

# MODEL PORTFOLIO Q4 2025



## Market Summary

**United States:** In Q4 2025, U.S. markets continued to advance but with slowing momentum and a clear shift in leadership. Equities rose about 2.4% and reached new highs, volatility in the technology sector and growing skepticism around the sustainability of the AI-driven rally weighed on growth stocks. As mega-cap tech faltered, investor positioning rotated toward value, dividend-paying, and defensive sectors such as healthcare, broadening market participation. Overall, the quarter reflected a more selective and fundamentally driven market, with 2025 ending on a strong note despite a clear transition away from narrow, momentum-led leadership.

### US Equity Style Box Performance

	Q4 2025			Q3 2025			2025		
	Value	Blend	Growth	Value	Blend	Growth	Value	Blend	Growth
Large	4.14	1.58	-1.42	6.17	4.62	6.66	18.18	11.74	19.64
Mid	4.23	0.90	-5.41	6.71	4.80	2.53	15.93	8.49	5.42
Small	4.18	3.81	1.50	7.22	8.06	8.54	11.84	10.76	14.12

Source: Morningstar Direct. Data as of Dec 31, 2025. Performance in %

### Stock Sector Performance

Name	Q4 2025	Q3 2025	1 Year
Basic Materials	2.55	6.11	15.30
Communication Services	6.60	12.75	33.93
Consumer Cyclical	0.39	8.90	5.70
Consumer Defensive	-0.91	-2.71	1.11
Energy	1.02	5.80	7.61
Financial Services	2.50	4.07	16.86
Healthcare	11.27	4.51	15.19
Industrials	2.09	6.25	18.73
Real Estate	-1.95	3.19	4.14
Technology	0.73	12.40	21.43
Utilities	-1.35	7.75	19.43

Source: Morningstar Direct. Data as of Dec 31, 2025. Performance in %

**Global:** As in earlier periods of the year, U.S. equity markets underperformed global peers in the fourth quarter, largely due to continued weakness and volatility in the technology sector, which weighed disproportionately on U.S. benchmarks.

In contrast, international markets delivered notably stronger results, led by Canada, where equities advanced nearly 8% as gains broadened across sectors and benefited from relatively attractive valuations and commodity-linked exposure. UK equities also posted solid returns, rising more than 6%, supported by resilient corporate earnings and improving investor sentiment.

The most pronounced shift occurred in China, where equities reversed sharply and declined close to 7% following an exceptional rally in the prior quarter, as profit-taking, policy uncertainty, and renewed concerns around economic momentum tempered investor enthusiasm. Overall, the quarter highlighted meaningful regional divergence, with performance driven increasingly by local fundamentals rather than synchronized global risk appetite.

### Q4 Global Markets Performance

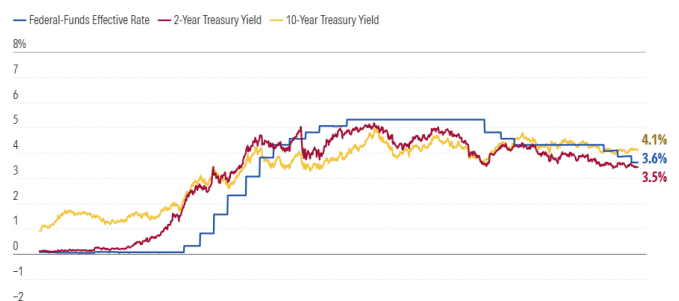
Morningstar Canada	7.95%
Morningstar UK	6.51%
Morningstar Eurozone	4.95%
Morningstar Japan	2.81%
Morningstar US Market	2.43%
Morningstar China	-6.80%

Source: Morningstar Direct. Data as of Dec 31, 2025.

**Bond Market:** Following an initial rate cut earlier in the year, the Federal Reserve delivered two additional reductions during the quarter, bringing the federal funds target range down to 3.50%–3.75% from 4.25%–4.50% at the start of 2025. The easing cycle unfolded amid notable disagreement within the Federal Open Market Committee, reflecting a balance between supporting a cooling labor market and guarding against inflation that, while substantially lower than its 2022 peak, remains above the Fed's long-term objective. Expectations for continued accommodation are tempered by uncertainty around future Fed leadership and a cautious policy outlook, with markets largely anticipating a pause at the first meeting of 2026.

