MODEL PORTFOLIO Q2 2025

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Market Summary for Q2 2025

United States: The U.S. equity market experienced significant volatility in Q2 2025, with the S&P 500 declining over 21% from its February high to an April low, driven by tariff uncertainties and elevated recession risk. A subsequent 90-day tariff suspension sparked a V-shaped rally, pushing the S&P 500 and Nasdaq 100 to new all-time highs. Growth outperformed value, and earnings exceeded expectations, with 78% of S&P 500 companies beating forecasts, supporting the rally. However, high valuations and limited market breadth signal potential risks, with tariffs possibly resuming on July 9.

US Equity Style Box Performance

Q2 2025

	Value	Blend	Growth
Large	0.89	9.04	23.05
Mid	2.04	5.78	15.96
Small	4.01	5.32	13.13

Q1 2025

	Value	Blend	Growth
Large	5.95	-3.57	-7.53
Mid	2.15	-3.01	-6.27
Small	-3.74	-6.25	-8.43

Source: Morningstar Direct. Data as of Jun. 30, 2025

Stock Sector Performance

Name	Q2 2025
Basic Materials	3.52
Communication Services	18.79
Consumer Cyclical	10.91
Consumer Defensive	1.14
Energy	−7.66
Financial Services	6.89
Healthcare	−6.06
Industrials	13.08
Real Estate	−0.43
Technology	21.95
Utilities	7.69

Source: Morningstar Direct. Data as of Jun. 30, 2025

Canada: The S&P/TSX Composite outperformed the S&P 500 in the first half of 2025, reaching record highs with a broad-based rally. Commodities, particularly gold and base metals, drove performance, supported by a declining U.S. dollar, which fell 10.7% in H1 2025, marking its worst first-half performance since the 1970s.

International: Europe and Japanese markets posted strong gains in Q2 2025. Eurozone shares rose, led by Industrials with defense stocks benefiting from NATO's increased spending commitments. Japan's Nikkei 225 (+13.6%) were driven by growth stocks, supported by corporate governance reforms and positive trade negotiations. A weaker U.S. dollar boosted international equities overall.

Emerging Market: Outperformed developed markets in Q2 2025, delivering double-digit returns in U.S. dollar terms, aided by a 10.7% decline in the U.S. Dollar Index. The initial shock from the "Liberation Day" tariffs was mitigated by a 90-day suspension, with markets recovering in May and June. Korea and Taiwan led with strong AI-driven gains. India and China underperformed due to growth concerns and weak domestic data.

Q2 Global Markets Performance

Morningstar Eurozone	15.21%
Morningstar Canada	14.59%
Morningstar US Large-Mid	11.41%
Morningstar Japan	11.34%
Morningstar US Market	11.14%
Morningstar UK	10.44%
Morningstar US Small	7.28%
Morningstar China	3.05%

Source: Morningstar Direct. Data as of June 30, 2025. Returns in USD.

[Bond Market:](#) The bond market in Q2 2025 experienced muted gains amid heightened volatility, driven by U.S. tariff announcements and concerns over federal deficit sustainability. The 10-year Treasury yield ended at 4.23% after peaking at 4.58% in May, and the 30-year yield hit 5.00% before closing at 4.79%. The Treasury yield curve steepened, with the 10-year to two-year yield spread widening to 0.56 percentage points from 0.34.

The Federal Reserve maintained the federal-funds rate at 4.25%-4.50%, with bond futures traders estimating a 77% chance of a September rate cut, reflecting caution due to persistent inflation and potential tariff impacts. The “Liberation Day” tariff announcement on April 2 caused a spike in yields, but a 90-day suspension eased recession fears.

The Reconciliation Bill, passed in June, worsened U.S. debt dynamics, leading to a Moody’s downgrade to Aa1, further pressuring yields. Globally, yield curves steepened, with Japanese (30-year yield at 3.2%) and Canadian bonds lagging, while Australian bonds benefited from easing inflation. Credit markets showed resilience, with U.S. and Euro high-yield bonds outperforming investment-grade bonds as corporate spreads tightened post-Liberation Day, supported by high all-in-yields and low net issuance.

