

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:

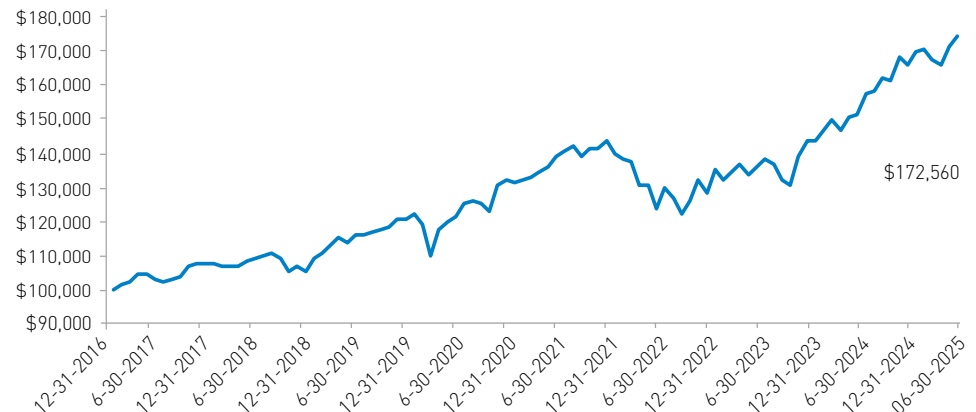
Medium

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)



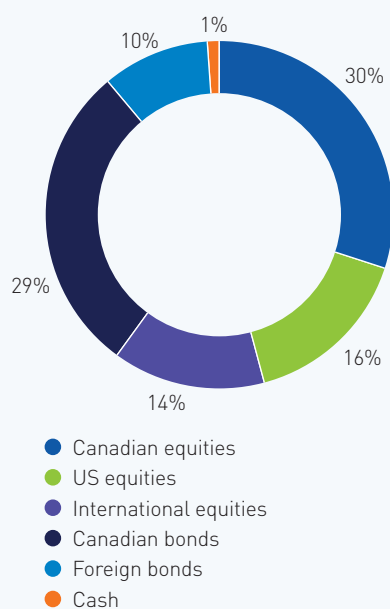
	QTD	YTD	1 yr	3 yr	5 yr	Since inception (annualized)
Portfolio	3.9%	5.1%	14.0%	11.6%	7.1%	6.6%
Standard deviation	8.1%					
Sharpe ratio	0.70					

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.

