

Fiera Capital Global Asset Allocation



Monthly Update: March 2026



Jean-Guy Desjardins
C.M., LSc Com, CFA
Founder of Fiera Capital and
Executive Chair of the Board



Candice Bangsund
CFA
Vice President and Portfolio Manager,
Global Asset Allocation

Investor sentiment was generally stable in February – despite a plethora of headlines that plagued the marketplace last month. Trade policy uncertainty resurfaced after the Supreme Court struck down much of President Trump’s sweeping global tariff scheme. However, the US administration responded immediately with a new 10% global tariff and is working on an order to raise it to 15%. Meanwhile, extreme optimism over artificial intelligence (AI) morphed into worries about its disruptive potential and stoked a pullback in sectors thought to be most vulnerable. Finally, geopolitical angst took hold as a dramatic escalation in the Middle East conflict unsettled financial markets at month-end.

FINANCIAL MARKET DASHBOARD				
	FEB. 27, 2026	MTD	YTD	1 YEAR
EQUITY MARKETS		% PRICE CHANGE (LC)		
S&P 500	6879	-0.87%	0.49%	15.52%
S&P/TSX	34340	7.57%	8.29%	35.23%
MSCI EAFE	3180	4.50%	9.93%	31.26%
MSCI EM	1611	5.41%	14.69%	46.79%
FIXED INCOME (%)		BASIS POINT CHANGE		
US 10 Year Bond Yield	3.94	-29.8	-23.0	-27.1
US 2 Year Bond Yield	3.37	-14.8	-9.8	-61.4
CA 10 Year Bond Yield	3.13	-29.0	-30.6	22.8
CA 2 Year Bond Yield	2.39	-16.2	-19.5	-17.7
CURRENCIES		% PRICE CHANGE		
CAD/USD	0.73	-0.20%	0.62%	6.02%
EUR/USD	1.18	-0.33%	0.56%	13.85%
USD/JPY	156.05	0.82%	-0.42%	3.60%
COMMODITIES		% PRICE CHANGE		
WTI Oil (USD/bbl)	67.02	2.78%	16.72%	-3.93%
Copper (USD/pound)	6.00	1.36%	5.68%	33.00%
Gold (USD/oz)	5247.90	11.33%	20.89%	84.23%

Global equity markets (+1.2%) climbed to a fresh record high in February. Regionally, however, results were mixed as concerns over AI’s disruptive impacts fueled an ongoing rotation both within and outside the United States. Of note, the S&P 500 (-0.9%) bucked the global trend and retreated. The tech-heavy Nasdaq was down -2.3%, while the Magnificent Group of 7 stocks tumbled -7.3%. By contrast, the S&P 500 equal-weighted index rose 3.4% last month. Meanwhile, the S&P/TSX (+7.6%) led the global charge thanks to solid performance in the heavyweight gold (+23.5%) sector. Elsewhere, the MSCI EAFE (+4.5%) also advanced, while emerging market stocks (+5.4%) had another solid month and outperformed their developed market peers (+0.6%) by a wide margin.

In fixed income markets, treasury yields pushed lower even after solid growth and inflation data saw Federal Reserve officials pivot their focus to the inflation side of the dual mandate and advocate for an extended pause. Despite the hawkish-leaning developments, an erratic geopolitical and trade backdrop stoked demand for safe haven assets such as bonds. For the month, the Bloomberg US Aggregate Bond Index rose 1.6%, while the FTSE Canada Bond Universe gained 1.7%.

The US dollar (+0.6%) posted its best monthly gain since October as the most aggressive rate cutting path was priced-out at the short end of the curve – while an uncertain geopolitical backdrop also buttressed the haven currency. The Canadian dollar (-0.2%), euro (-0.3%), pound (-1.5%), and yen (-0.8%) were all weaker against a broadly stronger dollar.

Finally, oil (+2.8%) extended its powerful year-to-date rally on the back of lingering tensions in the Middle East. Concerns about a potential US strike on Iran have pushed oil prices up more than 15% this year – offsetting expectations of a global supply glut. Those fears became reality in early March when US-Israeli strikes against Iran plunged the global market into turmoil. Gold (+11.3%) had yet another stellar month as investors sought refuge in a tumultuous political and geopolitical environment – which helped to extend the precious metal’s scorching rally.

