



OPTIMUM
Global Asset Management

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Financial Outlook September 2025

By Martin Delage, Canadian Chief Investment Officer



Markets Maintain Momentum Despite Geopolitical Uncertainty

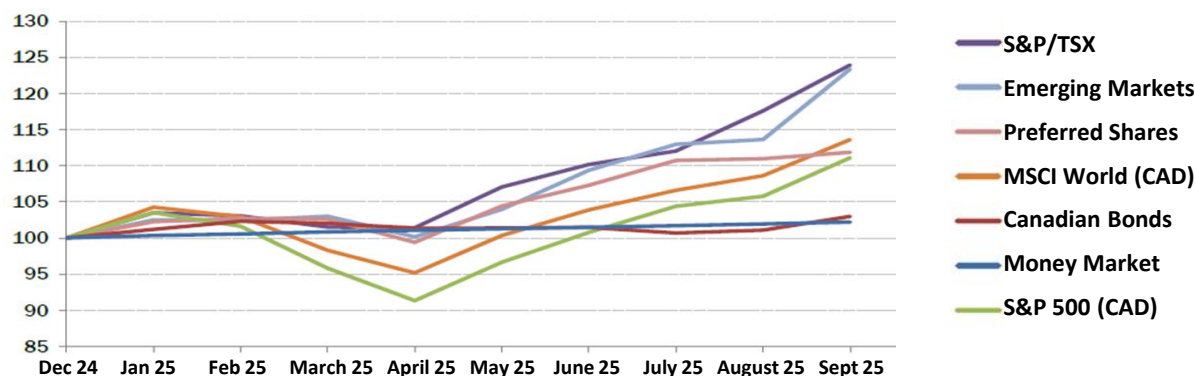
Third quarter key highlights:

- Broad-based rally in risk assets. Financial markets posted strong gains, driven by robust equity performance (Canada +12%, U.S. +8%) and preferred shares (+4%).
- Investor optimism around artificial intelligence (AI) and expected rate cuts. Continued investment in AI and expectations of central bank easing supported positive market sentiment.
- Weaker U.S. dollar. The DXY index declined 7% during the quarter (-11% year-to-date), contributing to broad-based asset price appreciation.
- Steeper yield curves. Ten-year yields edged lower (Canada -0.09%, U.S. -0.08%), while 2–30-year spreads widened (Canada +0.19%, U.S. +0.15%).

Portfolio Asset Allocation



Monthly Financial Market Returns



Monthly Economic Video

Stay abreast of the economy and financial markets: Watch our videos by [clicking on this link](#) (French only).

Economy

By Hugues Sauvé, FVP, Fixed Income and
Executive Assistant to the Canadian Investment Officer



Global Uncertainty and Canadian Resilience: An Economic Perspective

In the third quarter of 2025, global financial markets experienced a broad-based rally in risk assets. Corporate credit spreads tightened, while equities and preferred shares delivered solid returns. This strength persisted despite ongoing geopolitical and trade uncertainties, supported by sustained investment in artificial intelligence and growing investor confidence in forthcoming central bank rate cuts (expected: 5 in the U.S., 2 in Canada), in response to signs of a softening labour market. Bond yields drifted slightly lower and yield curves continued to steepen.

The U.S. economy continued to outperform expectations, with GDP growth of 3.8% in Q2 and similar forecasts for Q3. This resilience reflects expansionary fiscal policy, a stable services sector, solid private balance sheets and an AI-driven investment boom, all contributing to strong corporate earnings and household wealth. However, cash flows from major technology firms appear to be peaking, which could constrain future investment. The prevailing economic model—characterized by high fixed costs, rapid asset depreciation and diminishing competitive advantages—raises questions about its long-term sustainability.

The U.S. labour market and commercial real estate sectors show signs of cooling, even as unemployment remains low. A recovery in 2026 remains possible, supported by fiscal stimulus and an accommodative monetary stance, though inflation risks persist.

