

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:

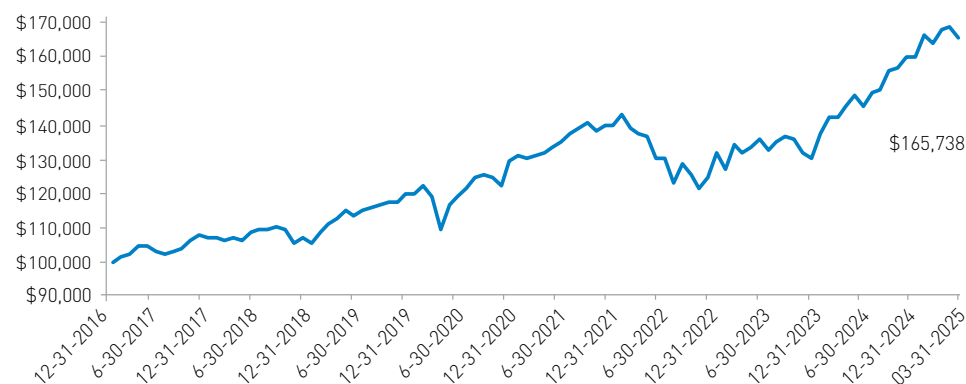
Medium

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)



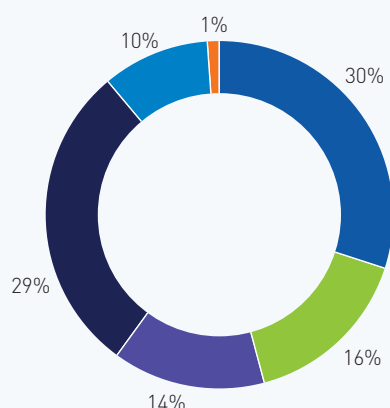
	QTD	YTD	1 yr	3 yr	5 yr	Since inception (annualized)
Portfolio	1.2%	1.2%	11.5%	6.7%	8.6%	6.4%
Standard deviation	8.2%					
Sharpe ratio	0.66					

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

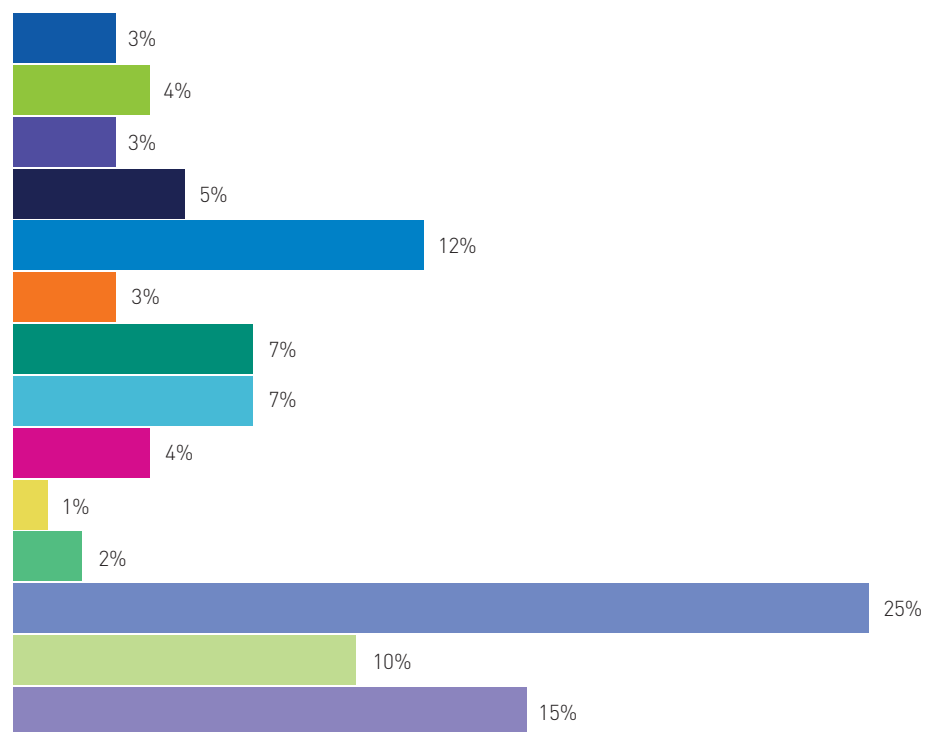
Ticker	ETF	Target
ITOT	iShares Core S&P Total U.S. Stock Market ETF	16.0%
IXUS	iShares Core MSCI Total International Stock ETF	14.0%
VAB	Vanguard Canadian Aggregate Bond Index ETF	29.3%
VCN	Vanguard FTSE Canada All Cap Index ETF Vanguard	30.0%
VBU	Vanguard U.S. Aggregate Bond Index ETF	9.8%
	Cash	1.0%

Asset allocation



- Canadian equities
- US equities
- International equities
- Canadian bonds
- Foreign bonds
- Cash

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%	8,276	2.93%	AA	7.60%

Quarterly commentary

Equities

North American Equities

Canadian equities delivered modest gains in Q1.

