

ETF Managed Portfolios

ETF Balanced

Quick facts

Inception date:
January 31, 2017

Asset class:
Balanced
Equity: 60%
Fixed Income: 40%

Minimum investment:
\$50,000¹

Number of ETF holdings:
5

Portfolio risk:

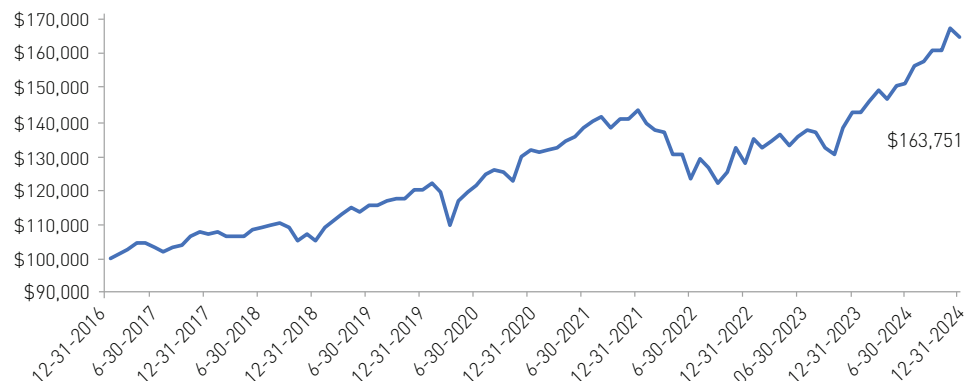
Medium

What does the Portfolio invest in?

The ETF Managed Portfolios provide clients with a wide range of exposure across asset classes, geographies, industries, and sectors. Using various ETF issuers further ensures the unbiased selection and added diversification of each holding. The Balanced Portfolio places equal emphasis on regular income and capital appreciation.

Performance

(Gross of ETF Managed Portfolios fees)



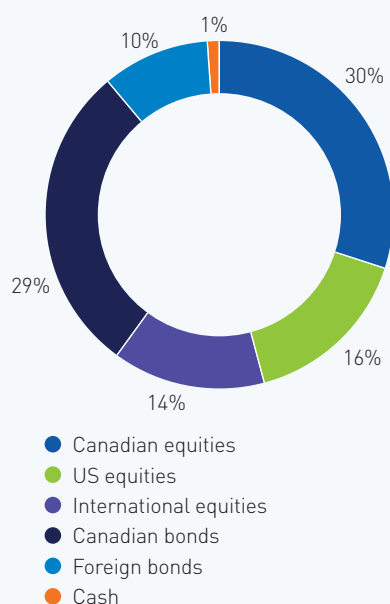
	QTD	YTD	1 yr	3 yr	5 yr	Since inception (annualized)
Portfolio	2.3%	15.1%	15.1%	4.7%	6.4%	6.4%
Standard deviation	8.2%					
Sharpe ratio	0.66					

Suitable for investors whose objective is to achieve capital preservation and income generation, with the willingness to accept some market volatility to achieve moderate growth.

