

ECONOMIC AND MARKET REVIEW

FIRST QUARTER 2025



Important information

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Nothing in this publication is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. This information is made available on an "as is" basis. Russell Investments Canada Limited does not make any warranty or representation regarding the information.

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

This publication may contain forward-looking statements. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as or similar to, "expects", "anticipates", "believes" or negative versions thereof. Any statement concerning future performance, strategies or prospects, and possible future fund action, is also a forward-looking statement. Forward looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risk, uncertainties and assumptions about economic factors that could cause actual results and events to differ materially from what is contemplated. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Russell Investments has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

Diversification and strategic asset allocation do not assure profit or protect against loss in declining markets.

Unless otherwise stated, all index data is sourced from ©eVestment Alliance, LLC. All rights reserved. Source for MSCI data: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI. Standard & Poor's Corporation is the owner of the trademarks, service marks, and copyrights related to its indexes.

Indices and benchmarks are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Russell Investments is the operating name of a group of companies under common management, including Russell Investments Canada Limited. Russell Investments' ownership is composed of a majority stake held by funds managed by TA Associates Management, L.P., with a significant minority stake held by funds managed by Reverence Capital Partners, L.P. Certain of Russell Investments' employees and Hamilton Lane Advisors, LLC also hold minority, non-controlling, ownership stakes.

Frank Russell Company is the owner of the Russell trademarks contained in this material and all trademark rights related to the Russell trademarks, which the members of the Russell Investments group of companies are permitted to use under license from Frank Russell Company. The members of the Russell Investments group of companies are not affiliated in any manner with Frank Russell Company or any entity operating under the "FTSE RUSSELL" brand. Copyright © Russell Investments Canada Limited 2025. All rights reserved.

Date of first use: April 2025 CORPCA-00643 [EXP-04-2026]

AGENDA

Markets/macro in review	06
Equity	09
Fixed Income	16
Real assets	19
Global outlook	20
Canada outlook	23
Diversified portfolios	28

Economic indicators dashboard – Canada

Q1 2025

MOST RECENT  | 3-MONTH TREND  | TYPICAL RANGE  | ACTUAL RANGE 

MARKET INDICATORS

MARKET VOLATILITY (CBOE VIX)

1/1/1990 - 3/31/2025



10 YEAR CANADA TREASURY YIELD

1/1/1986 - 3/31/2025



YIELD SPREAD

1/1/1987 - 3/31/2025



HOME PRICES

3/1/2000 - 2/28/2025



ECONOMIC INDICATORS

INFLATION (CPI)

1/1/1950 - 2/28/2025



UNEMPLOYMENT

1/1/1966 - 3/31/2025



ECONOMIC EXPANSION (GDP)

1/1/1962 - 12/31/2024



CONSUMER SENTIMENT (CSI)

3/1/2010 - 3/31/2025



HOUSEHOLD DEBT TO GDP

1/1/1990 - 12/31/2024



HOUSEHOLD DEBT TO GDP (YOY %)

1/1/1991 - 12/31/2024



Market Volatility

Volatility has been rising amid policy uncertainty



Yield

Yield spread remains relatively flat



Unemployment

Unemployment rate has risen noticeably from the 2023 low, reflecting a challenging Canadian labor market environment.



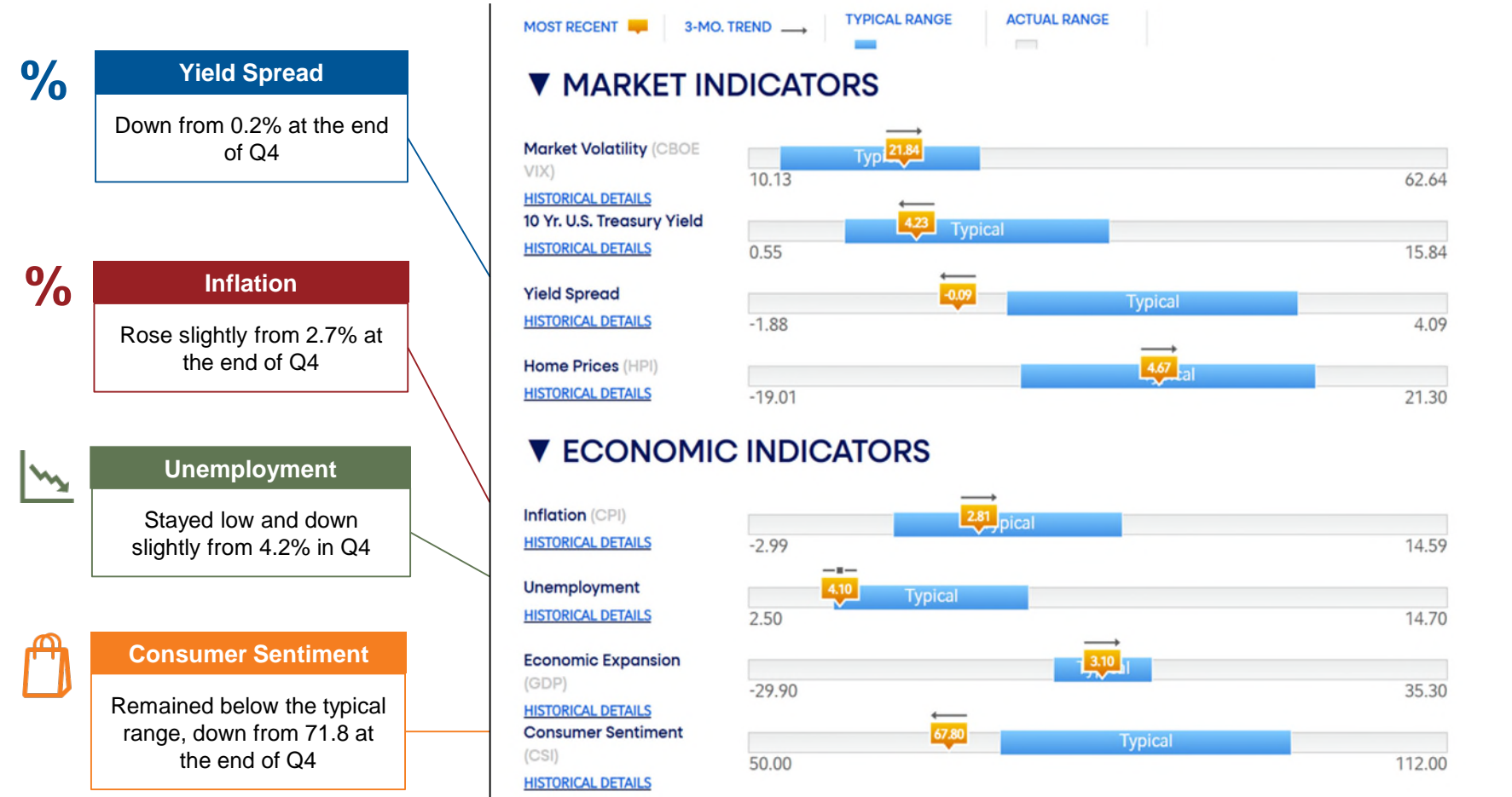
Economic Expansion

Decent headline economic growth helped Canada avoid an official recession, even as per-capita growth data exhibited weakness

Source: LSEG DataStream, St. Louis Fed, Russell Investments, as of March 31, 2025. See Slide 31 for category definitions. Russell Investments' Economic Indicators Dashboard charts several key indicators to help investors assess economic and market trends.

Economic indicators dashboard – U.S.

Q1 2025

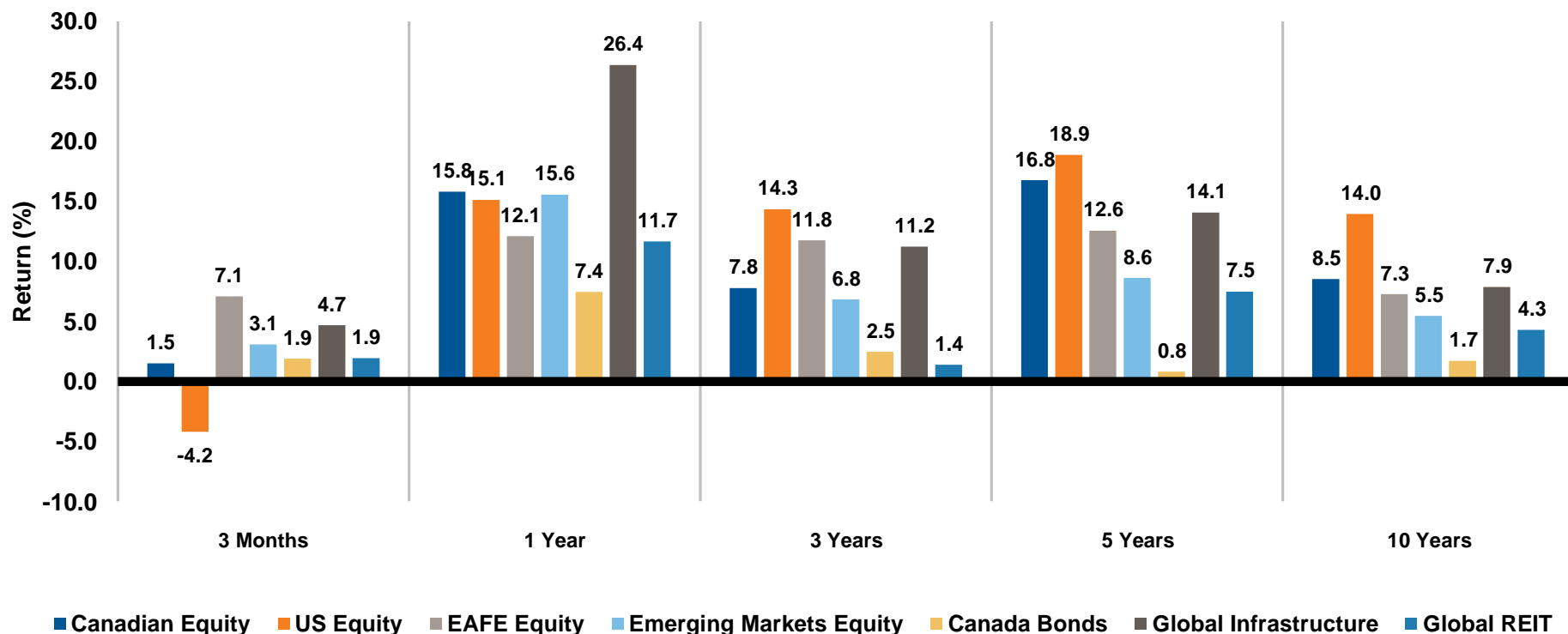


Source: <http://www.russellinvestments.com>, current view from RI.com as of 04/07/2025, data points as of most recent month-end. For more up to date information, please refer to www.russellinvestments.com. See appendix for category definitions. Russell Investments' Economic Indicators Dashboard charts several key indicators to help investors assess economic and market trends.

Capital markets

Periods ending March 31, 2025

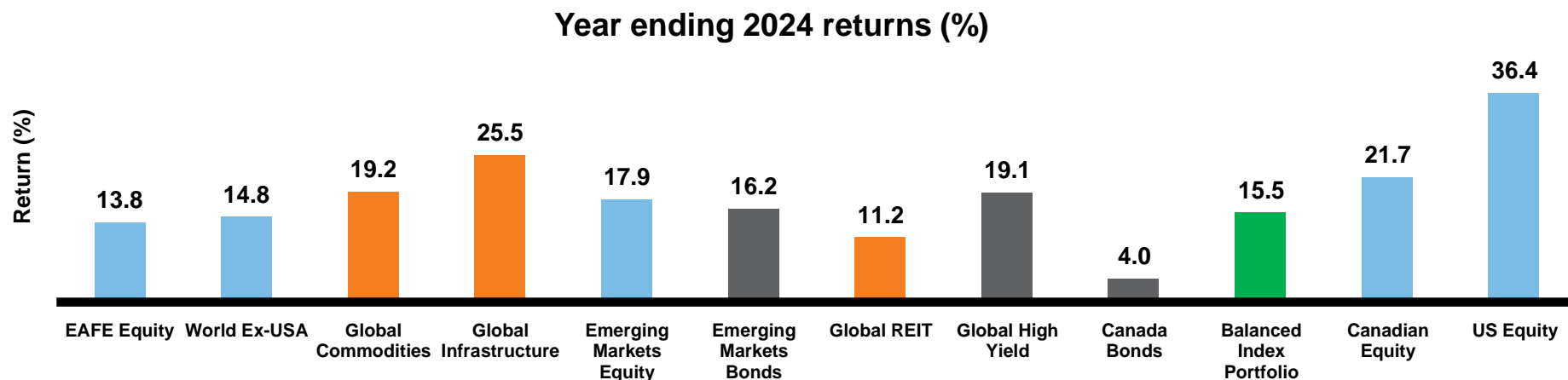
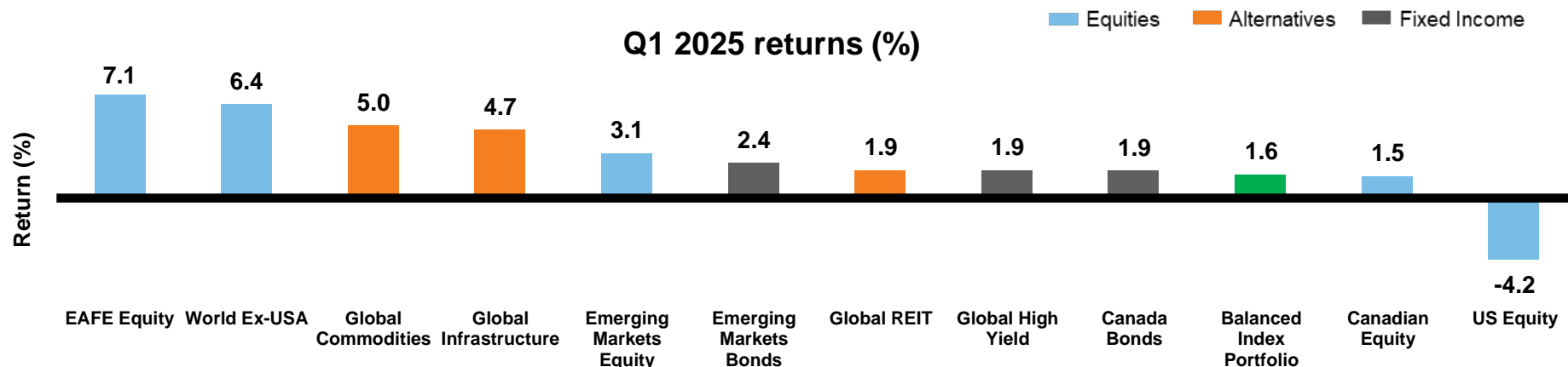
Capital market returns (%)
(Annualized for periods greater than 1 year)



