

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:

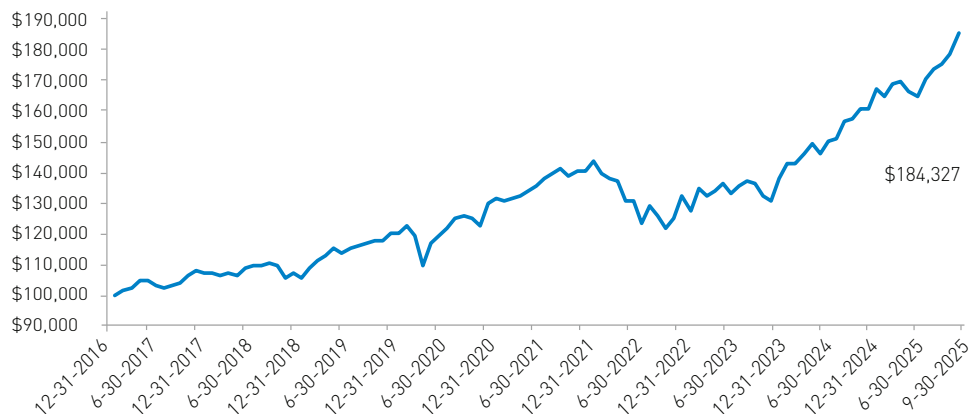
Medium

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)



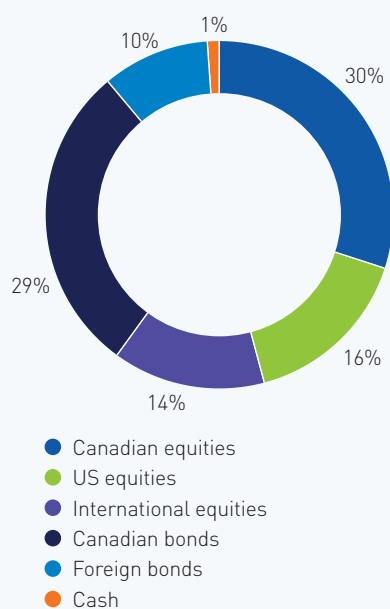
	QTD	YTD	1 yr	3 yr	5 yr	Since inception (annualized)
Portfolio	7.1%	12.6%	14.5%	14.6%	8.0%	7.2%
Standard deviation	8.1%					
Sharpe ratio	0.77					

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.

