



HARBOURFRONT
WEALTH MANAGEMENT

**WATERMARK
PRIVATE PORTFOLIOS**

APRIL 2026 COMMENTARY



TRUE INDEPENDENCE™

Market Review in Minutes

Equities

- Global equities regained momentum in April despite elevated geopolitical and macroeconomic uncertainty. Markets were driven by Middle East-related headlines, particularly developments involving the US and Iran, alongside earnings season. Rising oil prices revived inflation concerns. Market leadership remained narrow, rotating towards growth and cyclical sectors this month.
- The S&P 500 (in CAD) gained +7.85%, while the S&P/TSX Composite rose by +3.83%.
- International equities (outside the US) rallied higher, with the MSCI ACWI Index rising over +7%.
- **Leaders:**
 - The communication services sector was the leading contributor to the S&P 500, rallying over +18%. Technology and the consumer discretionary sectors were the next leading contributors to the index.
 - In Canada, the health care sector led the S&P/TSX Composite, followed by the financial services and industrials.
- **Laggards:**
 - In the US, the largest (and only negative) laggard was energy as oil prices remained volatile due to tensions in the Middle East.
 - In Canada, the materials and consumer staples were the largest laggards.

Fixed Income

- US fixed income markets posted mixed returns. Investment-grade and high yield bonds ended positive for the month, meanwhile the longer-term government bonds ended negative due to higher interest rates amidst concerns over Middle East tensions and renewed inflation pressures.
- The Canadian Universe Bond Index performed modestly better rising slightly by +0.21% as interest rates in Canada slightly fell.

As at April 30, 2026	Monthly % Total Return	YTD % Total Return
Canadian Bonds <i>FTSE Canada Universe Bond Index</i>	+0.21%	+0.28%
Canadian Equities <i>S&P/TSX Composite Index</i>	+3.83%	+7.87%
US Equities S&P 500, in C\$	+7.85%	+4.52%
Intl Equities (ex USA) iShares MSCI ACWI ex US	+7.54%	+9.68%
Gold	-1.11%	+6.95%
Oil <i>West Texas Intermediate Crude</i>	+3.64%	+82.99%
Canadian Dollar	+2.39%	+1.07%

Market Review in Minutes (Continued)

Commodities

- Throughout the month, oil prices reacted to headline news on the Middle East conflict and the Strait of Hormuz disruptions. The oil price (WTIC crude) swung from a high of roughly \$117 to a low of about \$80 (over a 30% move), with prices falling on ceasefire or de-escalation news and spiking on renewed conflict. Despite this volatility, the oil price ended higher by +3.64%, ending above \$105.
- Gold declined by 1.11%, pressured by higher interest rates.
- The US Dollar depreciated against the Canadian Dollar as it fell by 2.33%.

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Notable Monthly Highlights

USA – US Federal Reserve (FED) holds short-term interest rates

- The FED held its policy rate at 3.5%–3.75% for a third consecutive meeting, but the decision highlighted increasing internal division. Four of twelve members dissented or disagreed with the meetings summary statement, with one favouring an immediate rate cut and three citing the threat from rising inflation.
- US economic data painted a mixed picture, with persistent inflation alongside signs of moderating growth and sentiment.
 - Inflation ticked up to 3.3% YoY in March from 2.4% in February, reaching the highest level since May 2024 due to higher energy costs. This level came in line as expected. Likewise, core inflation ticked up slightly higher to 2.6% in March from 2.5%, but it came in slightly below the expected 2.7%.
 - Retail sales increased 1.7% in March from 0.7% in February, beating market expectations of a 1.4% increase. It was the largest jump since March 2025, with increased consumer spending in all categories most likely due to larger-than-usual tax refunds.
 - The unemployment rate fell back from 4.4% in February to 4.3% in March, coming in below the market expectations of 4.4%. Moreover, the US non farms payroll reported a gain of 178K jobs in March, far exceeding the consensus of 60K gain.
 - Business confidence increased slightly in March from 52.4 to 52.7 and had beat the consensus of 52.5.
 - Consumer confidence fell to 49.8 in April from 53.3 in March but beat the consensus of 47.6.

Notable Monthly Highlights (Continued)

Canada – Bank of Canada held key interest rate at 2.25%

- Bank of Canada held its interest rate at 2.25% as expected but mentioned the risks of inflation from higher energy prices linked to the Middle East conflict.
- Prime Minister Carney announced plans to establish Canada's first sovereign wealth fund, with an initial \$25 billion endowment aimed at attracting private capital into large-scale infrastructure projects, particularly in energy, trade, agriculture, critical, minerals, transportation, and data infrastructure.
- Canadian economic data show renewed inflation pressure, steady but moderating retail activity, and a softening labour market:
 - Inflation ticked up to 2.4% YoY in March from 1.8% in February, driven primarily by higher energy costs. Inflation saw the rise from the impacts of the Middle East and the global energy supply shortage worldwide. Excluding gasoline and food prices, core inflation rose as well from 2.3% to 2.5%.
 - Retail sales increased by 0.6% in March, following a 0.7% gain in February. The increase marked a third consecutive monthly advance, with gains concentrated in motor vehicle sales and general merchandise, suggesting consumers continued to spend despite higher fuel and food prices.
 - The unemployment rate held steady at 6.7% in March, unchanged from February and slightly below consensus of 6.8%. Employment rose by 14K jobs (just shy of the 15K gain estimate), partially offsetting February's sharp job losses but remaining well below longer term averages. Job gains were concentrated in natural resources and services, while employment declined in finance and real estate, pointing to uneven labour market conditions.
 - Business confidence fell from 56.6 to 49.7 in March and significantly missed the consensus of 55.9.
 - Consumer confidence edged higher to 49.4 in March, up from 47.5 in February.

