

On Balance

THE ASSET MIX COMMITTEE REVIEW



GUARDIAN CAPITAL™

September 12, 2025

This commentary is authored by the Guardian Capital LP Asset Mix Committee (AMC)¹

ASSET CLASS RETURNS (as at September 12, 2025)

Asset Class	Representative Index	QTD	1 Yr
Canadian Equity	S&P/TSX Composite Index	9.04%	24.74%
Global Equity	MSCI World Index (net CAD)	7.42%	21.60%
Fixed Income	FTSE Canada Universe Bond Index	1.22%	2.75%
Cash	FTSE Canada 91 Day T-Bill Index	0.59%	3.36%

Asset Mix Committee Summary Views²

GROWTH ASSET ALLOCATION

Asset Class	Strategic Allocation ³	New Tactical Target ⁴	Change from prior ⁴
Equity	70.0%	77.7%	—
<i>Canadian Equity</i>	40.0%	41.3%	-0.5
<i>Global Equity</i>	30.0%	36.4%	—
Fixed Income	25.0%	22.3%	+0.5
Cash	5.0%	0.0%	—

CONSERVATIVE ASSET ALLOCATION

Asset Class	Strategic Allocation ³	New Tactical Target ⁴	Change from prior ⁴
Equity	30.0%	34.0%	—
<i>Canadian Equity</i>	17.5%	18.6%	-0.2
<i>Global Equity</i>	12.5%	15.5%	—
Fixed Income	65.0%	66.0%	+0.2
Cash	5.0%	0.0%	—

Decision by Committee

- The AMC trimmed the Canadian Equity weight that had passively increased due to relative performance and added to Fixed Income allocations that had passively decreased.
- Within Global Equity, the AMC decided to reduce the allocation to growth-oriented U.S. Equity and Global Equity and added to more value-oriented U.S. Equity and Emerging Markets Equity allocations.
- The AMC remains comfortable with a bias toward Equity in its asset mix, against expectations that monetary policy easing and greater clarity on trade policy will mitigate the likelihood of a material downturn in the global economy and financial markets.
- That said, elevated valuations in a still uncertain environment do suggest reason for caution that led to decisions to trim more growth-oriented exposures.
- The AMC's allocations remain overweight Equity with a bias toward Global quality growth strategies. Fixed Income allocations are concentrated in core Canadian bonds.

There are some indications in the “hard” data that economic momentum has slowed, though it remained positive, in the months since the Asset Mix Committee (AMC) last formally met in June, as the impact of tariffs and their related policy uncertainty has restrained activity. More recent “soft” survey-based data, however, have shown a marginal improvement as there has been greater, albeit still very limited, clarity on what trade policies are likely to be in place following the August 1, 2025, deadline imposed by the White House.

As well, there are growing expectations that the policy easing cycle is likely to resume in North America. Central banks appear to be shifting from a “reactive” approach to setting policy to a more “proactive” slant, as concerns about economic slack move to the forefront.

Accordingly, growth expectations for this year and next have continued to move higher from their lows in April (albeit still below the assumed rates that prevailed at the outset of the year), and the estimated probability of an imminent downturn has ebbed.

At the same time, inflation expectations appear to have come off of recent peaks and are not anticipated to become unanchored, though forecasts are for price pressures to remain sticky at rates above central bank targets for the foreseeable future.

Earnings momentum has similarly improved, and expectations have broadly been revised higher, supporting further positive performance of risk assets.



On Balance

THE ASSET MIX COMMITTEE REVIEW



GUARDIAN CAPITAL™

September 12, 2025

This commentary is authored by the Guardian Capital LP Asset Mix Committee (AMC)¹

Looking out to the months ahead, the AMC does not see a catalyst for market momentum to be materially derailed. The new bias at the U.S. Federal Reserve suggests room to move away from the current restrictive stance even in the face of positive economic news, while negative developments are likely to be met with expectations of more cuts sooner — both of which could prove constructive backdrops for markets.

