

MODEL PORTFOLIO Q3 2025



Market Summary

United States: In Q3 2025, major asset classes posted strong gains, driven by easing trade tensions, enthusiasm for AI advancements, and expectations of Federal Reserve rate cuts. U.S. equity indices hit record highs, with the Nasdaq surging 11.2%, the S&P 500 rising 8.1%, and the Dow gaining 5.2%. Robust corporate earnings, operational efficiencies, and reduced uncertainties around tariffs and supply chains bolstered investor confidence, while dovish Fed signals and moderating inflation further fueled risk-taking, sustaining market momentum despite lingering economic and geopolitical concerns. narrative of a durable and vibrant market in Q3 2025.

Stock Sector Performance

Name	Q3 2025
 Basic Materials	6.11
 Communication Services	12.75
 Consumer Cyclical	8.90
 Consumer Defensive	-2.71
 Energy	5.80
 Financial Services	4.07
 Healthcare	4.51
 Industrials	6.25
 Real Estate	3.19
 Technology	12.40
 Utilities	7.75

Source: Morningstar Direct. Data as of Sep. 30, 2025. Performance in %

Canada: The S&P/TSX Composite soared 12.47% percent in Q3, outpacing the S&P 500 and hitting record highs with a broad rally led by commodities-gold as a safe-haven amid geopolitical risks, and base metals like copper surging on industrial and green energy demand. A weakening U.S. dollar, at its lowest since the seventies, boosted Canadian exports, enhancing competitiveness in mining, energy, and financials, fueled by strong earnings, global recovery, and investor optimism despite slowdown fears.

International: UK equities gained strongly in Q3 2025, with the FTSE All-Share up 6.9%. Despite weak domestic growth and inflation pressures, the index was lifted by its heavy reliance on overseas revenues, a resilient global economy, and a weaker pound, which boosted exports and foreign earnings. Strong performance in globally exposed sectors like energy and materials, supported by solid demand and favorable commodity prices, further drove returns.

The MSCI Europe ex-UK Index rose just 2.8% in Q3 2025, the weakest among major markets, weighed down by a 1.2% decline in German equities amid high energy costs and slowing manufacturing. France fared better, with the CAC 40 up 3.3% despite political turbulence following a change in leadership, though uncertainty over fiscal reforms lingers. Strength in luxury and technology sectors, alongside targeted stimulus, supported French stocks, underscoring the region’s mixed economic and political backdrop.

Emerging Market: The MSCI Asia ex-Japan Index led global markets in Q3 2025, jumping 11.1%, driven by a sharp rally in Chinese technology stocks, with the Hang Seng Tech Index up 22.1% for the quarter and 46.0% year-to-date. Gains were supported by policy backing for China’s semiconductor industry, strong AI investment and product launches, easing U.S. trade tensions, and optimism around China’s “anti-involution” policy. Taiwan also contributed, with its tech-heavy MSCI Index rising 14.7% on global demand for AI and technology. Together, these factors highlight Asia’s central role in global tech growth.

Q3 Global Markets Performance

 Morningstar China	20.10%
 Morningstar Canada	10.40%
 Morningstar Japan	8.57%
 Morningstar US Large-Mid	8.10%
 Morningstar US Market	8.09%
 Morningstar US Small	7.99%
 Morningstar UK	5.13%
Morningstar Eurozone	4.15%

Source: Morningstar. Data as of Sept. 30, 2025. Performance shown in USD

Bond Market: After holding rates steady for a year, the Fed cut its benchmark rate in September to 4.00%–4.25%, citing persistent inflation from tariffs and a cooling labor market. Analysts expect further cuts into 2026 as the Fed adopts a more dovish stance. Bond markets rallied ahead of the move, with 10-year Treasury yields falling to 4.16% and 30-year yields dropping from above 5.00% to 4.73%. Lower yields boosted returns, with the US Core Bond Index up 2.04% for the quarter, Treasuries gaining 1.52%, long-term core bonds rising 3.26%, and municipals up 3.14%. Still, uncertainty around fiscal policy and sticky inflation may limit further yield declines.

