



HARBOURFRONT
WEALTH MANAGEMENT

WATERMARK PRIVATE PORTFOLIOS

NOVEMBER 2025 COMMENTARY



TRUE INDEPENDENCE™

Market Review in Minutes

Equities

- The US equity market ended the month flat. NVIDIA, the largest holding in the S&P 500 at 8%, fell 12.7% after reporting strong earnings but facing competition as other technology companies are developing their own semiconductors.
- The S&P 500 (in CAD) was slightly down 0.26% and the S&P/TSX Composite increased by +3.86%.
- International equities (outside the US) also ended the month slightly higher by +0.21%.
- **Leaders:** The tech-heavy S&P 500 underperformed the resource-heavy S&P/TSX Composite as gold miners rallied in November.
 - In the US, health care led the S&P 500, rallying over +8% this month.
 - In Canada, gold stocks lifted the S&P/TSX Composite higher.
- **Laggards:**
 - In the US, the technology sector was the biggest laggard after NVIDIA fell 12.7%. Consumer discretionary and industrials were the next biggest laggards.
 - In Canada, information technology, health care, and real estate were Canada's largest laggards this month.

Fixed Income

- US government bonds and both investment grade corporate bonds (higher-quality corporate bonds) and high yield corporate bonds (riskier-rated bonds issued by companies with weaker fundamentals) marched higher as the market expects another US interest rate cut in December.
- The Canadian Universe Bond Index also rose slightly higher this month, gaining +0.27% this month.

| As at November 30, 2025 | Monthly % Total Return | YTD % Total Return |
|---|------------------------------|--------------------------|
| Canadian Bonds <i>FTSE Canada Universe Bond Index</i> | +0.27% | +3.97% |
| Canadian Equities <i>S&P/TSX Composite Index</i> | +3.86% | +29.96% |
| US Equities S&P 500, in C\$ | -0.26% | +14.19% |
| Intl Equities (ex USA) iShares MSCI ACWI ex US | +0.21% | +29.28% |
| Gold | +5.30% | +60.67% |
| Oil <i>West Texas Intermediate Crude</i> | -2.53% | -17.12% |
| Canadian Dollar | +0.22% | +3.04% |

Market Review in Minutes (Continued)

Commodities

- Oil (WTIC) continues its slump falling another 2.53% in November, closing below \$60, as oil inventories increased and peace talks between Russia and Ukraine appear to have progressed.
- After gold's pullback last month, it continues its ascent, gaining +5.30% this month and ending around \$4,200.
- The US Dollar fell slightly by 0.22% this month.

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Notable Monthly Highlights

USA – The US finally ended its government shutdown after 43 days, marking this the longest US shutdown in history

- Investors focused largely on the Artificial Intelligence (AI) trade. Specifically, market participants looked at NVIDIA's earnings and guidance, which surpassed expectations. The S&P 500 had initially rallied on NVIDIA's results but later reversed lower as some questions remain on how fast these companies can grow and how they will finance that growth.
- The government shutdown is expected to reduce the GDP growth rate in the fourth quarter by 1.5%, however the economy is expected to increase by 2.2% in the first quarter of 2026.
- The final US Federal Reserve (FED) meeting is set for early December and market participants expect another 0.25% rate cut. Due to the government shutdown, its possible the Federal Reserve may delay its meeting by a week as it waits for key employment data to be released in order to make their decision.
- The economic data released in November shows inflation remaining persistent, while trailing September data shows that labour market is weakening
 - The unemployment rate for September moved up to 4.4% YoY, coming in higher than the market expectations of 4.3%.
 - Business confidence fell from 49.1 in September to 48.7 in October. Moreover, consumer confidence fell too, from 53.6 in the previous month to 51.0 in November.

Notable Monthly Highlights (Continued)

Canada – Canada avoided a technical recession as it saw an unexpected boost in Q3 2025





- Prime Minister Carney released his first budget, showing increased spending in defense, infrastructure, and housing, offset by reducing the federal employment budget (reducing government employees).
- The Bank of Canada is set to meet on December 10th and will base its interest rate decision on several economic data. In Canada, it appears that inflation is still persistent, while economic growth, consumer confidence, business confidence, and labour are weakening.
 - Inflation fell from 2.4% in September to 2.2% YoY in October. Inflation declined largely due to falling gas prices this month due to oversupply. However, core inflation slightly increased from 2.8% in September to 2.9% in October.
 - Canada's GDP grew by an annualized 2.6% in Q3 2025 as it surprised consensus expectations and avoided a technical recession, which is defined by two consecutive quarters of negative growth.
 - According to a preliminary estimate, retail sales are expected to remain unchanged from the previous month.
 - Canada's unemployment rate came in slightly lower at 6.9% in October from 7.1% in September, which was also below expectations. However, it is still close to its four-year high.
 - Business confidence fell from 59.8 in September to 52.4 in October. In addition, consumer confidence also declined from 47.8 in September to 46.0 in October.

World – Chinese central bank held interest rates

- The Chinese equity markets ended negative in November as China's economy remains unstable.
 - The People's Bank of China held its benchmark lending rates at 3.0%.
 - Industrial profits fell 5.5% YoY in October, the largest decline since June.
 - The Manufacturing PMI (Purchasing Manager's Index) fell to 50.6 in October from 51.2 in September.
 - Retail sales slowed to 2.9% YoY in October from 3.0% YoY the prior month but came in above market expectations.