Source: Russell Investments, Morningstar. In CAD. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. Definitions: Canadian Equity = S&P/TSX Composite Index, US Equity = S&P 500 Index, EAFE Equity = MSCI EAFE Index, Emerging Markets Equity = MSCI Emerging Markets Index, Canada Bonds = Bloomberg Canada Aggregate Index, Global Infrastructure = S&P Global Infrastructure Index, Global Real Estate Investment Trusts (REITs) = FTSE EPRA NAREIT Developed Index. Returns are annualized except for periods less than one year. EAFE is an acronym referring to Europe, Australasia and the Far East.

What worked and what didn't

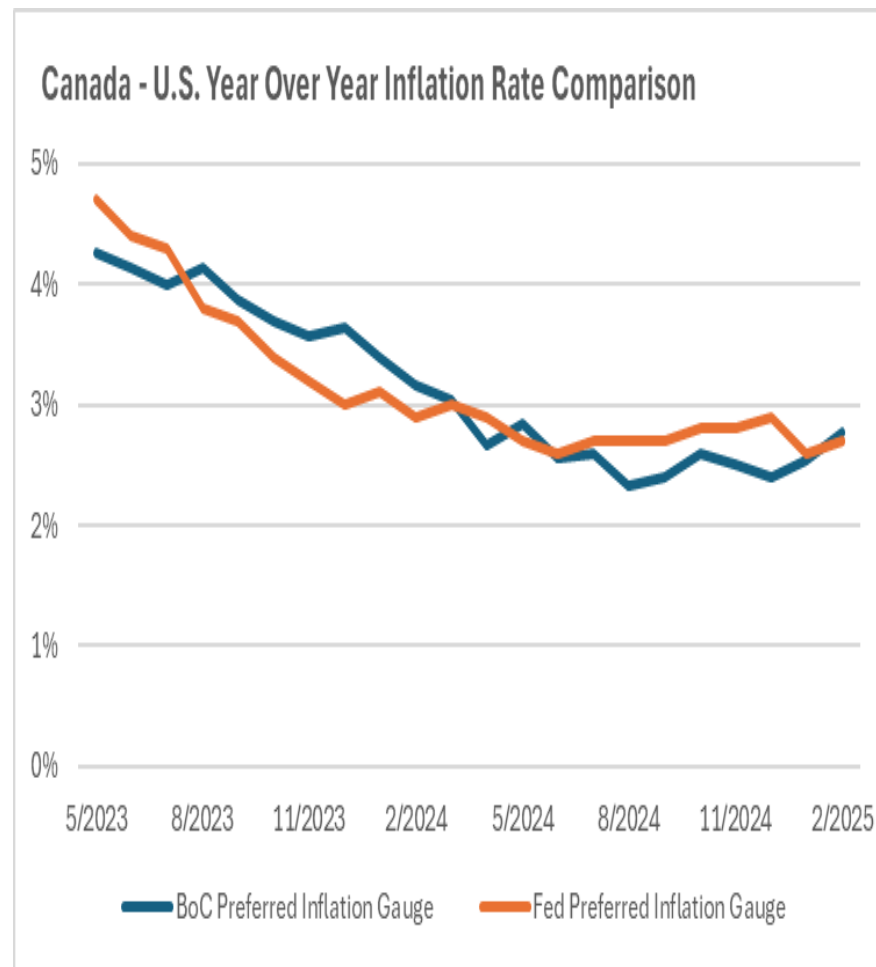
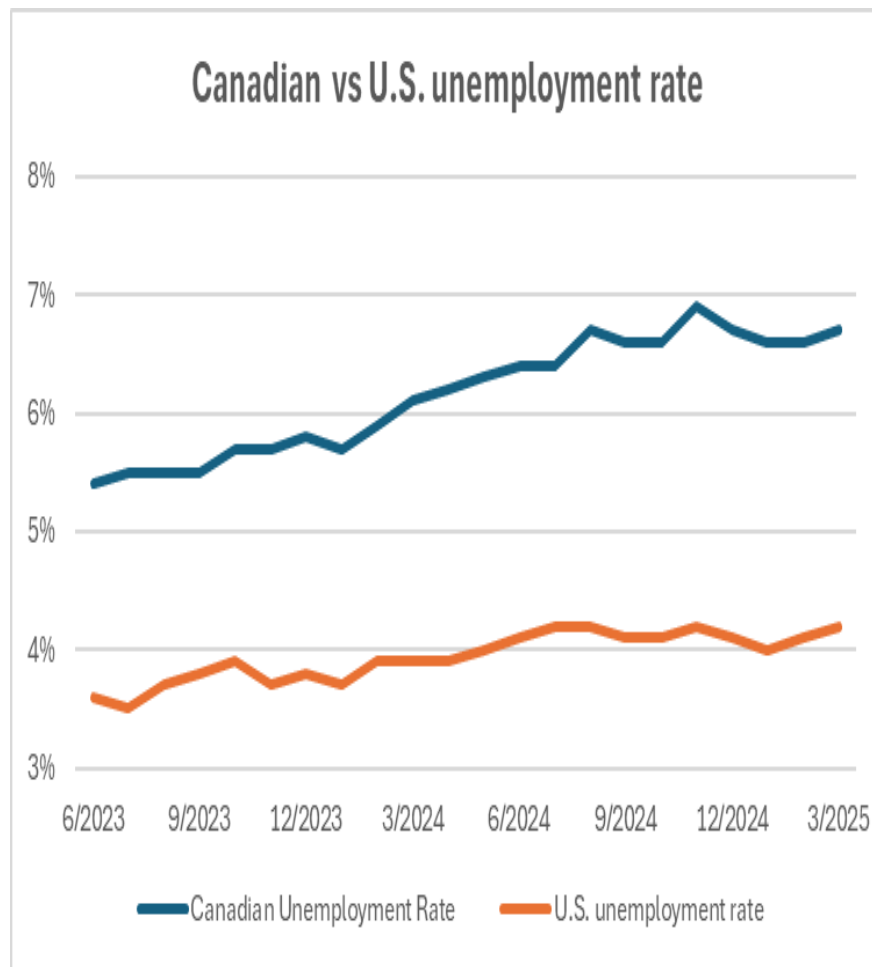
Q1 2025 vs. 2024



Source: Russell Investments, Morningstar. In CAD. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. Definitions: Canadian Equity = S&P/TSX Composite Index, US Equity = S&P 500 Index, Global High Yield= Bloomberg Global High Yield Bond Index, World ex-USA=MSCI AC World ex-USA Index, EAFE Equity = MSCI EAFE Index, Emerging Markets Equity = MSCI Emerging Markets Index, Canada Bonds = Bloomberg Canada Aggregate Index, Emerging Markets Bonds = Bloomberg EM USD Aggregate Index, Global Infrastructure = S&P Global Infrastructure Index, Global REIT = FTSE EPRA NAREIT Developed Index, Global Commodities=S&P Goldman Sachs Commodities Index. Balanced Index Portfolio: 20% Canadian Equity, 20% US Equity, 20% EAFE Equity and 40% Canada Bonds. Returns are annualized except for periods of less than one year.

Canada and U.S. macro data comparison

Canadian economy under greater pressure

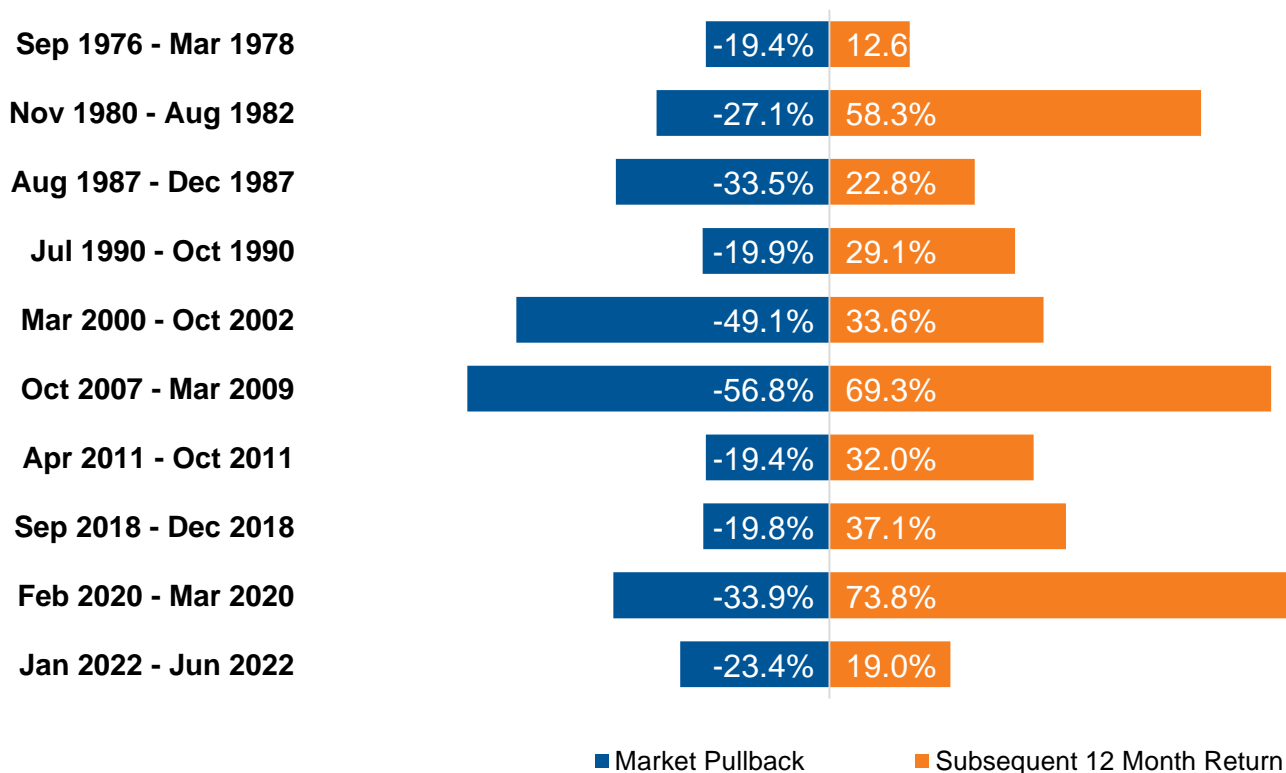


Source: LSEG Datastream. BoC Preferred Inflation Gauge refers to the Bank of Canada's preferred approach to computing core inflation: the average of the CPI-trim, CPI-median, and CPI-common core inflation rates. Fed Preferred Inflation Gauge refers to the Personal Consumption Expenditure (Less Food and Energy) Price index. Unemployment data as of March 2025, inflation data as of February 2025.