Commodities: Bitcoin rose 6.4% in Q3, a slower pace than its 30.0% surge in Q2, though it reached a record high of about \$123,000 in mid-August. Gold jumped 17.1%, extending its multi-year rally as investors sought safe-haven assets amid geopolitical uncertainty, shifting trade policies, and reduced demand for U.S. debt. In contrast, crude oil fell 4.2% on higher output from the U.S. and OPEC+, while copper declined 4.4% after holding steady in Q2.

Market Outlook

Global economic dynamics are being reshaped by forces such as geopolitical fragmentation, artificial intelligence, and other structural changes. These are not cyclical shifts but long-term transformations that could produce a wide range of outcomes, adding to overall uncertainty. A central feature of this environment is the weakening of traditional macroeconomic anchors that have guided markets for decades.

Inflation expectations are no longer consistently aligned with the 2% target. Fiscal discipline is deteriorating, while investors are demanding greater risk premia for holding long-term government debt. This shift has pushed yields higher, as concerns about fiscal sustainability increasingly influence bond markets.

With equity markets trading above fair value and nearly 40% of total market capitalization concentrated in just ten mega-cap companies tied heavily to artificial intelligence, there is very little room for error if AI growth does not meet expectations. Many of these AI-driven giants are already priced at or beyond fair value estimates, leaving investors exposed should momentum weaken.

Price/Fair Value of Morningstar's U.S. Equity Research Coverage at Month End



Source: Morningstar Research Services, LLC. Data as September 30, 2025.

Looking ahead, markets face a delicate balance. The strength from AI investment and the potential for monetary easing is only narrowly offsetting persistent inflationary pressures and other macroeconomic headwinds. On the upside, corporate spending on AI is sustaining growth that might otherwise have slowed. The Federal Reserve is also anticipated to cut rates twice before year-end, with long-term yields expected to decline, the 10-year Treasury is projected to average around 3.9% in 2026. That said, the next year could prove challenging, as weaker consumer spending, a slowdown in new housing construction, and diminishing policy support weigh on overall economic activity.

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

TRADE	SYMBOL	SECURITIES	RATIONALE
Trimmed	RCOR	RBC Core Bond Pool ETF	Equity markets have experienced a strong rally over the past few months, leading us to rebalance our model portfolio by trimming equity exposure back to target levels and taking some profit off the table. At the same time, we have implemented strategic adjustments to our asset allocation, reducing our position in traditional fixed income and reallocating toward alternative liquid credit strategies. This shift is designed to enhance portfolio diversification, better risk management, and potentially capture more attractive risk-adjusted returns compared to conventional bond holdings.
Trimmed	CCRE	CIBC Core Fixed Income Pool ETF	The Picton Long/Short Income Alternative ETF (PFIA) takes a differentiated approach by blending traditional bond exposure with alternative strategies designed to enhance returns and lower risks. By combining long positions in high-quality, income-generating bonds with short positions in securities expected to underperform, the fund not only seeks to capture attractive yields but also actively manages downside risks associated with interest rate changes, credit deterioration, and broader market volatility. Its use of a long/short structure provides flexibility to adapt to shifting market conditions, allowing the portfolio to capitalize on both opportunities and inefficiencies across credit markets. Compared to traditional fixed-income products, the ETF's active risk management and opportunistic strategy create the potential for more resilient performance and improved risk-adjusted returns, particularly in the current higher volatility in bond yields due to fiscal deficits and stagflation risks.
Trimmed	MAJ374	Select Partners Global Income Fund	
Added	PFIA	Picton Long/Short Income Alternative ETF	The Dynamic Short-Term Credit PLUS ETF (DXCP) is a liquid alternative fixed income strategy focused on generating steady income and modest capital growth through short-term North American investment-grade corporate bonds, primarily with maturities under five years. The ETF enhances returns and manages risks by incorporating alternative strategies such as leverage, short-selling, and derivatives, while maintaining high overall credit quality and liquidity. With 80–90% exposure to investment-grade credits and selective allocations to high-yield or longer-term bonds for opportunistic yield, it seeks to balance capital preservation with enhanced income potential. Recent performance has been stable, delivering higher return with low volatility compared to traditional fixed income and limited interest rate sensitivity.
Added	DXCP	Dynamic Short-Term Credit Plus ETF	