Morningstar Bond Indexes

Name	Category	Q2 2025
Core Bond	Core Bond	1.17
US Treasuries	Sector	0.84
Corporate	Sector	1.75
High Yield	Sector	3.57
Mortgage	Sector	1.12
Municipal	Sector	−0.16
Short-Term Core	Maturity	1.49
Intermediate	Maturity	1.43
Long-Term Core	Maturity	−0.27
TIPS	Inflation-Protected	0.45
Short-Term Treasury	US Government	1.36
Intermediate Treasury	US Government	1.62
Long-Term Treasury	US Government	−1.57

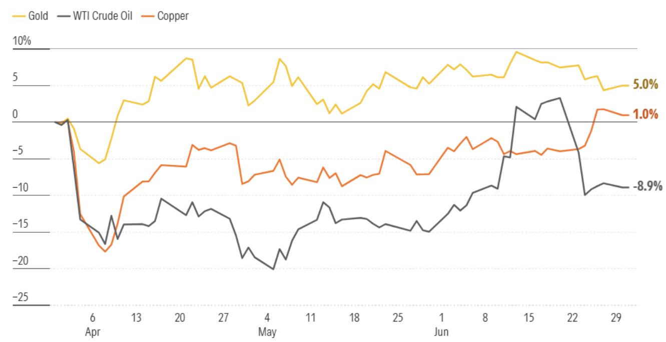
Source: Morningstar Direct. Data as of Jun. 30, 2025

[Commodities:](#) In Q2 2025, the S&P GSCI Index declined, reflecting weakness in key commodity sectors. Energy prices struggled, with oil dropping 8.9% despite a brief surge in June due to Middle East tensions, as oversupply and OPEC+’s decision to increase production for July capped gains.

The agriculture sector also weakened, though cocoa prices surged. In contrast, precious metals, including gold, and industrial metals, such as copper, advanced, with gold benefiting from its safe-haven status amid trade tariff uncertainties and geopolitical risks. Copper rebounded after a pause in U.S. tariffs alleviated concerns.

Livestock prices also rose, supported by elevated market risks driving investor preference for tangible assets.

Commodity Futures Performance



Source: FactSet. Data as of Jun. 30, 2025

Market Outlook

Economic Outlook: The global economy faces a slowdown in 2025, with Morgan Stanley forecasting global GDP growth at 2.9% (down from 3.3% in 2024) and S&P Global at 2.7%, driven by U.S. tariff impacts and geopolitical uncertainties (Russia-Ukraine, Middle East).

U.S. growth is projected to weaken to 1.5% (Morgan Stanley) and 1.7% (S&P Global) in 2025, and 1.0%-1.6% in 2026, constrained by tariffs, reduced immigration, and federal cost-cutting.

China's growth is expected at 4.5% in 2025, hampered by real-estate market, while Europe grows modestly at 1%. India leads at 5.9%, and Japan at 1%, supported by domestic demand, while Mexico stalls and Brazil slows.

Equity Market: Global equities rebounded after a tariff shock, with J.P. Morgan forecasting the S&P 500 to reach 6,000 by year-end, driven by 5% Q2 earnings growth (down from 9.4% estimates) and strong tech/AI fundamentals. However, FactSet notes larger-than-average EPS cuts (-4.2% for Q2), with the S&P 500's forward P/E ratio at 22.2, above 5-year (19.9) and 10-year (18.4) averages.

International markets, especially in the Eurozone, UK, and Japan, may outperform due to a weaker U.S. dollar, but narrow leadership and high valuations suggest volatility. Diversification and active management are recommended.

