ago now appears to be off the table and efforts are being made toward agreements and lower (but by no means low) barriers.
- Consensus expectations for growth, which were on a one-way ticket lower since the start of the year, have broadly begun moving in a more favourable direction. Relative to the start of the year, growth globally is still projected to be notably slower, but the outlook is “less bad” than previously assumed and expectations of a looming recession have ebbed from their recent highs as well.
- The question of where things go from here clearly depends on whether the downside risks to the outlook continue to subside — and that is a big “if,” as trade policy returns to the forefront ahead of the latest deadline, the geopolitical backdrop remains fraught, concerns rise over fiscal sustainability as governments show little restraint, while the impact of tariffs and related uncertainty will become more prevalent in the dataflow.
- Markets are aware of the many hazards on the road ahead and have shown a willingness to continue to climb the “Wall of Worry.” That there is also potential for the outlook to not only turn “less bad” but possibly actually “good” — if the trade deals are reached that reduce tariffs to a greater degree, geopolitical tensions cool, focus in the US turns to market-friendly policy developments and/or added progress with respect to developments in artificial intelligence — that in turn could give markets an added boost through the remainder of the year.

## “Less bad”

The simplest way to characterize how the global economic outlook has developed over the last three months would be “less bad.”

Expectations remain less buoyant than at the outset of the year, but there has been an improvement versus three months ago — and this positive inflection in anticipated economic momentum goes some way in explaining the behaviour of markets since April.

For starters, economic uncertainty remains exceedingly high due to the persistent lack of clarity concerning US policy, but it has come down from the peaks of a couple of months ago, to *just* being consistent with the crests of the pandemic waves.

### CHART 1: BACK FROM THE BRINK

**Economic Policy Uncertainty Index<sup>1</sup>, World**  
(index; pre-2015 average = 100)



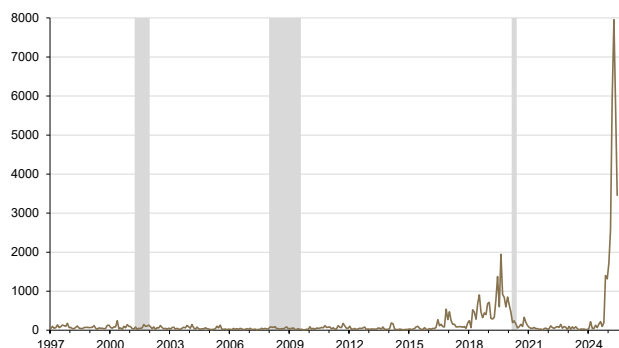
Shaded regions represent periods of US recession; source Guardian Capital using data from PolicyUncertainty.com to June 2025

The “improvement” is clearly tied to trade policy. The potential for a “scorched earth” approach that was tabled three months ago — with tariff rates at levels not seen since the turn of the 1900s and escalating tensions with China — now appears to be off the table, and efforts are being made toward agreements and lower barriers.

Measures of the uncertainty related to US trade policy remain in historically uncharted territory, but well off the levels of April, as the odds of those “worst case” scenarios materializing have diminished.

### CHART 2: SHOCKED AND AWED

**Trade Policy Uncertainty Index<sup>2</sup>, US**  
(index pre-2015 average = 100)



Shaded regions represent periods of US recession; source Guardian Capital using data from PolicyUncertainty.com to June 2025

To be clear, though trade barriers may be lower than initially proposed on “Liberation Day”, they are not low relative to anything seen in generations.

General tariff rates appear likely to remain higher than at any point in the post-World War II era and stand to restrain economic activity while also putting upward pressure on prices.

The current estimated average levy on goods imported into the US of roughly 20%, however, is less painful for businesses and consumers than the average rates of 30% proposed three months ago and likely means somewhat less of a ripple effect across the global economy.

### CHART 3: LOWER BUT FAR FROM LOW

**Customs duty revenue as a share of goods imports, US**  
(percent)



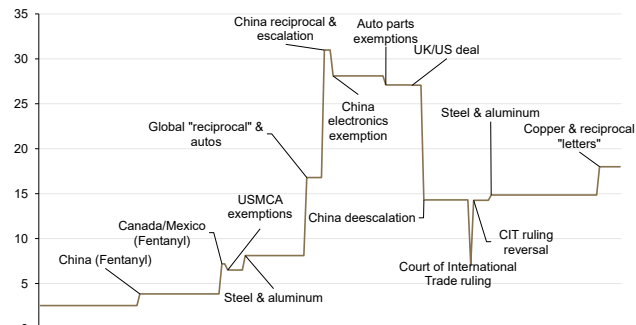
Source: Guardian Capital using data from the US Treasury and Bureau of Economic Analysis from 1821 to 2024; estimates from Yale Budget Lab<sup>3</sup>

Moreover, with the can being kicked further on down the road — August 1 is the new implementation date of the sweeping tariffs and recent history shows that further delays and changes are not out of the

question — the more material impacts on activity and prices are not likely to be felt in earnest until later on this year as tariffs filter into the economy.

#### CHART 4: UP, DOWN, ALL AROUND...

**Average effective tariff rate, US**  
(percent)



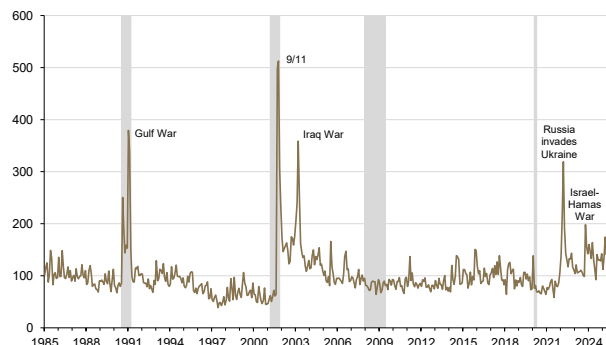
Source: Guardian Capital using data from Yale Budget Lab to July 11, 2025

The threat of added cost pressures and resulting potential for softer demand, as well as the uncertainty caused by the highly fluid nature of policy, continues to weigh on sentiment and complicate decision-making.

Add in the rise in geopolitical tensions emerging at a time when ongoing wars are supplemented by recent tactical military operations in the Middle East, and you have a backdrop that offers more than just the standard ebbs and flows of the economic cycle.

#### CHART 5: GEOPOLITICAL INSTABILITY

**Geopolitical Risk Index<sup>4</sup>, World**  
(index; pre-2019 average=100)



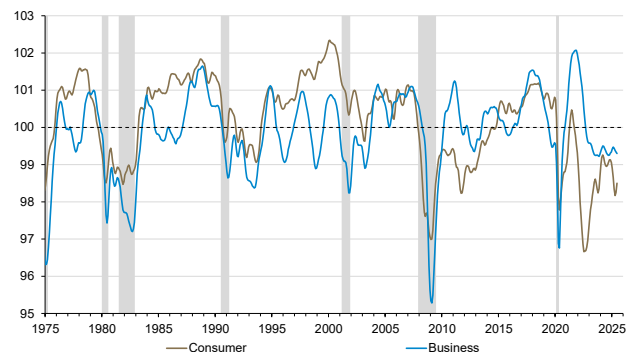
Shaded regions represent periods of US recession; source: Guardian Capital using data from [PolicyUncertainty.com](https://www.policyuncertainty.com) to June 2025

Unsurprisingly, measures of consumer and business confidence remain highly depressed, which typically does not bode well for spending and investment, and with them, the economic cycle and markets.

Of course, it is worth noting that “less bad” is also the name of the game of late with respect to assessments of conditions as well, particularly for consumers, likely in part reflecting that tariff impacts have been fairly muted so far.