In Canada, economic conditions remain challenging. GDP contracted 1.6% in Q2, retail sales declined 2.3% over three months and leading indicators point to ongoing weakness. The unemployment rate stands at 7.1% and residential real estate prices have fallen 14% since 2022.

Trade tensions between Canada and the U.S. have eased, preserving duty-free access for 85% of cross-border exchanges. However, ongoing uncertainty and a projected federal deficit nearing \$100 billion could undermine the 2026 recovery and fiscal credibility, despite anticipated monetary easing.

Europe achieved a soft landing, maintaining moderate growth despite intensifying competition from China, which continues to diversify its export channels. Political instability, particularly in France, remains a headwind to consistent policy execution.

In China, a sustainable recovery remains elusive amid a prolonged property market correction, heightened trade tensions, a shrinking labour force and limited policy stimulus, all contributing to slower economic momentum.



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Bond Market

By Hugues Sauvé, FVP, Fixed Income and
Executive Assistant to the Canadian Investment Officer



Returns on FTSE Russell Indexes / Third Quarter 2025 (%)

Maturity	Federal	Provincial	Municipal	Corporate	Total
Short	1.11	1.28	1.30	1.65	1.32
Medium	1.80	2.17	2.26	2.62	2.05
Long	0.18	1.36	2.14	1.56	1.20
Universe	1.28	1.58	1.96	1.81	1.51

Source: FTSE Russell

Our Canadian fixed income strategies delivered solid returns, supported by prudent credit management and a preference for longer duration. We continue to favour high-quality issuers and remain vigilant amid elevated valuations and market volatility.

In the U.S., increasing politicization of the Federal Reserve has raised concerns about its independence. Markets have responded with a sharp rise in gold prices, a weaker dollar and a flatter yield curve, reflecting doubts over inflation control and confidence in fiat currencies.

At the same time, fiscal positions are deteriorating across several major economies, heightening the risk of unconventional policy measures amid ongoing deglobalization and structural inflation pressures. Elevated public debt levels are also contributing to higher long-term yields.

In this increasingly complex environment, revisiting the principles of behavioral finance is crucial. The extrapolation bias, the tendency to believe recent trends (such as rising prices) will persist indefinitely, can distort investor perception. Similarly, recency bias, which places excessive weight on recent events and herding behavior, where investors follow the crowd without critical analysis, are particularly relevant in today's overvalued markets (U.S. credit spreads below 0.75%).

Looking back, recent market history—from the 2000 tech bubble to the 2008 “subprime” crisis, the 2011 eurozone turmoil, the 2016 energy volatility, the 2020 global pandemic and the 2022 inflation surge—illustrates the cyclical and often violent nature of financial systems. Yet, unlike past crises, today's landscape features a convergence of multiple structural stresses—a true “polycrisis” rather than an isolated shock.

In such a complex and uncertain environment, experienced investors can look beyond surface risks to identify new opportunities. These pivotal moments are when seasoned portfolio managers—supported by a skilled team, disciplined processes and advanced analytical tools—can strike the right balance between prudence and conviction to fully capitalize on current conditions.

Equities

By Nicolas Poirier, Director, Equities



The third quarter was characterized by broad-based equity market gains across all major regions. Positive momentum was driven by renewed trade negotiations, strong corporate earnings growth and sustained enthusiasm for artificial intelligence. Concerns over tariff uncertainty eased following announcements of new trade agreements with key U.S. partners. Corporate earnings season was solid, revealing less tariff-related impact than expected, particularly in the U.S. European equities also advanced but were tempered by political uncertainty in France and persistent inflation pressures. The Canadian equity market benefited from rising gold prices, which pushed the materials sector to new highs.