Stock market pullbacks typically see near-term recovery

S&P 500 Index pullbacks of at least 15% since 1975

U.S. stock market returns (%)



39%

Average
12-month return
after a market
pullback

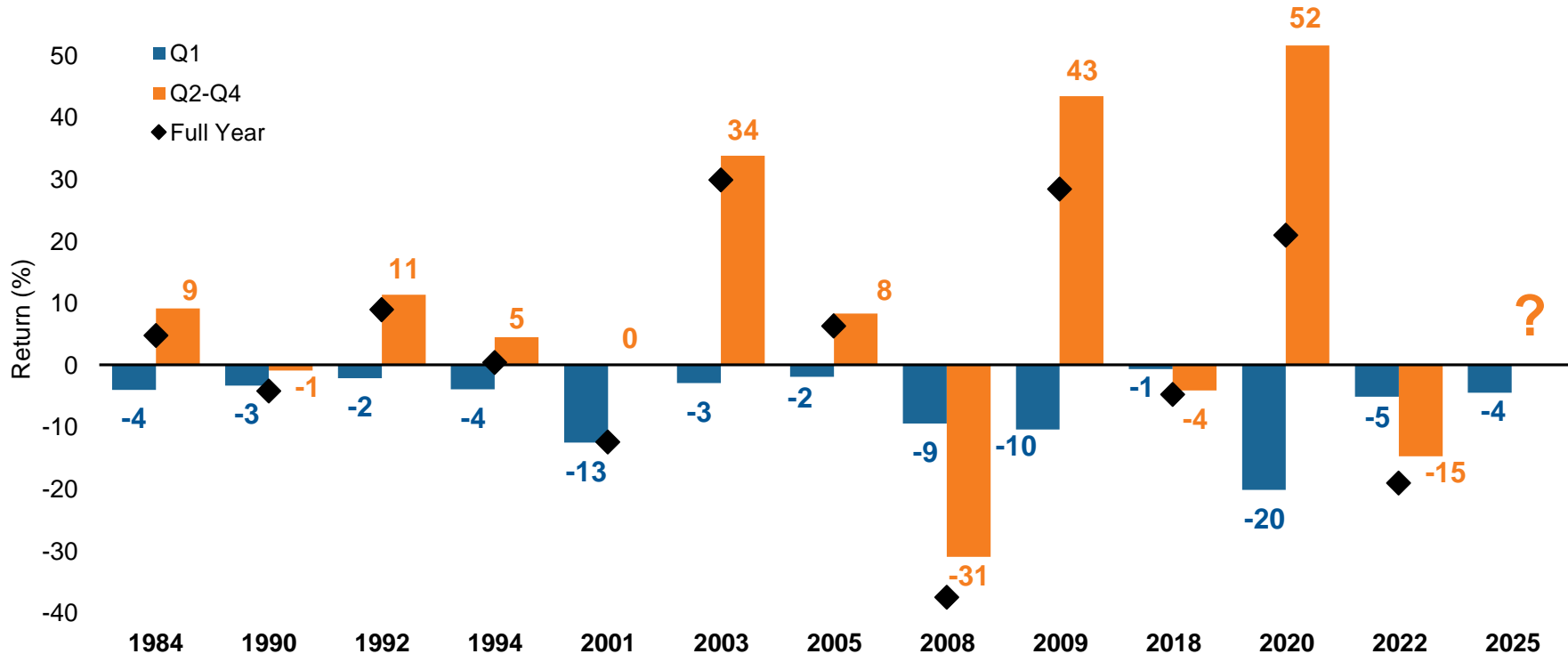
Market pullbacks happen frequently, even the deepest drawdowns tend to snapback quickly

Source: Stocks: S&P 500 Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Difficult start a predictor for rest of the year?

Markets have often fared better after previous Q1 declines

Negative Q1 U.S. Stock Returns vs. Rest of Year
1984 - 2025

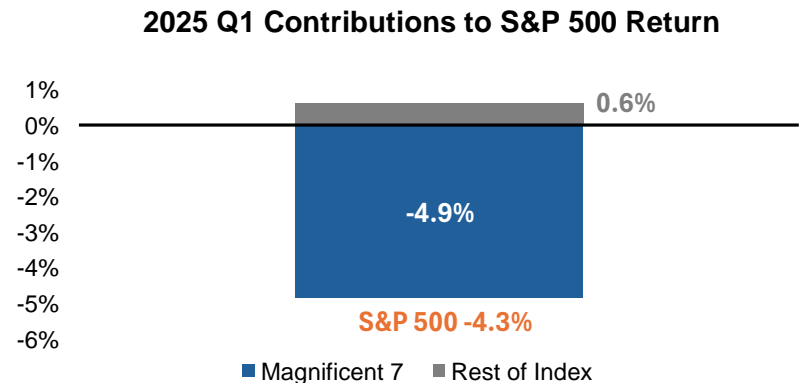
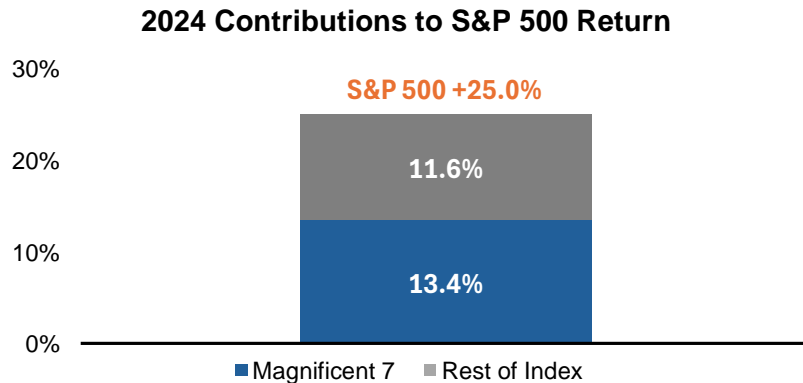
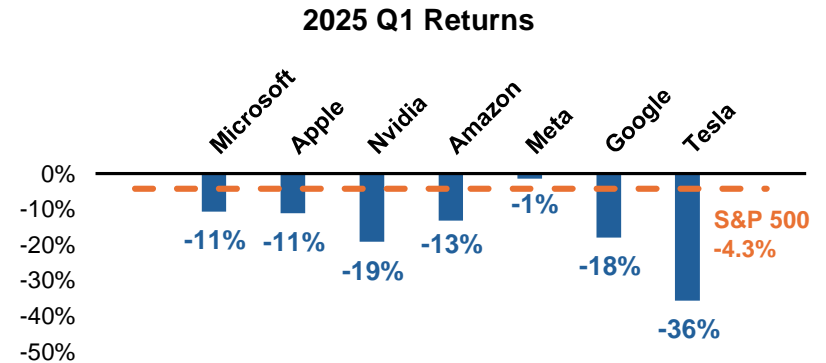
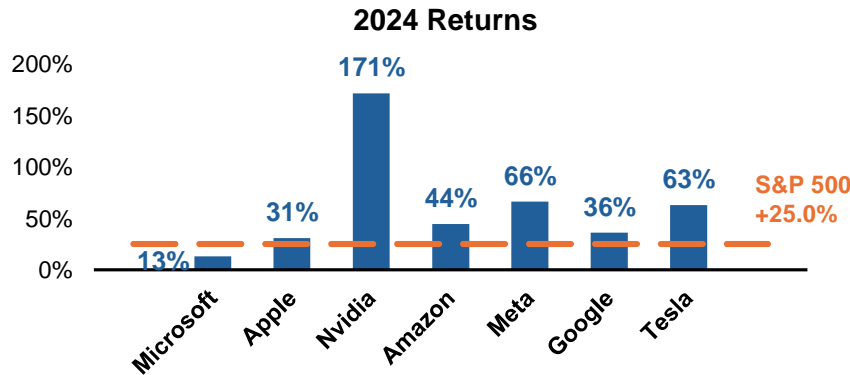


- U.S. stocks dropped during the first quarter for the first time since 2022, marking the 13th negative start since 1984.
- In 8 of the 12 prior instances markets were positive for the remainder of the year helping to make up some or all Q1 losses.
- Staying invested through volatility is key to benefiting from market recoveries when they occur.

Source: Morningstar. U.S. Stocks represented by Russell 1000 Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. As of March 31, 2025.

U.S. stock leadership reversal

The “Magnificent 7” stocks that drove market returns over the last several years lagged in Q1

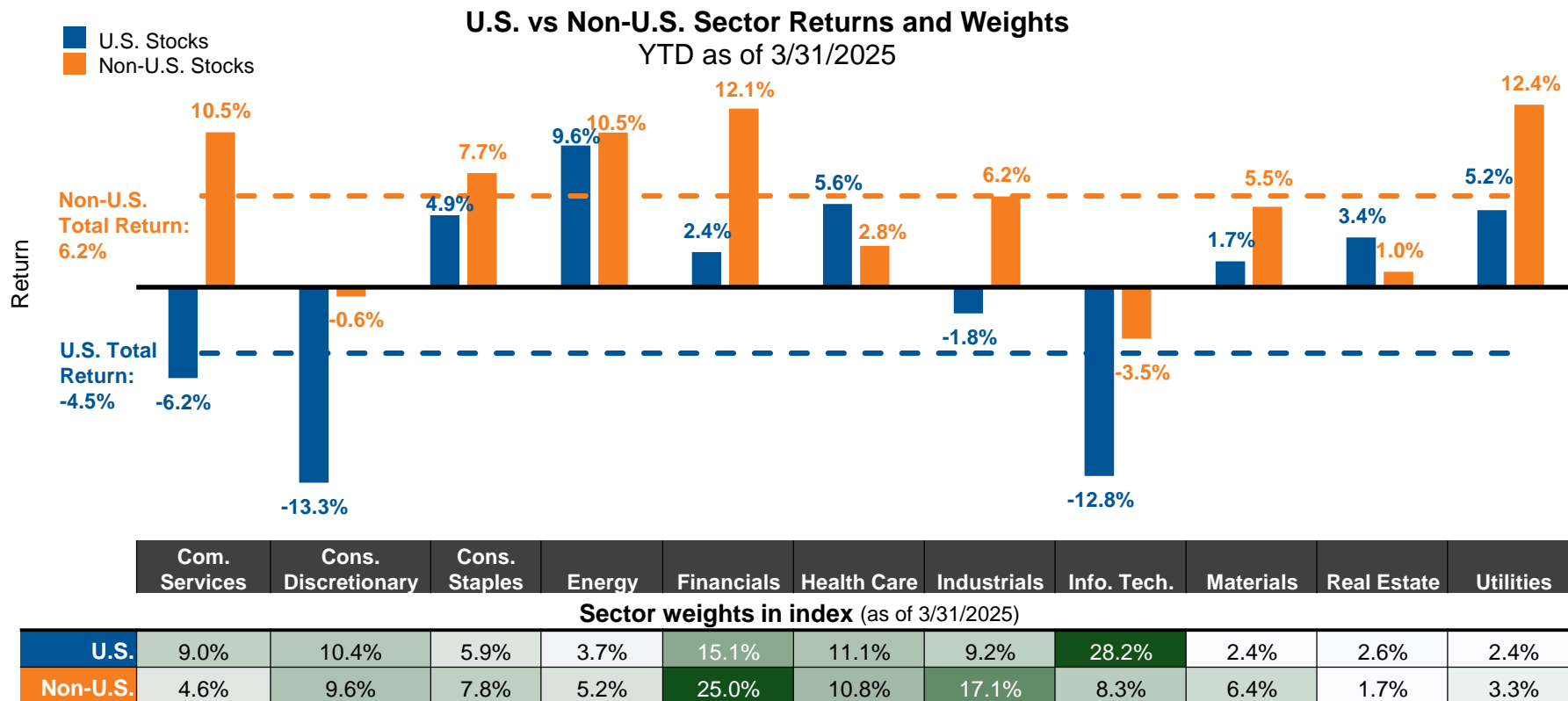


- In 2024 all but one Magnificent 7 stock outperformed the S&P 500. Through Q1 of 2025, all but one underperformed
- The average return rank in the index of the Magnificent 7 stocks for Q1 was 420th. Over 2023-24, their average return rank was 35th

Source: Russell Investments and Morningstar Direct. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. “Magnificent 7” refers to Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla, and Meta. Left-hand charts as of December 31, 2024, right-hand charts as of March 31, 2025.

