Investor Insights

Q4 2025 - Investor Insights

Market Review

As 2025 drew to a close, global markets continued to navigate an uncertain geopolitical environment, shaped more by persistent policy shifts than sudden developments. Trade tensions between Canada and the United States remained elevated, leading Canada's government to place greater emphasis on strengthening the domestic economy and reducing reliance on any single trading partner. These themes were reflected in Canada's federal budget released in November, which focused on long-term investments in areas such as housing, infrastructure, defence, and industrial competitiveness, while leaving personal and corporate tax rates unchanged. In the United States, economic policy continued to favour domestic priorities, with trade measures and regulatory changes reinforcing a more inward-focused approach. Meanwhile, continued global conflicts and disruptions to energy and trade routes added to investor caution, contributing to periods of market volatility as the year came to an end.

The final quarter of 2025 delivered positive returns for both Canada and the U.S.; however, the pace of gains slowed towards year-end. In Canada, three sectors experienced negative returns in the fourth quarter. The Communications Sector declined by approximately 3%, the Industrials Sector fell by around 1.5%, and the Energy Sector recorded a marginal decrease of less than 1%. In the final quarter, Canada's strongest sector performance was observed in Financials, where the Banking subsector

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achieved a gain of 12% in the low double digits. The Materials sector also delivered comparable results, supported by the Gold subsector, which posted an increase of approximately 11%. In the United States, the Real Estate, Utilities, and Consumer Staples sectors experienced negative returns for the last quarter, recording declines between -3% and -1%, with Real Estate facing the most pronounced losses. The Technology sector saw a notable deceleration in momentum compared to the previous two quarters but still achieved a modest positive return of approximately 1%. The leading U.S. sectors for positive performance were Gold, Health Care, and Communications Services, respectively.

Looking at the year overall, Canada's primary index, S&P/TSX outperformed the U.S. markets and had returns approaching thirty percent, while the S&P/500 were up in the mid-teens range. The Canadian markets were supported by the strength in the Financials, specifically the Banking sub-sector as well as the Gold sub-sector, where gold's returns were in excess of one hundred percent. For the overall year, the S&P/500 strong performance was led by the Tech and Communication Services sector. The other U.S. major index, the Nasdaq, had strong returns as well in the twenty percent range, but still underperformed our Canadian Index comparatively. Gold delivered a standout year in 2025 as investors sought stability amid global uncertainty, driving prices sharply higher. Canadian gold stocks also performed strongly, supported by rising gold prices and solid results from many producers and royalty companies. Oil prices weakened over the course of 2025, with WTI crude trending lower amid concerns around global supply and uneven demand. Despite softer oil prices, Canadian energy stocks held up reasonably well, supported by disciplined capital management, solid cash flows, and attractive dividend payouts from many producers. The Canadian dollar strengthened modestly against the U.S. dollar over 2025, recovering earlier weakness as the U.S. dollar softened. This move was supported by shifting interest-rate expectations, easing trade-related concerns, and a broader pullback in the U.S. dollar rather than strength specific to Canada.

Our Portfolios

For the quarter, our Ternion Wealth Portfolios had a bit of a mixed bag with the majority of our Canadian equity portfolios posting healthy quarter returns, while the Global Growth produced a slightly negative quarter and our Canadian Fixed Income portfolio and Infrastructure were on either side of the flat range. For the full year, all portfolios provided positive returns with the strongest returns in our Canadian equity portfolios, with High Income, Canadian Dividend and Dividend Growth within similar range and in-line with its benchmark. We made a couple changes in our Global Growth portfolio, trimming back some gains made in our tech & communication services stocks as well selling out of Estee Lauder and Align Technology and added a new name, Marvell Technology in the semi-conductor space. For those that held BCE Inc and Telus in their non-registered accounts, we sold out to take advantage of some tax-loss selling and have bought them back into the portfolios after the 30-day period.

Portfolio performance measures based on general aggregate returns according to client investor profiles showed a solid year. The large majority of our clients accounts have an investor profile in the growth category, which showed a final quarter return of 2.0% and a full year of 16.6%. Approximately one-fifth of our client's accounts are in the maximum growth profile, for the final quarter returns for this profile was 3.5% and 23.8% for the full year. A very small number of accounts are in our balanced profile, which had a quarter return of 2.0% and a full year at 14.6%. Each of our client's individual returns from a consolidated perspective are attached to their specific performance report for the year and will vary depending on your specific portfolio allocations.

Outlook

The first few weeks of 2026 have been marked by elevated geopolitical headlines, including renewed U.S. tariff threats, shifting global trade alliances, and ongoing conflicts abroad, which have kept markets uneven to start the year. Canadian markets have held up relatively well amid this uncertainty, supported by strength in commodities such as gold, improving trade diversification efforts, and continued investor confidence in Canada's more defensive sector mix, even as volatility remains elevated and sentiment cautious. I do believe that we'll continue to experience some whipsawing for the first part of the year and there will be small windows of opportunities available. As we head into the latter part of the year, and mid-term elections roll out, we could see some stabilization in markets.

Raising Financially Confident Kids: It's Never Too Early—or Too Late—to Start

Helping children build healthy financial habits is one of the greatest gifts we can give them. Whether your child is learning to count coins, navigating their first part-time job, or setting up their own household, each stage of life offers meaningful opportunities to build confidence with money. And the good news? It's never too late to start.

Early Childhood: Making Money Tangible

At this age, children learn best through simple, hands-on experiences.

Practical tips:

- Use clear jars for saving, spending, and giving so kids can see their progress.
- Introduce choices—like comparing prices at the store—to teach value and trade-offs.
- Model behaviours such as delaying gratification ("Let's save for this together").

S**chool-Age to Pre-Teens: Building Routine and Responsibility**

As kids mature, so can their money habits.

Practical tips:

- Create a small, consistent allowance linked to responsibilities, not rewards.
- Set simple goals, like saving for a toy or activity, and track progress with them.
- Give them low-risk financial autonomy—for example, a prepaid card for small purchases.

Teen Years: Real-World Learning

Teenagers are ready for more independence and real consequences (in manageable doses).

Practical tips:

- Encourage part-time work and teach how to allocate income: save, spend, give.
- Walk through their first budget, even if small, to teach planning and accountability.
- Introduce banking basics: how debit cards work, fees, interest, and digital safety.

University & Young Adults: Preparing for Lifelong Decisions

This stage is full of firsts—first credit card, first lease, first major financial commitments.

Practical tips:

- Teach responsible credit use, emphasizing the long-term impact of credit scores.
- Discuss needs vs. wants when it comes to lifestyle choices on a student or entry-level income.
- Introduce investing, even at small amounts, to reinforce the power of compounding.

Starting Their Own Family: Sharing Values Across Generations

As young adults become parents themselves, financial responsibility takes on new meaning.

Practical tips:

- Encourage early planning—from emergency funds to long-term goals like homeownership.
- Discuss protection such as insurance and wills, so they understand how to safeguard their future families.
- Normalize financial conversations, so money becomes a topic of learning, not stress.

Sincerely,

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