

2025 Market Review

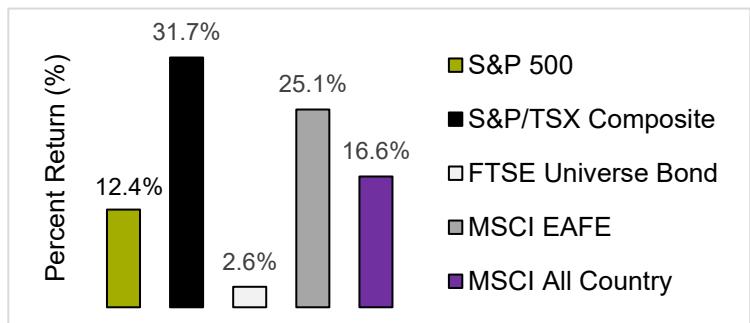
Global markets continued their positive momentum from 2023 and 2024, delivering strong returns across all major indices. For the first time in two years, the U.S. was not the top performer, although the **S&P 500 Total Return Index** still posted a solid **12.4%** gain.

The standout performer was Canada, where the **S&P/TSX Composite Total Return Index** surged **31.7%**, marking its best year in recent history.

Other notable results:

- **FTSE Universe Bond Index:** +2.6%
- **MSCI EAFE Index:** +25.1%.
- **MSCI All Country World Index:** +16.6%.

(One-year returns in Cdn\$ as of December 31, 2025)



Key Drivers in 2025

- **Canadian Market (S&P/TSX):** Gains were fueled by strong commodity prices, particularly gold and silver. Canadian valuations remained attractive compared to U.S. equities, despite global uncertainty surrounding U.S. tariffs.
- **U.S. Market (S&P 500):** Experienced a sharp decline in April but rebounded strongly, led by robust earnings in AI technology, notably from NVIDIA and Microsoft.
- **Interest Rates:** The Bank of Canada reduced rates four times (January, March, September, October), bringing them from **3.25%** to **2.25%** by year-end.
- **Inflation:** Averaged around **2%**, aligning with projections.

2026 Market Outlook

Uncertainty remains a dominant theme. Tariff policies are still unclear, and the renewal of the US-Canada-Mexico free trade agreement adds another layer of complexity. Additionally, geopolitical concerns in the Ukraine, Venezuela, and Greenland add to the uncertainty.

Markets have delivered three consecutive years of double-digit growth -- a rare occurrence historically. Four-year streaks happen even less often. The most recent was during the dot com boom of the 1990's when markets increased by more than 20% for 5 consecutive years. The other times we have seen four years of growth in a row were during and just after WW II.

While optimism persists, investors should prepare for potential volatility and avoid assuming continued outsized gains.

With all major asset classes posting positive returns in 2025, now is an ideal time to review your investment strategy to ensure your portfolio reflects your risk tolerance and is positioned to weather market fluctuations. Reuter Benefits can be reached at 1-800-666-0142 or via email at retire@reuterbenefits.com.