

# Financial and Economic Notes

April 2026 vol. 192

## Equity Markets

Canadian equities continued to lead their global peers during the quarter, with the S&P/TSX advancing 3.9% to begin the year. Performance was driven by strength in commodity-oriented sectors, particularly energy and precious metals. Energy (+30%) was the clear standout, benefiting from higher oil prices amid supply concerns tied to the conflict involving Iran. Materials (+11%) and Utilities (+11%) also contributed positively.

U.S. equities had a difficult first quarter of 2026, giving back some of the strong gains made in 2025. Markets became more challenging as investors faced renewed tariff uncertainty following the Supreme Court's ruling against the administration, along with armed conflict in the Middle East that disrupted energy supply. At the same time, market leadership shifted meaningfully. Advances in AI, particularly in coding, raised concerns about disruption for capital-light technology businesses. U.S. software stocks fell more than 20%, while mega-cap tech also came under pressure as investors questioned business models and their aggressive capital spending plans. The main beneficiaries were generally more capital-intensive businesses, which are viewed as insulated from disruption driven by technological progress.

International equities exhibited greater volatility this quarter, generating a return of 0.7% in Canadian dollars. This was a middle of the pack performance, influenced by the same factors affecting global risk assets. Sector performance reflected these trends. Energy (+43%) was the star across regions, while Materials (+9%) gained from broader commodity strength. Utilities (+13%) also performed well, reflecting their defensive characteristics in a more volatile macroeconomic environment, while also being viewed as an "AI winner" given the need for greater power demand. Consumer Discretionary (-13%) was the main laggard, reflecting concerns about weaker consumer spending following the surge in energy prices.

## Highlights

Equity markets closed out 2025 on a strong footing, with that momentum carrying into early 2026, although performance has been more varied across regions.

## Fixed Income Markets

The first quarter of 2026 was characterized by increased volatility across global fixed income markets, driven primarily by a late-quarter escalation in geopolitical tensions. The period began on a relatively stable footing, with bond yields declining through February as inflation continued to moderate toward central bank targets and real GDP growth remained positive across major economies. Market conditions shifted in March following a sharp rise in oil prices, which lifted the global inflation outlook. In response, bond markets repriced, with front-end yields increasing across G7 countries as investors adjusted expectations for monetary policy from expected rate cuts earlier in the year toward potential rate hikes.

In Canada, economic data remained resilient despite ongoing trade tensions. First quarter GDP growth is estimated at 1.5%, with full-year growth expected in the 1.0%–1.5% range. As a net exporter of commodities, Canada stands to benefit from higher energy prices, although this is partly offset by weaker global growth prospects. Labour market conditions remained stable, with unemployment holding at 6.7%, while wage growth showed signs of re-acceleration. In the United States, unemployment remained low at 4.4% and wage growth inched higher, supporting the view that labour markets are stable, despite concerns around potential job displacement from AI adoption. Prior to the March energy shock, Canadian inflation was trending close to target, with headline CPI at 1.8% year-over-year in February and core inflation at 2.3%. The surge in oil prices has since introduced renewed upside risks to the near-term inflation outlook.

Central banks remained on hold during the quarter, but market expectations shifted meaningfully. The Bank of Canada maintained its overnight rate at 2.25%, while pricing moved toward the possibility of 1–2 rate hikes later in the year. Similarly, the U.S. Federal Reserve held the Fed Funds rate at 3.50%–3.75%, while market pricing shifted from expectations of 50–75 basis points of rate cuts at the start of the year toward modest tightening by quarter-end.

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## Assumption Life Investment Funds