Portfolio Holdings as of September 30, 2025

PORTFOLIO HOLDINGS	SYMBOL	INVESTMENT OBJECTIVE	RISK RATING	DEFENSIVE (Conservative)	PROTECTION (Balanced)	PENSION (Balanced Growth)	PURSUIT (Growth)	PROSPERITY (High Growth)
Equity				0.00	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				79.00	48.00	28.00	8.00	0.00
Majestic Global Income Fund	MAJ383	Income	Low	-	24.00	14.00	4.00	-
RBC Core Bond Pool	PCOR	Income	Low	-	12.00	7.00	2.00	-
CIBC Core Fixed Income Pool	CCRE	Income	Low	-	12.00	7.00	2.00	-
Canoe Bond Advantage Portfolio Class	GOC703	Income	Low	30.00	-	-	-	-
CI Global Investment Grade Class	CIG54101	Income	Low	30.00	-	-	-	-
RBC Canadian T-Bill Fund	RBF962	Income	Low	19.00	-	-	-	-
Alternative Investment				20.00	11.00	11.00	11.00	19.00
Antrim Balanced Mortgage Fund	ABM103	Income	Medium	20.00	3.00	3.00	3.00	10.00
Dynamic Active Enhanced Yield ETF	DXQ	Income/Growth	Low/Medium	-	2.00	2.00	2.00	9.00
PICTON Market Neutral Equity Alternative ETF	PFMN	Growth	Low	-	2.00	2.00	2.00	-
Dynamic Short-Term Credit Plus ETF	DXCP	Income/Growth	Low	-	2.00	2.00	2.00	-
PICTON Long/Short Income Alternative ETF	PFIA	Income/Growth	Low	-	2.00	2.00	2.00	-
Cash & Cash Equivalent				1.00	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.

Canoe Bond Advantages Portfolio Class

- Tax-efficient Portfolio Class structure.
- Core North American investment grade bond portfolio.
- High quality corporate issuers for income, long duration bonds for insurance and government bonds for liquidity.
- Actively managed duration and bottom-up fundamental credit process.

CI Global Investment Grade Class

- Tax-efficient Portfolio Class structure.
- Seeking regular income and the potential for long-term capital appreciation.
- Low degree of risk and global fixed income exposure to your investment portfolio.

RBC Canadian T-Bill Fund

- Provide interest income while attempting to preserve capital and maintain liquidity.
- Provides a high level of safety by investing primarily in Government of Canada T-bills and other government guaranteed short-term debt instruments.

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 of the Fund 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.

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.

PICTON Long / Short Income Alternative ETF

- The Fund's objective is to maximize total return to unit holders through income and capital appreciation by investing primarily in corporate bonds while mitigating capital loss through shorting and other hedging strategies.

Dynamic Short-Term Credit PLUS ETF

- For clients looking to generate additional yield in their portfolios
- Benefit from the lower volatility provided by shorter-dated bonds
- Includes the active management of credit, security selection and interest rate risk

Disclaimer

This information has been prepared by Luft Financial, Robert Luft Portfolio Manager, Aaron Arnold, Jon Glougie Portfolio Manager, Ryan Smillie Portfolio Manager, and Vincent Zeng Portfolio Manager for iA Private Wealth Inc. and does not necessarily reflect the opinion of iA Private Wealth. The information contained in this newsletter comes from sources we believe reliable, but we cannot guarantee its accuracy or reliability. The opinions expressed are based on an analysis and interpretation dating from the date of publication and are subject to change without notice. Furthermore, they do not constitute an offer or solicitation to buy or sell any of the securities mentioned. The information contained herein may not apply to all types of investors. The Portfolio Manager can open accounts only in the provinces in which they are registered.

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