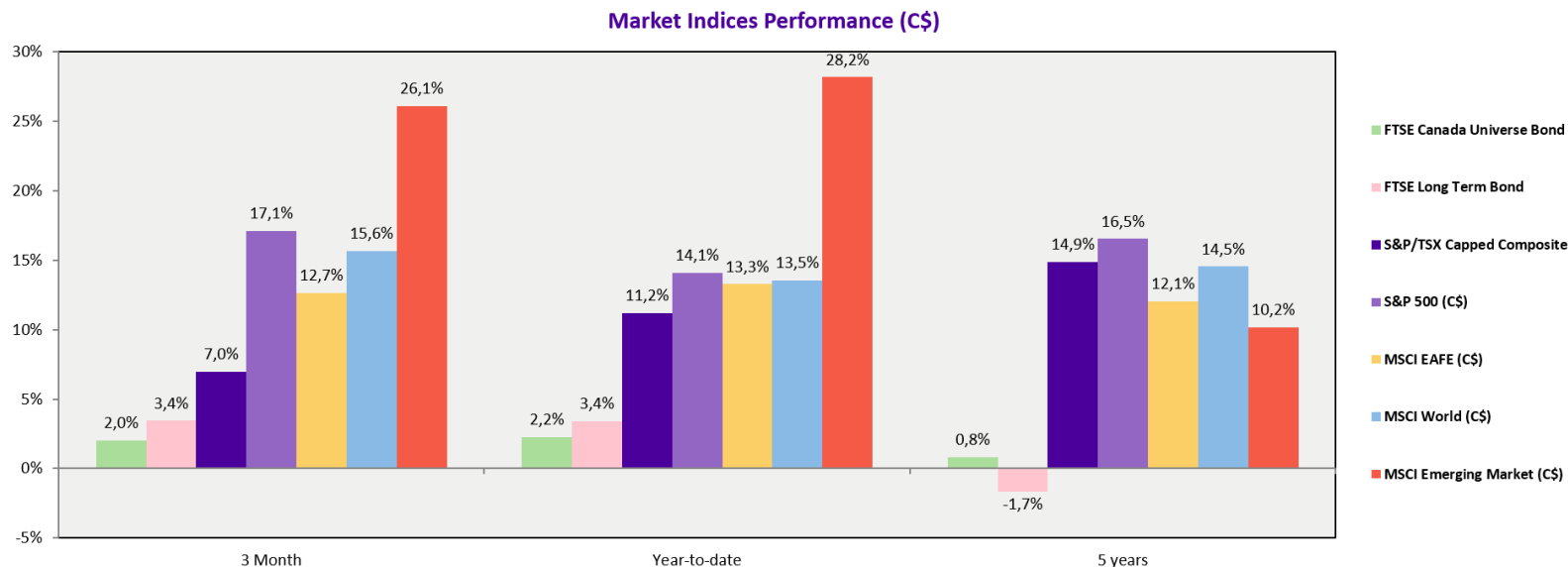




Tensions in the Middle East

Global stock markets advanced during the second quarter, supported by renewed optimism surrounding artificial intelligence-related investments and the announcement of a ceasefire between the United States and Iran. U.S. stocks delivered strong performance during the period. Investors were encouraged by the resilience of corporate earnings, continued spending on technology infrastructure, and economic prospects that remained favourable despite some inflationary concerns.

Markets continued to benefit from strong enthusiasm for artificial intelligence, particularly among companies operating in the semiconductor, data centre and cloud services sectors. This momentum supported markets with significant exposure to the global technology supply chain, particularly in Asia. In addition, tensions in the Middle East periodically led to episodes of volatility during the quarter. However, the announcement of a ceasefire agreement between the United States and Iran helped ease concerns about a prolonged disruption to global energy supplies. The subsequent decline in oil prices supported investor sentiment and encouraged a shift back toward higher-risk assets.

The S&P/TSX Index posted a return of 7.0% for the quarter. Global markets closed with a return of 15.6% for the MSCI World Index and 12.7% for the MSCI EAFE Index. Emerging markets posted a strong gain of 26.1%, while the Canadian bond market delivered a return of 2.0%. Lastly, the S&P 500 recorded a gain of 17.1% during the quarter.