#### CHART 6: SENTIMENT STILL QUITE SOUR

**Consumer and business sentiment<sup>5</sup>, G7\*<sup>6</sup>**  
(index; long-term average=100)



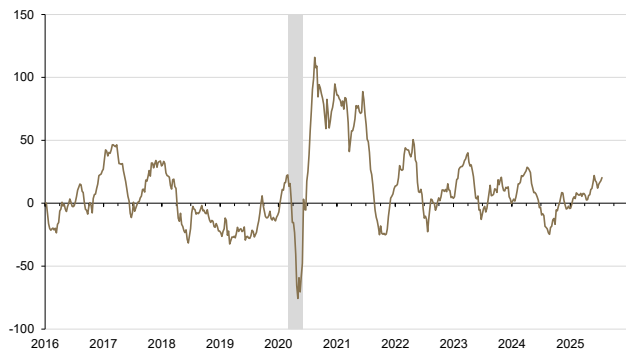
\*GDP-weighted average of Canada, France, Germany, Italy, Japan, UK and US; shaded regions represent periods of US recession; source: Guardian Capital using data from the OECD and Bloomberg to June 2025

Indeed, underlying activity remains notably firmer than anticipated against numerous headwinds.

The economic dataflow, for example, has offered upside surprises versus expectations worldwide and the frequency of the “beats” has increased in recent weeks — supporting positive market performance.

#### CHART 7: CLEARING THE (LOWER) BAR

**Economic Surprise Index<sup>7</sup>, World**  
(percent)



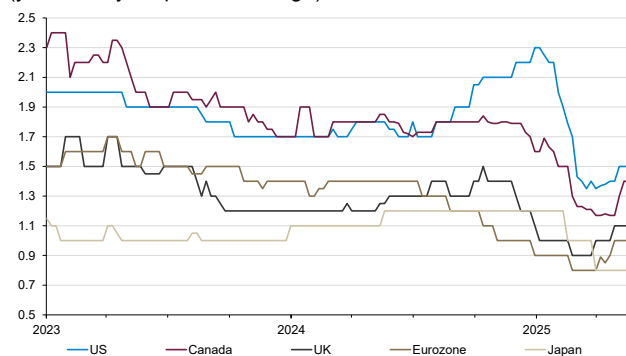
The shaded region represents a period of US recession; source: Guardian Capital using data from Bloomberg to July 18, 2025

And while this is in part a function of some excessive pessimism among the forecasting community — echoing the movements in policy, the data has been “less bad” than feared — there are positive indicators that suggest there may be greater capacity for consumers and businesses to better absorb a tariff shock and mitigate any hit.

As a result, consensus expectations for growth, which were on a one-way ticket lower since the start of the year, have broadly begun moving in a more favourable direction in recent weeks — though the previously assumed US growth premium over its peers continues to narrow.

#### CHART 8: NOT GOOD, BUT BETTER

**Consensus forecasts for global real GDP growth, 2025**  
(year-over-year percent change)



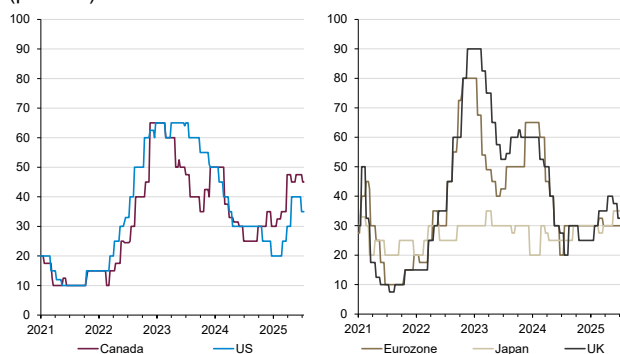
Source: Guardian Capital using data from Bloomberg to July 18, 2025

Relative to the start of the year, growth, globally, is still expected to be notably slower, but the outlook is “less bad” than previously assumed.

Consequently, expectations of a looming recession that would bring declining activity, weakening profits and widespread job loss have been ebbing from their recent highs as well.

#### CHART 9: RECESSION RISKS RECEDING

**Consensus expected probability of recession in 12 months**  
(percent)



Source: Guardian Capital using data from Bloomberg to July 18, 2025

#### Let the good times roll?

The prospect of evading an increasingly anticipated economic downturn (yet again) and continuing this now five-year post-pandemic economic expansion,

despite numerous challenges and uncertainties clouding the global economic outlook, seems somewhat too good to be true.

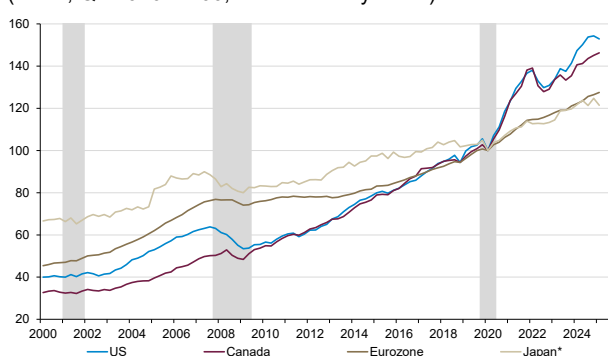
There is, however, a clear reason why things could continue on a generally positive path in the absence of an additional destabilizing shock (say, exorbitant tariffs that raise costs, materially crimp demand, stifle economic activity and employment; or the outbreak of a broad and sustained geopolitical conflict that has a similar impact): consumers.

Households globally, and particularly those in the US, remain in good financial shape, which, combined with still generally firm job markets, means that the most important cog in the global economic machine has continued to prove “resilient” — and has the potential to continue to stay on track.

The excess of the value of assets on household balance sheets over outstanding liabilities continues to represent a historically elevated stockpile of wealth that reduces the need for consumers to save out of current income, and income flows continue to grow in aggregate as both employment and wages have recorded further gains so far this year.

#### CHART 10: FOR WHAT IT’S WORTH

**Household net worth**  
(index, Q1 2020 = 100; local currency basis)

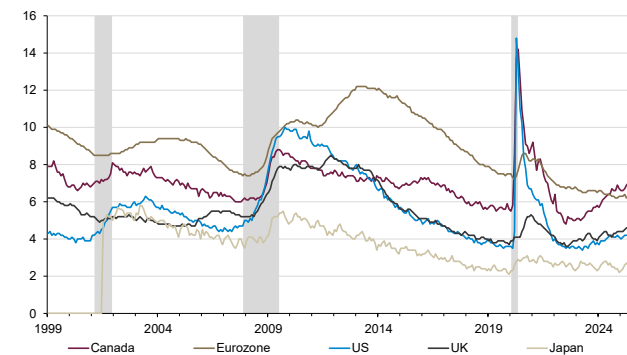


\*Based on financial assets only; shaded regions represent periods of US recession; source: Guardian Capital using data from Statistics Canada, US Federal Reserve, European Central Bank, and Bank of Japan to Q1 2025

While the US has been the top performer, consumers in Canada, Europe and Japan also find themselves with historically high net worth at a time when unemployment rates remain generationally low, which provides a solid fundamental economic base in the face of ongoing uncertainty.

## CHART 11: SLIM SIGNS OF SLACK

### Unemployment rates (percent)



Shaded regions represent periods of US recession; source: Guardian Capital using data from Bloomberg to June 2025

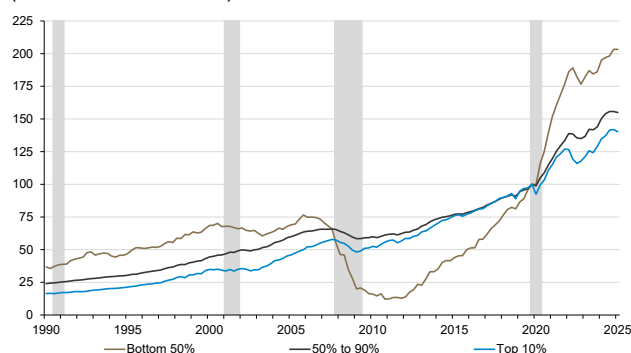
Moreover, looking at the household data on a more granular level goes a long way toward explaining why the strength in consumers over the last five years should not be all that surprising.