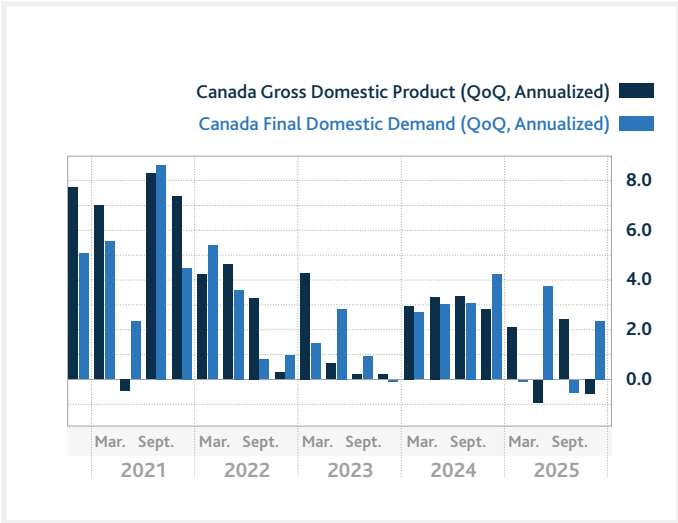
Source: Bloomberg, as of February 27, 2026.



Economic Overview

Canada

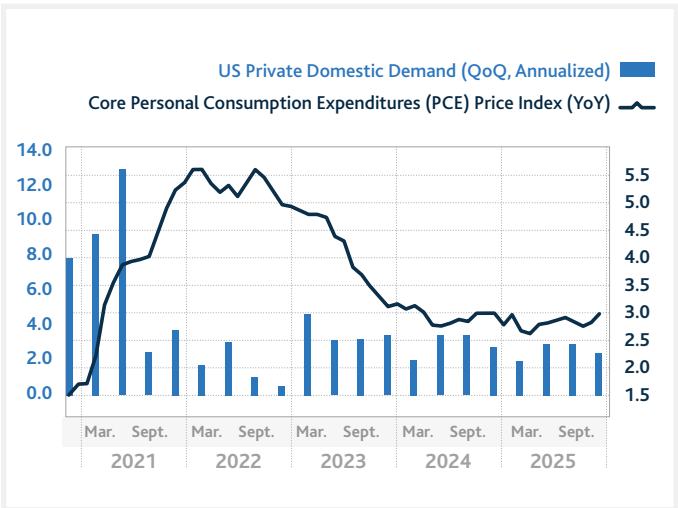
The Canadian economy contracted modestly at the end of 2025, with a 0.6% annualized decline in the fourth quarter. However, the underlying details were much firmer than the headline suggests – particularly given that the contraction was driven entirely by an inventory drawdown. Indeed, final domestic demand rose a solid 2.3% q/q. That's a better gauge of strength in the domestic economy. The details showed that consumer spending rebounded, government spending popped, exports recovered, and business investment managed to rise following three successive contractions. By contrast, residential investment fell to reverse most of the increase seen in the prior quarter. For 2025 as a whole, the economy slowed to a 1.7% pace. Still, domestic demand grew at a solid 2.3% pace. With core inflation running above-target, these dynamics suggest that the Bank of Canada will remain on the sidelines – notwithstanding an adverse outcome to the USMCA negotiations this summer.



Source: Bloomberg, as of February 27, 2026.

United States

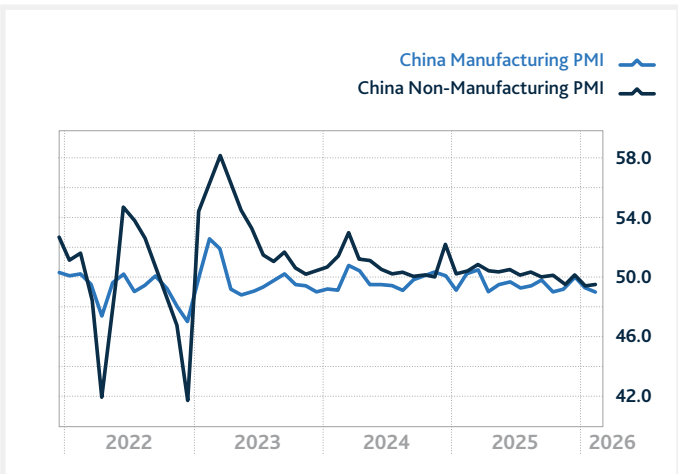
The latest string of data has reduced the urgency for the Federal Reserve to cut interest rates for now. While the economy expanded at a modest 1.4% q/q annualized pace in the fourth quarter, this was predominately a result of the government shutdown. The core of the economy remained resilient, with final sales to private domestic purchasers – a better gauge of underlying domestic demand – growing at a healthy 2.4% q/q rate. Meanwhile, payrolls rose in January by the most in more than a year and the unemployment rate fell – suggesting that the labor market stabilized at the beginning of 2026. Elsewhere, the Federal Reserve's preferred inflation gauge – the core personal consumption expenditures price index – accelerated to 3.0% y/y at the end of 2025. Consequently, the focus has pivoted back to the inflation side of the Fed's dual mandate. While officials have advocated for an extended pause, some participants even supported the idea that it could be appropriate to hike rates if inflation remains elevated.