Gold closed the quarter down 14.3% to \$4,008 USD (spot price). Brent crude oil declined by 30%, ending at \$73 USD per barrel. WTI (West Texas Intermediate) and WCS (Western Canada Select) also dropped by 31% and 36%, respectively, closing at \$70 USD and \$57 USD, respectively.

With regard to employment, the U.S. economy added 344,000 jobs during the quarter, and 669,000 jobs over the past 12 months. In Canada, 88,300 jobs were added this quarter, with 78,100 new jobs over the past 12 months. Unemployment rates stood at 6.5% in Canada and 4.2% in the U.S. for the previous quarter.

In the US residential real estate market, the most recent S&P CoreLogic Case-Shiller data (April 2026) showed a 12-month variation of 1.2%, while the Teranet-National Bank Home Price index (May 2026), which tracks Canadian residential property, showed a variation of -4.3% for the same period.

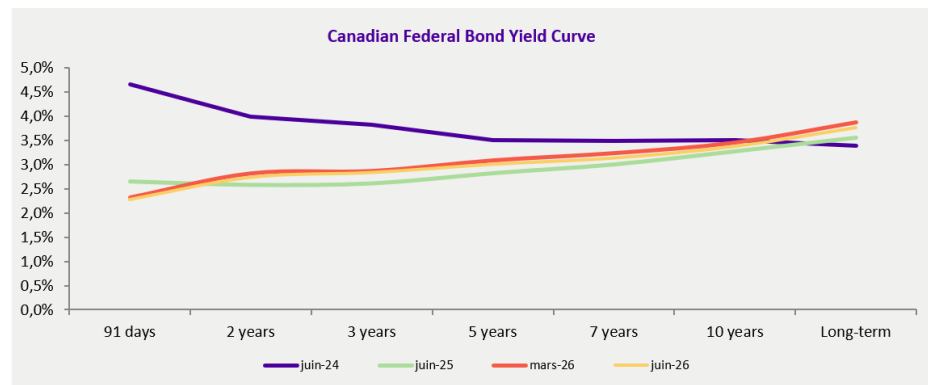
	Canada	United States
GDP Growth (y/y)	1,1%	2,7%
Inflation (y/y growth)	3,2%	3,5%
Job Creation (QTD)	88 300	344 000
Job Creation (y/y growth)	78 100	669 000
Unemployment Rate	6,5%	4,2%

Most recent data as of July 15, 2026

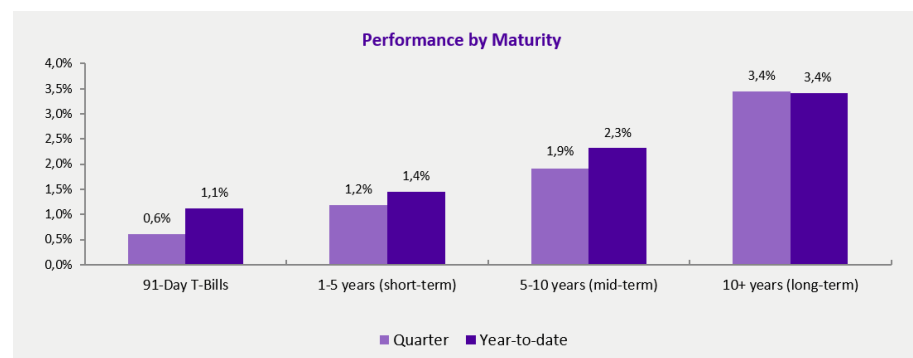
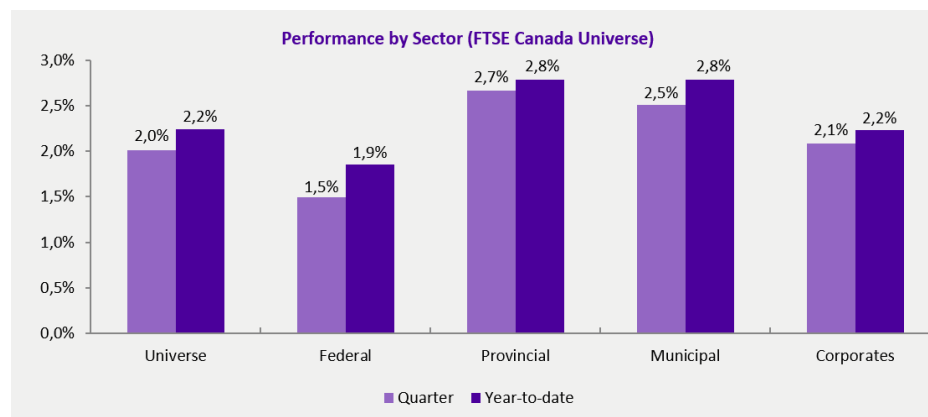
Comments as of June 30, 2026