In stark contrast to recent cycles, where consumer spending was broadly characterized as lacklustre, the bottom half of the population by wealth has seen the biggest relative gains this go-around; the richest cohorts, however, continue to see the biggest absolute dollar gains.

Data for the US show that the bottom 50% of the population by wealth has seen its net worth more than double since the start of 2020, while the other cohorts have experienced comparatively paltry gains of roughly 50% over the same time.

## CHART 12: SPREAD THE WEALTH

### Household net worth by wealth percentile, US (index; Q1 2020 = 100)



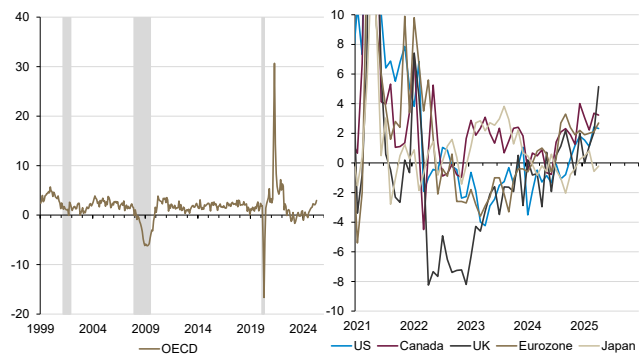
Shaded regions represent periods of US recession; source: Guardian Capital using data from the US Federal Reserve to Q1 2025

The elevated capacity to spend, even if the willingness has been crimped by uncertainty, is a big

reason why consumer spending has held up so well and provides reason to anticipate that households could continue to support retail activity in the months to come.

## CHART 13: SALES SAILING ON

### Retail sales trade volumes (year-over-year change)

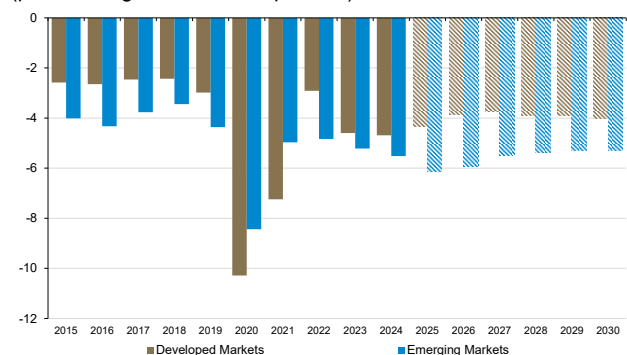


Shaded regions represent periods of US recession; source: Guardian Capital using data from the Organisation for Economic Co-operation and Development (OECD) to April 2025

Add to that the continued flow of deficit-financed public funding into the economy globally — with the recently passed “*One Big Beautiful Bill Act*” in the US adding to increased spending plans announced in Europe and Asia — and it would appear that there is a fairly solid foundation for growth in place.

## CHART 14: IN A FISCAL HOLE

### General government fiscal balance (percent of gross domestic product)

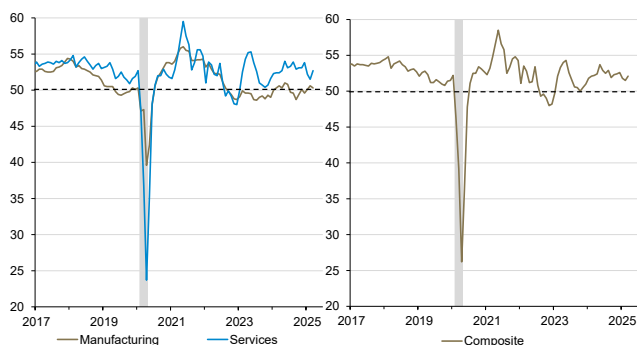


Forecasts are from the International Monetary Fund's April 2025 [World Economic Outlook](#)<sup>9</sup>; source: Guardian Capital using data from the IMF

The bellwether global composite Purchasing Managers Index, a gauge of broad economic activity, shows as much, pointing to solid, if unspectacular growth with both the manufacturing and services sectors globally sitting in expansionary territory at the close of the first half.

## CHART 15: ACTIVITY BROADLY HOLDING UP

**Purchasing Managers' Index<sup>10</sup>, World**  
(diffusion index; >50 denotes expansion)



Shaded regions represent periods of US recession; source: Guardian Capital using data from Bloomberg to March 2025

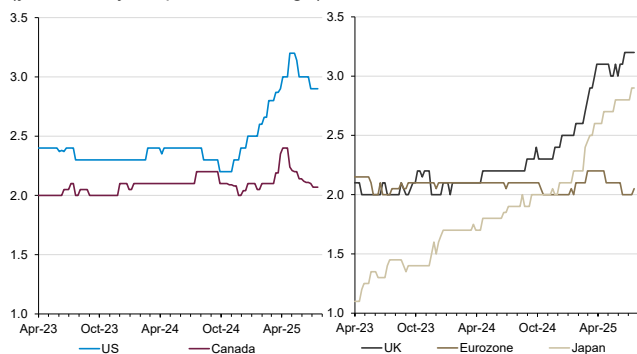
### So good, it's bad?

One of the byproducts of activity holding up better than anticipated to this point is that the widely expected disinflationary impact of weakness on the demand side of the equation is not showing up.

Given that these were projected to provide a counterbalance to the upward thrust of tariffs on prices, the net result has been that inflation expectations have moved sharply higher — though, once again, these forecasts have recently become “less bad” as tariffs have been delayed and reduced.

## CHART 16: INFLATED EXPECTATIONS

**Consensus forecasts for consumer price inflation, 2025**  
(year-over-year percent change)



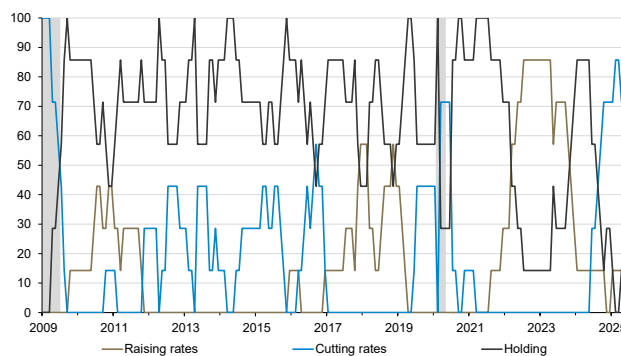
Source: Guardian Capital using data from Bloomberg to July 18, 2025

A general backdrop of resilient growth, rising inflation expectations and tight labour markets is not exactly one that creates impetus at central banks to loosen monetary policy — and that is particularly the case when the looming risks are policy-driven and far from being set in stone.

Accordingly, monetary policymakers across Developed Markets have increasingly shifted into “wait and see” mode this year.

## CHART 17: TAKING A SEAT

**Central bank policy rate direction, Developed Markets**  
(three-month rolling percent of central banks)



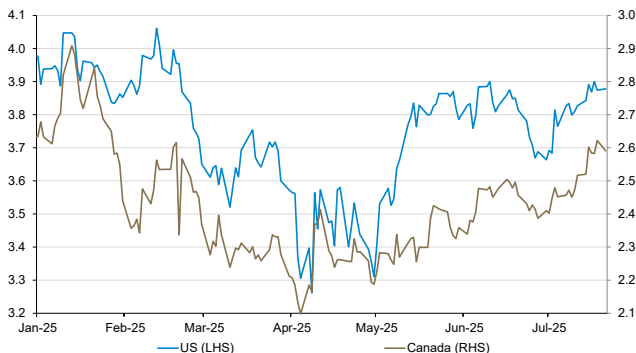
Shaded regions represent periods of US recession; source: Guardian Capital using data from Bloomberg and the Bank for International Settlements<sup>11</sup> to July 18, 2025

Communication from central banks has consistently emphasized a preference for being reactive in the current environment rather than taking the more “traditional” approach of being proactive in setting monetary policy.