Applicable for Registered Pension Plan clients only

Gross returns as of March 31, 2026

FUNDS	1 MTH %	YTD %	1 year %	2 years %	3 years %	4 years %	5 years %
<b>ASSUMPTION / LOUISBOURG FUNDS</b>							
<b>Balanced Fund - RPP</b>	<b>-4.0</b>	<b>-1.6</b>	<b>7.7</b>	<b>10.3</b>	<b>10.3</b>	<b>8.1</b>	<b>7.6</b>
Multi-Index	-3.5	1.2	13.2	12.7	11.9	8.3	7.9
<b>Canadian Dividend Fund</b>	<b>-3.0</b>	<b>0.8</b>	<b>24.3</b>	<b>16.8</b>	<b>16.4</b>	<b>12.5</b>	<b>15.3</b>
S&P / TSX Index	-4.3	3.9	34.8	25.0	21.2	14.0	15.2
<b>U.S. Equity Fund (\$CAN)</b>	<b>-4.7</b>	<b>-6.6</b>	<b>9.6</b>	<b>13.0</b>	<b>19.1</b>	<b>15.4</b>	<b>15.4</b>
S&P 500 Index (\$ CAN)	-2.8	-2.6	14.2	14.7	19.5	14.3	14.4
<b>Money Market Fund</b>	<b>0.2</b>	<b>0.5</b>	<b>2.5</b>	<b>3.2</b>	<b>3.7</b>	<b>3.2</b>	<b>2.6</b>
SCM 91 Day T-Bills	0.2	0.5	2.5	3.5	3.9	3.7	3.0
<b>Fixed Income Fund</b>	<b>-2.0</b>	<b>0.2</b>	<b>1.5</b>	<b>4.5</b>	<b>3.9</b>	<b>2.4</b>	<b>1.2</b>
SCM Universe Bond Index	-2.0	0.2	0.8	4.2	3.5	2.1	0.7
<b>Growth Portfolio</b>	<b>-5.8</b>	<b>0.5</b>	<b>21.2</b>	<b>16.7</b>	<b>16.1</b>	<b>12.6</b>	<b>13.2</b>
Multi-Index	-4.6	1.8	26.0	20.2	19.2	13.5	13.7
<b>Balanced Growth Portfolio</b>	<b>-4.9</b>	<b>0.5</b>	<b>17.2</b>	<b>14.2</b>	<b>13.6</b>	<b>10.4</b>	<b>10.7</b>
Multi-Index	-3.9	1.5	20.1	16.5	15.5	11.0	10.8
<b>Balanced Portfolio</b>	<b>-3.7</b>	<b>0.6</b>	<b>12.8</b>	<b>11.7</b>	<b>11.1</b>	<b>8.2</b>	<b>8.1</b>
Multi-Index	-3.2	1.1	13.4	12.3	11.4	8.0	7.4
<b>Conservative Portfolio</b>	<b>-2.0</b>	<b>0.6</b>	<b>7.8</b>	<b>9.1</b>	<b>8.9</b>	<b>6.0</b>	<b>5.6</b>
Multi-Index	-2.5	0.7	7.0	8.2	7.4	5.1	4.1
<b>Canadian Small Capitalization Equity Fund</b>	<b>-2.3</b>	<b>5.0</b>	<b>29.9</b>	<b>19.0</b>	<b>14.5</b>	<b>12.6</b>	<b>15.6</b>