Watermark Private Portfolios Outlook and Positioning

While global equity markets were volatile this month, Canada posted a strong gain and US ended the month flat. As uncertainty with global trade remains and equity valuations are on the high end, we continue to seek out opportunities to take profits on market upswings so that we can allocate those proceeds into sectors and companies that appear to have a better risk-to-reward potential.

| | Underweight | Target | Overweight | November 2025 Highlights |
|---------------------|---|---|---|---|
| Equities | | |  | <ul style="list-style-type: none"> With North American central banks expected to continue cutting interest rates in the first quarter of next year, we have re-positioned our equity weighting and allocated more to North American equities. The equity investments in the portfolios on the US side focus on companies that are growing their revenue and dividends. While on the Canadian side, Canadian companies have relatively lower valuations compared to the US. The TD Canadian Dividend ETF focuses on holding companies that have strong dividends and that are expected to grow their dividends in the future. |
| Fixed Income |  | | | <ul style="list-style-type: none"> 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 reduced volatility to your portfolios. |
| Private Real Estate | |  | | <ul style="list-style-type: none"> No changes. Long-term structural supply and demand fundamentals continue to favour private real estate as an asset class. 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, Balanced, Growth, & Maximum Growth Core:

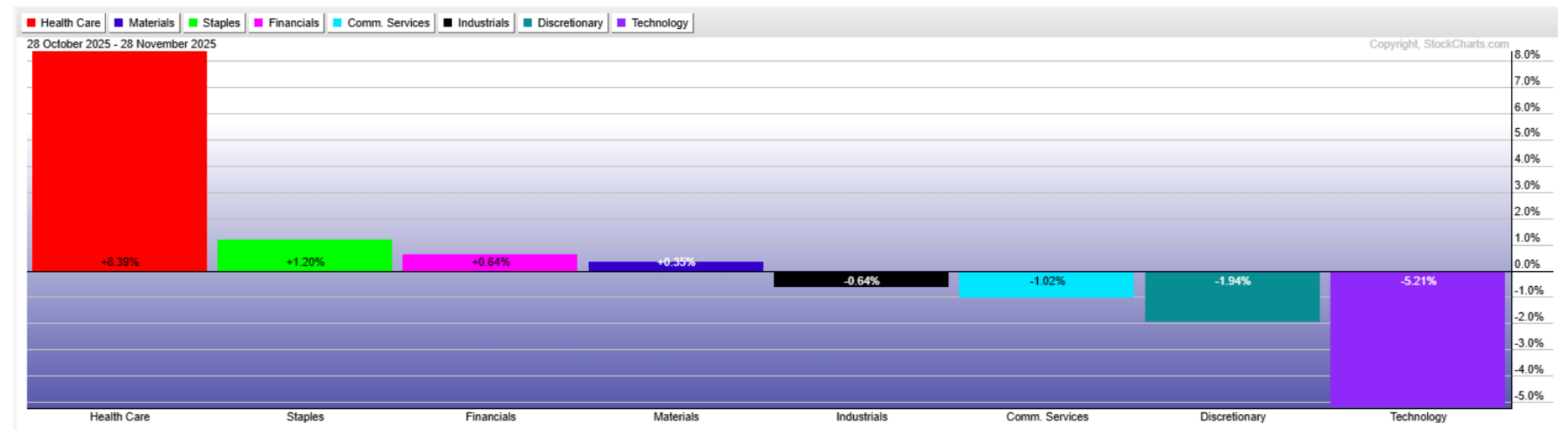
- Trimmed Fidelity All-In-One Equity ETF in the Enhanced Conservative, Balanced, Growth, & Maximum Growth Core portfolios.
- Bought TD Canadian Dividend ETF in the Enhanced Conservative, Balanced, Growth, & Maximum Growth portfolios.

Did You Know?


























The health care sector outperformed the other sectors in the S&P 500 in November. Several US health care companies rallied as earnings announcement impressed investors. Notably, Eli Lilly gained more than 30% during November after posting earnings that were over 20% higher than expected, driving other health care companies higher along side it.

Our opinion:

We took a position in the health care sector in Q3 as it appeared to be undervalued compared to the other sectors. This quarter, especially this month, this idea has really benefitted client portfolios. While we believe health care is still undervalued in the long run, we may take profits after the strong move up in November as the sector closed the gap pretty quickly.



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 | 3.00% |  | 4.00% |  | 4.40% |  | 2.10% |  | 22.7 |  |
| Canada | 2.20% |  | 2.25% |  | 6.90% |  | 1.40% |  | 17.1 |  |
| China | 0.20% |  | 3.00% |  | 5.10% |  | 4.80% |  | 12.7 |  |
| Japan | 3.00% |  | 0.50% |  | 2.60% |  | 1.10% |  | 16.5 |  |
| United Kingdom | 3.60% |  | 4.00% |  | 5.00% |  | 1.30% |  | 12.9 |  |

Source: Trading Economics

DISCLAIMER

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