In Canada :

- The S&P/TSX Index advanced 12.5% during the quarter
- Best-performing sectors: technology, materials and energy
- Worst-performing sectors: industrials, consumer staples and consumer discretionary

Optimum Canadian Fossil Fuel Free Equity

During the third quarter, the strategy underperformed due to stock selection in technology, an overweight to industrials and an absence of gold exposure. Shopify, name not held in the portfolio, rose over 30% during the quarter and now represents nearly 6% of the index. In addition, the gold sector continued to benefit from the rise in gold prices, driven by purchases from central banks and investors concerned about a potential resurgence in global inflation. The strategy's lack of exposure to utilities and energy was beneficial, as oil prices declined over the quarter following announcements of increased output from major producers.

Optimum Low Volatility Canadian Equity

The strategy lagged due to an overweight in consumer staples and stock selection within the technology and financial sectors. Specifically, the strategy is underweight in the banking sector and overweight in insurers due to volatility considerations. Canadian banks outperformed insurers following better-than-expected earnings, particularly with respect to loan loss provisions. However, the strategy benefited from stock selection in industrials and real estate, and the absence of Canadian railway holdings proved advantageous amid North American tariff uncertainty. Despite the strong market rally, the strategy has captured over 90% of the market's upside year-to-date, in line with its historical defensive profile.

Optimum Canadian Equity Multifactor

During the quarter, the strategy benefited from stock selection in industrials and real estate but was held back by underweights in materials and financials, as well as overweights in defensive sectors such as consumer staples and utilities. Momentum and low-volatility components were hindered by limited exposure to the materials sector, especially gold stocks but benefited from underweights in industrials. The equal-weight component suffered from overweight exposure to utilities but gained from energy stock selection. The main detractor was Shopify, which rose more than 30% during the quarter and represents roughly 6% of the index, while the strategy maintains broader diversification and an underweight position in that name.

Equities (cont'd)

By Nicolas Poirier, Director, Equities



In the United States:

- The S&P 500 gained 10.3% in CAD during the quarter
- Best-performing sectors: technology, communication and consumer discretionary
- Strong earnings from large-cap technology firms and continued investor enthusiasm for AI drove U.S. equity outperformance.

MSCI World Index:

- The index rose 9.4% in CAD during the quarter
- The European equity market lagged other regions amid political instability in France and persistent inflation in the area.

Optimum Global Fossil Fuel Free Equity

Global equity markets ended the quarter higher, supported by U.S. trade agreements with key partners, strong U.S. corporate earnings and ongoing enthusiasm for artificial intelligence. Emerging markets led regional performance following improved tariff relations between the U.S. and China. European markets posted gains but remained constrained by French political uncertainty and persistent U.K. inflation. The strategy underperformed due to stock selection in industrials, financials and consumer discretionary sectors. Notably, European banks—absent from the portfolio—continued to benefit from higher regional interest rates and the automotive sector outperformed the index during the quarter (Tesla +40% for the quarter). Positive contributions came from underweight exposure to consumer staples and strong stock selection in the communication sector—particularly our position in Alphabet (+38% during the quarter) and the absence of Netflix (-8% during the quarter).



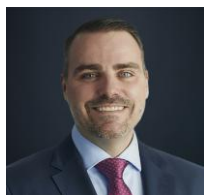
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Who are we?

The three asset management firms are subsidiaries of Optimum Financial Group, a diversified, global and privately owned group whose mission since 1969 has been to ensure its clients' financial security.

With a track record of 40 years in asset management, we have brought together a team of highly qualified professionals from various areas of the financial and technology sectors.

The firms stand out with their client proximity and excellence. Optimum Asset Management Inc. in Canada combines its talents with those of its sister companies, Optimum Gestion Financière S.A. in France and Optimum Quantvest Corporation in the United States. With teams in three countries, we have privileged access to various markets. The subsidiaries had a combined CA\$9.6 billion in assets under management for institutional and private clients as at September 30, 2025.

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The performance is shown in Canadian dollars, before management fees and is annualized for all periods over one year.

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The indexes used in the present document are indexes which are widely recognized benchmarks used to measure investment performance for their respective asset classes and were chosen based on their degree of comparability and similarity with the investment strategies presented.

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