BMO NB Small Cap Weighted Index	-9.0	11.4	65.8	35.7	25.8	14.9	15.7
<b>SmartSeries Income Fund</b>	<b>-2.0</b>	<b>-0.2</b>	<b>8.1</b>	<b>9.2</b>	<b>9.5</b>	<b>6.8</b>	<b>6.3</b>
Multi-Index	-2.5	0.3	7.0	8.3	8.1	5.6	4.6
<b>SmartSeries 2020 Fund</b>	<b>-2.0</b>	<b>-0.2</b>	<b>8.4</b>	<b>9.4</b>	<b>9.9</b>	<b>7.3</b>	<b>7.1</b>
Multi-Index	-2.5	0.3	7.3	8.6	8.7	6.0	5.5
<b>SmartSeries 2025 Fund</b>	<b>-2.4</b>	<b>-0.6</b>	<b>9.9</b>	<b>10.3</b>	<b>11.2</b>	<b>8.5</b>	<b>8.5</b>
Multi-Index	-2.9	0.3	10.7	10.8	11.1	7.9	7.4
<b>SmartSeries 2030 Fund</b>	<b>-2.8</b>	<b>-0.9</b>	<b>10.8</b>	<b>10.8</b>	<b>11.9</b>	<b>9.1</b>	<b>9.1</b>
Multi-Index	-3.2	0.4	13.0	12.3	12.5	8.9	8.5
<b>SmartSeries 2035 Fund</b>	<b>-3.0</b>	<b>-1.2</b>	<b>11.5</b>	<b>11.3</b>	<b>12.5</b>	<b>9.8</b>	<b>10.0</b>
Multi-Index	-3.3	0.4	14.7	13.4	13.9	9.8	9.6
<b>SmartSeries 2040 Fund</b>	<b>-3.3</b>	<b>-1.5</b>	<b>12.5</b>	<b>11.9</b>	<b>13.3</b>	<b>10.5</b>	<b>10.9</b>
Multi-Index	-3.6	0.4	16.9	14.9	15.5	11.0	10.9
<b>SmartSeries 2045 Fund</b>	<b>-3.6</b>	<b>-1.7</b>	<b>13.2</b>	<b>12.2</b>	<b>13.9</b>	<b>11.0</b>	<b>11.4</b>
Multi-Index	-3.7	0.4	18.7	16.0	16.6	11.8	11.7
<b>SmartSeries 2050 Fund</b>	<b>-3.7</b>	<b>-1.8</b>	<b>13.7</b>	<b>12.6</b>	<b>14.3</b>	<b>11.4</b>	<b>11.9</b>
Multi-Index	-3.9	0.4	19.8	16.7	17.4	12.4	12.3
<b>SmartSeries 2055 Fund</b>	<b>-3.9</b>	<b>-1.9</b>	<b>14.3</b>	<b>12.9</b>	<b>14.7</b>	<b>11.8</b>	<b>12.3</b>
Multi-Index	-4.0	0.4	21.0	17.5	18.2	13.0	12.9
<b>Momentum Fund</b>	<b>-19.8</b>	<b>9.9</b>	<b>87.2</b>	<b>48.5</b>	<b>32.0</b>	<b>24.7</b>	<b>23.4</b>
S&P / TSX Index	-4.3	3.9	34.8	25.0	21.2	14.0	15.2
<b>Preferred Share Fund</b>	<b>-0.2</b>	<b>1.2</b>	<b>16.2</b>	<b>18.2</b>	<b>18.4</b>	<b>9.4</b>	<b>9.9</b>
S&P/TSX Preferred Share (TXPR) Index	-0.9	0.4	13.5	15.1	14.6	6.6	6.7