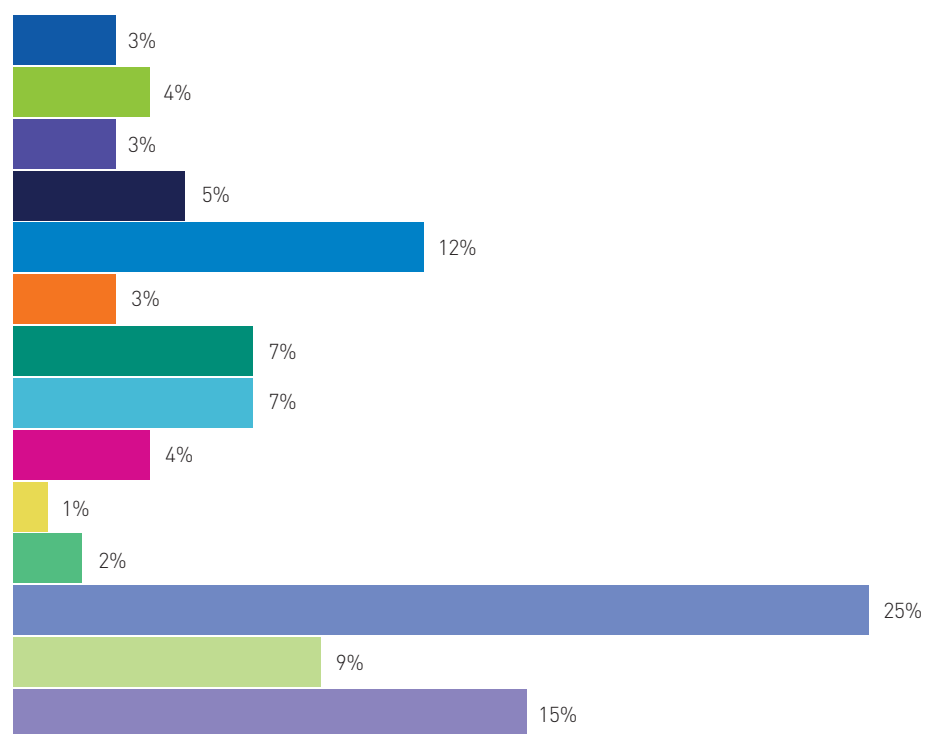
Holdings

Ticker	ETF	Target
ITOT	iShares Core S&P Total U.S. Stock Market ETF	16.0%
IXUS	iShares Core MSCI Total International Stock ETF	14.0%
VAB	Vanguard Canadian Aggregate Bond Index ETF	29.3%
VCN	Vanguard FTSE Canada All Cap Index ETF Vanguard	30.0%
VBU	Vanguard U.S. Aggregate Bond Index ETF	9.8%
	Cash	1.0%

Asset allocation



Sector allocation



- Communication services
- Consumer discretionary
- Consumer staples
- Energy
- Financials
- Healthcare
- Industrials
- Information technology
- Materials
- Real estate
- Utilities
- Canadian government bonds
- Canadian corporate bonds
- Foreign bonds

Portfolio attributes

Weighted average MER	Number of constituents	Portfolio yield	Average credit rating	Modified duration (fixed income only)
0.09%	8,231	2.98%	AA	7.70%

Quarterly commentary

Global Equity Markets

Global equity markets demonstrated resilience in the fourth quarter of 2024, with the MSCI All-Country World Index capping off a strong year with a 17.5% gain in US dollars. Canada's equity market stood out, as the S&P/TSX Composite Total Return Index advanced 3.8%, propelled by robust performances in Information Technology, Financials, and Energy sectors. While international developed markets faced headwinds, as evidenced by the MSCI EAFE Index's underperformance, the S&P 500 TR Index delivered an impressive 9.1% return in Canadian dollar terms, benefiting from both U.S. market strength and favorable currency movements. The quarter's market dynamics were shaped by pivotal monetary policy decisions, with both the Bank of Canada and the Federal Reserve implementing rate cuts. Persistent geopolitical tensions created a complex backdrop for global investors and influenced market sentiment across regions.

Canadian Equities

In Canada, the S&P/TSX Composite Total Return Index advanced in the fourth quarter of 2024, closing the year on a strong note. The Information Technology sector emerged as the top performer, with Shopify leading the charge. The e-commerce giant's stock surged following its Q3 earnings report, driven by the successful implementation of innovative AI-powered features. Financials and Energy sectors also contributed significantly to the index's gains, benefiting from robust banking performance and an uptick in oil prices. While the market showed a preference for larger, established companies amid prevailing economic uncertainties, Materials, Real Estate, and Communication Services lagged. This solid quarterly performance capped off an impressive year for the TSX, underscoring the Canadian market's resilience in the face of global economic headwinds.

US Equities

In the U.S., the S&P 500 Total Return Index posted a modest gain, primarily supported by positive economic data, including robust consumer spending and a resilient labor market. However, expectations regarding interest rate cuts shifted during the quarter. While the Federal Reserve implemented a 0.25 percentage point rate cut in December 2024, it signaled a more cautious approach to future cuts, projecting only two rate cuts in 2025 due to persistent inflation and stronger-than-expected economic growth. The NASDAQ Composite TR Index outperformed as technology stocks led the market. Larger-cap stocks outpaced smaller caps, with the Russell 2000 TR Index posting only a modest increase. Consumer Discretionary, Communication Services, and Financials were the top-performing sectors, while Real Estate, Health Care, and Materials lagged.

International Equities

The fourth quarter of 2024 saw global equity markets deliver a mixed performance across regions. Within the EAFE region, Israel's tech-driven economy and Singapore's financial hub status propelled them to the forefront of performance. Hong Kong faced headwinds due to ongoing political uncertainties and economic pressures from mainland China, while Portugal grappled with political instability following its inconclusive March election. In the emerging markets, Taiwan led the charge, buoyed by a notable surge in Taiwan Semiconductor Manufacturing Company's stock, highlighting the continued strength of the global semiconductor industry. South Africa benefited from a resurgence in commodity prices, particularly in precious metals, while China's markets rebounded on the back of government stimulus measures and a tech sector revival. However, Indonesia, Mexico, and Brazil lagged, affected by domestic political challenges and global trade tensions, underscoring the importance of careful country selection in emerging market portfolios.