Bond markets responded constructively, posting another positive quarter and finishing the year strongly, supported by falling short-term yields and a further steepening of the yield curve. Returns were broad-based across fixed income sectors, led by mortgage-backed securities, municipals, and high-yield bonds, while longer-term Treasury yields remained below their summer highs, reinforcing improved income and total return prospects despite ongoing fiscal and inflation-related uncertainties.

### Treasury Yield and Federal-Funds Rate



Source: Federal Reserve Economic Database. Data as of Dec 30, 2025.

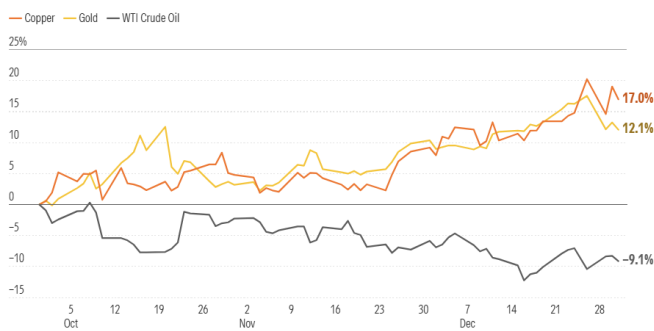
## Morningstar Bond Indexes

Name	Category	Q4 2025	Q3 2025	1 Year
Core Bond	Core Bond	0.97	2.04	7.12
US Treasuries	Sector	0.77	1.52	6.17
Corporate	Sector	0.63	2.64	7.56
High Yield	Sector	1.40	2.44	8.66
Mortgage	Sector	1.59	2.43	8.33
Municipal	Sector	1.48	3.14	3.94
Short-Term Core	Maturity	1.14	1.29	6.09
Intermediate	Maturity	1.35	2.28	8.45
Long-Term Core	Maturity	-0.39	3.26	6.39
TIPS	Inflation-Protected	-0.01	2.09	6.89
Short-Term Treasury	US Government	1.12	1.14	5.76
Intermediate Treasury	US Government	1.00	1.57	8.02
Long-Term Treasury	US Government	-0.48	2.51	5.26

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

**Commodities:** Performance across real assets and digital assets diverged sharply. Gold continued its strong ascent, rising more than 12% as investors sought stability amid heightened market volatility, geopolitical tensions, and trade uncertainty, reinforcing its role as a defensive store of value. Industrial metals also performed well, with copper posting sizable gains on sustained demand and supply constraints. In contrast, energy markets weakened, as increased production from the United States and OPEC+ expanded supply and pressured crude oil prices lower. Cryptocurrencies experienced a pronounced reversal after a strong run earlier in the year, with bitcoin falling more than 23% as leveraged positions were unwound and capital flowed out of digital asset funds. By year-end, bitcoin had retreated significantly from its October peak, while ether declined even more sharply, underscoring the elevated volatility and risk sensitivity of the crypto market.

## Commodity Futures Performance



Source: FactSet. Data as of Dec 31, 2025.

## Market Outlook

As we look ahead, we are adopting a more defensive and cautious stance, reflecting a market environment that is becoming increasingly complex and less forgiving for risk assets. While global growth has held up through 2025, momentum is becoming more uneven, with job growth slowing, consumption showing signs of fatigue, and inflation proving stickier than markets had anticipated. U.S. equity valuations remain elevated and heavily concentrated in a narrow group of mega-cap technology and AI-related companies, leaving returns highly dependent on continued optimism around AI monetization and capital spending efficiency. Any disappointment in earnings, slower adoption, or pullback in tech capex could result in outsized market reactions. At the same time, geopolitical risks are rising across multiple fronts, including ongoing tensions in Eastern Europe, heightened uncertainty in the Middle East and Latin America, and an increasingly assertive U.S. foreign and energy policy stance, which raises the risk of supply disruptions, policy missteps, and sudden shifts in investor sentiment.