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FUNDS	1 MTH %	YTD %	1 year %	2 years %	3 years %	4 years %	5 years %
<b>FIDELITY FUNDS</b>							
<b>Canadian Opportunities Fund</b>	<b>-8.5</b>	<b>6.0</b>	<b>29.2</b>	<b>15.8</b>	<b>16.3</b>	<b>14.1</b>	<b>14.4</b>
S&P / TSX Small and Mid Cap Combined Index	-8.7	7.4	52.2	32.8	25.5	17.6	17.0
<b>True North Fund</b>	<b>-4.4</b>	<b>2.2</b>	<b>26.3</b>	<b>19.7</b>	<b>18.1</b>	<b>13.0</b>	<b>14.4</b>
S&P / TSX Index	-4.3	3.9	34.8	25.0	21.2	14.0	15.2
<b>International Growth Fund</b>	<b>-8.3</b>	<b>-0.6</b>	<b>10.4</b>	<b>8.1</b>	<b>11.8</b>	<b>10.4</b>	<b>8.2</b>
Overseas Blend	-9.8	-3.0	9.2	6.4	8.6	7.8	5.7
<b>Europe Fund</b>	<b>-7.7</b>	<b>-3.1</b>	<b>5.5</b>	<b>11.6</b>	<b>12.3</b>	<b>11.3</b>	<b>8.4</b>
MSCI Europe Index	-7.8	-1.1	15.5	14.6	14.4	13.3	11.1
<b>American Disciplined Equity Fund</b>	<b>-2.6</b>	<b>-3.1</b>	<b>14.7</b>	<b>15.5</b>	<b>21.7</b>	<b>16.1</b>	<b>15.7</b>
S&P 500 Index (\$CAN)	-2.8	-2.6	14.2	14.7	19.5	14.3	14.4
<b>NorthStar Fund</b>	<b>-4.3</b>	<b>-0.4</b>	<b>15.7</b>	<b>14.0</b>	<b>16.4</b>	<b>13.7</b>	<b>10.9</b>
MSCI AC World	-5.0	-1.5	16.4	15.2	17.8	13.1	11.8
<b>Monthly Income Fund</b>	<b>-3.3</b>	<b>2.2</b>	<b>13.2</b>	<b>13.5</b>	<b>12.0</b>	<b>8.7</b>	<b>8.7</b>
Monthly Income Blend	-3.5	0.7	14.2	12.6	12.1	7.8	7.7
<b>Canadian Asset Allocation Fund</b>	<b>-5.2</b>	<b>3.8</b>	<b>21.2</b>	<b>15.1</b>	<b>14.7</b>	<b>10.5</b>	<b>11.1</b>
Can Asset Alloc Blend	-3.6	2.9	23.8	18.4	15.7	10.4	10.8
<b>Far East Fund</b>	<b>-7.9</b>	<b>8.3</b>	<b>41.5</b>	<b>35.1</b>	<b>24.9</b>	<b>18.9</b>	<b>6.0</b>
MSCI AC FE ex Jap (G)	-11.5	4.3	35.9	28.7	17.7	13.0	5.7
<b>Emerging Market Fund</b>	<b>-8.3</b>	<b>6.2</b>	<b>35.3</b>	<b>28.4</b>	<b>21.9</b>	<b>17.1</b>	<b>9.2</b>
MSCI Emerging Markets (G)	-11.0	1.7	26.3	20.8	16.6	11.4	6.4
<b>NorthStar Balanced Fund</b>	<b>-2.1</b>	<b>0.5</b>	<b>8.6</b>	<b>10.3</b>	<b>11.1</b>	<b>9.6</b>	<b>7.7</b>
Northstar Balanced Blend	-2.6	-0.3	8.3	10.5	11.1	8.7	7.1
<b>CI FUNDS</b>							
<b>Signature Corporate Bond Fund</b>	<b>-1.3</b>	<b>0.4</b>	<b>5.6</b>	<b>7.8</b>	<b>8.6</b>	<b>5.8</b>	<b>4.5</b>
Multi-Index	-1.6	-0.2	3.4	5.7	6.1	4.1	2.7
<b>Signature Canadian Bond Fund</b>	<b>-2.0</b>	<b>0.3</b>	<b>1.7</b>	<b>5.0</b>	<b>4.5</b>	<b>3.0</b>	<b>1.5</b>
SCM Universe Bond Index	-2.0	0.2	0.8	4.2	3.5	2.1	0.7
<b>Signature High Income Fund</b>	<b>-1.0</b>	<b>7.5</b>	<b>13.2</b>	<b>14.5</b>	<b>13.2</b>	<b>8.3</b>	<b>9.8</b>
Multi-Index	-1.9	4.9	12.9	12.7	11.7	7.9	8.6
<b>American Value Fund</b>	<b>-4.3</b>	<b>-9.5</b>	<b>7.0</b>	<b>9.2</b>	<b>16.9</b>	<b>12.5</b>	<b>11.8</b>
S&P 500 Index (\$CAN)	-3.1	-3.0	13.9	14.4	19.5	14.2	14.4
<b>Cambridge Canadian Dividend Fund</b>	<b>-2.1</b>	<b>2.9</b>	<b>19.8</b>	<b>16.8</b>	<b>15.7</b>	<b>10.9</b>	<b>12.8</b>
S&P/TSX Composite Total Return Index	-4.3	3.9	34.8	25.0	21.2	14.0	15.2
<b>Cambridge Canadian Asset Allocation Corp Fund</b>	<b>-2.6</b>	<b>0.6</b>	<b>9.7</b>	<b>8.7</b>	<b>10.6</b>	<b>6.6</b>	<b>6.3</b>
60% S&P/TSX, 40% Dex Universe Bond Total Return	-3.4	2.5	20.2	16.3	13.9	9.2	9.3
<b>Signature Global Resource Corp Class Fund</b>	<b>-2.6</b>	<b>17.7</b>	<b>51.6</b>	<b>22.0</b>	<b>18.7</b>	<b>14.2</b>	<b>20.1</b>
50%S&P/TSX Energy Total Return Index, 50% S&P/TSX Materials Total Return Index	-4.1	21.2	69.6	45.6	32.4	22.2	26.9
<b>Signature Global Dividend Fund</b>	<b>-6.0</b>	<b>-2.2</b>	<b>6.9</b>	<b>11.4</b>	<b>14.2</b>	<b>11.1</b>	<b>11.8</b>
MSCI ACWI Global High Dividend Yield Total Return Index (CAD)	-4.3	5.9	14.5	14.8	14.2	11.3	10.2