The resource-heavy Canadian market benefited from strength in mining and energy shares, with soaring gold prices boosting Canada's large gold miners. Canadian financials faced a mixed environment; slightly lower bond yields in Canada helped ease pressure on lenders, but concerns about a slowing global economy kept gains modest. Overall, Canada's equity market performance positioned between the U.S. and overseas markets – reflecting its blend of sectors. With significant commodities exposure, the TSX proved relatively resilient when trade fears affected U.S. tech stocks.

U.S. equities declined during the first quarter as high-growth technology stocks reversed their prior gains. The market was pressured by renewed trade-war uncertainty and persistent inflation worries that kept interest rates elevated. Investors grew cautious amid President Trump's renewed "America First" policies – including looming tariffs on major trading partners – which clouded the outlook for corporate profits and hit megacap tech shares hard. The "Magnificent Seven" tech giants collectively shed substantial market value during the quarter, dragging down tech-heavy indices. By contrast, value-oriented sectors proved more resilient: companies in energy, industrials, and financials held up relatively well, cushioning the broader market. This stark growth vs. value gap reflected the shift in investor preference toward safer, cash-generating businesses amid higher interest rates.

International Developed Markets

International equities far outpaced North America, helped by favorable sector mix and a weaker U.S. dollar. Developed market stocks outside North America performed strongly. European markets were especially robust, delivering their best quarterly gain in a year. European equities benefited from local tailwinds such as Germany's new fiscal stimulus (including increased defense spending) and improving inflation trends. These factors, combined with attractive valuations, attracted significant investor inflows into Europe. Notably, Europe's defense and banking stocks rallied sharply amid expectations that higher spending and interest rates would boost those sectors. At the same time, Trump's trade posturing was viewed as more damaging to U.S. multinationals than to European firms, and investors anticipated U.S. growth might slow under the weight of tariffs. In Japan, stock indexes also rose modestly, though gains were restrained as the Bank of Japan inched toward tighter policy, with Japanese 10-year yields hitting their highest level since 2008. Overall, international developed equities' strong performance – aided by currency gains versus the dollar – helped global stock indices stay roughly flat for the quarter even with the U.S. decline.

Emerging Markets

Emerging market equities posted moderate gains, with significant variation across countries. Asian markets were key drivers: Chinese stocks in particular surged amid optimism about domestic stimulus measures and a boom in local tech innovation (particularly advances in AI). Hong Kong's market also soared. These robust gains reflected improving sentiment toward China's economy and a sense that U.S. tariffs so far were less punitive than feared. Emerging markets also enjoyed support from the weaker U.S. dollar, which eased financial conditions for countries with dollar-denominated debt.

However, not all EM countries participated equally. Some markets were held back by country-specific challenges and the overhang of global trade tensions. Turkey's stocks struggled amid political turmoil, and some Asian exporters faced uncertainty from Trump's tariff plans. This kept the overall EM advance in check. Still, commodity-exporting nations like Brazil saw asset gains thanks to stronger currencies and rising resource prices. In sum, emerging equities managed a positive quarter, bolstered by China's rebound, but performance was tempered by trade-war jitters and idiosyncratic risks.

Fixed Income

Bond markets worldwide delivered solid positive returns in the first quarter, as global investors pivoted toward safety and as future rate expectations shifted. Canadian bonds posted positive returns, as the Canadian yield curve bull-steepened slightly – short-term Canadian yields fell on anticipation that global slowing could prompt the Bank of Canada to ease later in the year, while long-term yields were little changed. Credit conditions in Canada stayed healthy, helping corporate bonds perform in line with government issues.