Canadian bond market

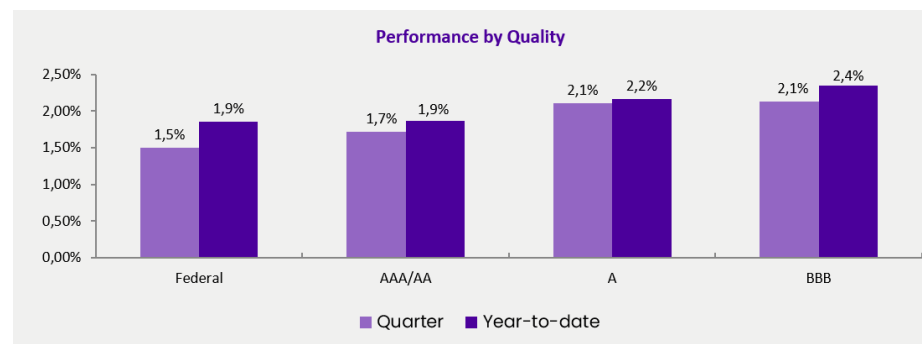
In the second quarter of 2026, Canadian bonds performed well across most sectors.



The FTSE Canada Universe Bond Index posted a return of 2.0% for the quarter. Federal bonds posted a return of 1.5%, while provincial bonds posted a return of 2.7%. Municipal bonds also finished at this level, with a performance of 2.5%. The corporate bonds sector posted a positive return of 2.1%.



Among the different maturities, 91-day Treasury bills delivered the highest return at 0.6% in the second quarter. Short-term bonds (1 to 5 years) also generated a positive return of 1.2%. Medium-term bonds (5 to 10 years) posted a return of 1.9%, while long-term bonds (10 years and over) ended the quarter posting a return of 3.4%.

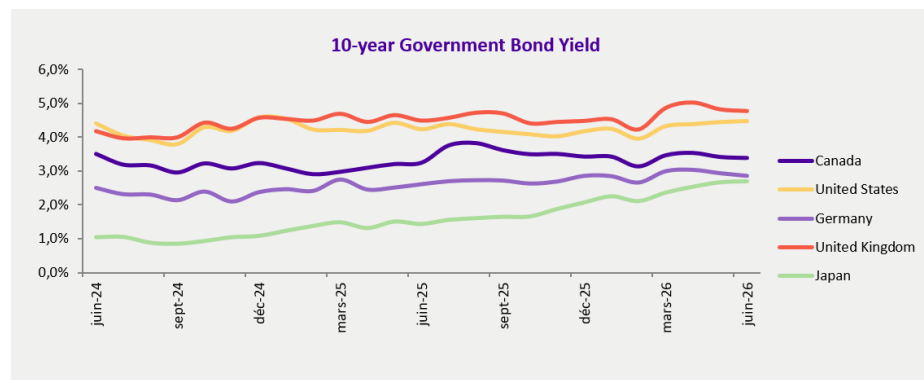


From a credit quality perspective, federal bonds posted the worst return at 1.5%. In contrast, bonds rated AAA/AA, A and BBB delivered positive returns of 1.7%, 2.1%, and 2.1%, respectively.