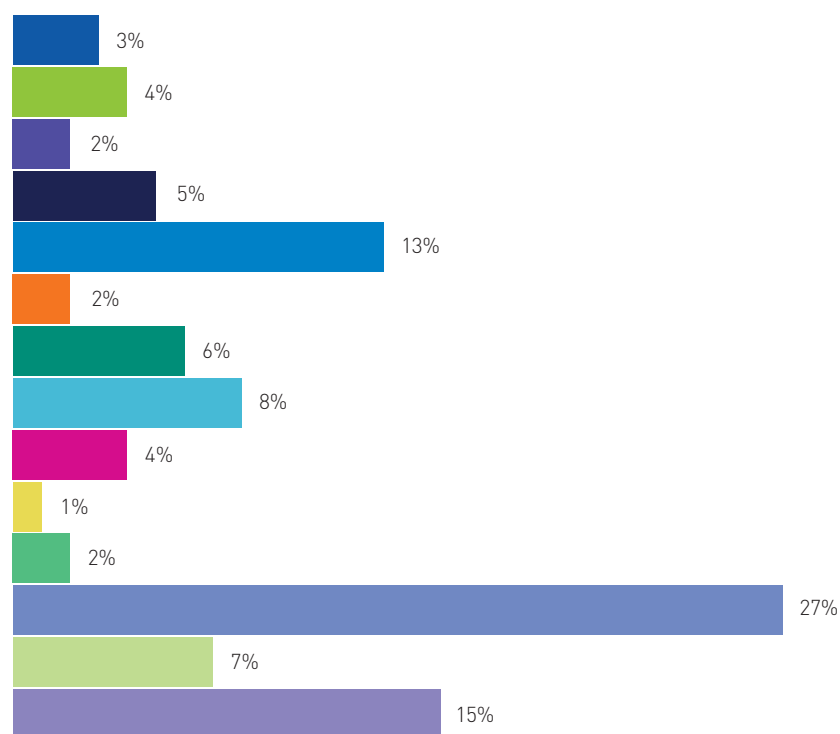
Holdings

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

Equities

North American Markets

Canadian equities advanced firmly during the second quarter of 2025, with the S&P/TSX Composite Index rising by 8.53%. A significant driver of this advance was a broad-based rally, with smaller-cap stocks notably outperforming their large-cap counterparts. The S&P/TSX SmallCap Index soared 11.75%, substantially ahead of the S&P/TSX 60 Index's gain of 7.59%. This expansion in market breadth reflected increasing investor risk appetite and optimism regarding Canada's economic prospects.

Domestic factors played a crucial role in bolstering Canadian equity performance during the quarter. The resumption of U.S.-Canada trade negotiations alleviated market uncertainties, while reduced political risk fostered a more favorable investment climate. This optimism was further supported by resilient consumer spending, robust corporate earnings in the technology sector, and a recovery in financials, particularly as higher interest rates supported bank profitability.

Sector performance varied notably throughout the quarter. Information Technology led the way, buoyed by strong earnings results and continued enthusiasm surrounding artificial intelligence and digital transformation themes. Consumer Discretionary stocks benefited from a rebound in consumer spending, while Financials posted healthy gains amid rising interest margins and improved loan growth. Conversely, the Energy sector struggled with declining oil prices, ending the quarter near USD 65 per barrel. Health Care and Communication Services also lagged, weighed down by regulatory headwinds and shifting consumer preferences.

In Canadian dollar terms, domestic equities outpaced U.S. markets, as a strengthening loonie reduced the translation of foreign returns. This relative strength underlines the importance of currency considerations in global investing and highlights Canada's resilient performance amid a complex macroeconomic backdrop.

U.S. equities also delivered strong returns in Q2 2025. The S&P 500 Index advanced by 10.94%, marking one of its best quarterly performances in recent years. The technology-heavy NASDAQ Composite outpaced all major U.S. benchmarks with a remarkable 17.96% gain, driven by outsized gains in mega-cap technology firms and growth-oriented companies.

Investor optimism surrounding the Federal Reserve's potential pivot toward rate cuts later in the year, coupled with easing trade war tensions, fueled risk appetite. High-profile technology giants such as Broadcom and Oracle saw significant price appreciation, with Oracle benefiting from a landmark cloud services deal. The rally, however, was largely concentrated among a narrow group of

stocks, raising concerns about market breadth and valuation sustainability.

Sector-wise, Information Technology, Communication Services, and Industrials led the charge, supported by robust earnings and momentum in areas like artificial intelligence, cloud computing, and infrastructure investment. Defensive sectors, including Real Estate and Health Care, underperformed due to rising interest rates and a shift toward more cyclical, growth-oriented investments. Energy stocks also struggled, reflecting a sharp drop in U.S. crude oil prices.

The Dow Jones Industrial Average posted a more modest gain of 5.46%, reflecting its heavier exposure to traditional industrial and value-oriented stocks. Small-cap equities, as measured by the Russell 2000 Index, underperformed large-cap peers, advancing by 8.50%. The narrowing leadership among a handful of "Magnificent Seven" tech stocks remained a focal point for investors concerned about market concentration risks.

International Developed Markets

International developed equity markets delivered mixed results during the quarter, with notable performance dispersion across countries and sectors. The MSCI EAFE Index, which tracks developed markets outside North America, achieved a low double-digit gain, supported by declining bond yields and improving trade sentiment.

European equities benefited from a favorable macroeconomic backdrop, including falling inflation and fiscal stimulus measures. Countries such as Israel, Hong Kong, and Portugal stood out as top performers. Israel's robust technology sector staged a strong rebound, while Hong Kong's market rallied on expectations of increased policy support from mainland China. Portugal saw gains driven by strength in its banking and energy sectors.