In the U.S., bonds enjoyed robust gains. The bond rally was fueled by a late-quarter decline in Treasury yields amid rising concerns about economic growth. The Federal Reserve, having cut rates significantly in 2024, paused further easing in early 2025 and signaled a wait-and-see stance on inflation. As the quarter progressed, the focus of investors turned from inflation to recession risk, especially with heightened uncertainty from trade conflicts. By quarter-end, the benchmark 10-year U.S. Treasury yield had fallen notably from the start of the year. Short-term yields also dipped slightly. Falling yields translate into rising bond prices, delivering capital gains on top of coupon income.

Global fixed income saw more mixed yield movements but still produced gains, especially for unhedged investors benefitting from

Quarterly commentary continued

currency appreciation. In Europe, bond returns were more muted as yields moved up in several countries – an unusual divergence from the U.S. trend. Germany, for example, faced a significant increase in long-term yields as the government loosened fiscal constraints for defense spending and the European Central Bank remained vigilant on inflation. This rise in yields meant European government bonds saw price declines in local terms. Similarly, Japanese government bonds fell, with Japan's 10-year yield spiking to the highest since 2008 on speculation of Bank of Japan policy tightening. Yet, for a Canadian dollar-based investor holding global bonds, these local losses were offset by currency gains: the euro, yen, and other major currencies strengthened against the Canadian dollar, boosting the translated returns of those foreign bonds.

On the riskier end of the spectrum, high-yield bonds and emerging-market debt also advanced, though slightly less than high-grade bonds. Investors demanded slightly higher risk premia amid the uncertain outlook, which capped high-yield price appreciation. Nonetheless, steady oil prices and generally robust corporate earnings in cyclical sectors kept default fears low, so high-yield debt still delivered a positive return through its hefty interest carry. Emerging market dollar-denominated bonds likewise had a decent quarter as the weaker dollar eased pressure on EM borrowers; many EM sovereign and corporate bonds gained in price, and some countries (particularly in Latin America) saw their bond spreads tighten modestly as investors hunted for yield.

In summary, fixed income proved its value as a diversifier in Q1 2025: bond prices rose when equity markets stumbled, and total returns were uniformly positive across maturities and regions. This reflects growing investor conviction that interest rates may have peaked for this cycle, with attention shifting to potential rate cuts if growth slows in coming months.

Commodities

Commodities as an asset class had a strong quarter overall, led by an impressive surge in metals. The quarter's star performer was gold, which lived up to its reputation as a safe-haven asset. Gold prices skyrocketed in Q1, the metal's best quarterly performance since 1986. This rally was driven by a confluence of factors. Heightened geopolitical and trade uncertainty spurred investors to seek the security of gold, especially as Trump's tariff threats rattled confidence. At the same time, persistent inflation and the prospect of peaking interest rates made gold more attractive; real yields remained relatively low and a depreciating U.S. dollar boosted the appeal of dollar-denominated bullion. Silver followed suit with a substantial jump, reflecting both safe-haven demand and its dual role as an industrial metal. Investor flows into precious metals were robust all quarter, as evidenced by rising holdings in gold-backed ETFs and strong coin and bar purchases

reported globally. By quarter-end, gold's breakneck advance had many questioning if the metal had entered a new bull market regime, fueled by the unique mix of trade-war fears and hopes that central banks would pivot to easing – a backdrop reminiscent of mid-1980s volatility.

Industrial metals also surged, signaling optimism about global industrial activity (or at least significant supply tightness). Copper prices jumped considerably in Q1. China, the world's largest copper consumer, showed signs of economic pickup: inventories in Shanghai fell and import premiums rose, indicating robust Chinese buying. This, combined with speculative positioning early in the year, propelled copper upward – although analysts noted that part of the rally might have been Chinese manufacturers front-loading exports ahead of anticipated U.S. tariffs. Other base metals echoed copper's rise: for example, platinum gained substantially and nickel rose modestly, while more economically sensitive metals like aluminum and zinc lagged or fell slightly, reflecting their particular supply-demand dynamics. On balance, industrial metals climbed strongly, buoyed by the view that any trade-related demand dips might be met with stimulus in China or infrastructure spending in other regions.

In contrast to metals, the energy complex was relatively flat in Q1. Crude oil prices ended the quarter roughly where they began. Oil markets were torn between opposing forces. On one hand, continued OPEC+ production restraints and a rebound in Chinese crude import demand provided support. In fact, China's crude imports saw a sharp rebound early in the year, offering hope that Asian demand would underpin prices. There were also a few mid-quarter supply disruptions (including geopolitical tensions in the Middle East) that briefly lifted prices. On the other hand, the prospect of slower global growth – due in part to the U.S.-China trade rift – kept a lid on oil's gains. Traders grew anxious that new tariffs and uncertainty could dent worldwide fuel demand, which tempered any rallies. The result was that oil prices traded choppy within a range, but with no net trend by quarter-end.