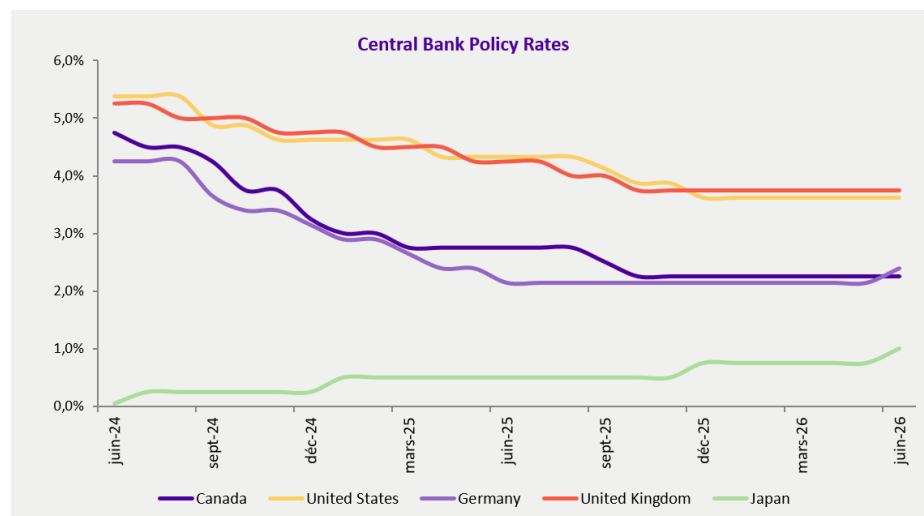
Comments as of June 30, 2026

Global bond markets

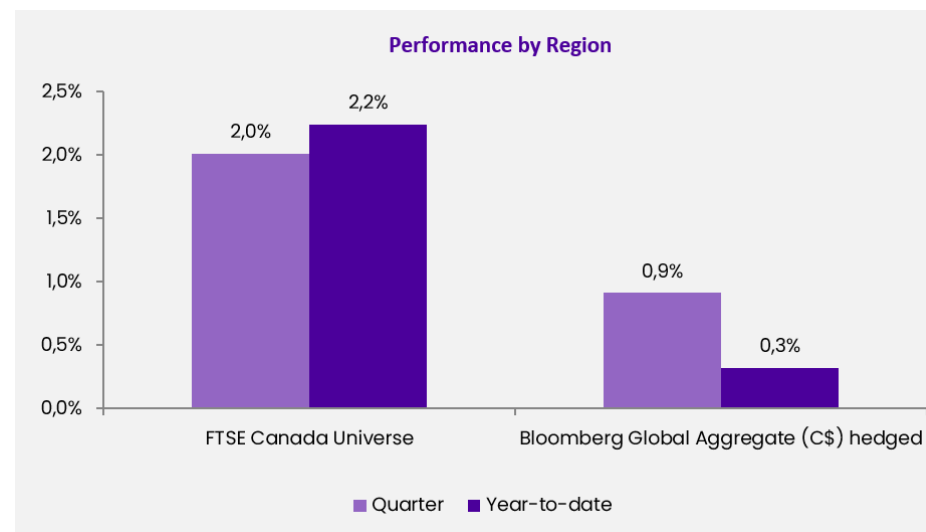
Ten-year government bond yields experienced a slight overall decrease across most countries during the second quarter.



During the quarter, the U.S. Federal Reserve maintained its key rate within the target range of 3.50% to 3.75%. The Bank of Canada and the Bank of England maintained their key rates to 2.25% and 3.75%, respectively. The European Central Bank increased its rate to 2.40% in June, as did the Bank of Japan to 1.00%.



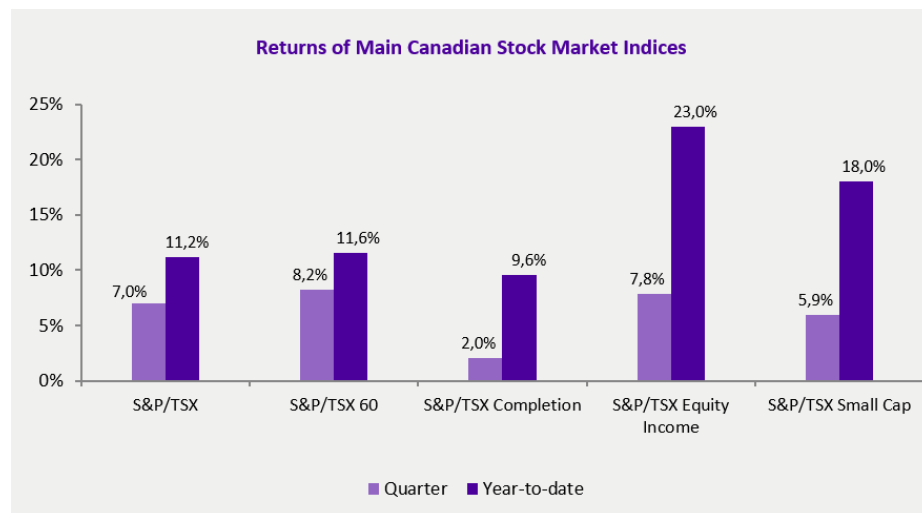
For the second quarter, Canadian bonds, as measured by the FTSE Canada Universe Bond Index, posted a return of 2.0% compared to 0.9% for global bonds, as measured by the Bloomberg Global Aggregate Index (hedged to CAD).