In response, financial markets have drastically altered the expected policy path for the second half of this year relative to three months ago, with the magnitude of cuts priced in for the end of the year effectively halved.

## CHART 18: ALTERING THE PATH

**Overnight index swap<sup>12</sup>-implied policy rate at Dec. 2025**  
(percent)



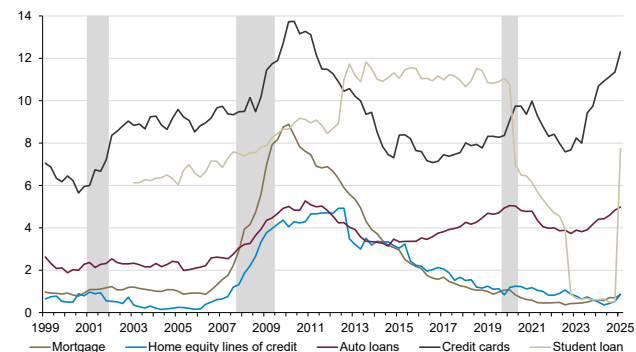
Source: Guardian Capital using data from Bloomberg to July 18, 2025

Higher rates mean costs of debt are more stringent, and this comes at a time when there are indications some consumers are feeling pressure despite broad signs of strength in household finances.

US data show missed payments on credit cards have reached levels not seen since the financial crisis, auto loan delinquencies are rising, and student loan payments are again adding to obligations — home-related loans remain current.

#### CHART 19: FALLING BEHIND

Loans 90+ days delinquent by type<sup>13</sup>, US  
(percent of outstanding loan balances)



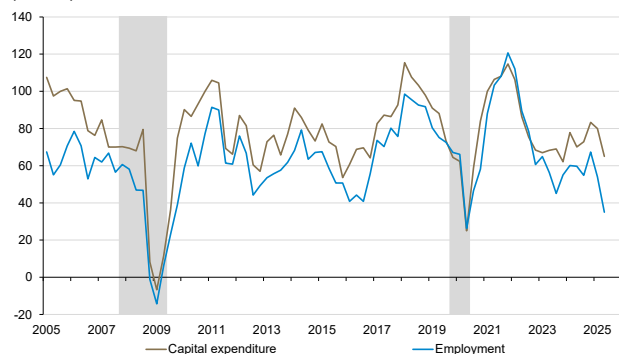
Shaded regions represent periods of US recession; source: Guardian Capital using data from [Federal Reserve Bank of New York](#)<sup>14</sup> to Q2 2025

The prospect of lenders tightening loan standards and restricting credit growth in response has the potential to restrain consumer spending.

Add to that higher costs of capital, economic uncertainty, and resulting poor sentiment weighing heavily on business hiring and capital expenditure plans, and that does not suggest that businesses are primed to offset any softening in consumption.

#### CHART 20: COMPANIES PULLING BACK

CEO Economic Outlook<sup>15</sup> hiring and capex plans, US  
(index)



Shaded regions represent periods of US recession; source: Guardian Capital using data from Business Roundtable and Bloomberg to Q2 2025

#### Here for a good time but not a long time...

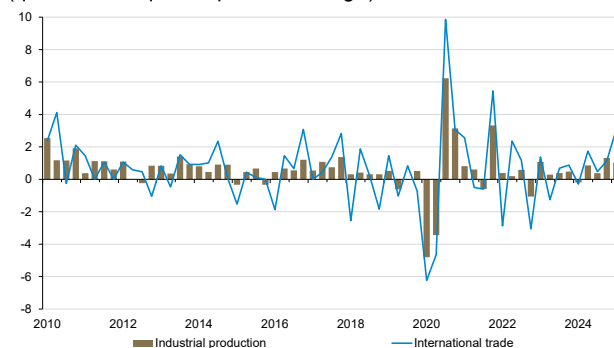
While the stronger-than-anticipated dataflow has been providing cause for optimism, there is reason for skepticism over whether it can be sustained.

For example, there are clear signs that factory and trade activity worldwide so far this year has been positively impacted by tariffs, as companies brought forward production and deliveries of goods to avoid the levies.

Data<sup>16</sup> show that the volume of industrial activity and international trade flows globally has expanded at their best rates in 15 years, excluding pandemic-related distortions — goods imported into the US surged by 20% ahead of “Liberation Day”.

#### CHART 21: BUSINESSES GOT AHEAD OF TARIFFS

Industrial production and international trade volumes, World  
(quarter-over-quarter percent change)

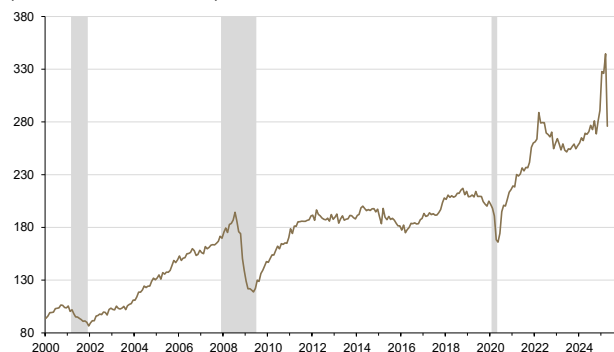


Source: Guardian Capital based on data from the CPB Netherlands Bureau for Economic Policy Analysis<sup>17</sup> to Q1 2025

The efforts to front-run the expected imposition of tariffs represent simply pulling-forward activity rather than a true “increase” — and more recent trade data show that activity has come sharply back down to earth, with US goods’ imports down 20% from their levels in March.

#### CHART 22: TRADE BACK DOWN TO EARTH

Goods imports to the US  
(billions of US dollars)

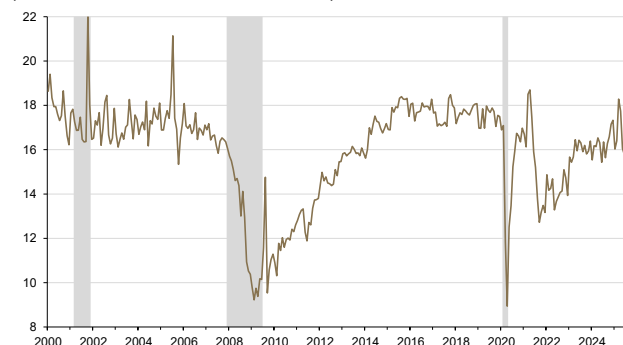


Shaded regions represent periods of US recession; source: Guardian Capital based on data from the US Census Bureau to May 2025

To the extent that there are similar distortions in spending as consumers sought to beat anticipated price hikes — the double-digit plunge in auto sales since March indicates there are — would suggest the strength so far this year may not be destined to last.

#### CHART 23: AUTO SALES DOWNSHIFTING

**Sales of new automobiles and light trucks, US**  
(millions of units, annualized rate)



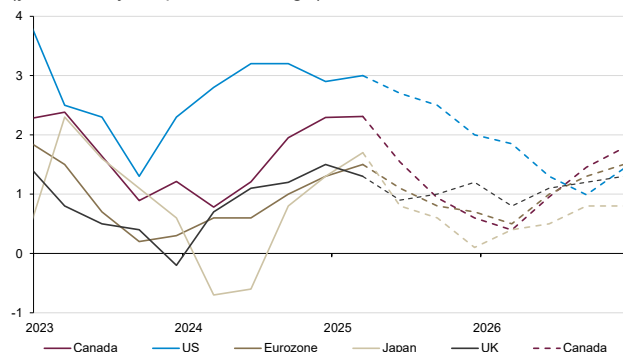
Shaded regions represent periods of US recession; source: Guardian Capital based on data from the U.S. Bureau of Economic Analysis to June 2025

And again, while there have been upgrades in recent weeks, it remains the case that expectations are almost universally for growth momentum to ebb in the months to come as the impact of tariffs begins to exert more pressure.

