Our expertise, your success

Team Chartier Grandmaison Leclerc

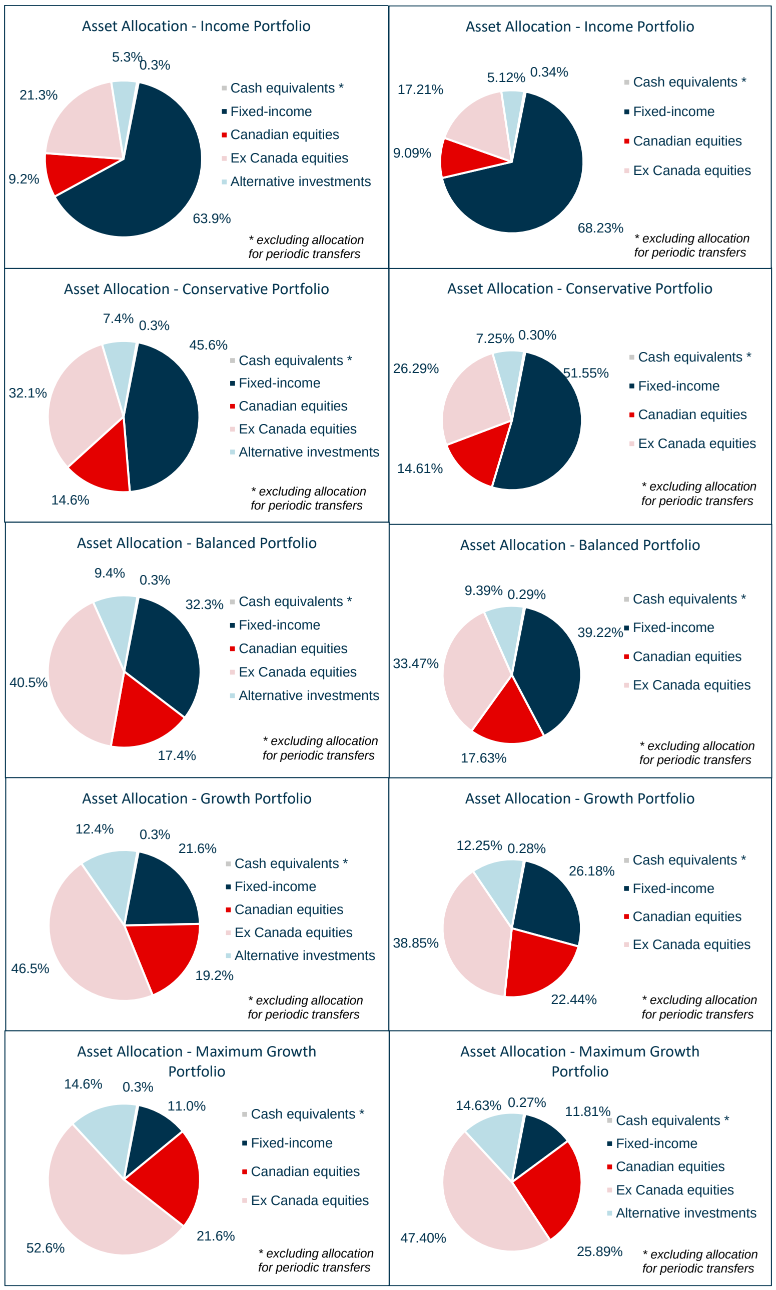
Managers of your family's wealth

1st QUARTER 2025 SUMMARY

Asset Allocation Strategy

We have increased the weighting of fixed-income securities in the portfolio and reduced that of U.S. equities. The other observed variations result from market movements.

TARGET ASSET ALLOCATION - DECEMBER 31 2024 | **TARGET ASSET ALLOCATION - MARCH 31 2025**



NATIONAL BANK FINANCIAL WEALTH MANAGEMENT

TEAM CHARTIER GRANDMAISON LECLERC
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Portfolio Model Revisions

Upon Trump's inauguration in January 2025 and as part of our investment strategy, we decided to reduce the weighting of several American securities, including Broadcom (AVGO), Ares Management (ARES), and iShares Core Dividend Growth ETF (DGRO), which had taken a significant place in our portfolio following their strong growth in recent years.

This decision aimed to increase the proportion of fixed income and proportionally reduce the share of U.S. equities to stabilize our portfolio and reduce market volatility risks due to economic uncertainty following the tariff announcements after President Trump's election in November 2024.

The current geopolitical context between Canada and the United States, characterized by trade tensions and protectionist policies, reinforces our decision. Indeed, increasing fixed-income investments offer better protection and predictable income, which is preferable for navigating an unstable economic environment.