At the same time, there is cause for some caution. Recent market performance has pushed valuations higher, which could set up for some pullback, especially in those more expensive growth-focused segments of the market. Still, such an environment could prove relatively positive for those other areas of the market that have underperformed the U.S.-centric Artificial Intelligence (AI) trade.

As such, the AMC decided to trim exposures to some allocations that are more levered to these segments of the market. These weights were redeployed to more value-oriented U.S. equity as well as Emerging Markets Equity — for the latter, it was deemed that economic fundamentals are showing signs of turning for the better, while the relative valuations versus Developed Markets appear attractive, and the asset class stands to benefit from an environment where global interest rates move lower and the U.S. dollar broadly depreciates.

As well, the decision was made to trim exposure to more growth-oriented Canadian Equity, which has seen its weight passively rise in recent months. The weights were re-allocated to core Canadian bonds that, conversely, saw their allocation passively decline since June.

The AMC's strategic allocations remain overweight Equity with a bias toward Global quality growth strategies. Fixed Income allocations are concentrated in Canadian bonds. The AMC will continue to monitor economic and market developments closely and stands ready to tactically exploit opportunities that may present themselves.

1. Guardian's Asset Mix Committee consists of investment professionals and asset class specialists, and is charged with overseeing the development and management of multi-asset investment portfolios, specifically addressing asset allocation and areas for advice or communication to such clients as it relates to the makeup of their portfolio.
2. These Asset Allocations represent the Asset Mix Committee's tactical views given their assessment of market conditions and performance expectations.
3. Benchmark=portfolio strategic asset allocation.
4. Figures may not add up due to rounding.

This commentary is for general informational purposes only and does not constitute investment, financial, legal, accounting, tax advice or a recommendation to buy, sell or hold a security. It shall under no circumstances be considered an offer or solicitation to deal in any product or security mentioned herein. It is only intended for the audience to whom it has been distributed and may not be reproduced or redistributed without the consent of Guardian Capital LP. This information is not intended for distribution into any jurisdiction where such distribution is restricted by law or regulation.

The opinions expressed are as of the date of publication and are subject to change without notice. Assumptions, opinions and estimates are provided for illustrative purposes only and are subject to significant limitations. Reliance upon this information is at the sole discretion of the reader. The opinions expressed are as of the published date and are subject to change without notice. Assumptions, opinions and estimates are provided for illustrative purposes only and are subject to significant limitations. Reliance upon this information is at the sole discretion of the reader. This document includes information concerning financial markets that was developed at a particular point in time. This information is subject to change at any time, without notice, and without update. This commentary may also include forward-looking statements concerning anticipated results, circumstances, and expectations regarding future events. Forward-looking statements require assumptions to be made and are, therefore, subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Investing involves risk. Equity markets are volatile and will increase and decrease in response to economic, political, regulatory and other developments. Investments in foreign securities involve certain risks that differ from the risks of investing in domestic securities. Adverse political, economic, social or other conditions in a foreign country may make the stocks of that country difficult or impossible to sell. It is more difficult to obtain reliable information about some foreign securities. The costs of investing in some foreign markets may be higher than investing in domestic markets. Investments in foreign securities are also subject to currency fluctuations. The risks and potential rewards are usually greater for small companies and companies located in emerging markets. Bond markets and fixed-income securities are sensitive to interest rate movements. Inflation, credit and default risks are all associated with fixed income securities. Diversification may not protect against market risk, and loss of principal may result. Index returns are for information purposes only and do not represent actual strategy or fund performance. Index performance returns do not reflect the impact of management fees, transaction costs or expenses. Certain information contained in this document has been obtained from external parties, which we believe to be reliable; however, we cannot guarantee its accuracy.

Guardian Capital LP manages portfolios for defined benefit and defined contribution pension plans, insurance companies, foundations, endowments and investment funds. Guardian Capital LP is a wholly owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange. For further information on Guardian Capital LP, please visit www.guardiancapital.com. All trademarks, registered and unregistered, are owned by Guardian Capital Group Limited and are used under license.

Published: September 18, 2025