Sector comparison highlights regional differences

Non-U.S. sectors showed more balance in Q1 while U.S. was led lower by tech and discretionary

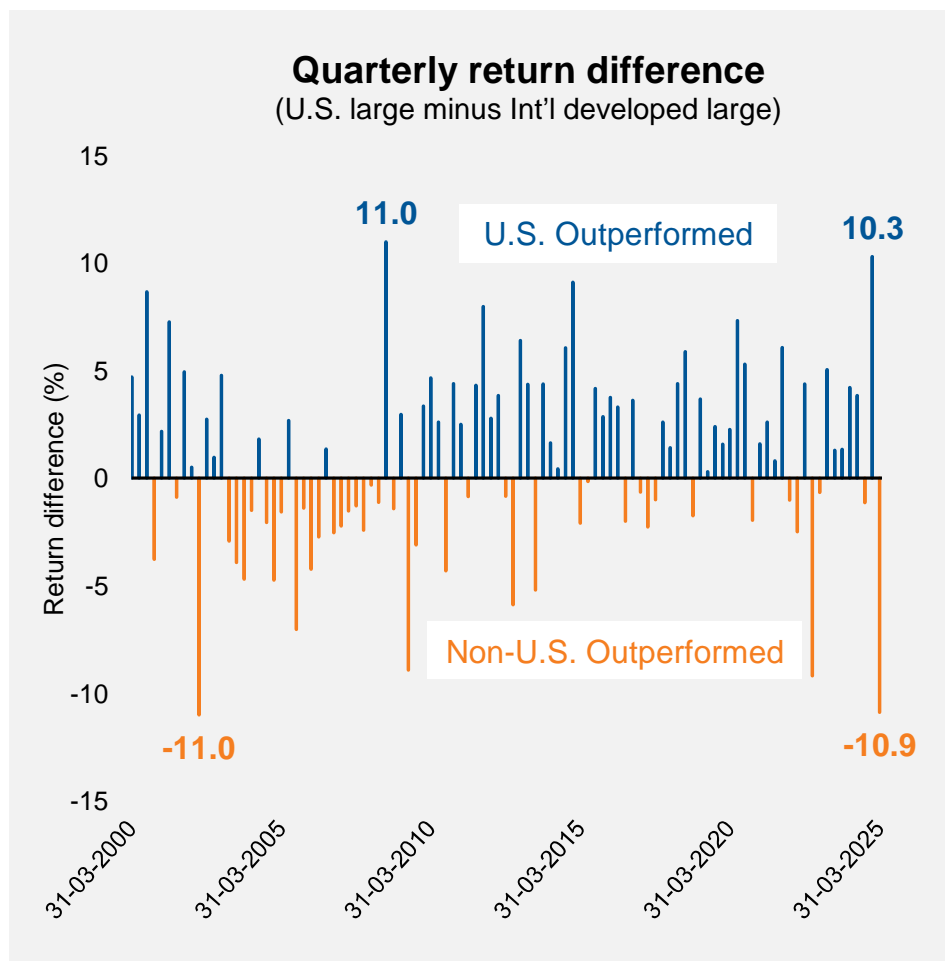


- Despite negative returns from U.S. stocks in Q1, 7 of 11 sectors finished with positive returns for the quarter.
- Technology's U.S. weight is more than three times larger than non-U.S, which has larger weights to financials and industrials.
- Non-U.S. sector results were more consistent during Q1 while tech and discretionary underperformed in the U.S.

Source: Russell Investments and Morningstar. U.S. Stocks represented by Russell 1000 Index while Non-US represented by MSCI World ex-USA Index. Sectors based on GICS classification. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

International diversification benefited investors this quarter

Largest outperformance since 2002



<u>U.S.</u> QTD	
Value	Growth
Small Large	2.1
Small Large	-10.0
Small Large	-7.7
Small Large	-11.1

<u>International</u> QTD	
Value	Growth
Small Large	11.0
Small Large	2.0
Small Large	5.8
Small Large	0.9

<u>U.S.</u> 1/1/2000 - 3/31/2025	
Value	Growth
Small Large	7.4
Small Large	7.3
Small Large	8.5
Small Large	5.3

<u>International</u> 1/1/2000 - 3/31/2025	
Value	Growth
Small Large	4.4
Small Large	2.5
Small Large	7.5
Small Large	4.4

- Q1 2025 marked the first time since 2002 that U.S. markets have trailed international markets by a double-digit margin for a given quarter.
- International markets were positive across all styles, providing some reprieve for diversified investors










Source: Morningstar. U.S. Large: Russell 1000; U.S. Large Value: Russell 1000 Value; U.S. Large Growth: Russell 1000 Growth; ; International Large: MSCI World ex USA Large; International Large Value: MSCI World ex USA Large Value; International Large Growth: MSCI World ex USA Large Growth; U.S. Small Value: Russell 2000 Value; U.S. Small Growth: Russell 2000 Growth; International Small Value: MSCI World ex USA Small Value; International Small Growth: MSCI World ex USA Small Growth. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

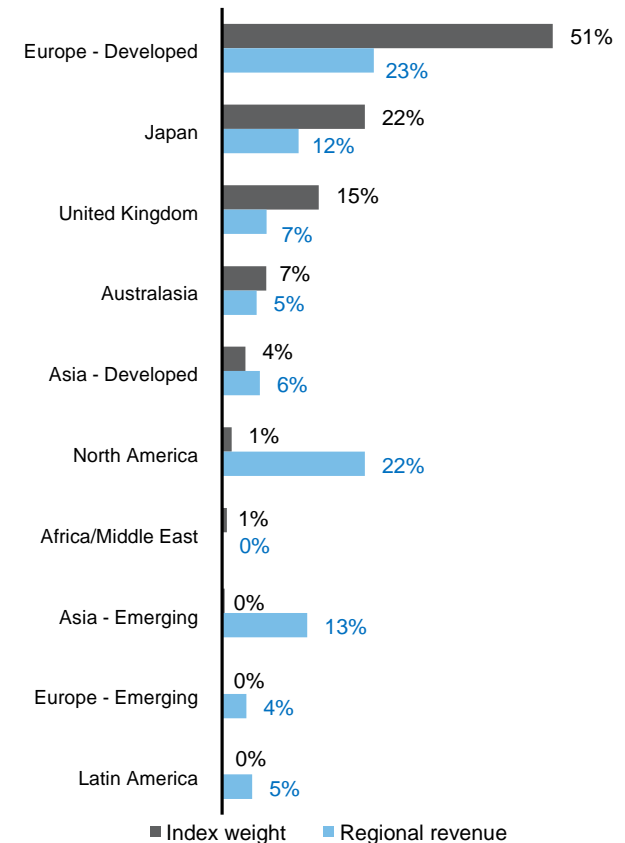
Non-U.S. companies – but global businesses

Top global companies source majority of revenue beyond home-country borders



BREAKDOWN OF INTERNATIONAL DEVELOPED MARKETS

Top ten companies	Sector & market notoriety	Market Cap (USD billions)	Revenue in the U.S.	Revenue outside home territory	Home country
SAP	<u>Information Technology</u> Software	\$275.7	31%	83%	
Nestlé	<u>Consumer staples</u> Food items such as Nestlé Toll House®	\$264.6	32%	99%	
ASML Hldg	<u>Information Technology</u> Semiconductors	\$257.8	16%	99%	
Roche Holdings Genuss	<u>Health Care</u> Pharmaceuticals such as Tamiflu® & Avastin®	\$230.7	48%	99%	
AstraZeneca	<u>Health Care</u> Pharmaceuticals such as the COVID – 19 vaccine	\$225.2	44%	73%	
Shell	<u>Energy</u> Gas stations & operations	\$222.3	23%	67%	
Novo Nordisk B	<u>Health Care</u> Pharmaceuticals such as Ozempic® & Wegovy®	\$219.1	61%	80%	
Novartis	<u>Health Care</u> Pharmaceuticals such as Cosentyx®	\$218.0	41%	70%	
HSBC Holdings (Gb)	<u>Financials</u> Banking & wealth mgt.	\$201.6	6%	81%	
Siemens	<u>Industrials</u> Energy & automation	\$174.0	28%	85%	



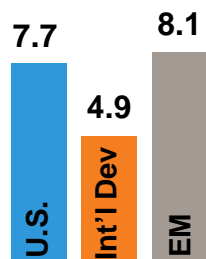
Most non-U.S. companies derive a significant portion of their earnings from global markets, not just their home countries

Sources: Morningstar Direct, Bloomberg as of 3/31/2025. International developed markets represented by the MSCI EAFE Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Global equity markets

Fundamentals suggest renewed growth potential

One Year
Ending 3/25 (%)

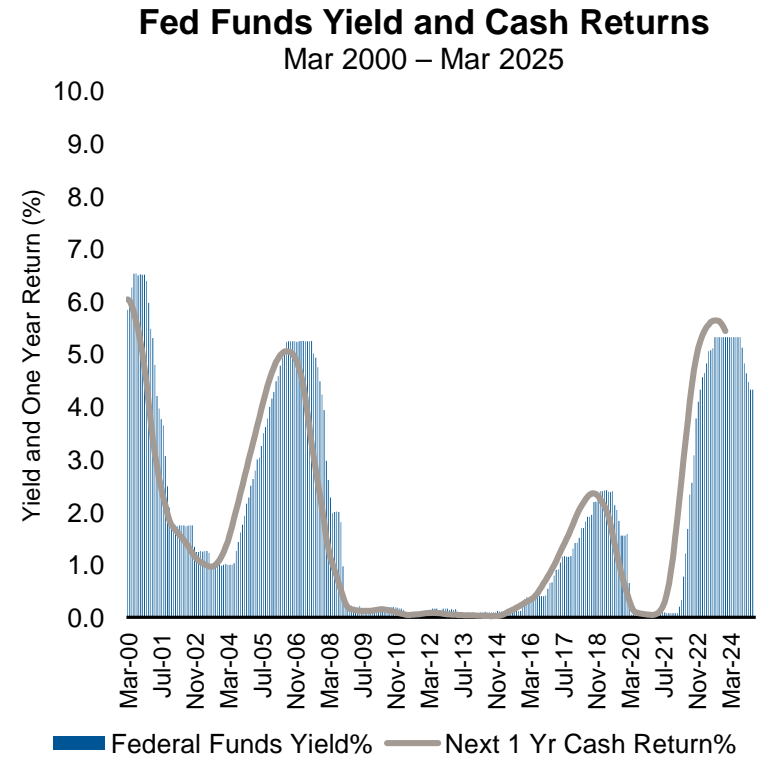
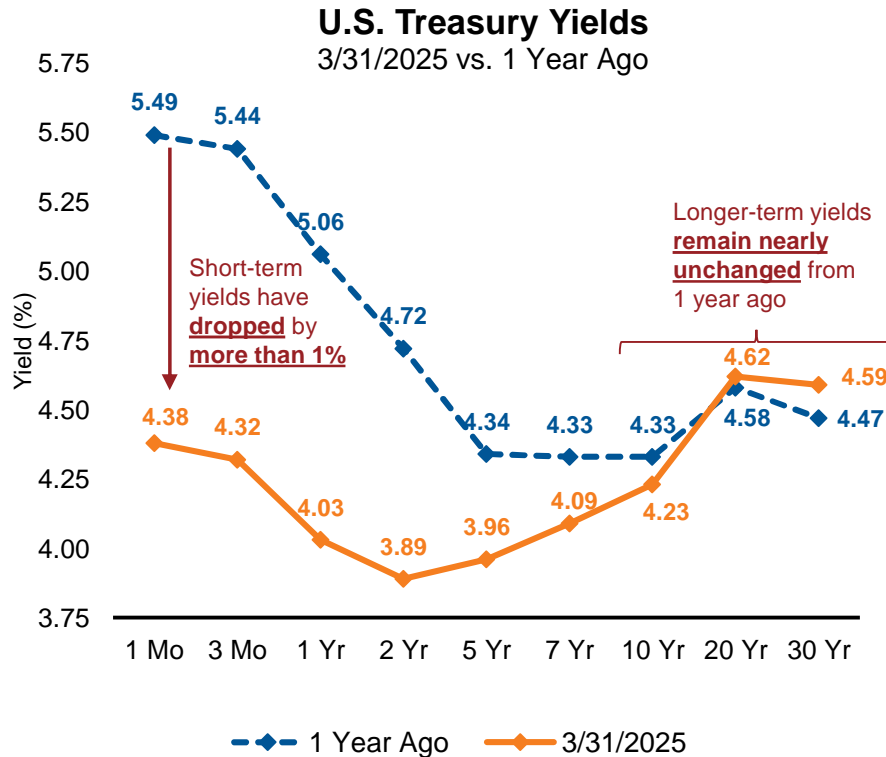


	UNITED STATES	INTERNATIONAL DEV	EMERGING MARKETS
Market Cap 1990-2020	30% - 65%	25% - 67%	2% - 14%
% of global GDP	26%	24%	50%
% of global population	4%	10%	86%
Central bank rates	4.25% - 4.50%	0.25% - 4.50%	3.10% - 21.00%
Price/Earnings	25.1	15.6	15.1
Price/Book	4.8	1.9	1.9
Dividend yield	1.4%	3.0%	2.7%

Sources: S&P 500 Index, MSCI U.S. Index, MSCI World x-US Index, MSCI Emerging Markets Index, International Monetary Fund, World Bank. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly. Numbers may not add due to rounding.

Lower short-term rates following Fed actions

The yield curve has shifted over the last twelve months, impacting bond expectations



- Short-term rates can fall relatively quickly as economic conditions change.
- The corresponding short-term investment returns can fall just as quickly when rates drop.
- Investor expectations for additional rate cuts from U.S. Federal Reserve (Fed) suggest short-term rates may trend lower.
- Longer-term yields remain elevated indicating potentially attractive returns for bonds.

