



SPRING 2025

SUMMARY

- While time and effort can be spent diving into the fundamentals that underpin the global economy and what they could imply for the outlook and markets, the last three months have emphasized that these factors are playing a lesser role in setting expectations than they traditionally do.
- Instead, what is likely to come next for consumers, businesses, investors, and policymakers hinges on the volatile and generally unpredictable developments concerning US economic policy.
- The new US Administration's aggressive turn against perceived adversaries and (former) allies alike has roiled long-standing norms, with the persistent threat of substantial tariffs representing another potential pandemic-like shock to globally integrated supply chains that could bring cascading repercussions. Further complicating matters is the fairly haphazard way in which the changes in trade policy are being rationalized and put into force.
- The uncertainty about what policies may be in place even a week from now, let alone over the next month or four years, makes it incredibly difficult for consumers, businesses and investors to make spending and investment decisions — not to mention the impact it has on forecasters — and creates a further headwind for the outlook.
- While uncertainty and volatility are likely to remain the key watchwords for the foreseeable future, and risks to the downside remain elevated, there remains the scope for momentum to continue on a positive trajectory.
- Further, while ample caution is warranted, it may well be the case that new opportunities arise in response to US policy developments, such as those stemming from the renewed era of government investment in Europe, while Canada and others could benefit from broadening their trade relationships — which could provide a fundamental support to markets that have undergone something of a valuation adjustment.

The only certainty is uncertainty

While time and effort can — and will — be spent diving into the fundamentals that underpin the global economy and what they could imply for the outlook and markets, the last three months have emphasized that these factors are playing a lesser role in setting expectations than they traditionally do.

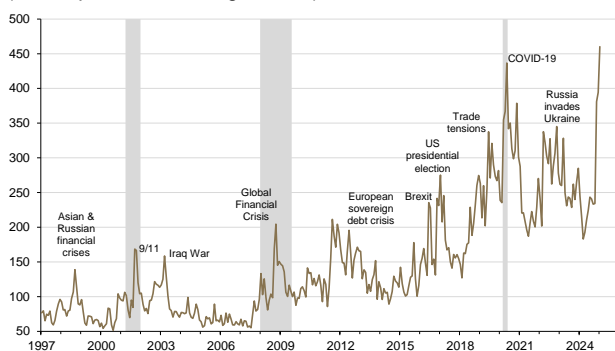
Instead, what is likely to come next for consumers, businesses, investors, and policymakers hinges on the highly volatile and generally unpredictable developments concerning US economic policy.

There were, for sure, expectations that the regime change in Washington would bring about a more nationalistic approach to international policy and an increase in geopolitical uncertainty, but few would have expected what has played out so far.

Measures of uncertainty, such as the Global Economic Policy Uncertainty Index¹ or World Uncertainty Index², are estimated to now be around their highest levels on record. When the only comparable is the onset of an unprecedented global health crisis that disrupted every facet of life and sent governments and central banks scrambling to do whatever they could to prevent a complete economic collapse, that is not ideal.

CHART 1: SIMPLY UNPREDICTABLE

Economic Policy Uncertainty Index, World
(index; pre-2015 average = 100)

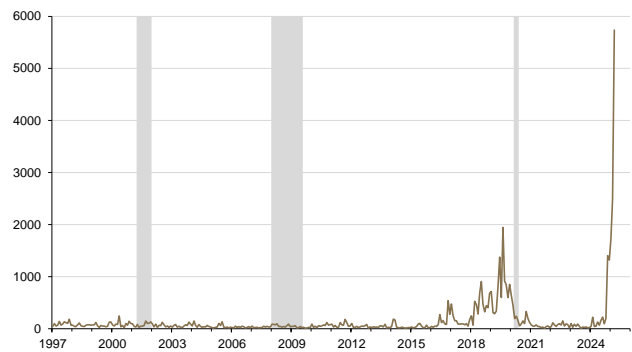


Shaded regions represent periods of US recession; source Guardian Capital using data from PolicyUncertainty.com to January 2025

And to be clear, while it is the case that there are wars still being fought on multiple fronts, geopolitics remain tense, and elections are slated across the globe, it is American trade policy, in particular, to which this seemingly unprecedented degree of uncertainty can be attributed, as indicated by the astronomical surge in gauges of this specific issue.

CHART 2: TRADE SHOCK AND AWE

Trade policy uncertainty index³, US
(index pre-2015 average = 100)



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

The new Administration's aggressive turn against perceived adversaries and (former) allies alike has roiled long-standing norms. The persistent threat of substantial tariffs represents another potential pandemic-like shock to globally integrated supply chains that could bring cascading repercussions.

Further complicating matters is the fairly haphazard way in which the changes in trade policy are being rationalized and enforced.

For example, the initial US Executive Order⁴ levying tariffs on Canada cited the southward flow of fentanyl as the reasoning for the punitive measures, despite negligible evidence⁵ to that effect.

The unprecedented approach to setting the so-called "reciprocal" tariffs introduced on "Liberation Day," which indiscriminately targeted goods and regions (including a series of uninhabited islands) with exorbitant levies, did little to help credibility.

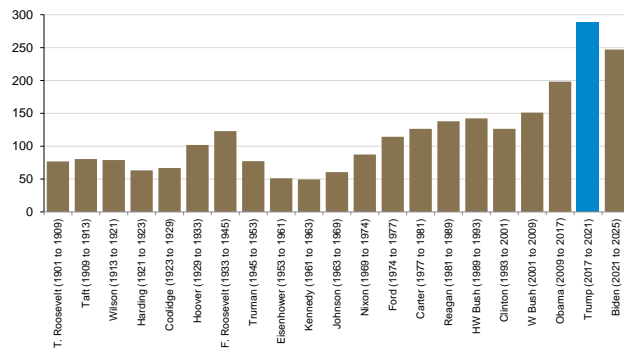
Even beyond that, the fact that tariffs have been delayed, altered, scaled back and re-threatened numerous times in just the first 100 days of the US President's term creates no end to confusion over the breadth of levies that will actually be in place, as well as whether any measures will be sustained for any material duration of time.

The uncertainty about what policies may be in place even a week from now, let alone over the next month or four years, makes it incredibly difficult for consumers, businesses and investors to make spending and investment decisions — not to mention the impact it has on forecasters — and creates a further headwind for the outlook.

While there is always hope for the prospect of a course adjustment that provides increased clarity for policy and related decision-making, much damage to the Administration's credibility has been done. The President's previous term provides reason to anticipate that the only certainty for the months ahead will be ongoing uncertainty.