Elsewhere in energy, natural gas prices actually rose in Q1 after a steep decline in 2024. A colder-than-expected early winter and some supply curtailments helped prices recover from multi-year lows. Even so, gas markets remained relatively well-supplied, and the late-quarter warming trend trimmed some of gas's earlier gains. Other commodities had mixed fortunes. Agricultural commodities saw disparate moves: for instance, coffee prices leapt on supply concerns, while cocoa plunged, reversing prior spikes as West African production rebounded. Grains were mostly soft; corn and wheat each slipped due to ample global stockpiles. The broad commodities index likely notched a gain for the quarter, thanks largely to the metals strength. In summary, commodities provided diversification benefits in Q1. The dramatic surge in gold and solid advances in other metals offered big wins for investors in

Quarterly commentary continued

that space, even as oil – often the bellwether – remained flat. This divergence within commodities underscored the importance of macro drivers: safe-haven and reopening themes helped metals, whereas growth worries constrained energy.

Currencies

Currency markets in Q1 2025 were marked by a broad decline in the U.S. dollar and corresponding strength in many other currencies. After a strong run in previous years, the greenback stumbled as investors reassessed the interest rate and geopolitical outlook. The U.S. Dollar Index, which measures the dollar against a basket of major currencies, fell significantly over the quarter – on track for its worst first-quarter performance since the 2008 financial crisis. Driving the dollar lower were expectations that the Fed would hold off on further rate hikes (diminishing the yield advantage of USD assets) and concerns that aggressive U.S. trade policies could hamper U.S. growth, reducing foreign demand for dollars. Additionally, as financial markets volatility picked up, some investors unwound dollar positions put on as safety trades, opting instead for other havens like gold and the Japanese yen.

From a Canadian perspective, the Canadian dollar was relatively stable against its U.S. counterpart. Early in Q1, the loonie weakened on a dip in oil prices and dovish signals from the Bank of Canada, but it rebounded later as oil stabilized and broad USD weakness took over. By March, despite Canada being in Trump's tariff crosshairs, the Canadian dollar held steady, a testament to resilient commodity prices and confidence in Canada's fiscal position.

Among other major currencies, the euro and yen were standout gainers against the U.S. dollar. Europe's improving economic signs and the European Central Bank's continued anti-inflation stance supported the euro. Moreover, the currency found extra support from the U.S. tariff threats – ironically, Trump's tariffs on European goods were seen as unlikely to fully materialize or to hurt the U.S. more, which, combined with Europe's fiscal boost, made investors more optimistic on the euro's outlook. The Japanese yen's gain was partly a safe-haven flow (as is typical when global uncertainties rise) and partly driven by speculation that the Bank of Japan would tighten policy, increasing yen yields. Investors flocked to yen assets during bouts of market volatility in late March, and the currency's reputation as a refuge held true as tariff headlines swirled.

Other G10 currencies also advanced against the U.S. dollar. The British pound rose, supported by the Bank of England's continued firm stance on inflation and relatively stable UK economic data. The Swiss franc ticked up, reflecting its haven status as well.

Emerging market currencies generally benefited from the dollar's pullback, providing some relief to EM economies. Many EM currencies had their best quarter in years. The Polish zloty and Czech koruna each gained notably versus the euro (and even more against the dollar), buoyed by hopes that an end to the war in Ukraine could be on the horizon and improve regional stability. In Asia, the Chinese yuan was relatively stable; China's central bank interventions and a still-large trade surplus kept the yuan range-bound even as trade tensions simmered. Meanwhile, the Indian rupee was flat (despite a widening trade deficit) and the Singapore dollar and Korean won firmed modestly, reflecting their economies' resilience and higher local interest rates.

There were a few outliers: Turkey's lira slid amid political upheaval (an opposition leader's arrest sparked capital flight), and the Indonesian rupiah fell to its lowest level since the Asian Financial Crisis on concerns about Jakarta's fiscal health. But aside from such idiosyncratic cases, the trend was one of EM currency appreciation. Overall, currency movements in Q1 provided a tailwind to non-U.S. investments: for example, a Canadian investor in EAFE equities enjoyed an extra boost from the euro and yen strength. The dollar's weakness this quarter underscores how quickly sentiment can shift – a reminder that in 2025's dynamic landscape, currency trends are closely tied to geopolitical developments and interest rate expectations.

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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