Inflation: U.S. core inflation is expected to rise to 3.0%- 3.5% by Q3 2025, driven by a 50% pass-through of tariffs (effective rate ~15%) as inventories deplete. Morgan Stanley predicts a peak in Q3 before easing in 2026 due to weaker demand.

Globally, inflation is expected to slow to 2.1% in 2025 and 2% in 2026, except in the U.S., where tariff and immigration-related labor shortages could sustain price pressures. Potential oil price spikes ($90+ WTI) could add 0.2-0.3% to headline inflation.

Recession Risk: The U.S. faces a 30%- 40% recession probability in the next 12 months, higher than the historical 13%, due to tariff uncertainty, geopolitical risks, and slowing labor markets (unemployment rising to 4.6% by mid-2026). However, resilient consumer income and corporate health reduce the likelihood of an imminent downturn. A re-escalation of tariffs to April peaks could trigger a U.S. and global recession.

Portfolio Strategy

The Portfolio Management Team (PMT) remains vigilant in navigating the complexities of today's rapidly evolving financial markets. Our proactive approach ensures that client portfolios are well-positioned to balance risk and opportunity amidst changing economic conditions.

The PMT continues to evaluate market conditions daily, maintaining a disciplined approach to portfolio management. While we remain optimistic about growth opportunities, we are prepared to adopt a more defensive posture if market signals indicate increased risk. Our team is judiciously deploying new capital into client portfolios, prioritizing investments that align with our long-term objectives of capital preservation and growth.

Looking ahead, we are actively monitoring global economic indicators, geopolitical developments, and sector-specific trends to determine the optimal timing for a comprehensive rebalance of all client portfolios. This rebalance will ensure that each portfolio remains aligned with our clients' risk tolerances, financial goals, and the evolving market landscape.

Our proactive adjustments reflect our commitment to safeguarding and growing our clients' wealth in a dynamic and unpredictable market environment. By reducing risk, enhancing diversification, and positioning portfolios to capture global opportunities, we aim to deliver consistent, long-term value. We will continue to keep you informed of significant updates and welcome any questions or discussions regarding your portfolio.

Trade Updates Q2 2025

<table>
<tr><th>TRADE</th><th>SYMBOL</th><th>SECURITIES</th><th>RATIONALE</th></tr>
<tr><td>Trimmed</td><td>FCAM</td><td>Fidelity All-American Equity ETF</td><td rowspan="4">The U.S. equity markets (S&P 500) experienced significant volatility in April 2025, with a sharp decline of 21% following Liberation Day. However, we've seen a robust recovery in the weeks since, driven by renewed optimism in the markets, driven by the 90-day pause in tariff, which has opened the door to negotiations aimed at resolving ongoing trade disputes. This development has bolstered investor confidence, as a potential trade deal could stabilize global markets and support economic growth. That said, uncertainties remain, particularly regarding the final outcome of these trade negotiations and their broader impact on the U.S. economy. Factors such as potential tariffs and evolving trade policies could still introduce risks, and we are closely monitoring these developments to ensure your portfolio remains well-positioned.

In contrast, International markets, particularly in Europe, have shown resilience in the face of these trade uncertainties. European markets are less affected by U.S.-China trade dynamics, as they benefit from stronger trade relationships with Asia and other regions. This relative stability presents an opportunity to diversify your portfolio and reduce exposure to potential risks in the U.S. market. By increasing allocations to international equities, we can tap into growth opportunities in markets that are less impacted by U.S.-specific trade policies while maintaining a balanced approach to risk and return.