CHART 3: THE NEW NORMAL

Average US news-based policy uncertainty index⁶ by term (index; pre-2009 average = 100)



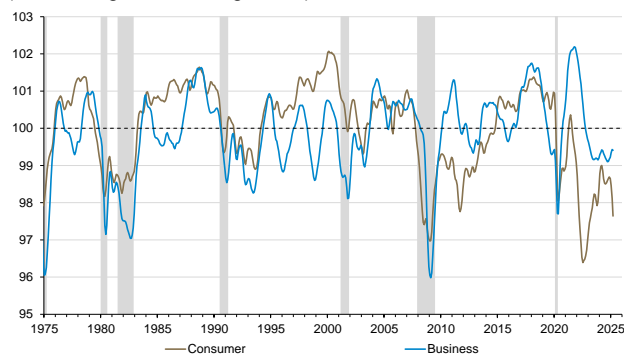
Shaded regions represent periods of US recession; source Guardian Capital using data from PolicyUncertainty.com to December 2024

The crystal ball ain't so crystal clear

Households, businesses and financial markets hate uncertainty. Not knowing with high conviction what tomorrow may bring ramps up anxiety and weighs on sentiment — this latter point is increasingly evident in surveys showing the already downbeat sentiment turning for the worse in recent months.

CHART 4: SENTIMENT SOURING

Consumer and business sentiment⁷, G7* (index; long-term average=100)



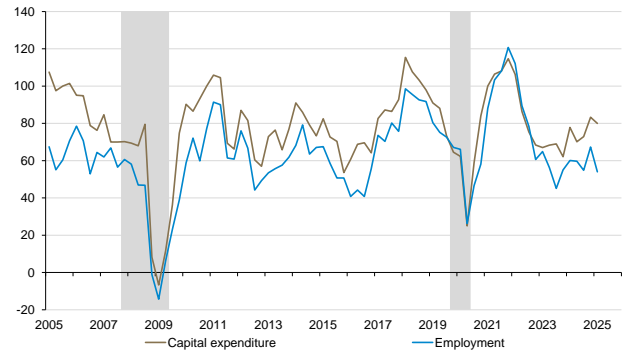
*GDP-weighted average of Canada, France, Germany, Italy, Japan, UK and US; shaded regions represent periods of US recession; source Guardian Capital using data from the OECD⁸ and Bloomberg to March 2025

Deteriorating confidence about what is to come tends to have the impact of constraining spending and investment, as consumers and corporations become more cautious and more risk-averse.

Recent surveys indicate households are curtailing spending plans, while businesses, especially smaller ones, are scaling back expectations for hiring and capital expenditure against the lack of clarity over policy and its impact on supply chains and demand.

CHART 5: HOOKING DOWN

CEO Economic Outlook⁹ hiring and capex plans, US (index)



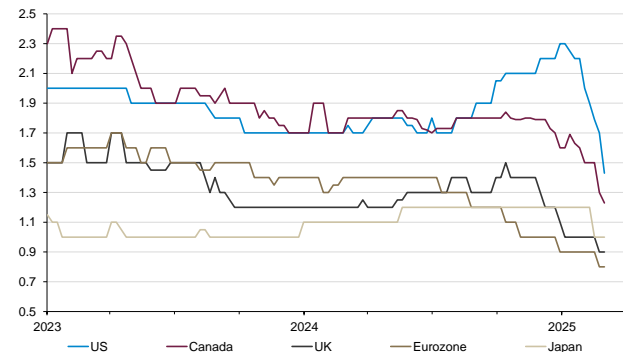
Shaded regions represent periods of US recession; source: Guardian Capital using data from Business Roundtable and Bloomberg to Q1 2025

Any diminished willingness to spend would further exacerbate the potentially significant negative impact on demand that arises from a (sustained) tariff-induced reduction in international trade.

The combination of these factors has seen economic growth forecasts across the globe move uniformly lower, though the confidence intervals are understandably wide. Interestingly, the downgrades have been noticeably sharp for the US, despite its relatively limited dependence on exports, greatly reducing the estimated growth premium over peers.

CHART 6: GOING DOWN

Consensus real gross domestic product forecasts, 2025 (year-over-year percent change)



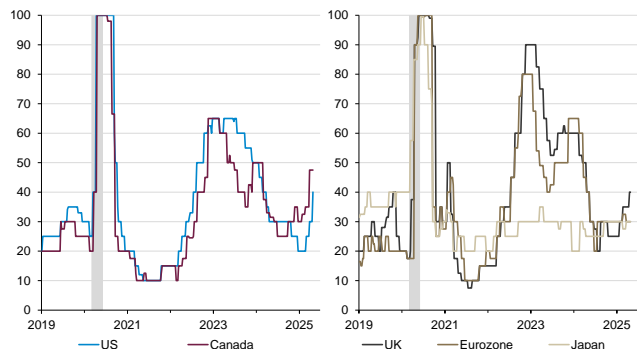
Source Guardian Capital using data from Bloomberg to April 25, 2025

The weaker near-term expected growth, along with elevated risks from tariffs and general uncertainty, has, coincidentally, seen estimated odds of a

recession shift higher, still not necessarily a base case yet, but moving in an undesirable direction.

CHART 7: RECESSION RISKS ON THE RISE

Consensus expected probability of recession in 12 months (percent)



Source: Guardian Capital using data from Bloomberg to April 25, 2025

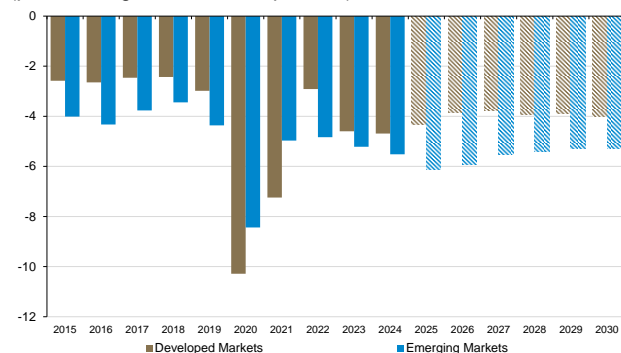
In more normal circumstances, a shock to the system that broadly raises downside risks to the outlook would reasonably be met by some sort of mitigating action from policymakers.

For example, at the onset of the pandemic, governments spent freely trying to fill the void left by the forced idling of large swaths of the economy, while central banks slashed rates. The policy prescription is less clear right now.

From a government perspective, many countries are still digging out of the fiscal holes created during the pandemic, which limits the capacity to pass significant support packages to offset the impact of trade barriers, while the magnitude of the economic hit, if any, remains highly uncertain.

CHART 8: 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](#)¹⁰; source: Guardian Capital, using data from the IMF

That said, China continues to roll out stimulus measures, Germany has announced a major new infrastructure program, and several other European nations are committing to enhancing defence budgets in response to US policy, while the election in Canada stands to bring with it increased deficits.

Also, there has been a broad move among governments to attempt to forge and deepen relationships outside the US to reduce dependence on what appears to be a now less reliable economic partner.