Conversely, Denmark, France, and Switzerland lagged their developed market peers. Denmark faced challenges from underperformance in its pharmaceutical and renewable energy sectors, while France struggled with softness in luxury goods demand and weaker industrial output. Switzerland's defensive market profile and a strengthening Swiss franc weighed on equity performance, particularly for export-oriented companies.

European markets broadly benefited from investor optimism about improving economic conditions and the potential resolution of global trade tensions. Additionally, easing bond yields provided a tailwind for equity valuations, encouraging risk-taking behavior.

Emerging Markets

Emerging market equities outperformed their developed market counterparts in Q2 2025, with the MSCI Emerging Markets Index climbing 11.99%. This strong showing reflected a combination of favorable macroeconomic trends, improving investor sentiment, and significant country-specific catalysts.

South Korea emerged as a top performer among emerging markets, driven by a rally in semiconductor and battery-related stocks. The global technology upcycle, coupled with strong demand for electric vehicle components, bolstered South Korea's equity market. Mexico also delivered robust returns, supported by steady economic growth, favorable nearshoring trends, and improving investor confidence.

Brazil's market gained on the back of rising commodity exports and signs of easing inflation, which increased the likelihood of interest rate cuts. These developments attracted inflows into Brazilian assets and lifted equity prices.

In contrast, some emerging markets faced headwinds during the quarter. China's equity market underperformed as the anticipated post-pandemic economic recovery lost momentum. Investor sentiment remained cautious amid concerns about slowing growth and ongoing regulatory pressures on key sectors. South Africa and Indonesia also posted weaker returns, reflecting domestic challenges such as energy shortages, currency volatility, and declining commodity prices.

Overall, emerging markets benefitted from a supportive global liquidity environment and a weakening U.S. dollar, which eased financial conditions for countries with significant external debt exposure. However, the wide dispersion of returns across countries highlighted the importance of careful country selection and risk management within the emerging markets universe.

Fixed Income

Global fixed income markets produced mixed results in Q2 2025, reflecting divergent economic conditions and monetary policy expectations across regions.

Outside North America, the Bloomberg Global Aggregate ex-US Index advanced 7.3%, supported by sharp declines in bond yields across Europe and the United Kingdom. Softer inflation prints and dovish signals from central banks, including the European Central Bank and the Bank of England, contributed to a rally in sovereign debt.

In the United States, U.S. Treasuries also gained, albeit to a lesser extent. The market responded to growing expectations that the Federal Reserve would pivot toward rate cuts in the latter half of the year. The two-year Treasury yield declined sharply, reflecting

investors' conviction that monetary tightening had peaked. Longer-dated yields moved within a narrower range, balancing inflation concerns with strong demand for U.S. government debt.

In contrast, Canadian fixed income markets underperformed relative to global peers. The Bloomberg Canada Aggregate Index declined 0.7%, as the Bank of Canada's relatively hawkish stance pushed bond yields higher. The Canadian government yield curve steepened, with the two-year yield rising to approximately 2.59% and the ten-year yield climbing to around 3.27% by quarter-end.

Investment-grade corporate bonds delivered a modest positive return of 0.54%, supported by stable credit spreads and shorter durations. However, high-yield bonds suffered significant losses, with the Bloomberg Canada High Yield Bond Index plunging -4.74%. This stark underperformance reflected a combination of rising risk-free rates and widening credit spreads, particularly among lower-rated issuers.

Currencies

Currency markets experienced notable shifts during the quarter, as the U.S. dollar weakened against a broad basket of peers. The U.S. Dollar Index (DXY) registered its longest consecutive monthly decline since 2017, driven by diminished safe-haven demand and expectations that the Federal Reserve had reached the end of its tightening cycle.

The Canadian dollar emerged as a standout performer, appreciating by 5.41% versus the U.S. dollar. This strength was underpinned by Canada's robust commodity export profile, particularly in metals and agriculture, and the Bank of Canada's comparatively less dovish monetary policy stance.