Comments as of June 30, 2026

Canadian stock market

The Canadian stock market, as measured by the S&P/TSX Index, ended the quarter with a return of 7.0%. Major Canadian indexes posted strong performances, with returns ranging from 2.0% to 8.2%. The best-performing index was the S&P/TSX 60, which notched a 8.2% return. In contrast, the S&P/TSX Completion posted the lowest return, at 2.0%.



S&P/TSX Sector	Weight (%)	Returns		
		Quarter	Year-to-date	3 years
Energy	16,4	-5,0%	23,4%	25,8%
Materials	16,2	-11,6%	-2,0%	32,1%
Industrials	10,6	10,6%	10,3%	10,6%
Consumer Discretionary	3,1	8,9%	4,6%	15,6%
Consumer Staples	3,3	5,7%	9,0%	15,5%
Health Care	0,3	14,0%	8,9%	13,2%
Financials	36,2	25,6%	23,2%	40,2%
Information Technology	7,2	6,4%	-17,6%	10,6%
Communications Services	1,6	-10,0%	-4,8%	-8,5%
Utilities	3,6	5,9%	17,8%	14,2%
Real Estate	1,4	7,7%	2,6%	3,3%

Eight of the 11 S&P/TSX Index sectors posted positive returns for the first quarter. The best-performing sector was Financial Services, with a return of 25.4%. The index's performance was supported by Royal Bank of Canada, which was top contributor to sector performance. Royal Bank of Canada is a Canadian bank. It is Canada's largest chartered bank in terms of assets and market capitalization, and one of the leading diversified financial services companies in North America. The second-best performing sector was Healthcare, with a return of 14.0%, supported by the performance of Curaleaf Holdings Inc., which delivered strong performance during the quarter. Curaleaf Holdings Inc. is a leading company in the medical and recreational cannabis industry.

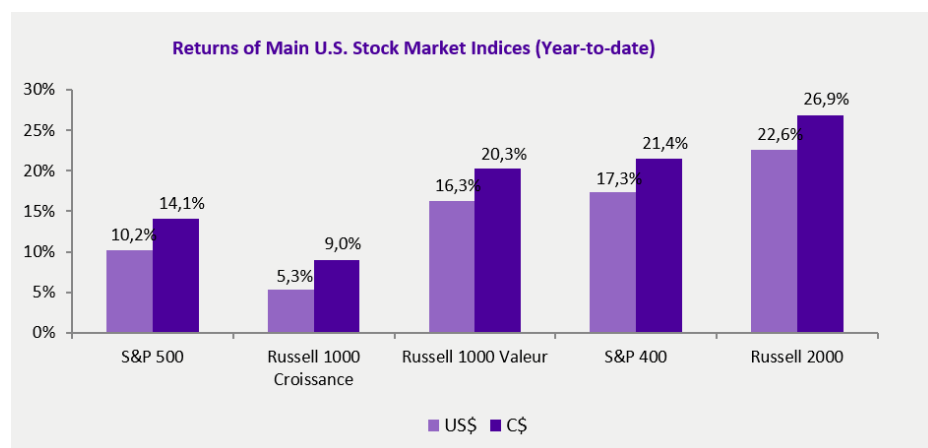
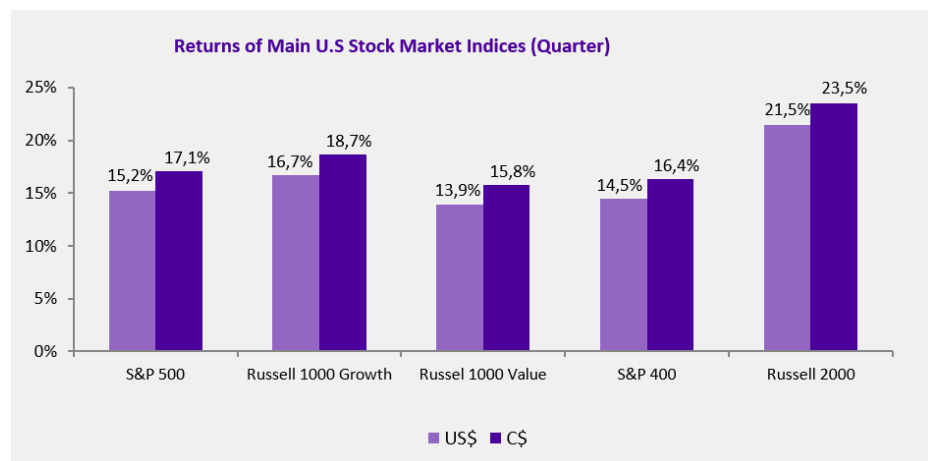
Conversely, the Materials and Communications sectors recorded the weakest performances, ending the quarter down -11.6% and -10.0%, respectively.