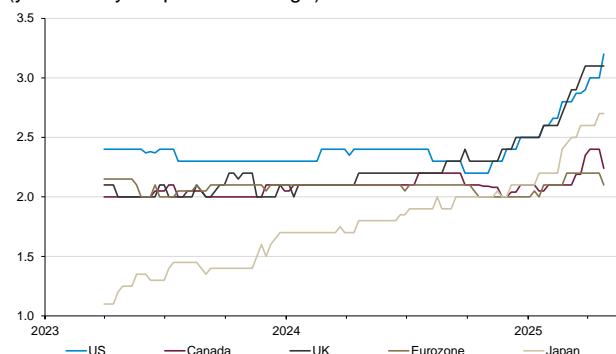
On the monetary side, the nature of the latest shock, combined with some lingering inflationary pressures, gives policymakers cause for moving cautiously.

For starters, there is little that a central bank can do to offset the impact of a trade war and the uncertainty it creates. Instead, as stewards of their currencies, they should focus on ensuring that the resultant cost pressures are more of a one-time price shock than an evolving inflationary spiral.

On that score, the fact that inflation expectations have risen sharply at a time when gauges of price pressures, while well off their earlier peaks, remain above comfort levels does not suggest that there will be a strong willingness among central banks to move materially lower from current rates.

CHART 9: GOING DOWN

Consensus consumer price index forecasts, 2025 (year-over-year percent change)



Source Guardian Capital using data from Bloomberg to April 25, 2025

Furthermore, the persistent lack of clarity in terms of the magnitude and duration of any tariff gives policymakers plenty of reasons to be less proactive and more reactive. Cutting rates to offset a policy

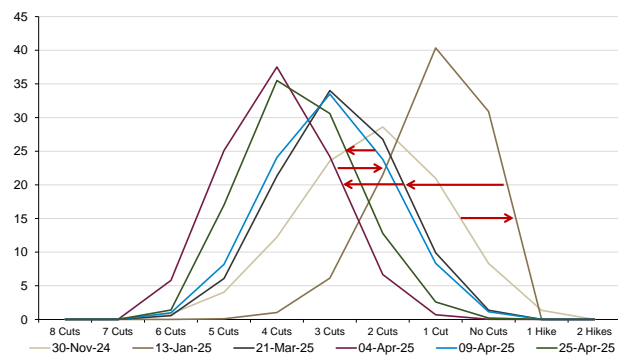
that does not stay in place (and therefore does not result in a material impact) may well result in stoking inflationary pressures.

This, in itself, adds to risks to the outlook as it suggests central banks may well, willingly, find themselves behind the curve should any actual impact end up being significant. A hesitancy to act stateside has renewed threats from the White House to the US Federal Reserve's (Fed) independence, adding further uncertainty to the mix.

The net impact here has been that markets are having a difficult time trying to pin down their expectations for policy rates, which has been adding to the volatility throughout financial markets.

CHART 10: MOVING TARGETS

Market-implied probabilities of US Federal Reserve policy path by year-end 2025
(percent)



Source: Guardian Capital based on data from [CME FedWatch](#)

I'm trying to tell you now, it's sabotage

While tariffs represent a potentially significant shock to global activity, there has yet to be a time when uncertainty alone was sufficient to cause a material downturn or outright recession.

The effects of uncertainty on confidence channels can make a bad situation worse but, in the absence of an actual material shock, the impact of uncertainty should just be to tamp down on activity that is being supported by an otherwise constructive economic backdrop at the margin.

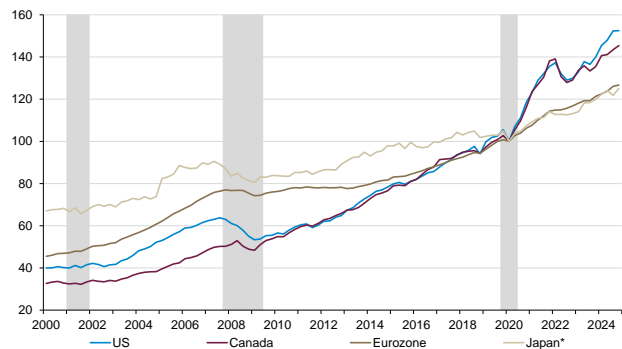
And, despite everything, it remains the case that the underlying fundamentals, in general, are still positive at the moment — something that makes the self-inflicted nature of this shock so frustrating.

Consumers, and those in the US in particular, remain in good financial shape. The latest available data indicate that aggregate household net worth (the value of assets owned less liabilities owed) was at record highs coming into the year, thanks to the firmness in financial and housing markets that have registered gains against slowing debt growth in the face of higher interest rates.

Moreover, this has been a global occurrence. The US has been the leader, but wealth gains have been broadly seen across Developed Markets (DM), with the available data showing households in Europe, Japan, and Canada have never before been as wealthy as they are now.

CHART 11: FOR WHAT IT'S WORTH

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



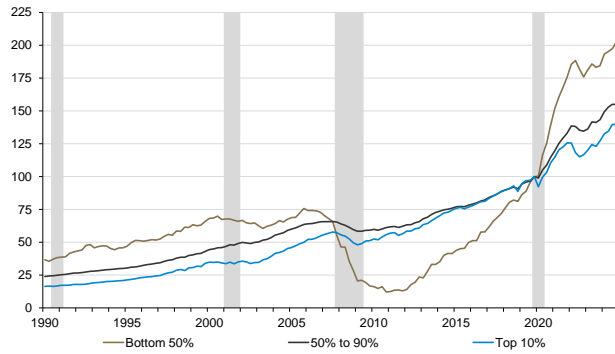
*Based on financial assets only; shaded regions represent periods of US recession; source: Guardian Capital using data from Statistics Canada, US Federal Reserve, European Central Bank, and Bank of Japan to Q4 2024

As well, one of the key characteristics of this current economic cycle has been that the less well-off have been active participants in the overall enrichment.

Household net worth among the bottom half of the wealth spectrum has continued to outperform other cohorts on a relative basis, providing key support to overall consumer spending.

CHART 12: SPREAD THE WEALTH

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

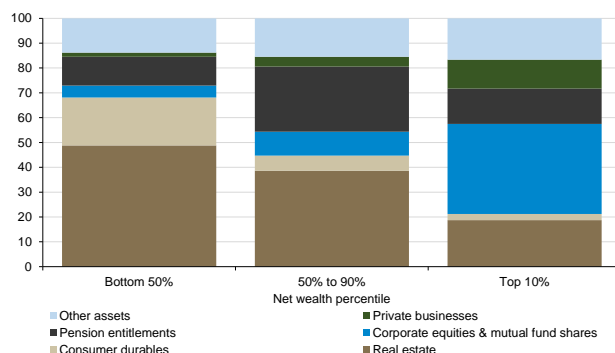


Shaded regions represent periods of US recession; source: Guardian Capital using data from the US Federal Reserve to Q4 2024

The narrowing in the gap between the top and the bottom wealth groupings may well continue this year, as the less rich households tend to have less exposure to the volatile financial markets, mitigating the impact of the stock sell-off on net worth and resultant effects on spending.