Source: U.S. Treasury. U.S. Aggregate Bond Index represents Bloomberg U.S. Aggregate Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Fed Funds Yield from the St. Louis Federal Reserve website, and Cash return calculated using the Citigroup 1-3 Month Treasury Bill Index.

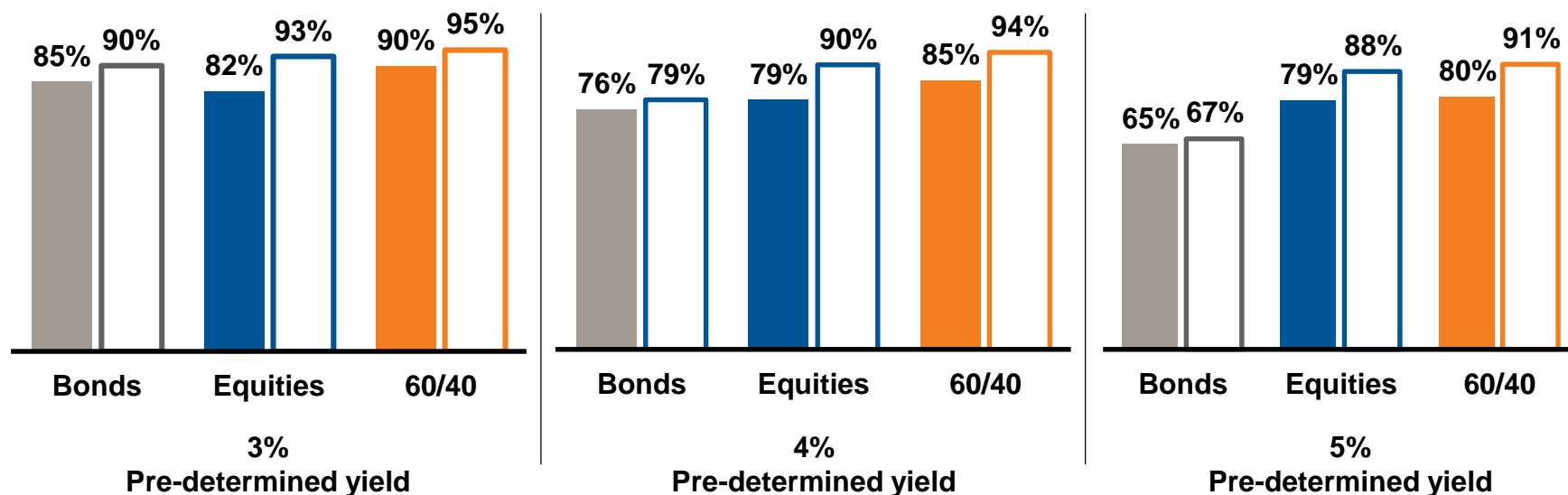
The potential cost of reinsurance

When pre-determined rates may look attractive, staying invested has often been most rewarding

% of time market investment outperforms a pre-determined yield

Jan. 1980 – Mar. 2025

■ 5 Year □ 10 Year

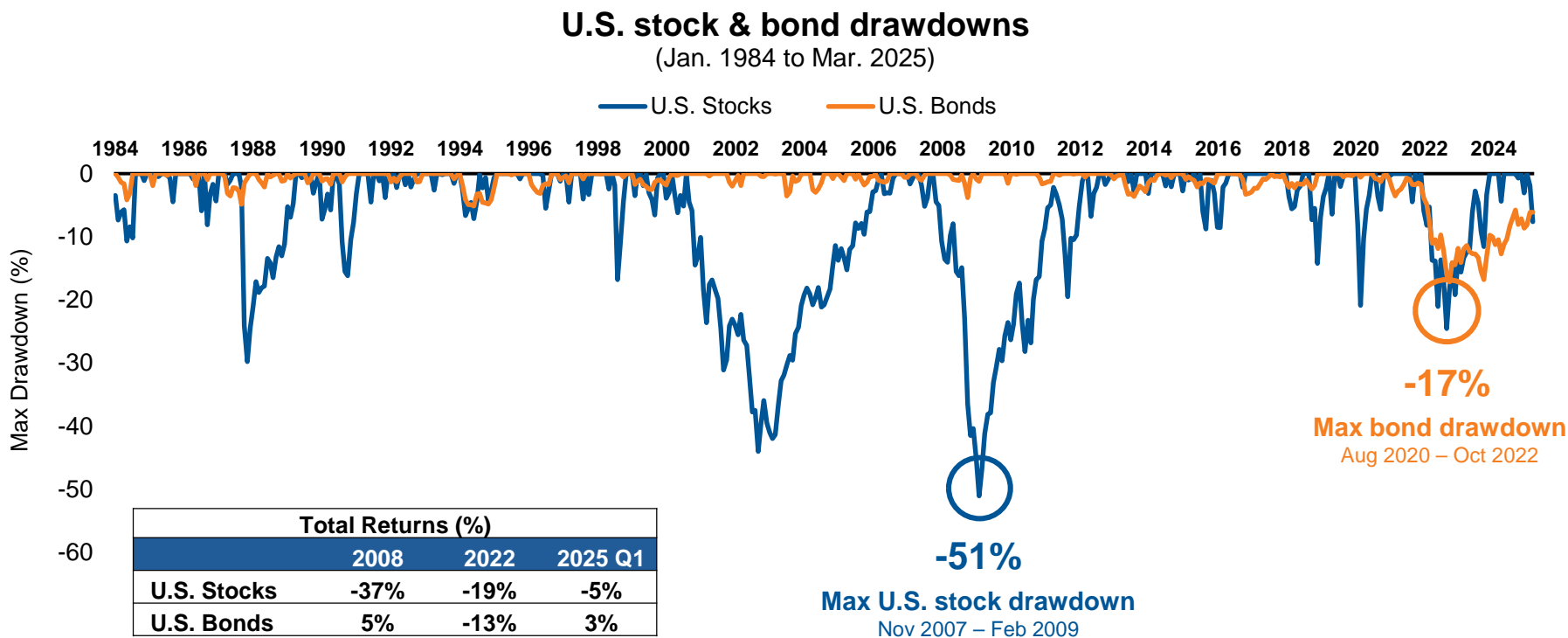


- A fixed rate of return can be enticing, especially when volatility causes uncertainty
- Historically, market investment has been a reliable source of outperformance relative to pre-determined rates of return
- When market investments outperform, positive excess returns have been significantly greater

Source: Morningstar. Equities: Russell 3000 Index, Bonds: Bloomberg U.S. Gov/Credit Index (1/1/1980-12/31/1985), Bloomberg U.S. Aggregate Bond Index thereafter. 60/40: 60% equities, 40% bonds. 5 Year: Rolling 5-year period with a 1-month step, 10 Year: Rolling 10-year period with a 1month step. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Bonds have historically been strong diversifiers

Fixed income and equities have remained relatively uncorrelated throughout the years



- Stocks and bonds have historically had a low correlation together. Over the last 30 years they have a correlation of 0.14, with 0 meaning completely uncorrelated.
- 2022 was an outlier, where both asset classes had deep pullbacks. 2008 was the worst calendar year return in U.S. stocks over this period and bonds were positive, which is also the case in Q1 of this year.

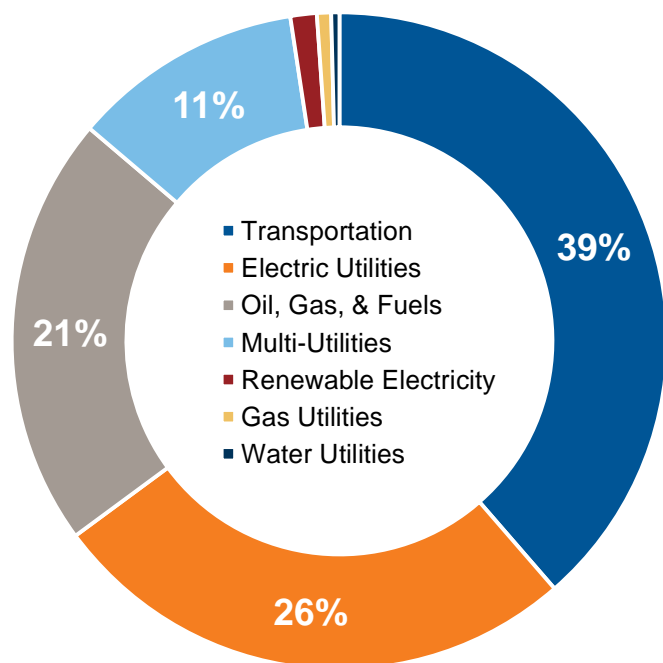
Source: Morningstar. Monthly max drawdown for U.S. Bonds, represented by the Bloomberg U.S. Govt/Credit Index from 1984-85 and Bloomberg U.S. Aggregate Bond Index thereafter, & for U.S. Stocks, represented by the Russell 3000 Index from 1984-2025Q1. Indexes are unmanaged and can't be invested in directly. Index returns represent past performance, are no guarantee of future performance, and not indicative of any specific investment. Correlation measures the degree to which two securities move in relation to each other and is on a scale of -1 to +1. Two investments that move in the same direction and at the same time are positively correlated, and a correlation of 1 means those investments move exactly together. Negative correlation means the two investments move in opposite directions, and a correlation of 0 means there is no linear relationship.

Infrastructure has posted a strong stretch

Fulfilling the roles of diversified growth assets

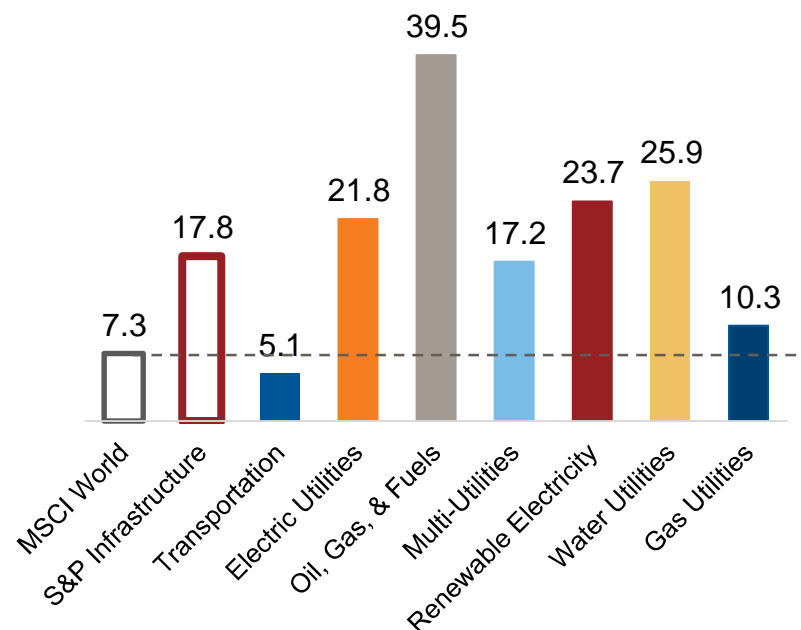
Infrastructure sector weights (%)

March 2025



Infrastructure sector returns (%)

One Year Ending March 2025



- S&P Global Infrastructure Index returned +17.8% vs. MSCI World Index +7.3% for the one year ending March 2025
- Infrastructure sectors were positive across the spectrum
- Projected global infrastructure spend should provide ongoing investment opportunities for investors

Source: S&P Global Infrastructure Index Net, MSCI World Index. Returns in USD. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Russell Investments' global market outlook

ECONOMIC VIEWS

U.S. ECONOMY



- U.S. recession risks now closer to a coin toss amid trade policy uncertainty
- Job creation has been robust to date, but economic growth and labor markets could weaken should tariffs remain in place for a protracted period
- Inflation likely to reaccelerate if current tariffs persist

CANADIAN ECONOMY



- Growth and employment dynamics generally weaker than in the U.S.
- Risk of economic slowdown may be higher than in the U.S.

EUROZONE



- Encouraging green shoots emerging amid a pick-up in credit activity, but U.S. tariffs could weigh on growth
- Shift to fiscal stimulus an important positive for the region
- Central bank may need to ease interest rates further in response to U.S. tariffs

PACIFIC BASIN



- Wage growth and inflation expectations have moved towards Bank of Japan's inflation targets.
- Chinese fiscal policy a continued key watchpoint in 2025

ASSET CLASSES

GLOBAL EQUITIES



- Investor sentiment reached one of our initial panic thresholds in April 2025, an encouraging offset to elevated macroeconomic risks
- Equity market valuations more attractive outside of the U.S., but offset by higher cyclical risks
- U.S. earnings growth has been decent to-date, but tariffs could weigh on earnings

FIXED INCOME



- Government bonds can offer long-term diversification
- High yield spreads have widened to more normal levels
- Corporate balance sheets still generally robust

REAL ASSETS



- INFRA and REIT valuations appear attractive relative to broad equities

CURRENCIES



- USD appears expensive on a purchasing-power parity basis and could depreciate over the medium-term
- Near-term path more uncertain

There is no guarantee the stated expectations will be met.