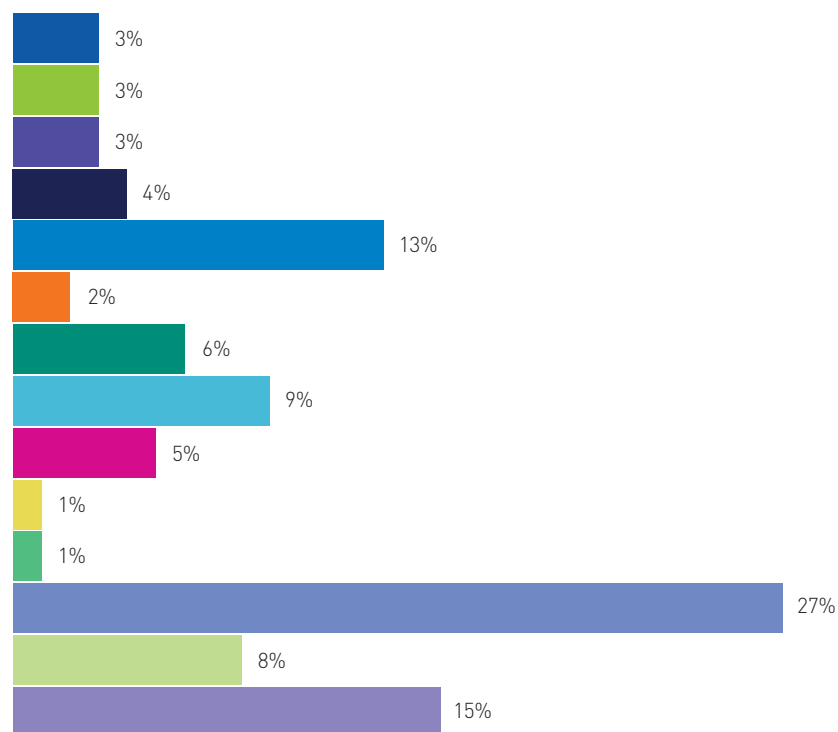
Holdings

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%	18,701	2.89%	AA	7.11%

Quarterly commentary

Global equity markets advanced 7.62% over the quarter (MSCI All-Country World Index), while global markets excluding the U.S. gained 6.89% (MSCI ACWI ex-US). The rally reflected easing trade tensions, optimism over technological innovation, and expectations that major central banks would begin loosening policy. The U.S. Federal Reserve delivered its first rate cut of the year in September, which supported global valuations. Improving sentiment and ongoing enthusiasm around artificial intelligence (AI) further boosted equities to new highs despite lingering inflation risks.

Canada was the best-performing equity market globally, with the S&P/TSX Composite Total Return Index up 12.50%, while the MSCI EAFE Index was the weakest, returning 4.77%. Canada's outperformance stemmed from its heavy resource and financial exposure—both of which surged as gold and base metals rallied and financial conditions stabilized. The Materials sector climbed over 37%, driven by record gold prices. Conversely, Europe and Asia lagged amid sluggish growth. Germany's market fell into negative territory, pulling down the MSCI Europe ex-UK Index to +2.8% and weighing on international performance overall.

In Canadian dollar terms, returns were lifted by currency movements. The MSCI Emerging Markets Index (CAD) returned 13.05%, while the MSCI EAFE Index (CAD) gained 7.04%. The weaker Canadian dollar—down roughly 2.3% against the U.S. dollar—boosted foreign equity returns for Canadian investors. Emerging Asia's tech-led rebound translated into double-digit CAD gains, while Europe's modest performance improved to just over 7%. Currency effects enhanced global portfolio results even as Canadian equities led in local terms.

Canadian Markets

The S&P/TSX Composite Index advanced 12.50% in Q3. Small-cap stocks outperformed sharply, with the S&P/TSX SmallCap Index up 20.86%, versus the S&P/TSX 60's 11.52% gain. The rally reflected renewed investor risk appetite and cyclical strength. Junior mining and energy firms led advances alongside rising commodity prices, while larger banks and telecoms posted more moderate gains. Canada's market benefited from its sector composition—resources and financials—which aligned with the quarter's themes of reflation and risk-on sentiment.

Top-performing sectors were Materials, Information Technology, and Energy.

- Materials surged on record gold prices, with miners like Barrick Gold up over 60%.
- Information Technology climbed more than 13%, led by Shopify's 30% advance on strong merchant growth.

- Energy rose about 11%, supported by mid-quarter oil strength and resilient demand expectations.

The weakest sectors were Consumer Discretionary, Consumer Staples, and Industrials, all posting low single-digit returns. Consumer names faced headwinds from high interest rates and constrained household budgets, while defensives underperformed in the risk-on environment. Industrials fell roughly 1.6% as transportation and capital goods stocks saw profit-taking.

US Markets

U.S. equities delivered robust gains, with the S&P 500 up 8.12%, the NASDAQ Composite +11.41%, and the Dow Jones Industrial Average +5.67%. Small-caps also rebounded, with the Russell 2000 Index up 12.39%. A mix of cooling inflation, steady earnings, and expectations for Fed rate cuts fueled optimism. The Federal Reserve's 25 bps September rate cut—the first in years—marked a policy shift that energized risk assets.

Mega-cap technology firms dominated performance. Tesla rose nearly 40%, Alphabet gained 38%, and the "Magnificent Seven" (including Apple, Microsoft, and NVIDIA) drove record highs. Value-oriented and defensive stocks lagged, while growth and AI-related names led.