CHART 13: SHIELDED FROM STOCKS

Household asset holdings by wealth percentile, US
(percent of total assets)



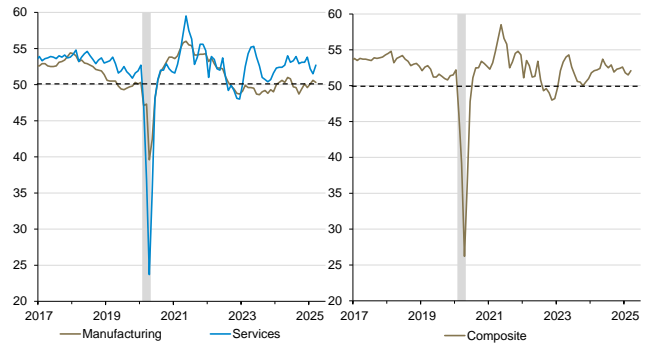
Shaded regions represent periods of US recession; source: Guardian Capital using data from the US Federal Reserve to Q4 2024

The solid balance sheets for households, especially the less-wealthy ones, have been a big factor underpinning the resiliency in spending in the post-pandemic period and serve as a reason why activity data has so far held up in the face of uncertainty and tariff threats.

Indeed, the bellwether global composite Purchasing Managers Index¹¹, a gauge of broad economic activity, actually perked up through the first quarter of 2025 with both its manufacturing and services sub-indexes holding in expansionary territory.

CHART 14: AT YOUR SERVICE

Purchasing Managers' Index, World
(diffusion index; >50 denotes expansion)

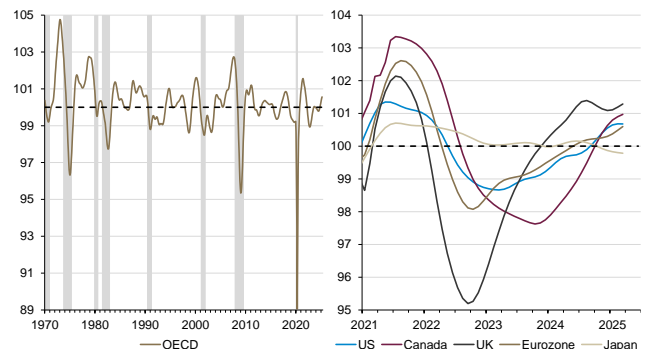


Shaded regions represent periods of US recession; source: Guardian Capital using data from Bloomberg to March 2025

Further, a broader slate of leading indicators points to momentum remaining on an upward trajectory across DM — a signal that would otherwise be setting a very different narrative for the marketplace than the one that currently prevails.

CHART 15: FOLLOW THE LEADER

Composite leading economic indicator¹²
(index; trend-growth = 100)



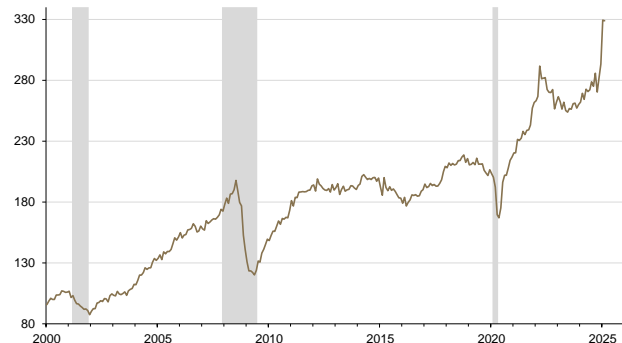
Shaded regions represent periods of US recession; source: Guardian Capital using data from the OECD and Bloomberg to March 2025

With that said, some of the components that make up these composites are somewhat, ironically, being skewed to the upside by evident tariff impacts, which dampen their normal predictive ability.

For example, while the direct impact of newly introduced trade barriers has been limited in the actual activity data so far, there are clear indications in industrial activity and international trade flows of efforts to front-run tariffs. Companies brought forward deliveries of goods to avoid the levies, resulting in a (likely temporary) jump in capital goods orders, manufacturing activity and exports to the US.

CHART 16: IMPORTERS GETTING AHEAD OF TARIFFS

Goods imports to the US
(billions of dollars)

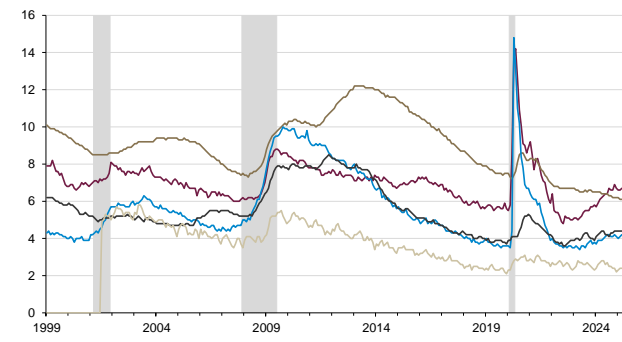


Shaded regions represent periods of US recession; source: Guardian Capital based on data from the US Census Bureau to February 2025

The generally sustained activity, combined with generally solid corporate balance sheets, however, have to this point seen job markets remain firm globally, with private sector layoffs benign and unemployment rates across countries still within arms' reach of recent generational lows.

CHART 17: LACKING IDLE HANDS

Unemployment rates
(percent)



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

The sustained incomes of households, in turn, compound any positive wealth effects on spending.

But make no mistakes and switch up my channel

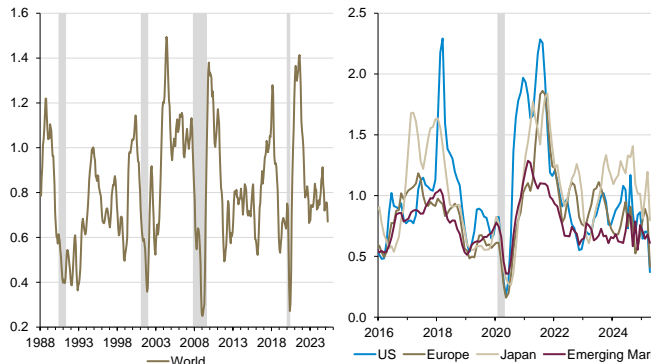
As mentioned at the outset, however, the here and now matters less, currently, than it has in a while, given the overwhelming uncertainty at the moment.

So, while the fundamentals that typically carry the most weight for markets may look fine right now, the cloudy outlook and elevated risks are an unwelcome one-two punch to investors.

While earnings expectations generally remain fairly sanguine, like the economic forecasts, downgrades here have been more prevalent than upgrades in recent months, with the more cyclical and internationally integrated areas bearing the brunt of the declines — the rethink of the prospects in the artificial investment (AI) space are also factoring in as well.