Consensus forecasts are still broadly looking for a deceleration in the pace of economic expansion over the second half of this year and into 2026.

#### CHART 24: DECELERATION TO COME...

**Real gross domestic product growth & forecasts**  
(year-over-year percent change)



Dashed lines represent Bloomberg consensus forecasts as at July 18, 2025; source: Guardian Capital based on data from Bloomberg to Q1 2025

Slower growth, persistent uncertainty and abundant downside risks do not make for an outlook over which to get particularly ebullient, pointing to sentiment staying downbeat and restraining activity.

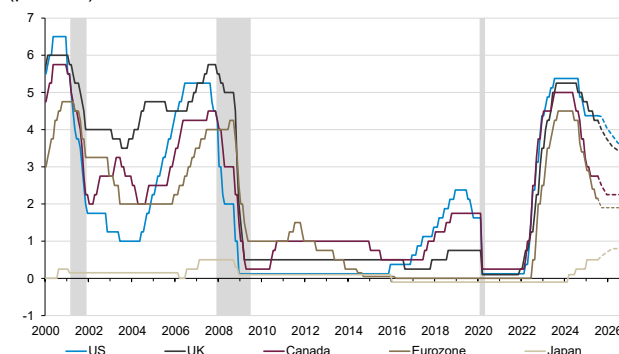
#### Take the good with the bad

These projections and labour market implications are a key reason why easing biases are still evident among central banks despite inflation concerns.

The path may be longer and to a higher endpoint than assumed three months ago, but policy rates look to be broadly below their current levels in a year — the US and UK expected to see more cuts as they catch up to the Eurozone and Canada and move closer to neutral (Japan the outlier).

#### CHART 25: STILL BIASED TO THE DOWNSIDE

**Central bank policy interest rates**  
(percent)



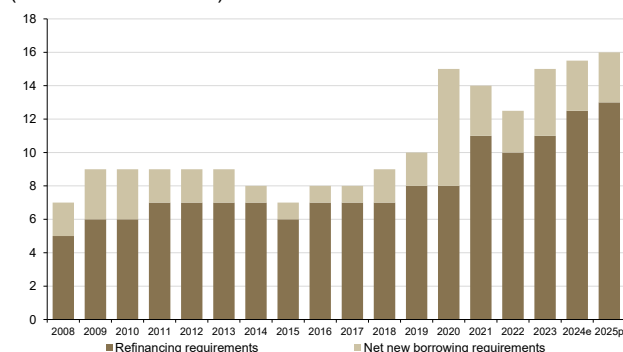
Dashed lines represent consensus forecasts as at July 18, 2025; shaded regions represent periods of US recession; source: Guardian Capital using data from Bloomberg to July 18, 2025

Lower short-term rates, however, are not anticipated to be mirrored further out on the yield curve.

Rising concerns about fiscal sustainability in the face of gaping government deficits and the related surge in bond issuance to fund them point to potential supply/demand imbalances.

## CHART 26: GIVE ME SOME CREDIT

Net sovereign borrowing requirements, OECD countries (trillions of US dollars)

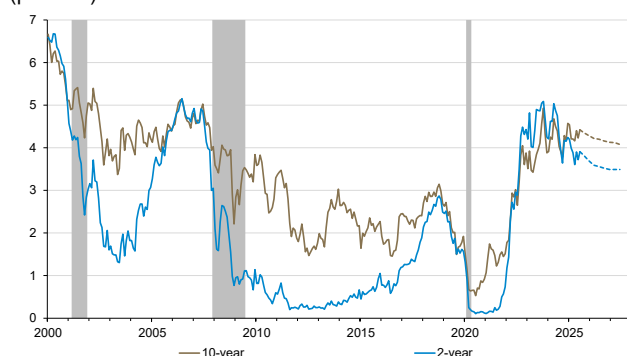


e="estimate"; p="projection"; source Guardian Capital using data from the OECD's [Global Debt Report 2025](#)<sup>18</sup>

Combine that with increasing risk premia tied to elevated inflation expectations and volatility, and there is scope for longer-term rates to remain fairly anchored and for yield curves to steepen further.

## CHART 27: MIND THE GAP

US Treasury note yields (percent)



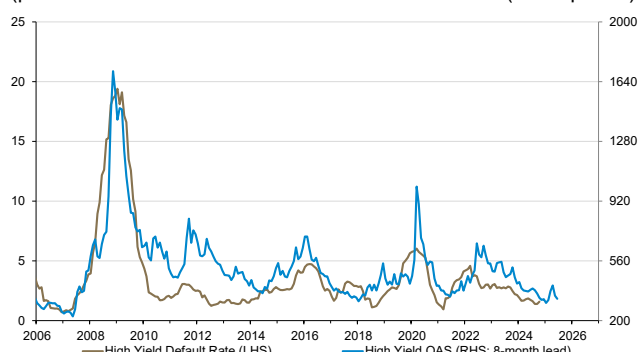
Dashed lines represent consensus forecasts as at July 18, 2025; shaded regions represent periods of US recession; source: Guardian Capital using data from Bloomberg to July 18, 2025

As a result, while long-term yields on offer do represent among the best carry for bond investors in almost two decades, the outlook suggests the long end of the curve may not provide the best available total return opportunities and does not support a strong appetite for adding duration.

Corporate credit, in contrast, offers better all-in yield and typically shorter durations than government issues, creating an arguably better risk/reward trade-off for investors — and while credit spreads are compressed, they are consistent with the indications of credit quality and benign default rates.

## CHART 28: QUALITY CREDIT

High-yield bond default rate and credit spreads, World (percent) (basis points)



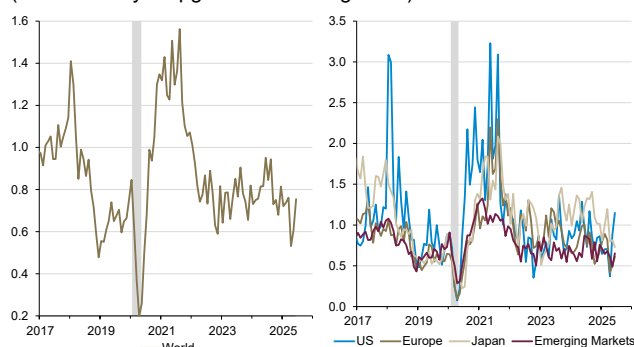
Shaded regions represent periods of US recession; source: Guardian Capital based on data from Bloomberg and Bank of America to June 2025

## Good enough for now

The combination of “less bad” expectations for growth and inflation, and lower short-term interest rates has translated into analysts making fewer downward (and more upward) revisions to earnings forecasts, which have factored into global equity markets staging a 20% rebound from their April lows and touching new record highs.

## CHART 29: UPWARD REVISIONS

One-month earnings per share revision ratios (ratio of analyst upgrades to downgrades)



Shaded regions represent periods of US recession; source: Guardian Capital using data from Bank of America to June 2025

That said, though the outlook has become broadly “less bad”, the recent rally has again been driven by only a very narrow subset of stocks that outpaced others.

The top ten stocks by market capitalization in the MSCI World Index<sup>19</sup> accounted for half of the return in the Developed Market benchmark in Q2 and nearly two-thirds of the gains in the S&P 500 Composite Index<sup>20</sup> — in the process, the biggest

stocks in the US grew to the biggest cumulative share of the total market.