To capitalize on these opportunities and enhance the resilience of your portfolio, we have made strategic adjustments to your geographic allocation. Specifically, we have reduced your U.S. equity exposure from 55% to 50% to mitigate risks associated with ongoing trade uncertainties and potential economic headwinds in the U.S. At the same time, we have increased your international equity allocation from 15% to 20%. This shift allows us to diversify your investments across global markets, taking advantage of the relative stability and growth potential in regions like Europe and Asia. These changes are designed to balance risk and reward, ensuring your portfolio is well-positioned to navigate the evolving market environment.</td></tr>
<tr><td>Trimmed</td><td>RUD</td><td>RBC Quant U.S. Dividend Leaders ETF</td></tr>
<tr><td>Increased</td><td>FCIN</td><td>Fidelity All-International Equity ETF</td></tr>
<tr><td>Increased</td><td>RID</td><td>RBC Quant EAFE Dividend Leaders ETF</td></tr>
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Portfolio Holdings as of June 30, 2025

PORTFOLIO HOLDINGS	SYMBOL	INVESTMENT OBJECTIVE	RISK RATING	PROTECTION (B)	PENSION (BG)	PURSUIT (G)	PROSPERITY (HG)
Equity				**40.00**	**60.00**	**80.00**	**80.00**
Platinum Growth Fund	MAJ397	Growth	Medium	20.00	30.00	40.00	40.00
Fidelity All-American Equity ETF	FCAM	Growth	Medium	5.00	7.50	10.00	10.00
RBC Quant U.S. Dividend Leaders ETF	RUD	Income/Growth	Medium	5.00	7.50	10.00	10.00
Fidelity All-Canadian Equity ETF	FCCA	Growth	Medium	3.00	4.50	6.00	6.00
RBC Quant Canadian Dividend Leaders ETF	RCD	Income/Growth	Medium	3.00	4.50	6.00	6.00
Fidelity All-International Equity ETF	FCIN	Growth	Medium	2.00	3.00	4.00	4.00
RBC Quant EAFE Dividend Leaders ETF	RID	Income/Growth	Medium	2.00	3.00	4.00	4.00
Fixed Income				**52.00**	**32.00**	**12.00**	**0.00**
Majestic Global Income Fund	MAJ383	Income	Low	26.00	16.00	6.00	-
RBC Core Bond Pool	PCOR	Income	Low	13.00	8.00	3.00	-
CIBC Core Fixed Income Pool	CCRE	Income	Low	13.00	8.00	3.00	-
Alternative Investment				**7.00**	**7.00**	**7.00**	**19.00**
Antrim Balanced Mortgage Fund	ABM103	Income	Medium	3.00	3.00	3.00	10.00
Dynamic Active Enhanced Yield Covered Options ETF	DXQ	Income/Growth	Low / Medium	2.00	2.00	2.00	-
PICTON Market Neutral Equity Alternative ETF	PFMN	Growth	Low	2.00	2.00	2.00	9.00
Cash & Cash Equivalent				**1.00**	**1.00**	**1.00**	**1.00**

Equity Information

Platinum Growth Fund

- The Platinum Growth Fund is our main equity pool, and it consists of 13 different investment Funds.
- Each Fund is actively managed by a team consisting of Portfolio Managers and Analysts who are experts in their respective fields.
- We have conducted research and the due diligence process on each fund, we select the manager that we believe will outperform its peers and provide the best risk-adjusted return and diversification.

Fidelity All-American Equity ETF (FCAM)

- The Fund is actively managed by a quantitative team.
- A core portfolio holding offering the potential for capital appreciation, and focused regional equity exposure.
- It provides the potential to outperform traditional passive strategies.
- It is an efficient complement to a well-diversified portfolio.

Fidelity All-Canadian Equity ETF (FCCA)

- The Fund is actively managed by a quantitative team.
- A core portfolio holding offering the potential for capital appreciation, and focused regional equity exposure.
- It provides the potential to outperform traditional passive strategies.
- It is an efficient complement to a well-diversified portfolio.

Fidelity All-International Equity ETF (FCIN)

- The Fund is actively managed by a quantitative team.
- A core portfolio holding offering the potential for capital appreciation, and focused regional equity exposure.
- It provides the potential to outperform traditional passive strategies.
- It is an efficient complement to a well-diversified portfolio.