CHART 18: REVISIONS ROLLING OVER

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

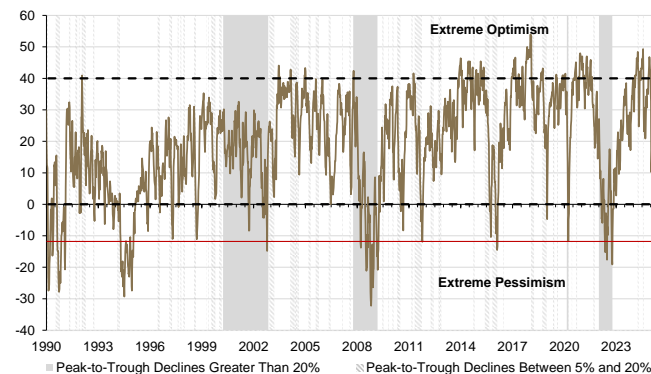


Shaded regions represent periods of US recession; source: Guardian Capital using data from Bank of America to April 2025

The deterioration in fundamentals has been compounded by a substantial deterioration in investor sentiment resulting from policy uncertainty.

CHART 19: SOUR SENTIMENT

Investor survey bull-bear differential
(“bullish” respondents less “bearish”; percentage points)



Source: Guardian Capital based on data from Investors Intelligence, Wall Street Journal and Ned Davis Research to April 22, 2025

The net result has been a broad “risk off” tone to market proceedings with credit spreads widening and equities falling into correction territory. Rather than seeing true indiscriminate panic selling, however, it has been more of a rebalancing.

There has been a clear rotation away from those areas that have been subject to the biggest forecast adjustments, which also happened to carry the highest relative valuations coming into the year, to other areas of the marketplace that are less directly exposed to the goings on in Washington.

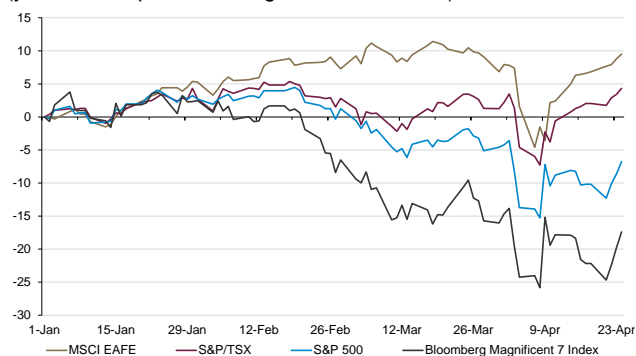
For example, while the MSCI World Index¹³ is down roughly 5% year-to-date (US dollar terms) at the time of writing and nearly 10% off its peak, that weakness has been focused on the more growth-centric areas of the US stock market.

American equities that have been the market leaders by a wide margin in recent years are down year-to-date, though above their post-“Liberation Day” lows, and have materially underperformed other more “value”-tinged DM so far this year, and the “Magnificent 7”¹⁴, in particular, come under pressure.

CHART 20: US VERSUS THEM

Stock market performance

(year-to-date percent change; US dollar basis)



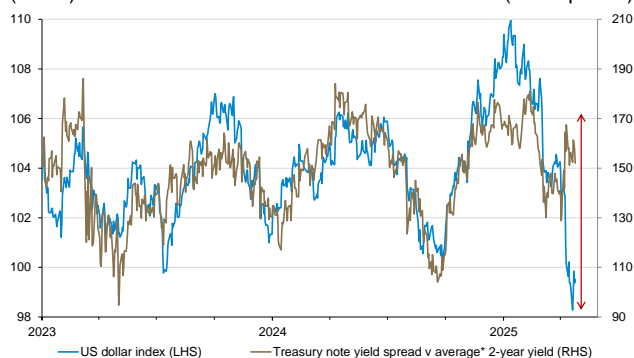
Source: Guardian Capital using data from Bloomberg to April 25, 2025

The weaker relative performance of US stocks, diminished growth premium hampering the “American Exceptionalism” narrative, concerns over fiscal sustainability, and an evident “sell America” sentiment in response to US policy are also weighing on US Treasury securities relative to other sovereigns.

The net selling of US assets has put downward pressure on the greenback, exacerbating the weakness in US markets for foreign investors, and resulting in abnormal market action where these former “safe haven” assets have not played that role amid the current bout of volatility.

CHART 21: A BREAK FROM TREND

US dollar index¹⁵ and US yield spread over sovereigns (index)



*Average of Canada, Germany, Japan, UK, Italy, France, Switzerland, Sweden, Norway, New Zealand and Australia; source: Guardian Capital using data from Bloomberg to April 25, 2025

Such a break from long-held trends may come across as alarming, but it is part and parcel of the White House’s desire to eliminate trade deficits.

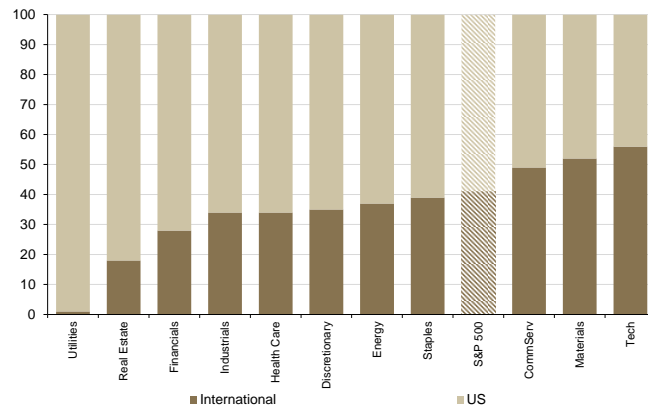
The balance of payments across economies means that those countries with trade surpluses also have capital account deficits — the net foreign funds they receive from selling goods to another country are ultimately invested back in that foreign country.

Narrowing the deficit by increasing trade barriers necessarily means that there will be fewer dollars circulating to be reinvested into the US, loosening a key support for American debt and weakening the currency.

This, in turn, makes imports more expensive for American companies and consumers, in theory supporting US manufacturing that faces increasing capacity and supply constraints while also raising the costs and reducing the competitiveness of the heavily-weighted and world-leading American service sector abroad (think Tech software and internet giants with a global footprint contained within a S&P 500 Index¹⁶ sector that draws the majority of its revenues from outside of the US).

CHART 22: FOREIGN EXPOSURE

S&P 500 company geographic revenue exposure, 2024
(percent of total revenue)



Source: Guardian Capital using data from FactSet as at December 31, 2024

I'll tell you now, I keep it on and on

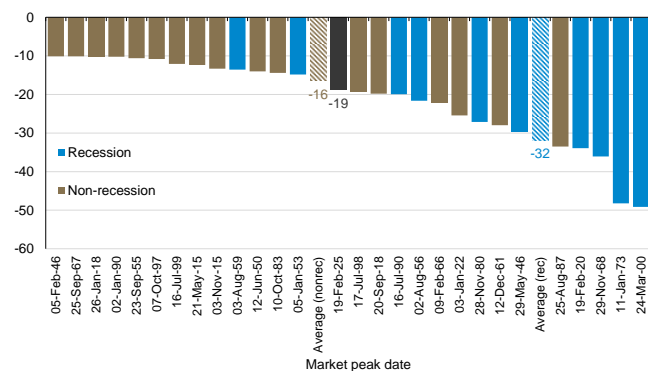
Moving away from the economic theory wonkiness, what does this mean for investors going forward?