Global Factors

Across global factor indices, the MSCI World Momentum Index stood out as investors favored stocks with strong recent performance. Conversely, the MSCI World Value Index was the poorest performer, as growth stocks regained favor. Growth stocks significantly outperformed value stocks, reflecting a shift in investor sentiment toward companies with higher growth potential.

Global Bond Markets

Global bond markets demonstrated relative weakness compared to other asset classes in the fourth quarter of 2024, with most segments experiencing declines. The Bloomberg Canada Aggregate Index emerged as the most resilient among broad aggregate indices, posting only a negligible decline amid challenging global economic conditions. In stark contrast, the Bloomberg Global Aggregate ex-US Index suffered a more substantial drop, bearing the brunt of currency volatility and divergent monetary policies across regions. High-yield bonds showed some resilience in this environment, with the Bloomberg Global High Yield Index registering only a modest pullback. Government bonds faced considerable headwinds, reflecting ongoing concerns over fiscal policies and central bank policy uncertainties.

Canadian Bond Market

In Canada, the Bloomberg Canada Corporate Index delivered the highest return, benefiting from stable credit conditions and investor demand for risk-adjusted yield. The Bloomberg Canada High Yield Bond Index dropped moderately, impacted by risk-off

Quarterly commentary continued

sentiment in certain sectors. Short-term bonds outperformed long-term bonds as investors favored shorter durations amid interest rate uncertainties. Canadian government bond yields generally fell, reflecting expectations of potential monetary easing. The yield curve remained positively sloped, indicating market expectations of continued economic growth.

US Bonds and Currencies

In the U.S., government bond yields rose during Q4 2024, driven by strong economic data and persistent inflation concerns. The yield curve remained positively sloped, suggesting market expectations of continued economic expansion. Currency markets saw significant movements, with the U.S. dollar broadly appreciating against major global currencies, and the Canadian dollar notably weakening significantly against the greenback. This decline in the loonie was exacerbated by trade tensions and uncertainty surrounding future U.S.-Canada trade relations.

Outlook for 2025

As we move into 2025, the global economic landscape carries a sense of cautious optimism, underpinned by steady consumer demand, ongoing technological innovation, and selective growth opportunities. While lingering headline risks—such as geopolitical tensions and potential trade disruptions—remain a concern, many markets appear well-positioned to navigate these challenges.

In the United States, GDP growth is expected to moderate as new trade policies take shape. President-elect Trump's planned tariffs—25% on imports from Canada and Mexico, alongside possible additional tariffs on Chinese goods—could temporarily disrupt global supply chains and heighten inflationary pressures. However, robust domestic consumption, a resilient labor market, and advancements in technology may help cushion the impact. Select industries could benefit from realigning supply chains and investing in domestic production capacity.

Canada's economic outlook, while facing headwinds from the proposed U.S. tariffs, is buoyed by expectations of improved GDP per capita and strong demand for key exports. Canadian officials are exploring retaliatory measures to protect vital industries, and the Bank of Canada is prepared to support stability through accommodative monetary policy if needed. Meanwhile, sectors such as technology, finance, and natural resources may continue to attract global investment, even as the country contends with high household debt and housing market vulnerabilities.

On the global stage, equity markets are likely to experience periodic volatility, driven by shifting trade dynamics and geopolitical uncertainties. Nevertheless, AI-driven technologies remain a key growth catalyst, fostering breakthroughs in

operational efficiency and predictive analytics. While the energy sector could face near-term pricing pressure, longer-term trends toward greener energy solutions and innovation offer new avenues for expansion.

In fixed income markets, central banks worldwide are poised to balance growth and inflation risks, potentially resulting in steepening yield curves. Despite these shifting conditions, stable corporate fundamentals and selective credit opportunities could reward prudent bond allocation. Against this complex backdrop, diversification will be critical.

Investment process and selection criteria

- A global multi-asset strategy that seeks to mitigate risks for investors by gaining broad-based diversification through investing in highly liquid Exchange Traded Funds (ETF)
- The criteria used for the selection of each ETF in the ETF Managed Portfolios is extensive and robust, taking into consideration factors such as ETF construction methodology, management fees, issuer reputation, trading spreads, market making, currency hedging, and taxation

Management style

Multi-asset indexed

¹ Minimum Investment is \$50,000 or \$5,000 provided that the client has a separate Managed Portfolios account with at least \$50,000 invested.

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