

Market Update

August 2025

During the past few months, we observed market lows in April following the announcement of new tariffs by the U.S. administration. These threats of tariffs have often been delayed, and this pattern remains consistent. While they are talked up, they have not all been implemented and corporate earnings have been strong, lifting both Canadian and U.S. markets to new highs.

Should these tariffs be implemented at the level previously indicated, it is likely we will see an eventual impact on corporate earnings and a potential slowdown in economic activity. If not, we may continue to experience current market conditions, which have proven resilient. It seems the market is gradually adapting to policy rhetoric and reacting less strongly than it did earlier this year in April.

On the currency front, the U.S. dollar has been the weakest asset class year-to-date, while gold has been the strongest, benefitting from its inverse relationship with the U.S. dollar. There is ongoing speculation that the U.S. administration is seeking change at the Federal Reserve to encourage lower interest rates and in turn, an even weaker dollar as a means of making Americans buy American products which they may have little choice in doing as their dollar is weak to global currencies.

Our approach remains focused on identifying and holding high-quality companies, navigating short-term noise with a long-term perspective. Return on invested capital (ROIC) remains a key metric in our portfolio decisions. To help offset currency risk, we are employing strategies such as selling options closer to the price at which stocks were purchased, thereby enhancing premiums as a partial hedge.

Despite currency fluctuations, we continue to see value in U.S. markets, given the concentration of leading global businesses. We remain vigilant and diversified, monitoring developments closely.

This commentary reflects my opinions alone and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best,

National Bank Financial

Rob Hunter
Senior Wealth Advisor

Campbell Hunter
Wealth Advisor CIM®

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Canadian Investment Regulatory Organization (CIRO) and the Canadian Investor Protection Fund (CIPF), and is a wholly owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA).

The opinions expressed herein do not necessarily reflect those of National Bank Financial. The particulars contained herein were obtained from sources we believe to be reliable but are not guaranteed by us and may be incomplete. The opinions expressed consider a number of factors including our analysis and interpretation of these particulars, such as historical data, and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. Unit values and returns will fluctuate, and past performance is not necessarily indicative of future performance. Important information regarding a fund may be found in the prospectus. The investor should read it before investing.

The particulars contained herein were obtained from sources we believe to be reliable but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned herein are not suitable for all types of investors. Please consult your Wealth Advisor to verify whether the securities or sectors suit your investor's profile as well as to obtain complete information, including the main risk factors, regarding those securities or sectors.

I have prepared this report to the best of my judgment and professional experience to give you my thoughts on various financial aspects and considerations. The opinions expressed represent solely my informed opinions and may not reflect the views of NBF.

Selling calls against stock (Covered Writing): Shares may need to be sold at the strike price of the option at any time prior to expiration. If the calls are assigned, further opportunity for appreciation in the underlying security above the strike price is foregone.

Risk/Reward of the strategy = Strike price minus the purchase price of the underlying plus the premium received from the sale of the call. The maximum loss is the same as holding a long position less the premium received.

The investment advice given only applies to residents of the provinces of British Columbia, Alberta, Manitoba, Saskatchewan, Ontario and Quebec.

National Bank Financial is a member of the Canadian Investor Protection Fund.



Regulated by CIRO
Canadian Investment
Regulatory Organization