For equities, the path forward really depends on the path for policy and whether a recession materializes.

History shows that, in the absence of a material economic downturn or the development of a substantial financial imbalance that is not currently on the radar, the average correction in the S&P 500 Index, for example, from its peak has been 16%. Past recessionary drawdowns have averaged 32%, but excluding those extreme and idiosyncratic dislocations, the average drawdown in the US equity benchmark is a mere 25%.

CHART 23: NEEDLE AND THE DAMAGE DONE?

S&P 500 declines of 10% or more since World War II
(percent decline from market peak)



Source: Guardian Capital based on data from Bloomberg to April 25, 2025

To the extent that history can serve as a guide, it would suggest there is scope for, at least, the retest

of the recent lows seen following the President's presentation in the Rose Garden on April 2.

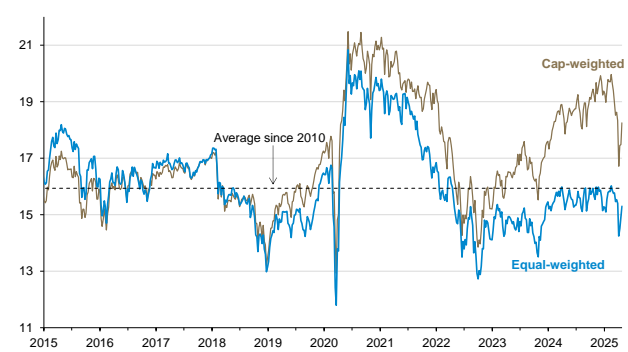
At the same time, there is a lot of bad already priced into the market, as evidenced by the extreme pessimism recorded in recent investor surveys.

The fact that things typically never turn out as bad as feared, just as they rarely end up as great as hoped, suggests that there is ample potential from here for markets to gain momentum should headline risks fade (or at least get "less bad").

That is especially the case in the current environment, given the otherwise solid macro underpinnings discussed, as well as the fact that markets have undergone a valuation adjustment year-to-date that makes assets more attractive, notwithstanding the lower conviction in forward expectations at the moment.

CHART 24: MORE ATTRACTIVE

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



Source: Guardian Capital using data from Bloomberg to April 25, 2025

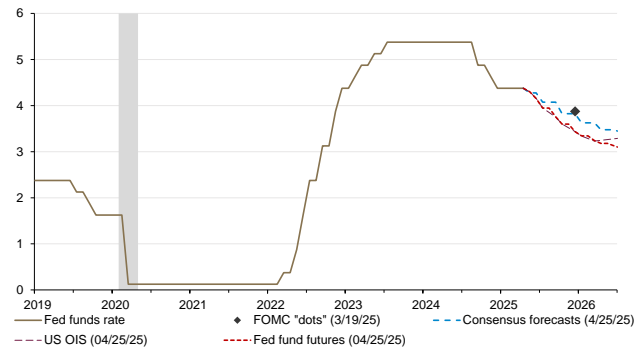
Turning to fixed income, while the core of the asset class is traditionally treated as "risk-free," there are a couple of risks that suggest there may be better options than standard government bond issues.

Market pricing for the path of policy has been volatile, but it continues to suggest that global central banks will be more proactive to the headwinds than policymakers have suggested that they will be.

A good example is that markets and forecasters continue to anticipate that the Fed will be more aggressive, which is combating the erosive economic policies out of the White House.

CHART 25: BETTING AGAINST THE FED

Fed funds rate target midpoint and expectations (percent)

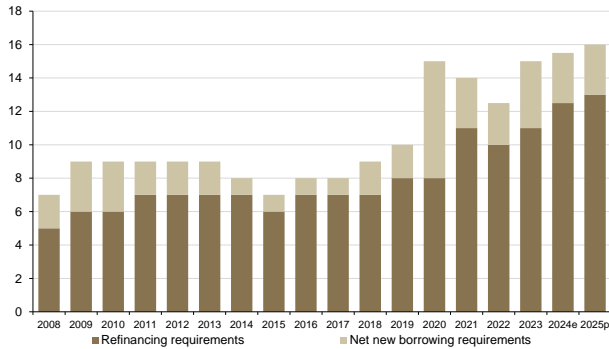


The shaded region represents a period of US recession; source: Guardian Capital using data from the Federal Reserve and Bloomberg to April 25, 2025

That suggests that rates could adjust higher in a bear-flattening manner — less policy-sensitive long-term rates have been re-establishing their “fiscal vigilante” reputation (and, arguably, were responsible for the delay on the “reciprocal” tariffs) that suggests less of an adjustment by markets, though the record supply of sovereign debt expected to come to market in the coming months will likely exert some upward pressure there as well.

CHART 26: GIVE ME SOME CREDIT

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



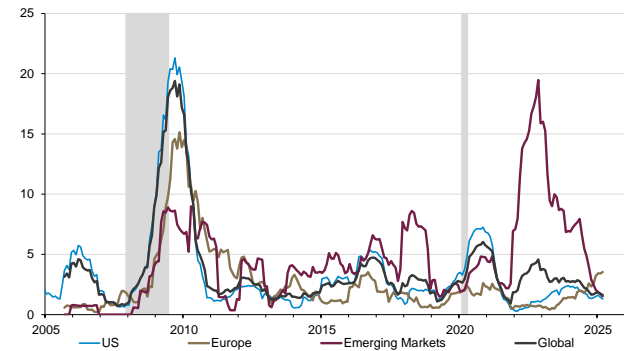
e=“estimate”; p=“projection”; source Guardian Capital using data from the OECD’s [Global Debt Report 2024](#)¹⁷ (March 2025)

In contrast, the recent widening in credit spreads creates an arguably better risk/reward trade-off for corporate bonds, especially considering that credit quality is not showing much by way of deterioration.

In fact, the latest data indicate that bond default rates worldwide sit at more than three-year lows as corporate balance sheets in aggregate do not suggest that a credit crisis looms.

CHART 27: NOT SOUNDING ANY ALARMS YET

Par-weighted High-Yield bond default rates (percent)



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

The bottom line is that while uncertainty and volatility are likely to remain the key watchwords for the foreseeable future and risks to the downside remain elevated, there remains the scope for momentum to remain on a positive trajectory.

Further, it may well be the case that new opportunities arise in response to US policy developments, such as those stemming from the renewed era of government investment in Europe, while Canada and others could benefit from broadening their trade relationships — which could provide a fundamental support to markets that have undergone something of a valuation adjustment.

That said, the prevalent risks reiterate the importance of investors managing risks and diversifying exposures across asset classes and geographies and placing an added emphasis on high-quality assets that have the potential to weather continued stormy waters.