### CHART 30: POWERFUL CONCENTRATION

**Top decile of US equities by market cap share of total (percent)**



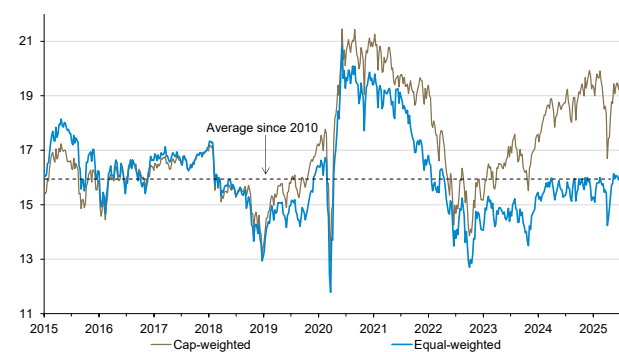
Shaded regions represent periods of US recession; source: Guardian Capital using data from [Kenneth R. French](#)<sup>21</sup> to May 2025

The extreme concentration of global equity markets creates risks for passive investors should the fortunes of these few companies turn for the worse.

At the same time, the divergent performance between the top performers, which are generally leaders in the secular artificial intelligence growth story, means that while overall market metrics may point to expensive valuations, the average stock across the globe appears to be relatively fairly valued given the current earnings outlook.

### CHART 31: EVERYTHING ISN'T EXPENSIVE

**Forward price-to-earnings ratio, MSCI World Index (ratio)**



Source: Guardian Capital using data from Bloomberg to July 18, 2025

While that would suggest that there are opportunities for more discriminating investors, continued momentum would likely weigh on the relative performance of more active strategies that find themselves running up risk and style constraints

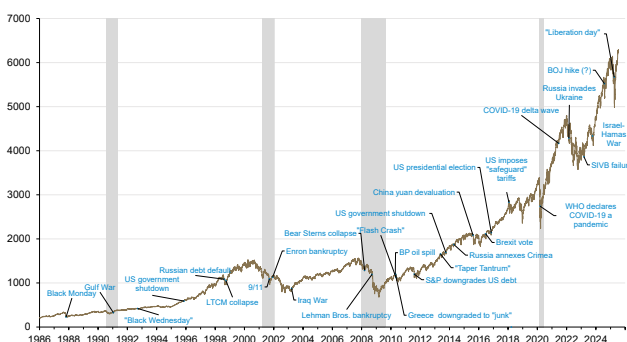
that either prevent holding these few names or holding them in large enough allocations.

The question of where things go from here clearly depends on whether the downside risks to the outlook continue to subside — and that is a big “if”, as trade policy returns to the forefront ahead of the latest deadline, the geopolitical backdrop remains fraught, concerns rise over fiscal sustainability as governments show little restraint, while the impact of tariffs and related uncertainty will become more prevalent in the dataflow.

As it stands, markets are aware of the many hazards on the road ahead and have shown a willingness to continue to climb the “Wall of Worry”<sup>22</sup>.

### CHART 32: CLIMBING THE WALL OF WORRY

**S&P 500 Composite Index (index)**



Shaded regions represent periods of US recession; source: Guardian Capital based on data from Bloomberg to July 18, 2025

That there is also potential for the outlook to not only turn “less bad” but possibly actually “good” — for example, if the trade deals are reached that reduce tariffs to a greater degree, geopolitical tensions cool, focus in the US turns to market-friendly developments such as deregulation and/or added progress concerning developments in artificial intelligence — that in turn could give markets an added boost through the remainder of the year.

### David Onyett-Jeffries

David Onyett-Jeffries is Vice President, Economics & Multi Asset Solutions, at Guardian Capital LP (GCLP). He provides macroeconomic guidance to GCLP and its affiliates. Additionally, he is the portfolio manager of Guardian's multi-asset portfolios and funds and works closely with Guardian's Directed Outcomes team.

## Market Returns as of June 30, 2025

All returns in CAD

### CANADIAN EQUITIES

| INDEX RETURNS (%)               | 1M  | 3M   | YTD  | 1Y   | 5Y   | 10Y  |
|---------------------------------|-----|------|------|------|------|------|
| S&P/TSX Composite               | 2.9 | 8.5  | 10.2 | 26.4 | 15.0 | 9.6  |
| S&P/TSX 60                      | 2.2 | 7.6  | 9.5  | 26.3 | 15.0 | 10.0 |
| S&P/TSX Completion              | 5.8 | 12.5 | 13.1 | 26.6 | 15.5 | 8.5  |
| S&P/TSX SmallCap                | 6.2 | 11.8 | 12.7 | 23.1 | 15.1 | 7.2  |
| S&P/TSX Composite High Dividend | 1.9 | 5.3  | 8.4  | 21.9 | 16.7 | 8.8  |
| S&P/TSX Composite Dividend      | 2.3 | 7.6  | 10.4 | 24.2 | 16.1 | 10.2 |

### S&P/TSX SECTOR RETURNS (%)

| SECTOR RETURNS (%)     | 1M   | 3M   | YTD  | 1Y   | 5Y    | 10Y   |
|------------------------|------|------|------|------|-------|-------|
| Communication Services | 2.9  | 2.6  | 4.8  | -6.4 | 0.4   | 3.3   |
| Consumer Discretionary | 3.7  | 14.1 | 13.9 | 23.7 | 15.6  | 8.3   |
| Consumer Staples       | -2.1 | 4.6  | 4.1  | 14.3 | 14.0  | 11.1  |
| Energy                 | 3.4  | 1.3  | 4.0  | 13.0 | 22.9  | 7.1   |
| Financials             | 3.6  | 12.1 | 10.7 | 38.1 | 19.8  | 12.1  |
| Health Care            | 9.4  | 3.1  | -6.1 | 5.4  | -16.2 | -28.9 |
| Industrials            | 0.3  | 8.1  | 6.0  | 8.4  | 13.3  | 12.1  |
| Information Technology | 4.9  | 14.2 | 5.7  | 47.3 | 9.4   | 20.7  |
| Materials              | 3.7  | 8.1  | 30.1 | 39.0 | 11.6  | 10.3  |
| Real Estate            | 1.4  | 4.9  | 3.2  | 13.6 | 7.5   | 5.6   |
| Utilities              | 0.2  | 4.8  | 10.0 | 26.2 | 8.0   | 9.1   |

### INTERNATIONAL EQUITIES

| INDEX RETURNS (%)                     | 1M  | 3M   | YTD  | 1Y   | 5Y   | 10Y  |
|---------------------------------------|-----|------|------|------|------|------|
| MSCI World Index (Net, C\$)           | 3.5 | 5.7  | 3.9  | 15.9 | 14.6 | 11.7 |
| MSCI EAFE Index (Net, C\$)            | 1.4 | 6.0  | 13.3 | 17.4 | 11.2 | 7.5  |
| MSCI ACWI (Net, C\$)                  | 3.7 | 5.7  | 4.4  | 15.8 | 13.7 | 11.0 |
| MSCI France (C\$)                     | 1.7 | 3.6  | 14.3 | 16.1 | 12.2 | 8.7  |
| MSCI Germany (C\$)                    | 1.6 | 10.2 | 27.5 | 39.9 | 12.5 | 8.0  |
| MSCI Japan (C\$)                      | 0.9 | 5.6  | 6.0  | 13.6 | 8.8  | 7.0  |
| MSCI U.K. (C\$)                       | 0.6 | 3.1  | 13.1 | 19.6 | 14.0 | 6.4  |
| S&P/IFC Investable (Emerging Markets) | 5.2 | 6.8  | 8.3  | 14.5 | 8.0  | 6.5  |
| MSCI EAFE Growth (Gross, C\$)         | 1.9 | 7.8  | 10.3 | 11.4 | 8.3  | 8.0  |
| MSCI EAFE Value (Gross, C\$)          | 1.0 | 4.8  | 17.2 | 24.8 | 15.1 | 7.7  |