Against this backdrop, we believe the market is transitioning from a “risk-on” phase toward an environment where volatility is likely to increase and return dispersion will widen. While fiscal stimulus and AI investment may continue to support growth in the near term, these tailwinds are expected to fade as labor market softness, trade uncertainty, and tighter financial conditions become more prominent into mid-to-late 2026. As a result, we are positioning portfolios more conservatively by potentially reducing U.S. equity exposure, increasing allocations to high-quality fixed income to enhance income and downside protection, and potentially adding gold as a strategic hedge against geopolitical stress, inflation uncertainty, and currency risk. In this environment, disciplined portfolio construction, diversification across asset classes and regions, and an emphasis on balance-sheet strength and income generation will be critical in preserving capital and navigating what we expect to be a more volatile and less predictable market cycle.

### US Stock Market Pullbacks



Source: Morningstar Research Services. Data as of Dec 30, 2025.

## 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

On **November 20**, the Platinum Growth Fund underwent a tactical rebalance to reflect evolving market conditions. The changes included a reduction in the **Russell Investments Global Infrastructure Pool** and an increased allocation to the **TD U.S. Disciplined Equity Alpha Fund**.

Equity markets experienced increased volatility in November, with the S&P 500 declining approximately **5%** from recent all-time highs. Such market movements are consistent with historical norms and do not, in our view, indicate a deterioration in underlying fundamentals. Periods of volatility often present opportunities to reassess portfolio positioning within the context of long-term investment objectives.

In this environment, we reduced exposure to infrastructure, a strategy with a defensive bias that may underperform during periods of market recovery. Proceeds were reallocated to a diversified U.S. equity strategy with a growth orientation and disciplined investment process. This adjustment modestly increases the portfolio's exposure to earnings growth and equity market participation while maintaining appropriate diversification and risk controls.

The portfolio remains aligned with its long-term growth mandate, and these changes are intended to enhance return potential as market conditions normalize, without materially altering the overall risk profile of the fund.

On **December 29**, we rebalanced the **LIF/RRIF accounts** to ensure sufficient liquidity for the next 12 months of scheduled withdrawals. By holding cash reserves to cover monthly income needs, we reduce the risk of having to sell growth assets during periods of market volatility, helping to protect income and maintain the long-term growth orientation of the portfolio.

On **January 2**, we rebalanced the **non-registered account** supporting monthly withdrawals. This adjustment allowed us to meet near-term income requirements while **deferring capital gains realization until 2027**, enhancing tax efficiency and preserving flexibility for future planning.

These actions reflect a disciplined approach to portfolio management: maintaining income stability, minimizing the impact of market fluctuations on withdrawals, and optimizing after-tax outcomes, all while keeping the portfolio aligned with long-term objectives.

## Portfolio Holdings as of December 31, 2025

PORTFOLIO HOLDINGS	SYMBOL	INVESTMENT OBJECTIVE	RISK RATING	DEFENSIVE (Conservative)	PROTECTION (Balanced)	PENSION (Balanced Growth)	PURSUIT (Growth)	PROSPERITY (High Growth)
<b>Equity</b>				<b>0.00</b>	<b>40.00</b>	<b>60.00</b>	<b>80.00</b>	<b>80.00</b>
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
<b>Fixed Income</b>				<b>79.00</b>	<b>48.00</b>	<b>28.00</b>	<b>8.00</b>	<b>0.00</b>
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	-	-	-	-
<b>Alternative Investment</b>				<b>20.00</b>	<b>11.00</b>	<b>11.00</b>	<b>11.00</b>	<b>19.00</b>
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	PPIA	Income/Growth	Low	-	2.00	2.00	2.00	-
<b>Cash &amp; Cash Equivalent</b>				<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

## 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.

iA Private Wealth Inc. is a member of the Canadian Investor Protection Fund and the Canadian Investment Regulatory Organization. iA Private Wealth is a trademark and business name under which iA Private Wealth Inc. operates.