Market Returns as of March 31, 2025

All returns in CAD

CANADIAN EQUITIES

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
S&P/TSX Composite	-1.5	1.5	1.5	15.8	16.8	8.5
S&P/TSX 60	-1.9	1.7	1.7	15.8	16.5	9.0
S&P/TSX Completion	0.4	0.5	0.5	15.8	18.0	7.1
S&P/TSX SmallCap	2.6	0.9	0.9	11.1	20.1	6.1
S&P/TSX Composite High Dividend	0.5	3.0	3.0	14.1	17.4	7.9
S&P/TSX Composite Dividend	-0.6	2.6	2.6	15.3	17.0	9.1

S&P/TSX SECTOR RETURNS (%)

SECTOR RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
Communication Services	-1.5	2.2	2.2	-11.9	-0.3	3.3
Consumer Discretionary	-2.4	-0.2	-0.2	6.9	19.2	7.0
Consumer Staples	2.6	-0.5	-0.5	13.8	15.5	10.6
Energy	4.2	2.7	2.7	12.6	25.1	6.5
Financials	-3.6	-1.2	-1.2	21.7	18.4	10.9
Health Care	-4.4	-9.0	-9.0	-16.8	-15.1	-28.5
Industrials	-4.6	-2.0	-2.0	-3.2	14.4	10.1
Information Technology	-12.7	-7.5	-7.5	21.8	18.2	18.4
Materials	7.2	20.3	20.3	38.1	17.9	9.2
Real Estate	-1.4	-1.6	-1.6	2.1	8.8	4.7
Utilities	1.8	4.9	4.9	20.6	7.8	7.7

INTERNATIONAL EQUITIES

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
MSCI World Index (Net, C\$)	-4.5	-1.7	-1.7	13.8	16.4	10.9
MSCI EAFE Index (Net, C\$)	-0.5	6.9	6.9	11.5	12.0	6.7
MSCI ACWI (Net, C\$)	-4.0	-1.3	-1.3	13.9	15.4	10.2
MSCI France (C\$)	-0.2	10.3	10.3	4.8	13.8	8.2
MSCI Germany (C\$)	1.6	15.6	15.6	26.5	14.6	6.1
MSCI Japan (C\$)	0.1	0.4	0.4	4.1	9.0	6.6
MSCI U.K. (C\$)	0.6	9.8	9.8	21.6	14.1	6.2
S&P/IFC Investable (Emerging Markets)	0.3	1.4	1.4	14.1	9.3	5.8
MSCI EAFE Growth (Gross, C\$)	-3.3	2.3	2.3	3.9	9.1	7.2
MSCI EAFE Value (Gross, C\$)	2.4	11.8	11.8	20.8	15.8	7.1

CANADIAN FIXED INCOME

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
FTSE Canada 91 Day TBill	0.3	0.8	0.8	4.5	2.5	1.8
FTSE Canada Short Term Overall Bond	0.3	1.7	1.7	7.1	2.1	1.9
FTSE Canada Mid Term Overall Bond	-0.1	2.7	2.7	8.6	1.2	2.0
FTSE Canada Long Term Overall Bond	-1.4	1.8	1.8	7.0	-1.2	1.3
FTSE Canada Universe Bond	-0.3	2.0	2.0	7.7	0.9	1.8
FTSE Canada High Yield Overall Bond	-0.1	1.2	1.2	9.6	7.9	6.1
FTSE Canada Real Return Bond Overall	-0.4	3.5	3.5	9.3	1.5	1.5

US EQUITIES

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
S&P 500	-5.7	-4.2	-4.2	15.1	18.9	13.9
Dow Jones Industrial Average	-4.1	-0.8	-0.8	14.2	16.5	12.9
NASDAQ	-8.3	-10.4	-10.4	12.3	17.8	14.9
Russell 1000	-5.9	-4.4	-4.4	14.7	18.7	13.6
Russell 2000	-6.9	-9.4	-9.4	2.1	13.5	7.6
Russell 3000	-5.9	-4.7	-4.7	14.0	18.4	13.2
Russell 1000 Growth	-8.5	-9.9	-9.9	14.6	20.4	16.6
Russell 1000 Value	-2.9	2.2	2.2	14.0	16.4	10.2

S&P 500 SECTOR RETURNS (%)

SECTOR RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
Communication Services	-8.4	-6.1	-6.1	20.7	17.6	11.7
Consumer Discretionary	-9.0	-13.7	-13.7	13.6	15.9	12.8
Consumer Staples	-2.5	5.3	5.3	19.5	13.0	10.3
Energy	3.8	10.3	10.3	8.9	31.9	7.6
Financials	-4.3	3.6	3.6	27.8	21.7	13.5
Health Care	-1.8	6.6	6.6	6.7	12.6	10.5
Industrials	-3.7	-0.1	-0.1	12.3	19.5	12.2
Information Technology	-8.9	-12.6	-12.6	12.6	24.6	22.2
Materials	-2.7	2.9	2.9	0.3	16.4	9.4
Real Estate	-2.5	3.7	3.7	16.5	10.1	N/A
Utilities	0.2	5.0	5.0	31.7	11.1	10.9

INTERNATIONAL EQUITIES

MSCI EAFE SECTOR RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
Communication Services	-1.3	10.9	10.9	25.9	8.7	3.9
Consumer Discretionary	-5.8	-0.6	-0.6	-3.6	11.0	5.3
Consumer Staples	2.6	8.4	8.4	9.5	3.7	4.5
Energy	7.1	15.3	15.3	7.2	15.9	7.0
Financials	2.1	15.3	15.3	36.4	21.2	8.3
Health Care	-3.9	2.9	2.9	2.8	5.7	5.5
Industrials	0.8	7.0	7.0	15.5	15.5	9.0
Information Technology	-6.0	-2.7	-2.7	-6.2	12.2	10.4
Materials	-1.8	2.3	2.3	-4.3	12.0	7.0
Real Estate	-0.6	1.4	1.4	2.0	2.6	N/A
Utilities	7.4	12.5	12.5	20.7	8.0	6.8

CANADIAN FIXED INCOME

SECTOR RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
FTSE Canada Federal Bond	-0.1	2.3	2.3	7.1	0.0	1.2
FTSE Canada Provincial Bond	-0.7	1.9	1.9	7.4	0.1	1.6
FTSE Canada All Corporate Bond	0.0	1.8	1.8	8.8	3.2	2.9

GLOBAL FIXED INCOME

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
FTSE World Government Bond	0.6	2.6	2.6	8.6	-2.8	1.2