Source: Bloomberg, as of February 27, 2026.

China

According to the latest purchasing manager indices (PMI), the Chinese economy continued to struggle early-on in 2026. Factory activity contracted more than forecast, with the official manufacturing PMI slipping to 49.0 in February from 49.3 in January. That matched the lowest in four months. Meanwhile, the non-manufacturing gauge of activity in construction and services edged up slightly to 49.5 from 49.4. In particular, the services component rose to 49.7 from 49.5 – while the construction index declined to 48.2 from 48.8. Still, the broader factory and services indices remain below the 50-line that divides expansion from contraction. Indeed, the outlook remains clouded by persistent weakness in domestic demand and uncertainty around US tariffs. The widening military conflict in the Middle East also risks causing a new disruption to global trade and could raise costs for Chinese producers. With the world's second largest economy still struggling, the message from the business survey calls for urgent policy support to stabilize both sentiment and economic activity.



Source: Bloomberg, as of February 27, 2026.

Economic Scenarios



Main Scenario | Stagflation

Probability 50 %

In this high probability scenario, sweeping tariffs across a wide-ranging group of trading partners threaten to hobble global growth and push up prices for consumers and businesses. While the magnitude of levies are less than initially thought, the effective tariff rate in the United States remains at its highest level in nearly a century. In this environment, households rein-in spending given the prospect for higher prices and concerns about their financial situations – while lingering business angst manifests itself into weaker investment and hiring plans. On the policy front – specifically in the United States – fiscal uncertainty could reassert itself through higher term premia and tighter financial conditions – while trade and immigration policy may exert more binding effects on labor supply and investment decisions. Pricing pressures linger on – while the lagged (not averted) impact of new levies add to the inflationary impulse. That keeps inflation firmly above target and prompts the Federal Reserve to remain restrictive for longer than markets currently expect.

Scenario 2 | Soft Landing

Probability 25 %

The consensus view for the coming 12-18 months remains one of a “soft landing” – a so-called “goldilocks” scenario of healthy, trend-like growth, moderating pricing pressures towards the 2% target, and multiple rate cuts from central banks. Investors appear comfortable in the view that growth will cool just enough to prompt Federal Reserve easing but without tipping the world’s largest economy into an outright recession.

Scenario 3 | Productivity Boom

Probability 15 %

In this optimistic scenario, massive investment in Artificial Intelligence (AI) boosts productivity (and accordingly growth) without the associated upside pressures on inflation - an environment of “disinflationary growth” that allows the Federal Reserve to resume its easing campaign. Indeed, a productivity shock is unanimously dovish for the Federal Reserve. While inflation declines and reinforces the case for easier monetary policy, a reduction in labor supply keeps the unemployment rate relatively contained. Moreover, productivity gains spread more broadly around the world, with buoyant tech investment and higher stock prices buttressing global growth.

Scenario 4 | Recession

Probability 10 %

While the likelihood of a recession has receded alongside tariffs that have been scaled down markedly from the levels proposed on Liberation Day, material headwinds prevail that could put downside pressure on the economy. On the trade front, while negotiations and trade deals brought some relative stability in 2025 – there’s little clarity on the direction on policy – with the pending Supreme Court ruling on the new tariffs, the 2026 US-Mexico-Canada (USMCA) review, and unresolved US-China deliberations potentially weighing on activity. In a worst-case trade war scenario, should the US raise import tariffs beyond trade agreement levels, USMCA renegotiations fail, or advanced economies hit back with retaliatory measures – a full-blown trade war would ensue and permeate across the globe – with sweeping tariffs pushing the economy into a recession. Meanwhile, an unraveling in the AI trade that drives a sharp drop in stock markets may lead to a sharp deceleration (potentially contraction) in household spending and capital spending – and by extension GDP growth.