Comments as of June 30, 2026

American stock market

During the quarter, the S&P 500 Index posted a return of 15.2% in U.S. dollars. However, once adjusted for the depreciation, the return in Canadian dollars was 17.1%.

Growth stocks outperformed value stocks this quarter. The Russell 1000 Growth Index delivered a return of 16.7%, while the Russell 1000 Value Index posted a return of 13.9%, both in U.S. dollars. With regard to market capitalization, small caps (Russell 2000) performed better compared to large caps (S&P 500).



S&P 500 Sector	Weight (%)	Returns (in CA\$)		
		Quarter	Year-to-date	3 years
Energy	3,0	-12,0%	23,8%	15,5%
Materials	1,8	3,7%	15,9%	11,5%
Industrials	8,9	16,8%	24,4%	24,7%
Consumer Discretionary	9,3	11,1%	2,7%	16,3%
Consumer Staples	4,6	2,0%	11,8%	11,1%
Health Care	8,9	10,6%	7,1%	10,5%
Financials	11,8	10,8%	2,3%	21,5%
Information Technology	38,0	34,0%	24,0%	34,0%
Communications Services	9,7	10,1%	4,3%	32,3%
Utilities	2,2	1,1%	11,5%	17,7%
Real Estate	1,8	10,3%	15,4%	12,0%