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

Market Returns as of March 31, 2025

All returns in CAD

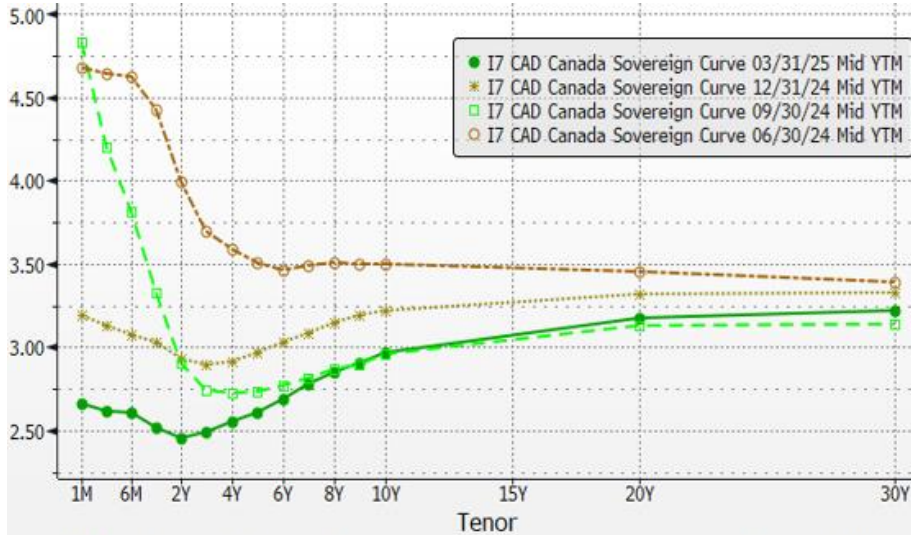
COMMODITIES

INDEX RETURNS (%)	1M	3M	YTD	1Y	5Y	10Y
Bloomberg WTI Cushing Crude Oil Spot Price	2.4	-0.3	-0.3	-8.6	28.7	5.5
Bloomberg European Dated Brent BFOE Price	5.0	4.2	4.2	-5.7	29.4	5.1
Edmonton Crude Oil Syncrude Sweet Blend FOB Spot	6.3	3.9	3.9	-10.6	50.1	5.2
S&P GSCI Nat Gas Index Spot	7.3	13.5	13.5	148.3	20.5	5.9
S&P GSCI Copper Index Spot	3.6	11.3	11.3	16.8	14.7	6.2
S&P GSCI Gold Index Spot	10.5	19.4	19.4	49.6	14.8	11.7

CURRENCY

% CHANGE	1M	3M	YTD	1Y	5Y	10Y
CAD/USD	-0.1	0.1	0.1	6.4	0.2	1.3
CAD/Yen	0.7	5.2	5.2	7.6	-6.1	-1.0
CAD/GBP	2.4	3.1	3.1	8.7	1.0	-0.1
CAD/Euro	3.8	4.4	4.4	6.4	-0.1	1.3

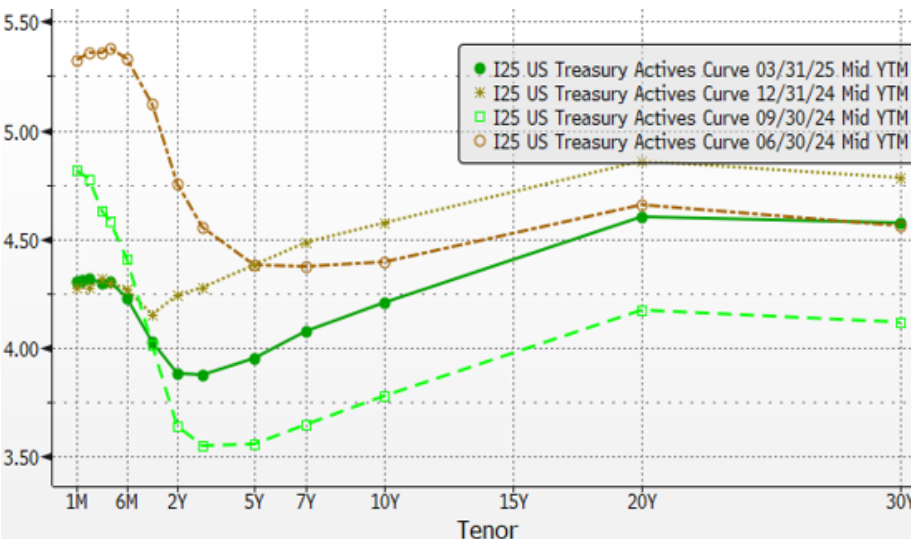
GOVERNMENT OF CANADA YIELD CURVE



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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

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- ¹ The "Global Economic Policy Uncertainty Index" is a GDP-weighted average of national Economic Policy Uncertainty (EPU) indices for 16 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. https://www.policyuncertainty.com/global_monthly.html
- ² World Uncertainty Index; The WUI is computed by counting the percentage of the word "uncertain" (or its variant) in the Economist Intelligence Unit country reports. The WUI is then rescaled by multiplying by 1,000,000. A higher number means higher uncertainty and vice versa, <https://worlduncertaintyindex.com/data/>
- ³ 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.
- ⁴ The White House, *Imposing duties to address the flow of illicit drugs across our northern border*; <https://www.whitehouse.gov/presidential-actions/2025/02/imposing-duties-to-address-the-flow-of-illicit-drugs-across-our-national-border/>
- ⁵ US Customs and Border Protection, *Drug Seize Statistics*; <https://www.cbp.gov/newsroom/stats/drug-seizure-statistics>
- ⁶ The [US news-based policy uncertainty index](#) is based on month-by-month searches of available US newspapers since 1900 for terms related to economic and policy uncertainty. In particular, the search includes articles containing the term 'uncertainty' or 'uncertain', the terms 'economic', 'economy', 'business', 'commerce', 'industry', and 'industrial' as well as one or more of the following terms: 'congress', 'legislation', 'white house', 'regulation', 'federal reserve', 'deficit', 'tariff', or 'war'. In other words, to meet the criteria for inclusion, the article must include terms in all three categories pertaining to uncertainty, the economy and policy. The raw counts of policy uncertainty articles are divided by the total number of news articles containing terms regarding the economy or business in the paper, and each paper's series is normalized to unit standard deviation before December 2009, and sum each paper's series.
- ⁷ The Organisation for Economic Co-operation and Development (OECD) [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.
- ⁸ The OECD+ is an aggregate including the 38 OECD economies and six major non-member economies (Brazil, China, India, Indonesia, Russia and South Africa).
- ⁹ The Business Roundtable CEO Economic Outlook Index is based on a survey (conducted quarterly since the fourth quarter of 2002) of its 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 US economy.
- ¹⁰ International Monetary Fund, *World Economic Outlook: a critical juncture amid policy shifts*; April 14, 2025, <https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>
- ¹¹ 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.
- ¹² The composite leading indicator (CLI) is designed to provide early signals of turning points in business cycles, showing fluctuation of the economic activity around its long-term potential level. CLIs show short-term economic movements in qualitative rather than quantitative terms.
- ¹³ 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
- ¹⁴ Magnificent Seven = Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, Nvidia and Tesla.
- ¹⁵ The US dollar index indicates the general international value of the US dollar by averaging the exchange rates between the US dollar and 10 major world currencies weighted by their share of international trade and foreign exchange liquidity.
- ¹⁶ The S&P 500 is an index of 500 stocks designed to reflect the risk/return characteristics of the large-cap US equity universe.
- ¹⁷ Organisation for Economic Co-operation and Development, *Global Debt Report 2025: Financing Growth in a Challenging Debt Market*; March 20, 2025, https://www.oecd.org/en/publications/2025/03/global-debt-report-2025_bab6b51e.html

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