As of April 2025. Forecasting represents predictions of market prices and/or volume patterns utilizing varying analytical data. It is not representative of a projection of the stock market, or of any specific investment.

U.S. recession risks are elevated

Amid trade policy uncertainty

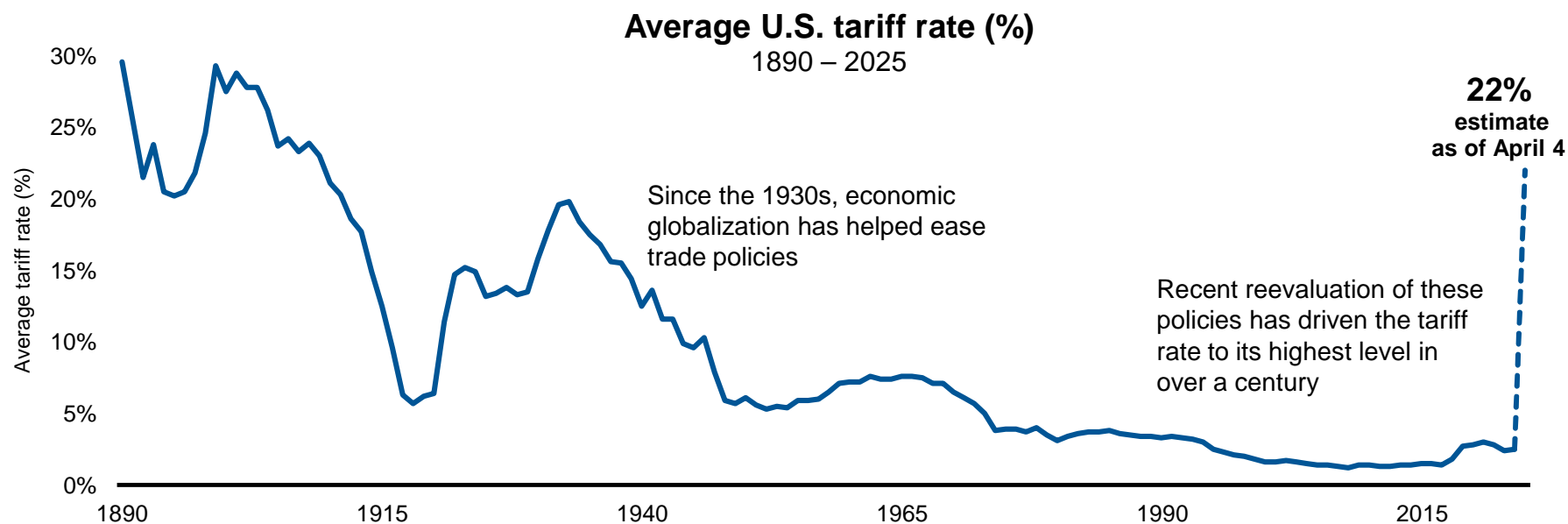
MEDIUM-TERM RISK INDICATORS	APR 2022	MAR 2025	APR 2025
Slope of the curve (10y-2y)	Red	Yellow	Yellow
Labor market slack	Red	Green	Green
Stance of Fed policy	Green	Orange	Orange
Output Gap	Red	Yellow	Yellow
Corporate financing gap	Green	Green	Green
Household debt levels	Green	Green	Green
Household debt services	Green	Green	Green
Corporate debt levels	Red	Red	Red
Corporate debt service	Green	Yellow	Yellow
SHORT-TERM INDICATORS	APR 2022	MAR 2025	APR 2025
Business Cycle Index	Green	Green	Green
Yield Curve (10y – 3m)	Green	Yellow	Red
Employment Growth	Green	Green	Green
Consumption Growth	Yellow	Yellow	Yellow
SOFR Spread	Green	Yellow	Yellow
Credit Spread	Yellow	Green	Orange
Temporary help employment	Green	Red	Red
Consumer spending decomposition	Yellow	Yellow	Yellow
Architectural billings	Yellow	Orange	Red
Financial Conditions Index	Yellow	Orange	Orange
Banking lending standards	Green	Orange	Orange
ISM Manufacturing	Green	Yellow	Orange
ISM non-manufacturing	Yellow	Green	Yellow
Initial jobless claims	Green	Green	Green
Bank loan demand	Green	Green	Green

- ISM surveys have begun to weaken, along with measures of business and consumer confidence
- High yield credit spreads have widened out amid risk aversion after the U.S. announcement of reciprocal tariffs
- Employment growth has been robust through March, but trade policy uncertainty could weigh on labor market going forward

Source: Russell Investments, as of the dates indicated. Red represents areas of high risk. Yellow and orange represent areas of intermediate risk. Green represents areas of low risk. April indicators as of April 4, 2025.

Trade policy uncertainty

Where we've been. Where could it go?



POTENTIAL PROS

- Source of government revenue generation
- Address international trade distortions
- Strengthen economic security
- Encourage domestic manufacturing

POTENTIAL CONS

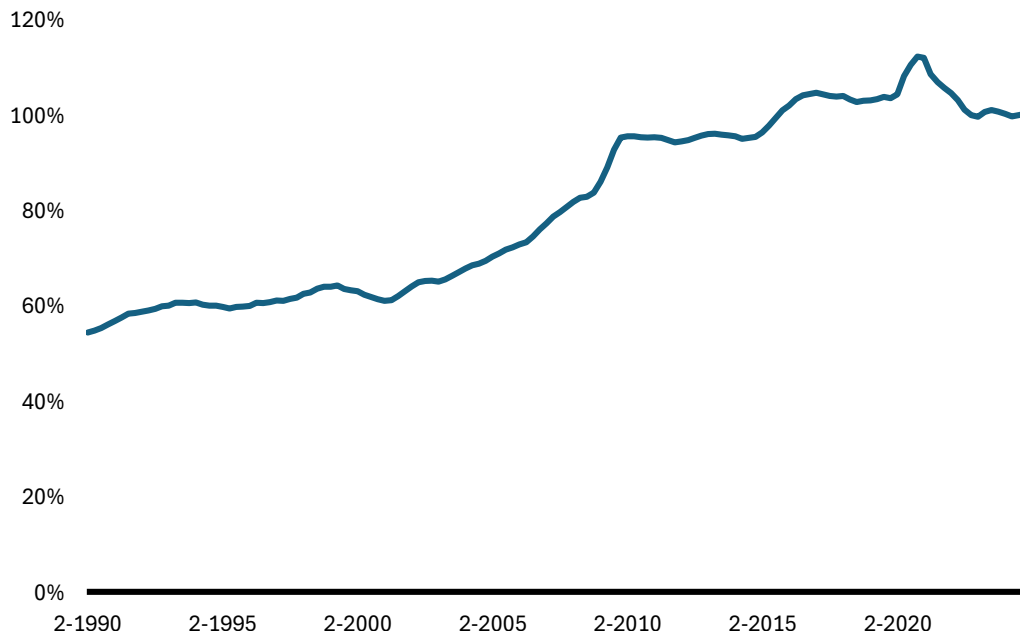
- Inflationary pressures
- Short-term market volatility
- Limited effect on revenue creation
- Form of tax on goods & services
- Trade tensions

Source: Russell Investments adaptation of model-based estimates in "The Fiscal, Economic, and Distributional Effects of a 20% Broad Tariff" (The Budget Lab, 2025) and "How Will Trump's Universal and China Tariffs Impact the Economy?" (Tax Foundation, 2024). Adaption assumes a 14-percentage-point increase in the 8% U.S. effective tariff rate which is the average tariff rate on all imports, Historical Rates from 1890-2023, Projected Rate for 2024, Estimated Rate for 2025 Under Trump's Imposed Tariffs. Estimates are based on latest proposals/data as of April 4, 2025, and actual results may differ materially due to changes in economic, market and other conditions.

Canadian household debt elevated

But well-capitalized banking sector can help mitigate some of the risks

Canadian Household Debt as a percentage of GDP



Big Six Bank CET 1 Ratio:

13.3%

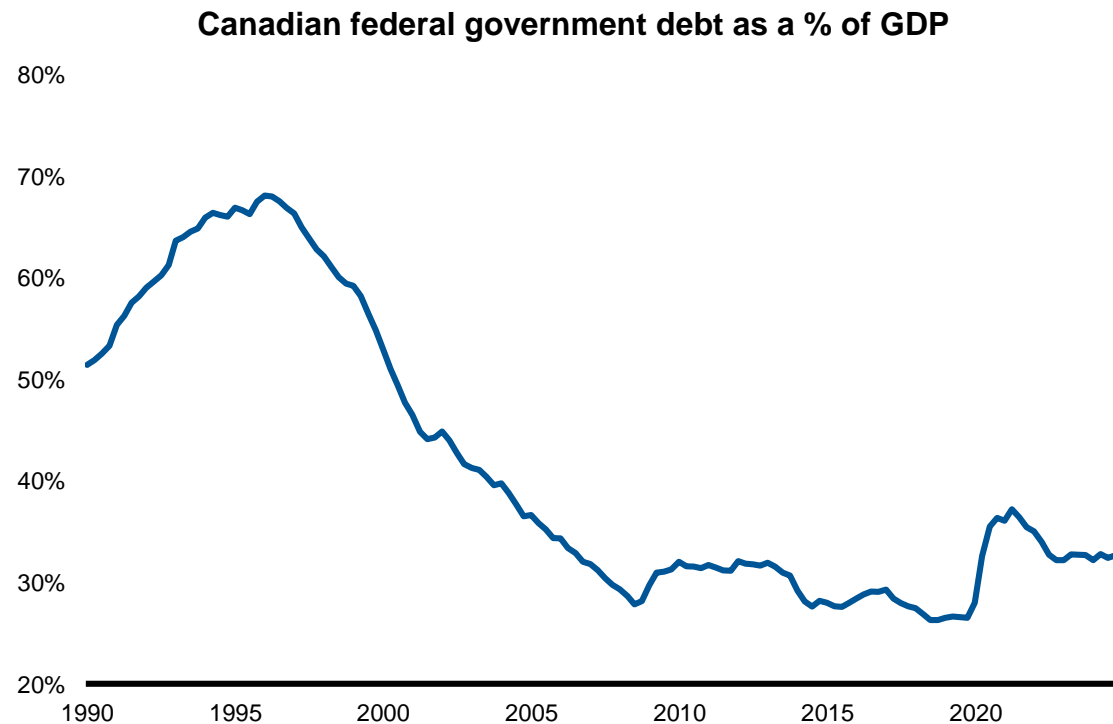
(exceeds regulatory minimum by nearly 2%)

- Canadian household debt as a percentage of Gross Domestic Product (GDP) is elevated but down from the peak
- However, Canada's largest banks are well-capitalized, which means there is likely an adequate buffer to help reduce systemic risks

Source: Left chart: LSEG Datastream, Q4 2024. Right illustration: Earnings reports for the Big Six Canadian banks (Scotiabank, TD, BMO, RBC, CIBC, and National Bank for the quarter ended Jan 31, 2025. The CET1 ratio is a minimum capital ratio, expressed as a ratio of their common equity outstanding as a percentage of their risk weighted assets.