RBC Quant U.S. Dividend Leaders ETF (RUD)

- The ETF follows a Quantitative multi-factor approach used to gauge a company's financial strength.
- ETF seeks to provide unitholders with exposure to the performance of a diversified portfolio of high-quality U.S. equity securities that are expected to provide regular income from dividends and that have the potential for long-term capital growth.
- It invests in companies with attractive dividend yield with long-term growth potential and emphasizes consistent and growing dividend payers.

RBC Quant Canadian Dividend Leaders ETF (RCD)

- The ETF follows a Quantitative multi-factor approach used to gauge a company's financial strength.
- ETF seeks to provide unitholders with exposure to the performance of a diversified portfolio of high-quality Canadian equity securities that are expected to provide regular income from dividends and that have the potential for long-term capital growth.
- It invests in companies with attractive dividend yield with long-term growth potential and emphasizes consistent and growing dividend payers.

RBC Quant EAFE Dividend Leaders ETF (RID)

- The ETF follows a Quantitative multi-factor approach used to gauge a company's financial strength.
- ETF seeks to provide unitholders with exposure to the performance of a diversified portfolio of high-quality equity securities in markets in Europe, Australasia and the Far East (EAFE) that are expected to provide regular income from dividends and that have the potential for long-term capital growth.
- It invests in companies with attractive dividend yield with long-term growth potential and emphasizes consistent and growing dividend payers.

Fixed Income Information

The Select Global Income Fund

- The Select Global Income Fund is our main fixed income pool, it consists of ten different investment funds.
- Each fund is actively managed by a team consisting of Portfolio Managers and Analysts who are experts in their respective fields.
- We have conducted research and the due diligence process on each fund, we select the manager that we believe will outperform its peers and provide the best risk-adjusted return and diversification.

RBC Core Bond Pool ETF

- The ETF seeks to provide regular income with a potential for modest capital appreciation. The fund invests primarily in units of other mutual funds managed by RBC GAM or an affiliate of RBC GAM (called the underlying funds), emphasizing mutual funds that invest in fixed-income securities.
- The Diversified exposure to global fixed income securities and the potential for modest capital appreciation.

CIBC Core Fixed Income Pool ETF

- This ETF will focus on generating regular income, with a secondary focus on generating modest long-term capital appreciation, by investing primarily in units of other mutual funds that invest in fixed income securities.

Alternative Investment Information

Antrim Balanced Mortgage Fund

- The fundamental objective of the Fund is to preserve capital while generating a steady stream of interest income. This is achieved by investing in a diversified portfolio of residential first and second mortgages in major centers of Canada.
- Target asset allocation is 75% in residential first mortgages and 25% in residential 2nd mortgages.
- Maximum loan-to-value is 75% at the time of funding.
- The correlation of the funds is low with government and corporate bonds. The low correlation between other asset classes could provide significant diversification benefits to the portfolio.

PICTON Market Neutral Equity Alternative ETF

- The Fund's objective is to provide consistent long-term capital appreciation with an attractive risk-adjusted rate of return in any market condition.
- The investment strategy is to employ a true market-neutral equity strategy by investing in long and short positions (typically 100% long equity exposure and 100% short equity and derivatives exposure), aiming for an average equity market beta of 0, while offering diversification and serving as a complement to typical long-biased portfolios heavily exposed to the equity market.
- The Fund is designed to mitigate equity market volatility, low correlation with other asset classes, and reduce the severe impacts of deep drawdowns. To the overall

Dynamic Active Enhanced Yield Covered Options ETF

- Access to an actively managed portfolio where stocks are selected based on fundamental analysis and sector allocations are not constrained by the need to replicate a benchmark.
- Enhance the intrinsic dividend yield of the quality household brand names in the portfolio through written puts and covered calls, which generate premiums.
- Risk management is key to the Quant team's process and downside protection is offered by the margin of safety in place by writing puts at a discount to where stocks trade.

Disclaimer

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