### CANADIAN FIXED INCOME

| INDEX RETURNS (%)                    | 1M   | 3M   | YTD  | 1Y   | 5Y   | 10Y |
|--------------------------------------|------|------|------|------|------|-----|
| FTSE Canada 91 Day TBill             | 0.2  | 0.6  | 1.5  | 3.8  | 2.6  | 1.8 |
| FTSE Canada Short Term Overall Bond  | 0.3  | 0.5  | 2.2  | 6.3  | 1.8  | 1.9 |
| FTSE Canada Mid Term Overall Bond    | 0.2  | -0.3 | 2.3  | 7.4  | 0.2  | 2.1 |
| FTSE Canada Long Term Overall Bond   | -0.4 | -2.3 | -0.6 | 4.3  | -3.7 | 1.5 |
| FTSE Canada Universe Bond            | 0.1  | -0.6 | 1.4  | 6.1  | -0.4 | 1.9 |
| FTSE Canada High Yield Overall Bond  | 1.0  | 1.9  | 3.2  | 10.0 | 6.7  | 6.0 |
| FTSE Canada Real Return Bond Overall | -0.6 | -2.2 | 1.2  | 5.8  | -0.1 | 1.6 |

Sources: Bloomberg Finance L.P., FTSE Bond Analytics, TD Securities, Thomson Financial

### US EQUITIES

| INDEX RETURNS (%)            | 1M  | 3M   | YTD  | 1Y   | 5Y   | 10Y  |
|------------------------------|-----|------|------|------|------|------|
| S&P 500                      | 4.3 | 5.2  | 0.8  | 14.8 | 16.7 | 14.7 |
| Dow Jones Industrial Average | 3.7 | 0.0  | -0.8 | 14.4 | 13.6 | 13.1 |
| NASDAQ                       | 5.8 | 11.6 | 0.1  | 14.5 | 15.2 | 16.1 |
| Russell 1000                 | 4.3 | 5.3  | 0.7  | 15.3 | 16.3 | 14.4 |
| Russell 2000                 | 4.6 | 2.9  | -6.8 | 7.4  | 10.1 | 8.1  |
| Russell 3000                 | 4.3 | 5.2  | 0.3  | 15.0 | 16.0 | 14.0 |
| Russell 1000 Growth          | 5.6 | 11.7 | 0.7  | 16.9 | 18.2 | 18.1 |
| Russell 1000 Value           | 2.6 | -1.6 | 0.6  | 13.4 | 14.0 | 10.2 |

### S&P 500 SECTOR RETURNS (%)

| SECTOR RETURNS (%)     | 1M   | 3M    | YTD  | 1Y   | 5Y   | 10Y  |
|------------------------|------|-------|------|------|------|------|
| Communication Services | 6.5  | 12.3  | 5.4  | 22.7 | 17.1 | 13.0 |
| Consumer Discretionary | 1.5  | 5.7   | -8.8 | 18.1 | 11.7 | 13.4 |
| Consumer Staples       | -2.6 | -4.1  | 1.0  | 11.9 | 11.2 | 10.2 |
| Energy                 | 4.1  | -13.3 | -4.4 | -4.2 | 22.6 | 6.4  |
| Financials             | 2.4  | 0.0   | 3.6  | 29.1 | 20.0 | 13.5 |
| Health Care            | 1.3  | -12.0 | -6.2 | -6.2 | 8.0  | 9.0  |
| Industrials            | 2.8  | 7.1   | 6.9  | 22.5 | 18.5 | 13.4 |
| Information Technology | 8.9  | 17.3  | 2.5  | 14.8 | 23.1 | 24.3 |
| Materials              | 1.5  | -2.2  | 0.6  | 1.6  | 11.6 | 9.4  |
| Real Estate            | -0.6 | -5.3  | -1.8 | 11.3 | 7.2  | N/A  |
| Utilities              | -0.4 | -1.1  | 3.8  | 23.1 | 11.2 | 11.7 |

### INTERNATIONAL EQUITIES

| MSCI EAFE SECTOR RETURNS (%) | 1M   | 3M   | YTD  | 1Y   | 5Y   | 10Y  |
|------------------------------|------|------|------|------|------|------|
| Communication Services       | 5.2  | 14.2 | 26.7 | 41.5 | 9.8  | 4.9  |
| Consumer Discretionary       | -2.3 | 0.0  | -0.6 | 4.8  | 8.3  | 5.5  |
| Consumer Staples             | -2.5 | 2.1  | 10.7 | 12.4 | 3.2  | 4.8  |
| Energy                       | 5.7  | -6.7 | 7.6  | -2.3 | 15.3 | 6.2  |
| Financials                   | 1.8  | 7.8  | 24.2 | 40.8 | 21.0 | 9.1  |
| Health Care                  | -0.8 | -2.5 | 0.4  | -5.3 | 3.4  | 5.6  |
| Industrials                  | 2.8  | 11.7 | 19.5 | 28.6 | 15.3 | 10.4 |
| Information Technology       | 4.9  | 12.8 | 9.8  | 4.5  | 11.1 | 12.0 |
| Materials                    | -0.2 | 2.4  | 4.7  | 0.2  | 8.8  | 7.5  |
| Real Estate                  | 3.1  | 10.7 | 12.2 | 19.8 | 3.9  | N/A  |
| Utilities                    | 3.4  | 10.7 | 24.5 | 31.1 | 8.6  | 7.9  |

### CANADIAN FIXED INCOME

| SECTOR RETURNS (%)             | 1M  | 3M   | YTD | 1Y  | 5Y   | 10Y |
|--------------------------------|-----|------|-----|-----|------|-----|
| FTSE Canada Federal Bond       | 0.0 | -0.8 | 1.4 | 5.3 | -0.6 | 1.2 |
| FTSE Canada Provincial Bond    | 0.0 | -1.0 | 0.9 | 5.6 | -1.6 | 1.7 |
| FTSE Canada All Corporate Bond | 0.3 | 0.5  | 2.3 | 8.2 | 1.7  | 3.0 |

### GLOBAL FIXED INCOME

| INDEX RETURNS (%)          | 1M  | 3M   | YTD | 1Y  | 5Y   | 10Y |
|----------------------------|-----|------|-----|-----|------|-----|
| FTSE World Government Bond | 1.1 | -0.9 | 1.8 | 8.2 | -2.5 | 1.5 |

## Market Returns as of June 30, 2025

All returns in CAD

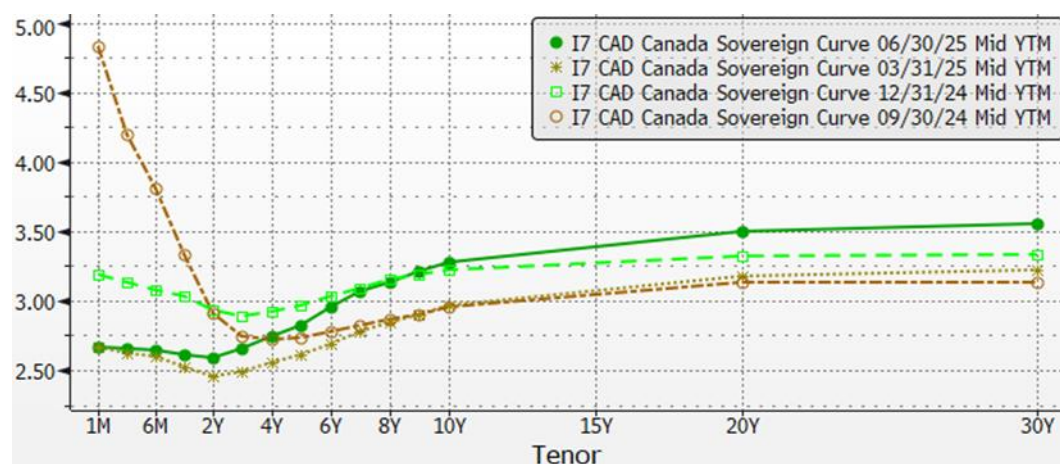
### COMMODITIES

| INDEX RETURNS (%)                                | 1M   | 3M    | YTD   | 1Y    | 5Y   | 10Y  |
|--|------|-------|-------|-------|------|------|
| Bloomberg WTI Cushing Crude Oil Spot Price       | 6.3  | -13.6 | -13.9 | -20.4 | 10.7 | 1.8  |
| Bloomberg European Dated Brent BFOE Price        | 5.5  | -16.5 | -13.0 | -21.8 | 10.7 | 1.9  |
| Edmonton Crude Oil Syncrude Sweet Blend FOB Spot | 4.4  | -15.4 | -12.1 | -20.6 | 13.5 | 1.8  |
| S&P GSCI Nat Gas Index Spot                      | -0.5 | -20.5 | -9.7  | 32.5  | 14.6 | 2.9  |
| S&P GSCI Copper Index Spot                       | 3.1  | -3.1  | 7.8   | 3.5   | 10.5 | 6.5  |
| S&P GSCI Gold Index Spot                         | -1.0 | -0.5  | 18.8  | 41.0  | 13.0 | 11.9 |

