

Market Update

September 2025

Canada's stock market is outperforming year-to-date. We have had a sector rotation to some extent in the market, where Canada is currently outperforming the U.S. While most portfolios are weighted to Canada, the rotation primarily involves the materials sector, and specifically, precious metals like gold and silver producers. Materials are up nearly 50% this year. This can be seen in gold mining stocks.

Gold trades inversely to the U.S. dollar and the spike over the last year or so, can be attributed in part, to weakness in the U.S. dollar. It seems that a weaker U.S. dollar may be on the agenda for the Trump administration seeking to achieve an environment where U.S. products are more attractive and potentially as a means of dealing with U.S. debt.

Gold has limited industrial demand, and history suggests that a sharp volatile ride up has often been matched with the same volatility on the way down. The precious metal is sometimes referred to as a *fear commodity*.

But that is not the only reason behind the TSX rise this year. Technology is up 17% ytd and the Financials are up over 14% ytd. The weak sector in the TSX is currently the Energy sector, as a result of current supply. Energy demand continues to rise.

Here is a contrarian thought to keep in mind. Despite the showing of the Canadian market year-to-date, Canada's productivity and GDP remain rather low.

Short-term volatility (last April) might be attributed to political or economic events near-term, but over the longer-term markets have risen due to economic fundamentals. The most recent quarter's earnings announcements provided evidence of that, and markets are at new highs.

In the U.S. we wish to own companies least impacted by tariffs though, which to a large extent continues to have us favour innovative technology companies.

Some say we live in confusing times. **Come get untangled with a fresh perspective on Wednesday October 1st when we will have our Chief Economist, Stefane Marion in Victoria for a presentation and Q&A. This event is limited seating on a first come, first served basis. We will be sending out an official invitation tomorrow with specific details and where clients can register; if you need any assistance registering, be sure to give our office a call and we would be happy to assist.**

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. 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,

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Sources: National Bank Research, National Bank Economics, Stockcharts.com,

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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.

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