Furthermore, we sold the AGF Sustainable Growth Global Equity Fund at the end of March, as the strategy no longer aligned with our performance expectations. Additionally, the current political context in the United States does not favor this style of investments, so we preferred to divest this position to reinvest the proceeds in a less thematic global solution, the AGF Global Select Fund.

This actively managed fund offers concentrated exposure to global equities, focusing on innovation and investing in companies that demonstrate exceptional product development qualities and gain market share in their respective sectors. The fund's outperformance relative to its benchmark over a long period, consistent returns, and statistics related to market downturn protection convinced us to add this new solution to our portfolio for better long-term efficiency.

Quarter Highlights

The year 2025 started positively in the markets in January before things became complicated and uncertainty reached new heights.

Indeed, the world faced significant economic and geopolitical challenges in the first quarter of 2025, notably following the imposition of tariffs by the United States, initially affecting only Mexico and Canada.

In the United States, consumption was deemed 'extremely weak,' with GDP growth close to zero, mainly due to uncertainty surrounding the trade policies of the Trump administration. The 'tariff war' threatens to slow economic growth, with forecasts revised downward by the OECD.

In Canada, despite potential economic slowdown, exports increased, supporting economic growth. However, trade tensions with the United States also weigh on Canadian economic prospects. Both countries must manage these trade issues while facing internal challenges such as inflation and housing.

The unprecedented uncertainty caused by the Trump administration led the U.S. stock index into correction territory at the end of the first quarter. Consumer sentiment surveys showed increasing pessimism over the past three months; however, the future largely depends on the extent of the ongoing economic slowdown.

The performance of other major asset classes in the first quarter of 2025 was modest, except for international equities, which were surprisingly high compared to North American equities.

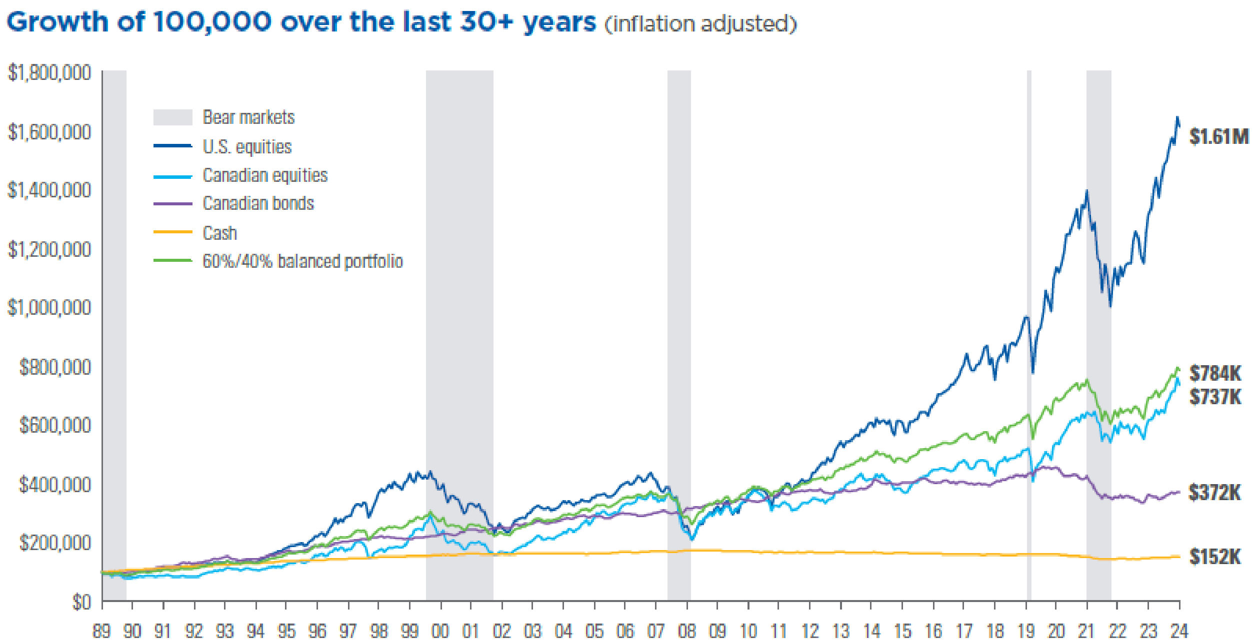
Although the economy is going through a turbulent period, it is essential to remain invested. We continue to maintain optimal diversification between equities, bonds, and alternative investments by applying our disciplined and rigorous investment process. By focusing on quality and staying attentive to market opportunities, we can overcome these challenges and seize growth opportunities as we have always done during difficult economic times.