Canadian federal government finances in decent shape

Providing flexibility for stimulus if economic activity slows



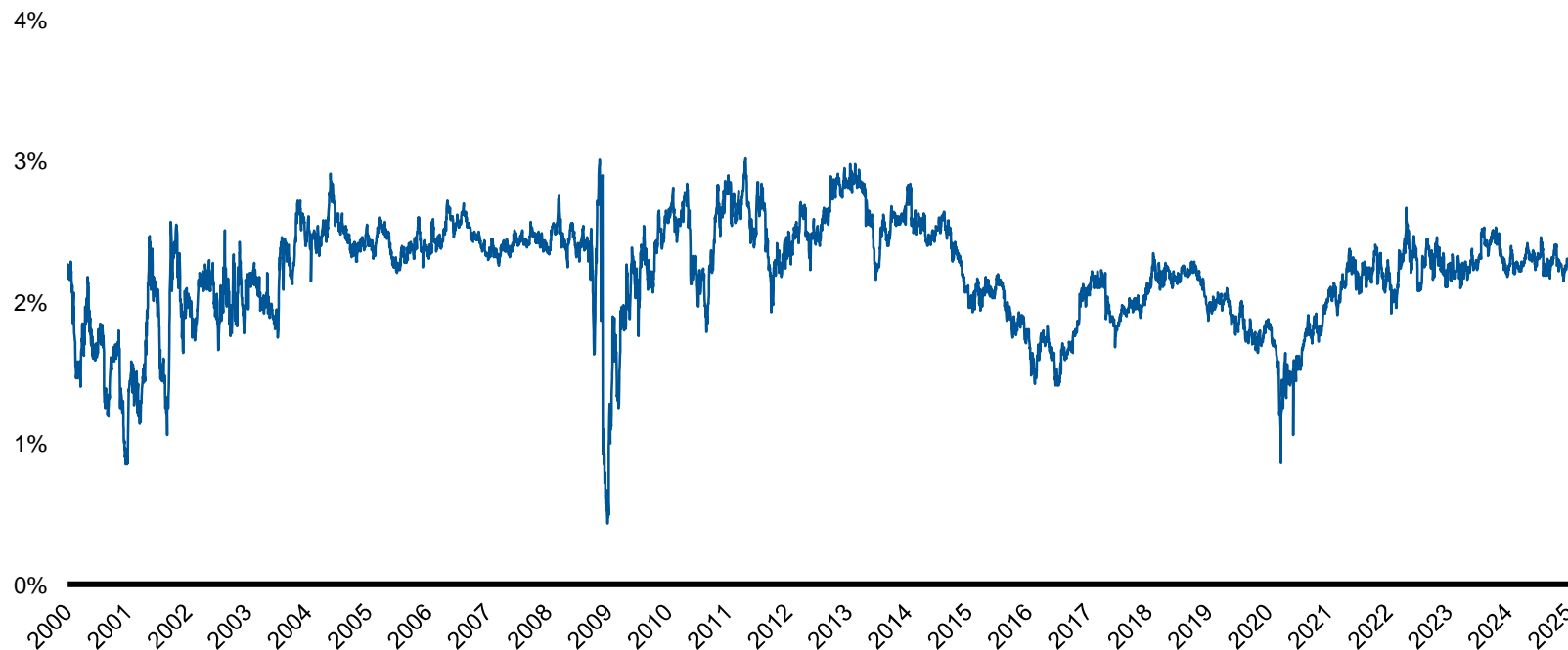
- Canadian federal government debt as a percentage of Gross Domestic Product has declined sharply since the 1990s peak
- This means that in the event of an economic slowdown, the government likely has adequate financial ability to step in with fiscal stimulus
- However, a desire for fiscal restraint by some lawmakers may mean that fiscal support might be somewhat delayed

Source: LSEG Datastream, Q4 2024

Medium-term inflation expectations still well-anchored

Which should help give the U.S. Federal Reserve the ability to continue gradual rate cuts

Market implied 5y5y inflation expectations

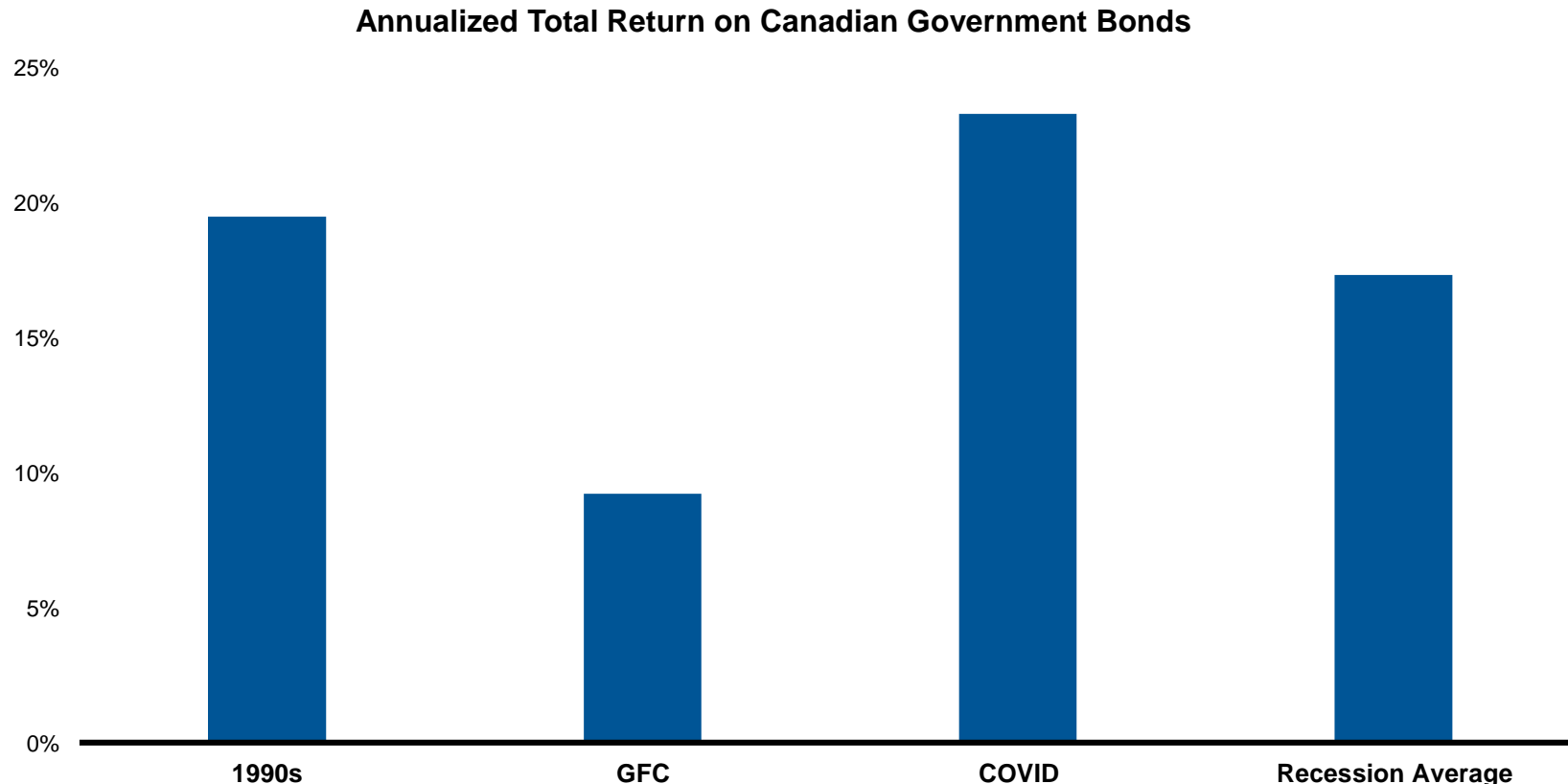


- U.S. Federal Reserve targets stable prices over the medium-term
- Tariffs usually cause an initial burst to price levels, but the associated inflationary impulse moderates with time
- Market implied medium-term inflation expectations still close to Fed's 2% target
- Thus, the Fed is likely to continue gradual rate cuts, notwithstanding tariff risks

Source: LSEG Datastream, April 2025

Government bonds are a crucial diversifier

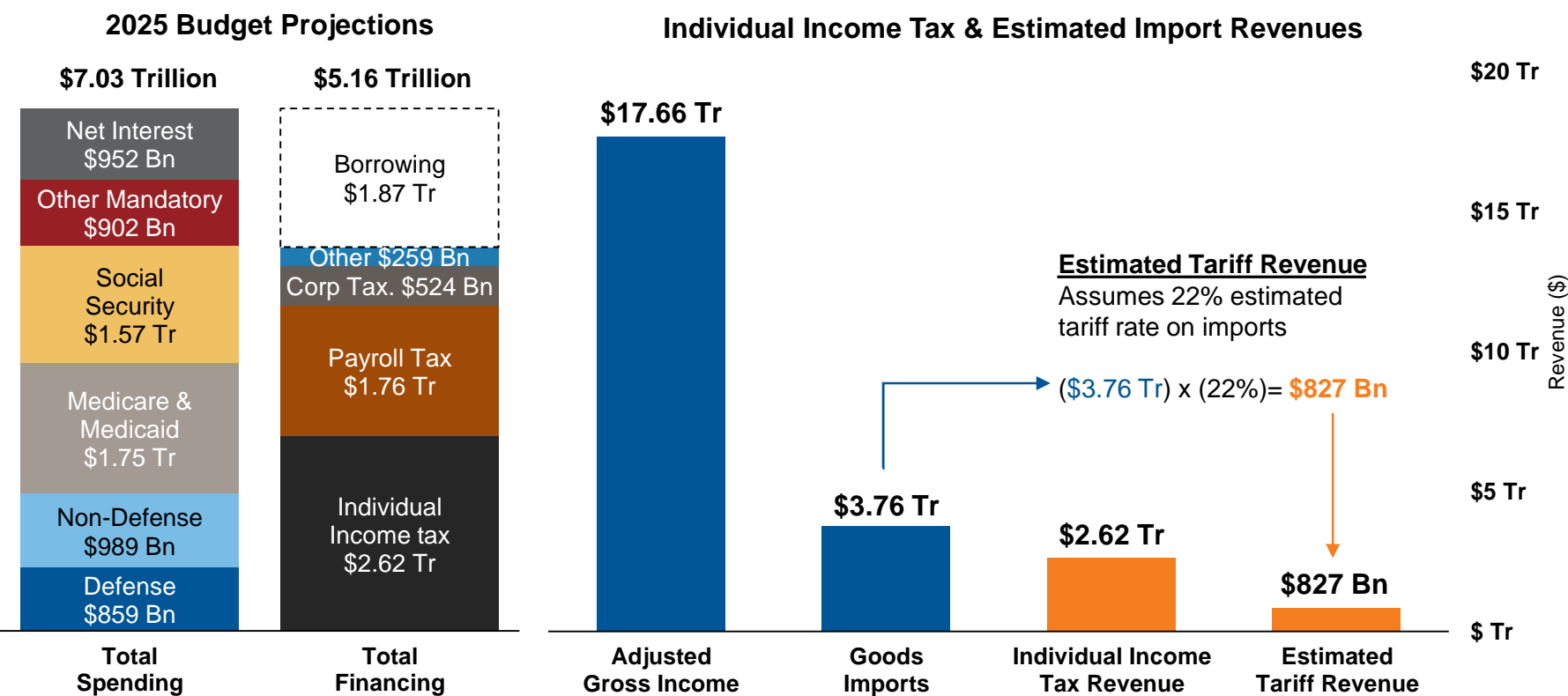
Potential to outperform should the economy slow significantly



Source: LSEG Datastream. C.D. Howe Institute. Bars indicate annualized returns during Canada's three most recent recessionary periods: April 1990 to May 1992, Global Financial Crisis (Canadian recession during this period was from October 2008 to May 2009), and COVID pandemic (Canadian recession period from March 2020 to April 2020). Annualized returns reflect total returns (yield plus price appreciation on the Canadian 10-Year Government Bond). Recession average reflects average annualized returns during the aforementioned three Canadian recessionary periods. Past performance is no guarantee of future results.

U.S. Spending and taxes

2025 Projections

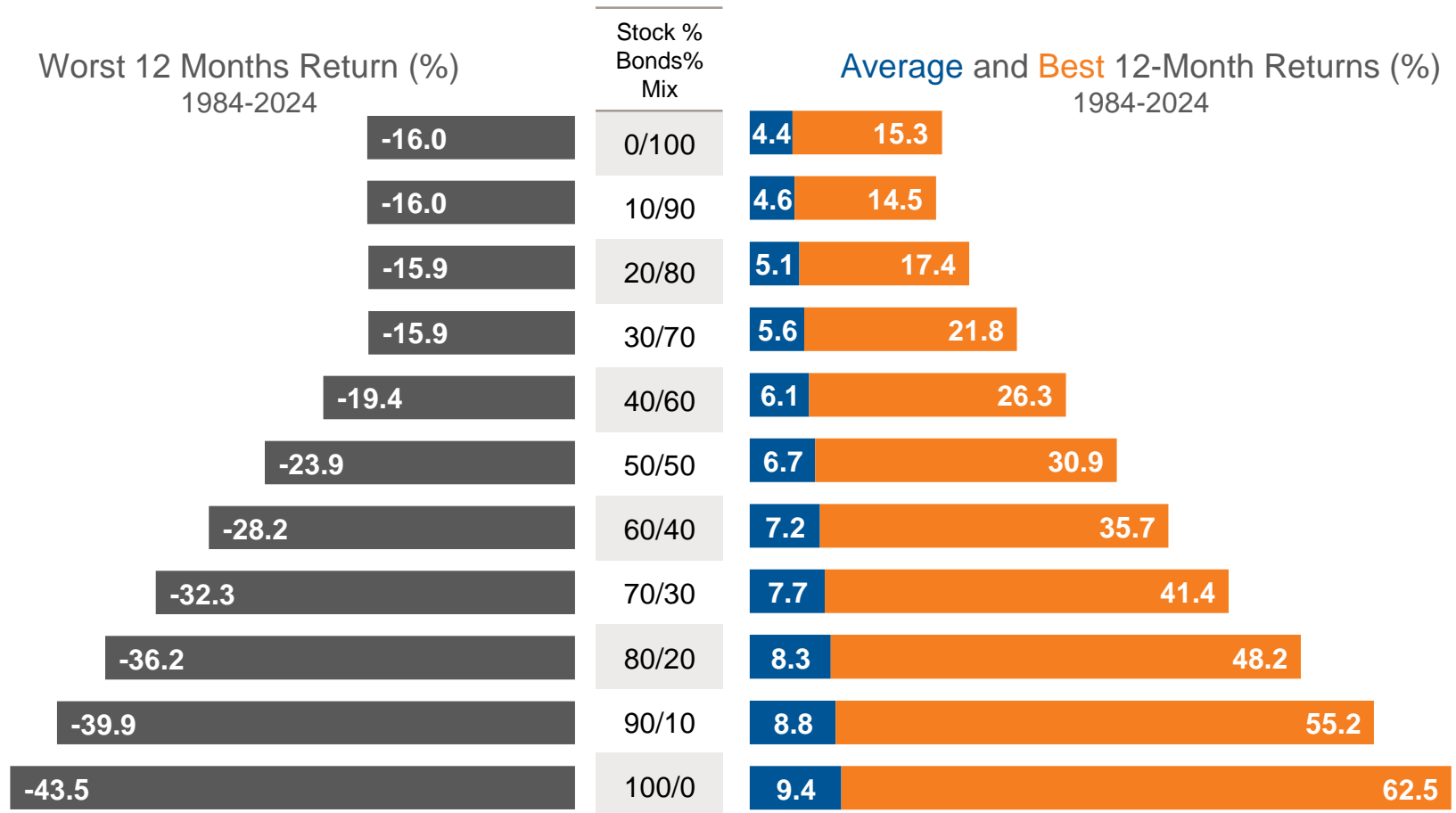


- The deficit remains large by historical standard and projected to be US\$1.86 trillion in 2025
- Tariff revenues contribute only a small portion to overall funding even after considering historically large estimated tariff rates
- Additional sources of spending cuts will need to be considered to meaningfully close the budget gap