Top performers were Information Technology (+13%), Communication Services (+12%), and Consumer Discretionary (+9%), benefiting from AI momentum, cloud demand, and resilient consumer spending. Alphabet and Amazon—both in these sectors—helped lift results.

The weakest were Materials (+2.6%), Real Estate (+1.7%), and Consumer Staples (-2.9%). Materials struggled outside of precious metals, Real Estate faced valuation pressure from higher yields, and Consumer Staples declined as pricing power faded and investors rotated to growth sectors. Overall, cyclicals and growth stocks outpaced defensives.

International Developed Markets

Performance across developed EAFE markets was uneven. The strongest were Spain, Japan, and Austria. Spain's banking sector and improved political stability supported gains, while Japan's TOPIX Index rose about 11%, helped by a weaker yen and ongoing governance reforms. Austria benefited from industrial and financial strength.

The weakest were Norway, Germany, and Denmark. Norway's market was hurt by softer oil prices, Germany by manufacturing weakness and high energy costs (MSCI Germany -1%), and Denmark by sluggish pharma and logistics sectors. Overall, Japan's rally offset Europe's stagnation, leading the MSCI EAFE Index to a 4.8% gain.

Emerging Markets

Emerging markets outperformed developed peers, rising over 10% in local terms. Gains were led by China, Taiwan, and South Korea, while Brazil, Indonesia, and India lagged.

China's tech shares rebounded strongly, with the Hang Seng Tech Index up 22%, helped by policy support for chipmakers and an extension of the U.S.–China trade truce. Taiwan climbed 14% on semiconductor demand, and South Korea benefited from tech and export recovery.

Brazil and Indonesia were weighed down by lower commodity prices, while India paused after earlier strength, constrained by a weaker rupee and profit-taking. Overall, EM strength came from Asia's technology rebound and policy optimism, offsetting commodity weakness elsewhere.

Growth stocks outpaced value by 2.75 percentage points, with the MSCI World Growth Index up 8.58% versus 5.83% for Value. Growth benefited from lower yields and strong tech performance as investors rotated back into higher-duration equities. Excitement over AI and easing policy expectations drove growth leadership, while value-heavy sectors like financials and energy lagged. This quarter marked a reversal from 2022's value dominance as investors rewarded earnings visibility and innovation themes.

Fixed Income

Global bonds delivered mixed but generally positive returns. The Bloomberg Emerging Markets Aggregate Index led with +3.40%, as EM central banks' early rate cuts and tightening spreads boosted performance. The Bloomberg Global Aggregate ex-US Index fell 0.59%, hurt by a stronger U.S. dollar and rising yields in some foreign markets.

The Bloomberg Global Aggregate Index rose ~0.6%, supported by a late-quarter U.S. Treasury rally. Bonds initially benefited from growth concerns before yields edged higher in September. Overall, investors favored higher-yielding segments, with EM and corporate debt outperforming safe-haven government bonds.

By issuer type, Global High Yield led with +2.60%, while Global Government Bonds slipped 0.18%. High yield benefited from tightening credit spreads amid low defaults and solid economic data. Government bonds were flat as late-quarter yield rises and FX headwinds offset early gains. Japanese and European yields rose in tandem with the U.S. sell-off, while U.S. Treasuries gained modestly as yields fell. Investors were rewarded for taking credit risk rather than duration exposure during Q3.

Canadian fixed income produced positive results. The Bloomberg Canada Corporate Index gained 1.73%, outperforming the Canada

High Yield Index at 0.46%. Investment-grade corporates benefited from stable spreads and modestly lower yields. Canada's smaller high-yield segment lagged due to investor caution and specific weaker credits. Overall, investment-grade corporates provided the best risk-adjusted returns, reflecting preference for quality carry amid steady conditions.

Returns were nearly identical across durations, as short-term and long-term bonds both returned around 1.1%. The yield curve experienced a parallel downward shift. Both 2-year and 30-year Government of Canada bond yields fell by similar amounts, producing uniform results across maturities. This symmetry aligns with the Bank of Canada's steady policy stance and market expectations for eventual rate cuts.