World – Chinese equities rose along with the major indices

- Chinese equity markets rose along with the rest of the major global indices, increasing over 3% for the month.
- Like other major central banks, the People's Bank of China held its rates too. The benchmark lending rates remained at 3.0% for the 11th straight month.
- The Manufacturing PMI (Purchasing Manager's Index) fell slightly from 51.0 in February to 50.0 in March, with output declining due to higher prices and ongoing headwinds from US tariffs.

Watermark Private Portfolios Outlook and Positioning

Global equity markets ended April higher, though the advance was driven by a narrow group of stocks, primarily the technology sector, rather than broad-based sector participation. With geopolitical risks still elevated, inflation pressures lingering, and equities having rallied sharply, we maintain a positive but cautious outlook. Portfolios remain well diversified, with a moderate tilt toward Canada through the Fidelity All-in-One ETF (25% Canadian exposure) and the TD Canadian Dividend ETF.

	Underweight	Target	Overweight	April 2026 Highlights
Equities			●	<ul style="list-style-type: none"> We currently have an overweight to Canadian companies, which have relatively lower valuations compared to the US. The TD Canadian Dividend ETF focuses on holding companies that have strong dividends, which are expected to grow in the future. Overall, the portfolios are well diversified from a sector and individual company standpoint, which should result in a smoother return profile in this volatile market.
Fixed Income	●			<ul style="list-style-type: none"> Overall, we remain underweight fixed income, holding Brandsen Global Income Opportunities Pool, which offers several fixed income strategies that focus on achieving positive returns in all investment environments, thereby providing more diversification than traditional fixed income.
Private Credit		●		<ul style="list-style-type: none"> No change, we maintain our long-term allocation to private credit as it adds asset class diversification and reduces portfolio volatility over the long run.
Private Real Estate & Infrastructure		●		<ul style="list-style-type: none"> Long-term structural supply and demand fundamentals continue to favour private real estate as an asset class. Furthermore, the low correlation with public equities diversifies the portfolios. Private Infrastructure has a massive tailwind with AI data centers and green energy projects needing to be built.

Changes in Portfolio Positioning Over the Past Month

In the Enhanced Conservative, Conservative Balanced, Balanced Growth, Strategic Growth & All Equity Plus Portfolios:

- We bought the Birchmont Absolute Return Pool in Conservative Plus & Conservative Balanced Plus portfolios.
- We sold the Dynamic Active Enhanced Yield ETF in Conservative Plus portfolios.
- We sold the Hamilton US Equity Yield Maximizer ETF in Conservative Balanced Plus portfolios.
- We sold the iShares Expanded Tech-Software Sector ETF in Conservative Balanced, Balanced Growth, Strategic Growth & All Equity Plus portfolios.
- We bought Fidelity All-in-One Equity ETF in Conservative Balanced, Balanced Growth, Strategic Growth & All Equity Plus portfolios.

In the Private Income and Equity Income Portfolios:

- We bought the Birchmont Absolute Return Pool in Private Income & Equity Income portfolios.
- We sold the Dynamic Active Enhanced Yield ETF in Private Income & Equity Income portfolios.

Did You Know?

The Strait of Hormuz is one of the most important ocean shipping routes in the world with a large share of global commodities moving through it.

Our opinion:

Canadian equities have approximately 40% exposure to global commodities (energy and materials), compared to less than 10% in the S&P 500. The longer the Middle East war continues, and the straight of Hormuz is closed, inflation pressures are likely to persist, and this creates a supportive backdrop for commodities. Therefore, we prefer an overweight to Canadian equities relative to US equities as Canadian exposure offers:

- Greater diversification away from US
- Attractive valuations
- Reliable and high-quality dividend income from banks, utilities, and energy
- Commodity exposure

Summary Table: Commodities Most Affected by a Hormuz Closure

Category	Commodities Impacted	Why
Energy	Oil, LNG, jet fuel, diesel	Major share of global supply transits Hormuz
Fertilizers	Urea, ammonia, DAP/MAP, sulfur	Gulf is a dominant global fertilizer hub
Agriculture (indirect)	Wheat, corn	Higher fuel & fertilizer costs raise prices
Industrial inputs	Aluminum, methanol, graphite	Key manufacturing materials sourced from Gulf
Specialty gases	Helium	Significant share of global production

Key Economic Indicators

	Inflation Rate		Interest Rate		Unemployment Rate		GDP Annual Growth Rate		Stock Market Valuation (Forward P/E)	
	Last	Chg.	Last	Chg.	Last	Chg.	Last	Chg.	Last	Chg.
USA	3.30%	▲	3.75%	▬	4.30%	▼	2.70%	▲	21.2	▲
Canada	2.40%	▲	2.25%	▬	6.70%	▬	0.70%	▼	16	▼
China	1.00%	▼	3.00%	▬	5.40%	▲	5.00%	▲	11.6	▲
Japan	1.50%	▲	0.75%	▬	2.70%	▲	0.10%	▼	16.8	▲
United Kingdom	3.30%	▲	3.75%	▬	4.90%	▼	1.00%	▼	12.5	▼

Source: Trading Economics

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