Other major currencies displayed mixed performance. The euro, British pound, and New Zealand dollar faced headwinds from domestic growth concerns and tighter fiscal constraints. By contrast, the Mexican peso and Swiss franc recorded notable gains. The peso benefited from elevated local interest rates and solid economic fundamentals, while the Swiss franc attracted safe-haven flows amid geopolitical uncertainties and rising Swiss yields.

The U.S. dollar's retreat during Q2 2025 provided a tailwind for international equity and fixed income returns when translated into Canadian dollars, enhancing the appeal of global diversification.

Commodities

Energy

Energy markets experienced significant volatility during the quarter, with crude oil prices relinquishing earlier gains. West Texas Intermediate (WTI) and Brent crude futures fell by 8.9% and 9.5%, respectively, closing near USD 65 and USD 68 per barrel.

Quarterly commentary continued

Early-quarter weakness stemmed from ample global supply and uncertain demand, exemplified by unexpected builds in U.S. gasoline inventories. Geopolitical tensions in the Middle East, including a brief conflict between Israel and Iran, triggered a temporary price spike. However, a swift ceasefire quickly defused risk premiums, leading to sharp price declines.

Market sentiment was further pressured by expectations that OPEC+ would ease production cuts later in the year. Reports of capacity expansions and anticipated supply increases weighed on oil prices. Additionally, concerns about unregulated Iranian crude exports intensified supply-related anxieties. Despite fluctuating geopolitical risks, oil markets remained well-supplied, emphasizing the ongoing sensitivity of energy prices to both policy shifts and demand conditions.

Natural gas prices fell even more sharply, down 16.1% for the quarter. Record U.S. production levels, combined with mild weather and subdued demand, drove prices lower. Although liquefied natural gas (LNG) exports remained strong, they were insufficient to absorb the domestic supply glut. By quarter-end, Henry Hub gas prices settled near USD 3.46 per million British thermal units (MMBtu).

Metals

Precious metals delivered solid gains in Q2 2025, driven by a combination of lower real yields, geopolitical uncertainties, and strong investor demand. Gold rose 5.8%, supported by softening inflation data and dovish signals from the Federal Reserve. Safe-haven demand also increased amid renewed geopolitical tensions.

Silver followed a similar trajectory, gaining 5.9%, with additional support from its industrial applications in electronics and renewable energy technologies. Platinum emerged as the quarter's best-performing precious metal, surging over 32% to

reach multi-year highs. The rally was fueled by speculative interest, supply constraints in South Africa, and projections of a significant annual deficit.

Among base metals, aluminum posted a modest 3.3% gain, supported by production curtailments in Europe and optimism about infrastructure spending. Copper prices were flat to slightly negative, reflecting fading momentum in China's manufacturing recovery. Nickel prices dropped 4.3% due to a surge in Indonesian supply, which outweighed demand from electric vehicle battery production. Other industrial metals, such as zinc and lead, also weakened, reflecting persistent inventory overhangs and sluggish demand.

Agriculture

Agricultural commodities displayed wide performance disparities, driven by weather patterns, supply disruptions, and policy changes.

Lean hog prices soared more than 20% from spring lows, supported by reduced herd sizes, strong domestic grilling season demand, and increased Chinese imports. Cocoa prices remained near multiyear highs due to continued supply shortfalls in West Africa, exacerbated by adverse weather and crop disease.

Soybean oil jumped over 15%, fueled by robust biofuel mandates, delayed U.S. planting, and concerns about Canadian canola crops. Conversely, corn prices declined as favorable U.S. planting conditions and Brazil's strong harvest boosted supply. Sugar prices also fell after improved rainfall and harvests in key producing regions, alongside accelerated processing in Brazil.

Arabica coffee prices weakened on improved weather in Brazil and the introduction of tariffs on coffee imports into the U.S., which dampened demand. Overall, agricultural commodity performance highlighted the idiosyncratic nature of supply-demand dynamics across subsectors.

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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