Government bond yields declined and the curve re-steepened. The 2-year yield fell from 2.59% to 2.47%, and the 10-year from 3.27% to 3.18%. The curve's positive slope signaled a normalization from prior inversion and reflected reduced recession fears. Markets now expect future easing from the Bank of Canada, contributing to modest bond price gains.

U.S. yields also fell as the curve turned positive. The 2-year Treasury declined from 3.72% to 3.61%, and the 10-year from 4.23% to 4.15%. The Fed's September 25 bps rate cut—its first since the pandemic—marked a pivot to an easier stance, driven by softer employment data and moderating inflation. With PCE inflation below 3%, bond markets priced in further cuts into 2026. The normalization of the yield curve reflected growing confidence in a soft landing and an end to the tightening cycle.

Currencies

The Canadian dollar weakened 2.29% versus the U.S. dollar, which appreciated broadly on safe-haven flows and relative U.S. strength. The greenback outperformed against currencies like the Japanese yen and Indian rupee, both pressured by dovish or fragile domestic conditions. The yen fell to multi-decade lows under ultra-loose Bank of Japan policy, while the rupee slid amid trade deficits and outflows.

In contrast, high-yielding emerging market currencies like the Mexican peso and South African rand strengthened, supported by elevated policy rates and improving risk appetite. The New Zealand dollar also firmed, helped by the RBNZ's hawkish stance. Overall, U.S. dollar strength persisted, weighing on the CAD to roughly 74 U.S. cents.

Commodities

Energy prices retreated. WTI crude oil fell 4.21% and Brent crude slipped 0.87% after mid-quarter highs. Oversupply fears emerged as OPEC+ signaled potential output increases and inventories rose.

Quarterly commentary continued

The International Energy Agency warned of production exceeding demand by late year, pushing prices to four-month lows near \$64/barrel.

Natural gas declined 4.43%, with robust production and ample storage heading into fall. Seasonal demand easing and steady North American output kept prices contained. Despite intra-quarter volatility, the broader trend was downward as surplus conditions overshadowed geopolitical risks.

Precious metals were the standout performers. Gold rose 16.83%, Silver 29.18%, and Platinum 18.79%. Gold hit a record \$3,800/oz, driven by safe-haven demand, Fed rate-cut expectations, and central bank buying. Silver benefited from both its monetary and industrial roles, nearing \$47/oz, its highest in 14 years. Platinum gained on supply issues and substitution demand in autos.

Aggressive central bank gold purchases and falling real yields added strong support. The rally underscored global demand for hard assets amid currency and geopolitical uncertainty, with silver outperforming on smaller market size and volatility.

Base metals advanced unevenly. Zinc (+8.92%) led on tight inventories and production constraints, while Lead (-3.70%) lagged amid surplus and declining battery demand. Copper and Aluminum posted modest gains near \$4.50/lb, buoyed by stimulus hopes in China and low visible stocks. Nickel edged higher on EV battery demand despite volatility.

Supply discipline and optimism about Chinese infrastructure helped stabilize prices. The gap between zinc's strength and lead's weakness reflected specific supply-demand differences across metals, with most remaining supported by constrained output and potential demand recovery.

Agricultural commodities broadly declined as supply improved. Top performers were Coffee, Feeder Cattle, and Sugar, while Soybean Oil, Lean Hogs, and Cocoa fell most.

Soybean oil prices dropped on ample global supply and slower biodiesel demand. Cocoa corrected after earlier spikes, as favorable West African weather improved harvest prospects. Lean hogs weakened due to elevated production and export challenges.

Coffee and sugar remained resilient, supported by earlier weather-related concerns in Brazil and export limits in India, though prices eased later in the quarter. Feeder cattle stayed near record highs amid multi-year herd shortages.

Overall, agricultural markets transitioned from prior tightness to balance, easing food inflation pressures but reducing returns across the complex.

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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