

Investor Insights



Q3 2025 - Investor Insights

Market Review

The third quarter of 2025 delivered strong equity market performance across North American indices, driven by resilient corporate earnings, easing inflationary pressures, and continued enthusiasm around artificial intelligence and commodity strength. Markets were shaped by a mix of political, geopolitical, and economic developments. Notably, the U.S. administration's imposition of steep tariffs on key trading partners—including Brazil, Mexico, and the EU—sparked renewed global trade tensions, affecting manufacturing and consumer sectors. Geopolitical unrest in Gaza, Lebanon, and Ukraine added to investor caution, while leadership transitions in South Korea and other regions introduced uncertainty in technology and semiconductor markets. On the economic front, the Federal Reserve's September rate cut helped buoy investor sentiment, alongside stronger-than-expected corporate earnings, with S&P 500 EPS growth doubling forecasts. U.S. GDP growth remained resilient, and enthusiasm around artificial intelligence continued to drive momentum in tech-heavy indices. Canadian markets outperformed their U.S. counterparts, buoyed by surging gold prices and a rebound in energy stocks. The S&P/TSX Index posted a robust gain for the quarter just shy of 12%. The strongest performing sector was in the materials, specifically precious metals and the gold sector had the strongest quarter yet, up about 45%. The energy sector rallied and was up in the low-double digit range at around 11%.



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The financial sector contributed to the strong quarter and the banking sector was up in the mid-double digits at about 14%. In the U.S. markets the S&P500 rose as well, into the high-single digits just below 8%, with technology and communication services driving performance. The Nasdaq surged in the low-double digits at around 11%, hitting multiple all-time highs as AI-related stocks continued to rally. The Gold sector in the U.S., similar to Canada led the way with returns in the mid-forties. Major contributors to U.S. markets positive returns were sectors in Information Technology and Communication Services, both closing the quarter out just shy of the mid-teen mark at about 12-13%. Growth edged out value for the third quarter, making it 2 consecutive quarters that growth has outpaced value but this quarter's returns were subdued compared to the previous quarter. Gold prices soared to record highs touching \$3,899/oz, marking the strongest annual performance since 1979. Safe-haven demand, geopolitical tensions, and expectations of lower interest rates fueled the rally. Gold Bullion, continuing its surge, closed this quarter out up in the mid-teens at around 16% and up year-to-date in the mid-forties. Crude Oil West Texas Intermediate (WTI), retreated even further this quarter, down about 4%. The U.S. Dollar weakened slightly, supporting emerging markets and commodity prices. The Canadian Dollar strengthened modestly against the USD, reflecting positive sentiment around resource-driven growth.

Our Portfolios

Our Ternion Wealth Portfolios maintained strong performance, with each portfolio delivering solid returns through the third quarter. The High Income Portfolio outperformed our equity offerings, followed by the Canadian Dividend Portfolio and the Dividend Growth Portfolio, while the concentrated Infrastructure Portfolio provided comparatively modest results. The Global Growth Portfolio achieved moderate growth during the quarter. Our Canadian Fixed Income Portfolio performed in stable fashion with slow and moderate returns for the quarter. No significant changes or positions to our portfolios for this quarter. As we approach the final quarter of the year and prepare for tax-loss season, adjustments are planned in certain telecommunication holdings, such as BCE Inc. and Telus within non-registered accounts. In addition, some positions in precious metals may be rebalanced to realize gains achieved earlier. Currently our strategic cash allocations are ranging from 10% to 20% across our equity portfolios and will continue to hold in that range as we head into a tax-loss selling season which tends to put some downward pressure on stocks that have underperformed during the year.

To measure how portfolios have performed for the quarter, we reference our general aggregated returns based on the client investor profiles. The majority of clients fall under the investor profile, Growth, and returns based on that profile was up 8.2% for the quarter. A smaller number of our clients fall under the category of, Maximum Growth, with little to no exposure to fixed income, this investor profile had quarterly returns of 11.3%. Very few clients are in the, Balanced investor profile, but those in that category have returns of 6.9% for the third quarter. But each client has some varying degrees of portfolio allocations and each of your individual portfolio returns are attached, please refer to them for your specific quarterly returns.

Outlook

Looking ahead to Q4 2025, market participants are navigating a more nuanced landscape. In the U.S., slowing job growth and tariff-driven inflation are expected to challenge consumer demand and complicate the Fed's path to its 2% inflation target, though further rate cuts are anticipated. Canada faces its own headwinds, including trade friction, mortgage renewal pressures, and slowing population growth, though fiscal stimulus and monetary easing may offer support. The leading indicators and cycle measures that we follow have shown a stabilization in the labour market, and no indications that a spiralling inflation push is on the horizon and seems as though recession risks appear contained in the immediate future. This may be a bit contradictory to what headline news may be indicating but looking ahead at leading indicators are a sound way to manage the noise we hear and see. The outlook remains cautiously optimistic, with the uncertainty of ongoing trade tensions will continue to pressure on markets and volatility has not been abated. With the historically seasonal Santa Clause rally ahead, we could see modest push as we head into the final quarter of the year.

When Is the Right Time to Think About Retirement?

The short answer: earlier than most people expect. Retirement planning isn't just about setting a date—it's about creating the financial flexibility to make choices later in life. Whether retirement means stepping away from work entirely, transitioning to part-time, or pursuing passion projects, the foundation is built years in advance. Starting early allows for the power of compounding to work in your favour, and it gives you time to adjust your strategy as life evolves. Even for those in their 20s, 30s or 40s, small, consistent steps—like contributing to a retirement savings plan or understanding your pension options—can make a significant difference.

In Canada, the average retirement age has risen, and Canadians now estimate they need approximately \$1.02 million to retire comfortably—more than double what they believed two decades ago. Yet, nearly one-third of Canadians have not saved or even thought about retirement, and 39% have never saved at all. This gap between aspiration and action highlights why the “right time” to think about retirement is now.

Retirement planning is deeply personal. It's not just about numbers—it's about aligning financial resources with individual goals, values, and aspirations. For some, retirement may mean travel and leisure; for others, it may involve philanthropy, entrepreneurship, or family time. As part of our advisory services, we work closely with clients to uncover and clarify these goals. Through thoughtful conversations and strategic planning, we help build retirement strategies that reflect each client's unique vision for the future—ensuring that their financial plan supports not just a timeline, but a life well lived.

Things to Consider for Retirement Planning

- **Start Early:** The earlier you begin saving, the more time your investments have to grow through compounding.
- **Define Your Retirement Vision:** Consider what retirement looks like for you—travel, volunteering, part-time work, or new ventures.
- **Estimate Your Retirement Needs:** Use tools or work with an advisor to calculate how much you'll need based on your lifestyle goals.
- **Review Your Current Savings:** Assess your RRSPs, TFSAs, pensions, and other accounts to understand where you stand.
- **Understand Your Income Sources:** Factor in government benefits (CPP, OAS), employer pensions, and personal savings.
- **Plan for Longevity:** Consider healthcare costs, inflation, and the possibility of living longer than expected.
- **Update Your Plan Regularly:** Life changes—so should your retirement strategy. Revisit it annually or after major life events.
- **Work with an Advisor:** Personalized advice helps align your financial plan with your unique goals and values.

If you or someone you care about is thinking about retirement—or wondering if they should be—let's start the conversation. We're here to help you explore your goals, assess your readiness, and build a plan that supports your ideal future.

Sincerely,

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Wealth Advisor & Portfolio Manager

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