Discussions regarding potential future events and their impact on the markets are based solely on historical information and Fiera Capital’s estimates and/or opinions, and are provided for illustrative purposes only. General Market projections are hypothetical estimates of long-term returns of economic asset classes based on statistical models and do not represent the returns of an actual investment. Actual results could vary substantially. Models have limitations and may not be relied upon to make predictions of future performance of any account. Past performance is not a guarantee of future results. Inherent in any investment is the potential for loss.



Forecasts for the Next 12-18 Months

SCENARIOS	FEB. 27, 2026	STAGFLATION	SOFT LANDING	PRODUCTIVITY BOOM	RECESSION
PROBABILITY		50%	25%	15%	10%
GDP GROWTH					
Global	3.00%	2.50%	3.00%	3.50%	2.00%
U.S.	2.40%	1.50%	2.00%	3.00%	-1.00%
Canada	1.20%	1.00%	1.50%	2.50%	-1.50%
INFLATION (HEADLINE Y/Y)					
U.S.	2.40%	3.00%	2.50%	2.00%	2.00%
Canada	2.30%	2.50%	2.25%	2.00%	2.00%
SHORT-TERM RATES					
Federal Reserve	3.75%	3.75%	3.25%	3.00%	2.50%
Bank of Canada	2.25%	2.50%	2.25%	2.25%	2.00%
10-YEAR RATES					
U.S. Government	3.94%	4.50%	4.00%	3.75%	3.00%
Canada Government	3.13%	3.75%	3.00%	3.00%	2.75%
PROFIT ESTIMATES (12 MONTHS FORWARD)					
U.S.	318	270	315	350	250
Canada	1977	1750	1950	2100	1450
EAFE	184	155	180	200	140
EM	89	80	90	95	70
P/E (12 MONTHS FORWARD)					
U.S.	21.6X	21.0X	23.0X	24.0X	18.5X
Canada	17.4X	16.5X	17.5X	18.5X	14.0X
EAFE	17.2X	16.0X	18.0X	19.0X	14.0X
EM	18.2X	15.0X	18.5X	19.5X	12.0X
CURRENCIES					
EUR/USD	1.18	1.15	1.20	1.20	1.00
CAD/USD	0.73	0.70	0.73	0.75	0.65
COMMODITIES					
Oil (WTI, USD/barrel)	67.02	60.00	65.00	70.00	50.00
Gold (USD/oz)	5247.90	4000.00	4500.00	4300.00	4800.00

Source: Fiera Capital, as of February 27, 2026.

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Portfolio Strategy



Matrix of Expected Returns (USD)

SCENARIOS	STAGFLATION	SOFT LANDING	PRODUCTIVITY BOOM	RECESSION
PROBABILITY	50%	25%	15%	10%
TRADITIONAL INCOME				
Money Market	3.8%	3.5%	3.4%	3.1%
U.S. Investment Grade Bonds	-2.8%	0.2%	1.7%	6.2%
NON-TRADITIONAL INCOME				
Diversified Credit	6.5%	7.0%	7.0%	5.0%
Diversified Real Estate	7.0%	7.5%	8.0%	6.0%
TRADITIONAL CAPITAL APPRECIATION				
U.S. Equity	-17.6%	5.3%	21.1%	-32.8%
International Equity	-22.0%	1.9%	19.5%	-38.4%
Emerging Market Equity	-25.5%	3.4%	15.0%	-47.8%
NON-TRADITIONAL CAPITAL APPRECIATION				
Private Equity	10.0%	12.0%	15.0%	8.0%

Source: Fiera Capital, as of February 27, 2026.