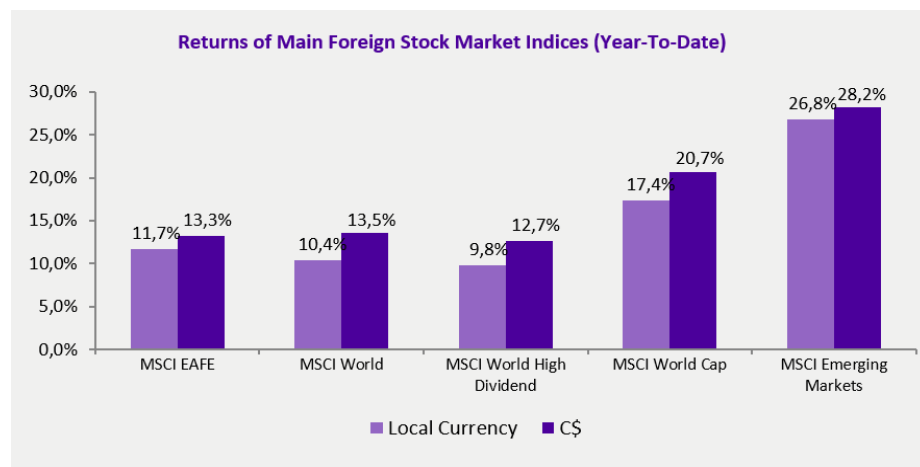
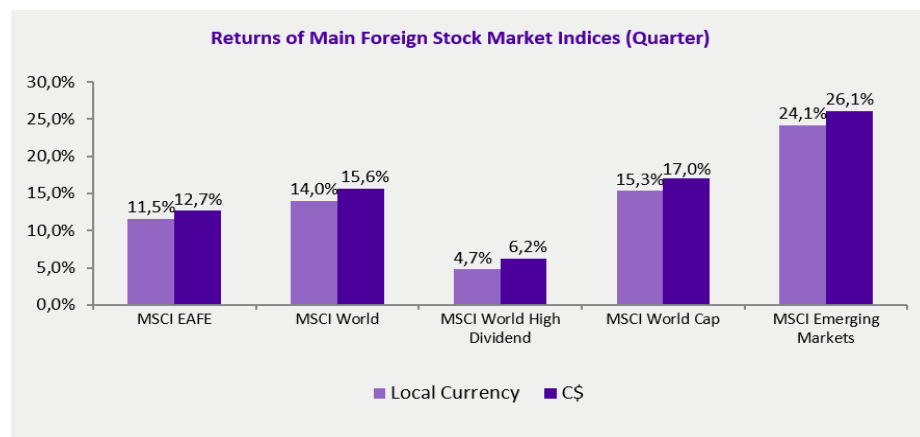
Ten of the 11 sectors in the U.S. equity market posted positive returns in Canadian dollars. The Information Technology and Industrial Products sectors led the way, with returns of 34.0% and 16.8% respectively, making them the largest contributors to performance this quarter. This index boosted by Micron Technology Inc., which posted a strong return during the quarter. Micron Technology is an American computer company that manufactures electronic chips. Micron's consumer products, including the Ballistix line, are marketed under the Crucial brand. The Industrial Products sector was supported by Caterpillar, which posted an impressive 50.6% return during the quarter. Caterpillar Inc. is an American industrial group that manufactures machinery in the construction, mining and energy sectors.

Conversely, the Energy and Public Services sectors recorded the weakest performances, ending the quarter down -12.0% and 1.1%, respectively.

Comments as of June 30, 2026

International stock markets

During the third quarter, the major foreign equity indexes posted solid returns in local currencies. This increase was primarily driven by the continued momentum of artificial intelligence and related investment cycles, which benefited markets with significant exposure to the technology sector, as well as economies integrated into semiconductor and advanced electronics supply chains. Asian and emerging markets performed particularly well, with economies playing a key role in the AI and semiconductor value chain recording the strongest gains. Among the indexes reviewed, the MSCI Emerging Markets recorded the strongest quarterly performance, with a return of 24.1% in local currencies.



MSCI EAFE Sector	Weight (%)	Returns (in CA\$)		
		Quarter	Year-to-date	3 years
Energy	3,3	-15,8%	20,0%	17,0%
Materials	6,0	8,4%	17,9%	16,7%
Industrials	18,9	10,6%	12,4%	26,3%
Consumer Discretionary	8,2	9,9%	-4,4%	4,8%
Consumer Staples	6,7	7,0%	5,8%	7,8%
Health Care	10,4	4,3%	3,0%	8,2%
Financials	25,1	15,9%	13,7%	37,6%
Real Estate	1,6	2,8%	2,5%	14,0%
Information Technology	12,1	57,6%	57,6%	30,8%
Communications Services	3,8	0,4%	-1,4%	16,0%
Utilities	3,9	2,8%	16,0%	23,7%

Ten of the 11 sectors of the MSCI EAFE Index (Europe, Australasia, Far East) delivered a positive performance in Canadian dollars. The Information Technology and Financial Services sectors were beneficial for the overall index, with returns of 57.6% and 15.9% respectively. The index benefited from strong performances by companies such as ASML Holding NV and Banco Santander SA, which returned 55.5% and 30.0%, respectively. ASML is one of the world's leading manufacturers of photolithography machines for the semiconductor industry. ASML was founded in 1984 and is based in Veldhoven, the Netherlands. Santander is the leading Spanish bank and one of the main banks in Europe. Its headquarters are located in the city of Santander, after which it is named, while its operational headquarters is in Boadilla del Monte.

In contrast, the Real Estate and Communication Services sectors posted the weakest results, with returns of 2.8% and 0.4%, respectively.