# On Balance

THE ASSET MIX COMMITTEE REVIEW

GUARDIAN CAPITAL™

**November 11, 2026**

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

### ASSET CLASS RETURNS (as at November 11, 2026)

| Asset Class | Representative Index | QTD | 1 Yr |
|---|---|---|---|
| **Canadian Equity** | S&P/TSX Composite Index | 3.50 | 22.43 |
| **Global Equity** | MSCI World Index (net CAD) | 0.04 | 14.13 |
| **Fixed Income** | FTSE Canada Universe Bond Index | 2.08 | 0.44 |
| **Cash** | FTSE Canada 91 Day T-Bill Index | 0.25 | 2.26 |

## Asset Mix Committee Summary Views[2]

### GROWTH ASSET ALLOCATION

| Asset Class | Strategic Allocation[3] | New Tactical Target[4] | Change from prior[4] |
|---|---|---|---|
| **Equity** | 70.0% | 80.0% | — |
| *Canadian Equity* | 40.0% | 42.6% | — |
| *Global Equity* | 30.0% | 37.4% | — |
| **Fixed Income** | 25.0% | 20.0% | — |
| **Cash** | 5.0% | 0.0% | — |

### CONSERVATIVE ASSET ALLOCATION

| Asset Class | Strategic Allocation[3] | New Tactical Target[4] | Change from prior[4] |
|---|---|---|---|
| **Equity** | 30.0% | 37.3% | — |
| *Canadian Equity* | 17.5% | 19.9% | — |
| *Global Equity* | 12.5% | 17.4% | — |
| **Fixed Income** | 65.0% | 62.7% | — |
| **Cash** | 5.0% | 0.0% | — |

## Decision by Committee

- Economic activity continues to outperform expectations, supported by robust consumer spending, stable job markets, business investment, and government spending. Elevated energy prices and broader cost pressures are contributing to renewed inflation concerns.
- Markets continue to price in a higher-for-longer rate environment. The AMC, however, sees potential for rates to decline over time as tighter financial conditions slow growth and ease inflation pressures. This supports the AMC's preference to add duration within Fixed Income allocations.
- Sustained growth momentum, combined with more reasonable valuations, supports the AMC's continued preference for overweight allocations to Canadian and Global Equities. Broadening leadership as markets become less dependent on a single theme and more closely linked to economic fundamentals supports their preferred bias toward quality-growth and more value-tilted strategies.

The period since the AMC last formally met in August has been eventful, with a slew of central bank decisions and political developments. Financial markets have been volatile, and interest rates have moved generally higher.

Economic indicators have, however, continued to surprise to the upside and point to a general improvement and broadening of economic momentum. Overall, growth remains surprisingly resilient despite ongoing headwinds, supported by healthy consumer balance sheets, stable job markets, continued business investment, and government spending.

The outcome of the U.S. midterm elections may increase the likelihood of policy gridlock, which historically has been associated with lower policy uncertainty and fewer significant fiscal policy shifts, while it may also limit the scope for more disruptive policy initiatives and help reduce the "tail risks" from policy uncertainty.

Energy prices remain elevated due to the ongoing conflict in the Middle East, and there are increasing indications that related cost pressures are filtering into prices for other goods and services. Combined with solid demand, the balance of risks for inflation is tilting upward.

Central banks have been spurred into action, with almost every Developed Market central bank raising policy rates over the last three months, and markets anticipate tightening cycles will continue through the coming year in efforts to combat inflation.

Longer-term interest rates have also faced upward pressure due to growing issuance from governments (to finance their infrastructure and defence spending plans) and hyperscalers (who are increasingly tapping debt markets to finance their own investment plans). Concerns about inflation and fiscal sustainability also factor in.

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While the market expectation is that rates will remain higher for longer, the AMC views that there is growing asymmetry in the balance of risks. Markets are pricing in a fairly aggressive policy path, particularly for Canada.

The impact of the increase in rates will likely become more evident in the months ahead, which could result in headwinds to growth momentum that would temper inflationary pressures and reduce pressures on central banks to act — that could result in a slower pace of hikes or a lower terminal rate, which would suggest greater scope for rates to decline than to continue to rise.

Accordingly, the AMC sees opportunity in adding duration in Fixed Income allocations. There was an AMC intermeeting decision (following the Bank of Canada decision in late October) to reduce allocations to shorter duration credit strategies and reallocate to the core Canadian Bond strategy. The AMC reaffirmed its conviction in that approach, though there was no appetite to add to Fixed Income allocations given the positive economic momentum and risks to inflation in the near-term.

In terms of equity markets, the overall weakness in stocks over the last month has been less a function of concerns about broad macroeconomic fundamentals and more about a selective rotation as investors have shown a greater willingness to look for opportunities beyond U.S. technology names. Leadership by a small group of mega-cap Artificial Intelligence-related companies has broadened as investors increasingly scrutinize the returns associated with large capital expenditure programs in a higher-cost-of-capital environment.

Earnings expectations, particularly outside of the Information Technology sector, are not considered egregious, and valuations are reasonable following the recent pullback. The AMC views that this backdrop offers scope for the rotation to continue, which would benefit more selective and actively managed investment strategies.

The AMC is comfortable with their current bias in equity allocations toward quality-growth and more value-oriented styles that have benefitted from broadening market leadership and would expect to see further relative benefits should the market rotation continue.

The AMC views the current market outlook as supporting sustained growth momentum for the months ahead, and market performance could be more closely linked to fundamentals rather than a single theme like AI. This backdrop could be constructive for actively managed, fundamental-focused investment strategies. Accordingly, the AMC is comfortable maintaining its overweight allocation to both Canadian and Global Equity and underweight to Fixed Income.

While near-term inflation and policy risks remain elevated, the AMC believes current positioning appropriately balances resilience in economic activity with emerging opportunities in bond markets. The AMC remains prepared to adjust positioning should the outlook for growth, inflation, or monetary policy materially change.

1. Guardian's Asset Mix Committee (AMC) 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.

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