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Traditional and Non-Traditional Portfolios

	MINIMUM	BENCHMARK	MAXIMUM	STRATEGY	+/-
TRADITIONAL INCOME	0.0%	17.5%	40.0%	17.5%	0.0%
Money Market	0.0%	0.0%	40.0%	17.5%	+17.5%
U.S. Investment Grade Bonds	0.0%	17.5%	40.0%	0.0%	-17.5%
NON-TRADITIONAL INCOME	0.0%	30.0%	50.0%	38.5%	+8.5%
Diversified Credit	0.0%	12.0%	25.0%	15.5%	+3.5%
Diversified Real Assets	0.0%	18.0%	40.0%	23.0%	+5.0%
TRADITIONAL CAPITAL APPRECIATION	17.5%	37.5%	57.5%	27.5%	-10.0%
U.S. Equity	0.0%	20.0%	40.0%	20.0%	0.0%
International Equity	0.0%	12.5%	20.0%	7.5%	-5.0%
Emerging Market Equity	0.0%	5.0%	20.0%	0.0%	-5.0%
NON-TRADITIONAL CAPITAL APPRECIATION	0.0%	15.0%	40.0%	16.5%	+1.5%
Private Equity	0.0%	15.0%	40.0%	16.5%	+1.5%

Source: Fiera Capital, as of February 27, 2026.

¹ Based on a 100 basis point value added objective. The benchmark employed here is based on a model portfolio and for illustrative purposes only. Individual client benchmarks are employed in the management of their respective portfolios. Past performance is not a guarantee of future results. Inherent in any investment is the potential for loss.

Contact Us



NORTH AMERICA		
<p>Montreal Fiera Capital Corporation</p> <p>1981 McGill College Avenue Suite 1500 Montreal, Quebec H3A 0H5 Canada</p> <p>T + 1 800 361-3499 (Toll Free)</p>	<p>Toronto Fiera Capital Corporation</p> <p>200 Bay Street Suite 3800, South Tower Toronto, Ontario M5J 2J1 Canada</p> <p>T + 1 800 994-9002 (Toll Free)</p>	<p>Calgary Fiera Capital Corporation</p> <p>Bow Valley Square Tower 3 255 5 Avenue SW, Suite 2100 Calgary, Alberta T2P 3G6 Canada</p> <p>T + 1 403 699-9000</p>
<p>New York Fiera Capital Inc.</p> <p>477 Madison Avenue Suite 720 New York, NY 10022 United States</p> <p>T + 1 212 300-1600</p>	<p>Boston Fiera Capital Inc.</p> <p>200 State Street Suite 405 Boston, MA 02109 United States</p> <p>T + 1 857 264-4900</p>	<p>Dayton Fiera Capital Inc.</p> <p>10050 Innovation Drive Suite 120 Dayton, OH 45342 United States</p> <p>T + 1 937 847-9100</p>
EUROPE		
<p>London Fiera Capital (UK) Limited</p> <p>3rd Floor Queensberry House 3 Old Burlington Street London, W1S 3AE United Kingdom</p> <p>T + 44 20 7518 2100</p>	<p>The Hague Fiera Capital (Germany) GmbH, Netherlands Branch</p> <p>Red Elephant Building Room 1.56 Zuid-Hollandlaan 7 2596 AL, The Hague Netherlands</p>	<p>Frankfurt Fiera Capital (Germany) GmbH</p> <p>Neue Rothofstraße 13-19 60313, Frankfurt am Main Germany</p> <p>T + 49 69 9202 0750</p>
<p>Zurich Fiera Capital (Switzerland) GmbH</p> <p>Office 412, Headquarter Stockerstrasse 33 8002 Zurich Switzerland</p>	<p>Isle of Man Fiera Capital (IOM) Limited</p> <p>6th Floor, Bubble at Clinch's Lord Street, Douglas Isle of Man, IM1 4LN</p> <p>T + 44 1624 640200</p>	<p>Abu Dhabi Fiera Capital (UK) Limited</p> <p>Suite 205, Floor 15 Al Sarab Tower, ADGM Square Al Maryah Island Abu Dhabi, United Arab Emirates</p>
ASIA		
<p>Hong Kong Fiera Capital (Asia) Hong Kong Limited</p> <p>Suite 3205 No. 9 Queen's Road Central Hong Kong</p> <p>T + 852 3713 4800</p>	<p>Singapore Fiera Capital (Asia) Singapore Pte. Ltd.</p> <p>6 Temasek Boulevard #38-03 Suntec Tower 4 Singapore 038986</p>	<p>Tokyo Fiera Capital (Asia) Japan Limited</p> <p>xLink Marunouchi Park Building 8F 2 -6-1 Marunouchi, Chiyoda City Tokyo 100-6990, Japan</p> <p>T + 852 3713-4800</p>

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