Source: Left Chart: 2025 Budget Projections: CBO "The Budget & Economic Outlook: 2025 to 2035, as of January 2025. Budget figures may not sum to total spending/financing due to rounding. Right Chart: 2025 Budget Revenue & Economic Projections. Average Estimated Tariff Rate: Russell Investments adaptation of model-based estimates in "The Fiscal, Economic, and Distributional Effects of a 20% Broad Tariff" (The Budget Lab, 2025) and "How Will Trump's Universal and China Tariffs Impact the Economy?" (Tax Foundation, 2024). Adaption assumes a 14-percentage-point increase in the 8% U.S. effective tariff rate and based on the latest proposals/data as of April 4, 2025, and actual results may differ materially due to changes in economic, market and other conditions. All figures in USD.

One year performance can produce large swings

Long-term results provide stronger foundations for investment decisions

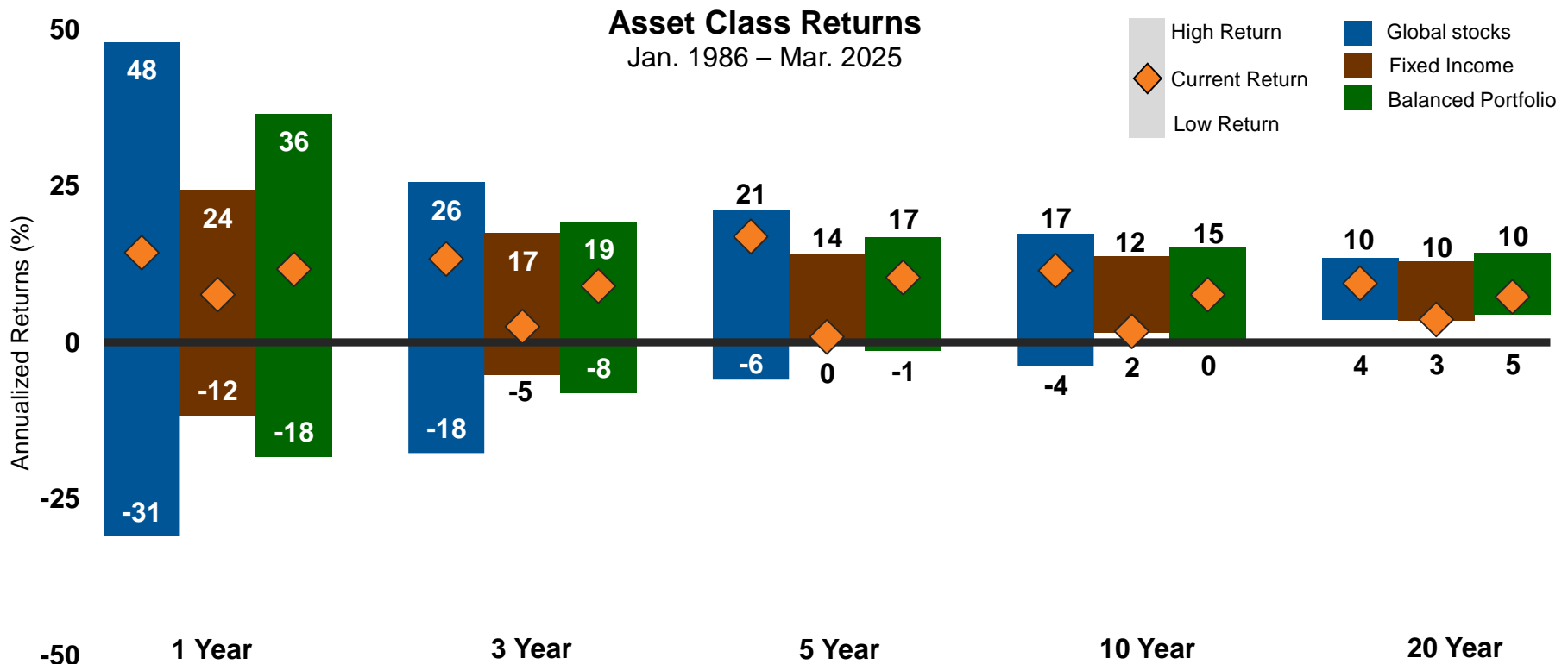


Investors should not allow short-term results to move them away from their long-term plans

Sources: Stocks: Russell 3000 Index, Bonds: Bloomberg Barclays Government/Credit Index

Time is on your side

Wide range of short-term results but long-term has been more stable



- Short-term returns may be unpredictable, but historically patient investors have been rewarded.
- Don't let short-term volatility affect long-term goals.

Source: Morningstar. Equity: MSCI World Index; Fixed Income: FTSE Canada Universe Bond Index; Balanced: 60% Equity, 40% Fixed Income. Based on quarterly time periods. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Index definitions

FTSE EPRA/NAREIT Developed Index: A global market capitalization weighted index composed of listed real estate securities in the North American, European and Asian real estate markets.

MSCI country indices: Indices which include securities that are classified in that country according to the MSCI Global Investable Market Index Methodology, together with companies that are headquartered or listed in that country and carry out the majority of their operations in that country.

MSCI EAFE (Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

MSCI Emerging Markets Index: A float-adjusted market capitalization index that consists of indices in 24 emerging economies.

MSCI World Ex-US Index: A broad global equity index that represents large and mid-cap equity performance across 23 developed market countries.

Russell 1000® Index: Measures the performance of U.S. large-capitalization equity universe.

Russell 1000® Growth Index: Measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Value Index: Measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000® Index: measures the performance of the 2,000 smallest companies in the Russell 3000 index.

Russell 3000® Index: Measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

FTSE Canada Long Term Overall Bond Index - a market capitalization index designed as a broad measure of the Canadian long-term fixed income market.

FTSE Canada Universe Bond Index measures the performance of marketable government and corporate bonds outstanding in the Canadian market.

S&P/TSX Composite Index: The benchmark Canadian index, representing roughly 70% of the total market capitalization on the Toronto Stock Exchange.

S&P 500® Index: A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The stocks included in the S&P 500® are those of large publicly held companies that trade on either of the two largest American stock market exchanges: the New York Stock Exchange and the NASDAQ.

S&P Goldman Sachs Commodities Index: A composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

The **S&P Global Infrastructure Index:** Provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure across the global listed infrastructure market, the index has balanced weights across three distinct infrastructure clusters: Utilities, Transportation, and Energy.

Citigroup 1-3 Month T-Bill Index: An unmanaged index that tracks short-term U.S. government debt instruments.

Index definitions continued

Bloomberg U.S. Aggregate Bond Index: An index, with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities, and mortgage-backed securities. (specifically: the Government/Corporate Bond Index, the Asset-Backed Securities Index, and the Mortgage-Backed Securities Index).

Bloomberg Global High Yield Index: An index which provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents the union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices.

The **Bloomberg US Government/Credit Bond Index** is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index. It includes investment grade, US dollar-denominated, fixed-rate Treasuries, government related and corporate securities.

The **Bloomberg Canada Aggregate Bond Index** measures the Canadian investment grade fixed income market and is comprised of government, government-related and corporate securities.

Economic Indicators Dashboard definitions - Canada

LSEG DataStream source for all data.

Market Indicators

HOME PRICES – Teranet - National Bank House Price: Composite 11, Index. The index is estimated by tracking the observed or registered home prices over time.

MARKET VOLATILITY(VIX) – CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30 day period. The VIX measures implied volatility, which is a barometer of investor sentiment and market risk.

10 YR. CANADATREASURY YIELD – The yield on the 10 year Canadian Treasury note issued by the Canadian Government. It is important because it is seen as a benchmark for interest rate movements and borrowing costs in the economy.

YIELD SPREAD – The spread between 3 month Treasury bill yields and 10 year Treasury note yields measures the market outlook for future interest rates. A normal or upward-sloping yield curve, can imply that investors expect the economy to grow and inflation to eat into asset returns. They thus demand a higher yield for long-term Treasuries. An inverted yield curve has often been an indicator of coming recessions, but not always. For example, reduced inflation expectations could cause the yield curve to flatten.

Economic Indicators

CONSUMER SENTIMENT – The Thomson Reuters/Ipsos Consumer Sentiment Index (CSI) is based on a monthly random sample of consumer citizens in chosen countries who answer 11 standard quantitative questions. The eleven tracked questions are then used to create a series of Indexes.

ECONOMIC EXPANSION (GDP) – GDP (Gross Domestic Product) measures the total market value of a nation's output of goods and services during a specific time period. It is usually measured on a quarterly basis. Calculating Real GDP growth allows economists to determine if production increased or decreased, regardless of changes in the purchasing power of the currency.

INFLATION – The Consumer Price Index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. This indicator value represents the trailing year over year % change in the CPI index as of last month-end.

UNEMPLOYMENT – Number of unemployed persons expressed as a percentage of the labour force. The unemployment rate for a particular group (age, sex, marital status, etc.) is the number unemployed in that group expressed as a percentage of the labour force for that group.

HOUSEHOLD DEBT TO GDP – Canada, Household Sector, Debt to Gross Domestic Product

Economic Indicators Dashboard definitions – U.S.

Market Indicators

HOME PRICES – The S&P/Case-Shiller Home Price Index is a measurement of U.S. residential real estate prices, tracking changes in top 20 metropolitan regions. This indicator value represents the trailing year over year % change in the home prices index as of last month-end. Residential real estate represents a large portion of the U.S. economy, and the Home Price index helps us monitor the value of real estate.

MARKET VOLATILITY(VIX) – CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30-day period. The VIX measures implied volatility, which is a barometer of investor sentiment and market risk.

10 YR. U.S. TREASURY YIELD – The yield on the 10-year U.S. Treasury note issued by the U.S. Government. It is important because it is seen as a benchmark for interest rate movements and borrowing costs in the economy.

YIELD SPREAD – The spread between 3-month Treasury bill yields and 10-year Treasury note yields measures the market outlook for future interest rates. A normal or upward-sloping yield curve, can imply that investors expect the economy to grow and inflation to eat into asset returns. They thus demand a higher yield for long-term Treasuries. An inverted yield curve has often been an indicator of coming recessions, but not always. For example, reduced inflation expectations could cause the yield curve to flatten.

Economic Indicators

CONSUMER SENTIMENT – The University of Michigan Survey of Consumer Sentiment Index is an economic indicator which measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation.

ECONOMIC EXPANSION (GDP) – GDP (Gross Domestic Product) measures the total market value of a nation's output of goods and services during a specific time period. It is usually measured on a quarterly basis. Current GDP is based on the current prices of the period being measured. Nominal GDP growth refers to GDP growth in nominal prices (unadjusted for price changes). Real GDP growth refers to GDP growth adjusted for price changes. Calculating Real GDP growth allows economists to determine if production increased or decreased, regardless of changes in the purchasing power of the currency.

INFLATION – The Consumer Price Index (CPI) NSA (non-seasonally adjusted) measures changes in the price level of a market basket of consumer goods and services purchased by households. This indicator value represents the trailing year over year % change in the CPI index as of last month-end.

UNEMPLOYMENT – The Bureau of Labor Statistics measures employment and unemployment of all persons over the age of 15 using two different labor force surveys conducted by the United States Census Bureau (within the United States Department of Commerce) and the Bureau of Labor Statistics (within the United States Department of Labor) that gather employment statistics monthly. The data reported here is seasonally adjusted (SA) to account for seasonal gains in employment leading up to Christmas.