Outlook

It is still too early to draw a conclusion about the situation and have a clear idea of what might happen. This is precisely Trump's strategy: to create doubt, panic, and uncertainty by adopting an aggressive negotiation approach, threatening to withdraw from existing trade agreements, or imposing economic sanctions to obtain concessions. One thing is certain: episodes of volatility seem inevitable in this context.

Market volatility and significant declines can prompt investors to review their investment strategy or even turn to cash. However, the best advice comes from investors who have managed to take advantage of these periods: stay firm despite downturns, avoid making hasty decisions influenced by emotions, and patiently wait for the inevitable recovery.

As shown in the graph below[1], stock and bond markets have always rebounded after periods of decline, even surpassing previous highs, while cash offers limited growth.



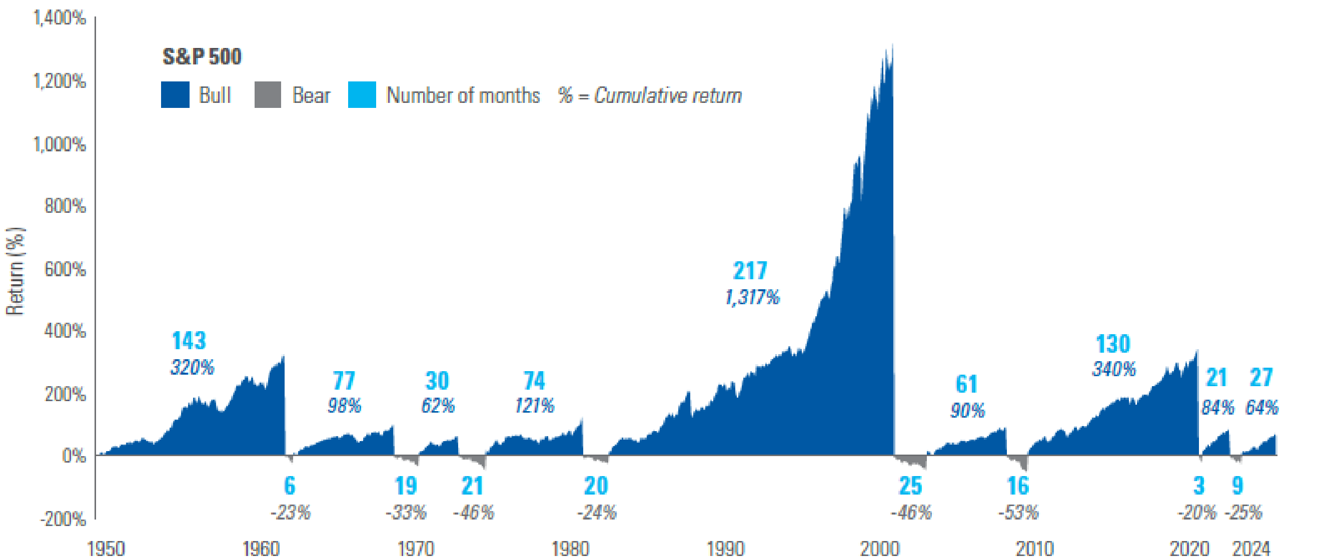
Source: Morningstar Direct, as at December 31, 2024. Returns are adjusted for inflation monthly using the Consumer Price Index (CPI) for Canada. U.S. equities represented by S&P 500 TR USD; Canadian equities represented by S&P/TSX Composite TR; Canadian bonds represented by FTSE Canada Universe Bond; 60%/40% balanced portfolio represented by 30% S&P 500 TR, 30% S&P/TSX Composite TR, 40% FTSE Canada Universe Bond; cash represented by FTSE TMX 91 Day T-bill.

In such a context, for investors, holding a well-diversified portfolio across different countries and sectors is the best way to navigate these turbulences.

[1] Staying the Course in a Bear Market, IA Clarington.

Although no one likes a bear market, often defined by a decline of at least 20% from recent highs, it is important to maintain an optimistic perspective. Looking at the history of the U.S. stock market[2], we can see that bull markets, characterized by a sustained increase in stock values, generally last longer and more than compensate for the losses incurred during bear markets.

Bull and bear markets in the U.S. since 1950



Average bull market duration:	**94 months**	**Average bull market return:**	**304%**
Average bear market duration:	**15 months**	**Average bear market return:**	**-34%**

Source: Bloomberg, as at December 31, 2024.

This reminds us of the importance of focusing on long-term goals and staying invested, even when markets go through difficult periods. Ultimately, patience and perseverance are often rewarded with solid returns.

Keep in mind that there is no "average market," as each calendar year has its own story and risks. Long-term returns are simply the cumulative result of many short-term outcomes, reflecting how life itself often unfolds.

"A goal without a plan is just a wish." - Antoine de Saint-Exupéry

[2] [The Bulls Outweigh the Bears](), IA Clarington.