### CURRENCY

| % CHANGE | 1M   | 3M   | YTD  | 1Y   | 5Y   | 10Y  |
|----------|------|------|------|------|------|------|
| CAD/USD  | -0.8 | -5.2 | -5.1 | -0.3 | 0.0  | 0.9  |
| CAD/Yen  | -0.9 | -1.8 | 3.2  | 11.1 | -5.6 | -0.8 |
| CAD/GBP  | 0.8  | 0.7  | 3.8  | 8.1  | 2.1  | -0.5 |
| CAD/Euro | 2.6  | 3.0  | 7.6  | 9.2  | 0.9  | 1.4  |

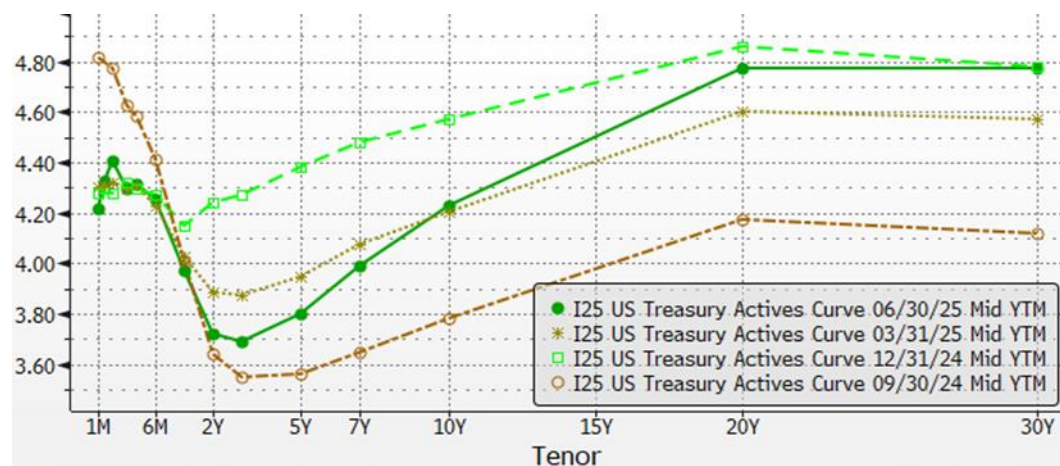
### GOVERNMENT OF CANADA YIELD CURVE



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### U.S. TREASURY YIELD CURVE



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Sources: Bloomberg Finance L.P., FTSE Bond Analytics, TD Securities, Thomson Financial

<sup>1</sup> The [Global Economic Policy Uncertainty Index](#) is a GDP-weighted average of national Economic Policy Uncertainty (EPU) indices for 18 countries that account for two-thirds of global output. Each national EPU index reflects the relative frequency of own-country newspaper articles that contain a trio of terms pertaining to the economy, uncertainty and policy-related matters.

<sup>2</sup> The [Trade Policy Uncertainty Index](#) is one of the [category-specific Economic Policy Uncertainty \(EPU\) indexes](#). It reflects the frequency of articles in American newspapers that discuss policy-related economic uncertainty and also contain one or more references to trade policy.

<sup>3</sup> [State of Tariffs: July 11, 2025 | The Budget Lab at Yale](#)

<sup>4</sup> The [Geopolitical Risk Index](#), created by Dario Caldara and Matteo Iacoviello, is a measure of adverse geopolitical events and associated risks based on a tally of newspaper articles covering geopolitical tensions. The index reflects automated text-search results of the electronic archives of 10 newspapers related to adverse geopolitical events in each newspaper for each month (as a share of the total number of news articles).

<sup>5</sup> The [consumer](#) and [business](#) confidence indicators provide an indication of future developments of households' and businesses spending and investment based on opinion surveys. An indicator above 100 signals a boost in confidence towards the future economic situation; values below 100 indicate a pessimistic attitude towards future developments in the economy.

<sup>6</sup> The Group of Seven (G7) is an informal grouping of seven of the world's advanced economies and the European Union. Its members meet annually at the G7 Summit to discuss global economic and geopolitical issues.

<sup>7</sup> The Citi Economic Surprise Index measures the pace at which economic indicators are coming in ahead of or below consensus forecasts. When the index is negative, it means that the majority of reports are coming in below expectations, while a positive reading indicates that most data is coming in ahead of expectations.

<sup>8</sup> Congress.gov, *H.R.1 - One Big Beautiful Bill Act, 119th Congress (2025-2026)*, <https://www.congress.gov/bills/119th-congress/house-bill/1/text>

<sup>9</sup> International Monetary Fund, *World Economic Outlook: a critical juncture amid policy shifts*; April 14, 2025, [World Economic Outlook, April 2025: A Critical Juncture amid Policy Shifts](#)

<sup>10</sup> The Purchasing Managers Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing and services sectors; based on a monthly survey of companies to determine whether business conditions are improving, unchanged, or deteriorating compared to the previous survey, seasonally adjusted.

<sup>11</sup> The Bank for International Settlements (BIS) supports central banks' pursuit of monetary and financial stability through international cooperation, and to act as a bank for central banks.

<sup>12</sup> An overnight index swap is an interest rate swap in which a fixed rate is exchanged for an overnight floating rate, such as Sonia. The OIS market includes a variety of maturities and currencies.

<sup>13</sup> Percent of balance for which payment is either 90-day late, 120-day late or severely derogatory. 90+ days late is synonymous to seriously delinquent. Not all creditors provide updated information on payment status, especially after accounts have been derogatory for a longer period of time. Thus, the payment performance profiles obtained from our data may to some extent reflect reporting practices of creditors.

<sup>14</sup> Federal Reserve Bank of New York, *Quarterly report on household debt and credit*; [https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC\\_2025Q1](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2025Q1)

<sup>15</sup> The Business Roundtable CEO Economic Outlook Index is based on a survey — conducted quarterly since the fourth quarter of 2002 — of our member CEOs' plans for hiring and capital spending, and their expectations for sales, over the next six months. Taking these factors together, the survey signals the direction of the U.S. economy.

<sup>16</sup> CPB World Trade Monitor; <https://www.cpb.nl/en/wtm/cpb-world-trade-monitor-april-2025>

<sup>17</sup> CPB Netherlands Bureau for Economic Policy Analysis is an independent institute that carries out research on the Dutch economy and how socio-economic policy in the Netherlands can be improved.

<sup>18</sup> Organisation for Economic Co-operation and Development, *Global Debt Report 2025: Financing Growth in a Challenging Debt Market*; March 20, 2025, [Global Debt Report 2025 | OECD](#)

<sup>19</sup> The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries, covering approximately 85% of the free float-adjusted market capitalization in each country

<sup>20</sup> The S&P 500 is an index of 500 stocks designed to reflect the risk/return characteristics of the large-cap US equity universe

<sup>21</sup> [Kenneth R. French - Data Library](#)

<sup>22</sup> The "Wall of worry" is the financial markets' periodic tendency to surmount a host of negative factors and continue ascending.

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All returns are stated in US dollars, unless stated otherwise.

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