Fiera Capital Global Asset Allocation

Monthly Update: May 2026

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Investor sentiment thrived in April even in the wake of an erratic geopolitical backdrop that has stoked fears of stagflation. Markets were whipsawed as investors digested a plethora of headlines around the Middle East conflict that has reshaped the outlook for energy prices, inflation, and growth. However, optimism around the artificial intelligence (AI) trade and a wave of upbeat earnings results in the megacap tech space drove stock markets to record highs. Still, the prolonged closure of the Strait of Hormuz has upended global energy flows and ushered in an energy crisis that has stoked fears about demand destruction and a hit to global growth.

FINANCIAL MARKET DASHBOARD

	APR. 30, 2026	MTD	YTD	1 YEAR
EQUITY MARKETS		**% PRICE CHANGE (LC)**		
S&P 500	7209	10.42%	5.31%	29.45%
S&P/TSX	33964	3.65%	7.10%	36.72%
MSCI EAFE	3039	7.05%	5.04%	21.50%
MSCI EM	1600	14.53%	13.95%	43.80%
FIXED INCOME (%)		**BASIS POINT CHANGE**		
US 10 Year Bond Yield	4.37	5.4	20.4	20.9
US 2 Year Bond Yield	3.87	7.6	39.6	26.6
CA 10 Year Bond Yield	3.54	7.0	11.0	45.2
CA 2 Year Bond Yield	2.95	12.5	36.1	47.1
CURRENCIES		**% PRICE CHANGE**		
CAD/USD	0.74	2.46%	1.06%	1.60%
EUR/USD	1.17	1.54%	-0.13%	3.56%
USD/JPY	156.59	-1.34%	-0.08%	9.45%
COMMODITIES		**% PRICE CHANGE**		
WTI Oil (USD/bbl)	105.07	3.64%	82.99%	80.50%
Copper (USD/pound)	5.93	5.56%	4.29%	29.96%
Gold (USD/oz)	4629.60	-0.39%	6.65%	39.48%

Source: Bloomberg, as of April 30, 2026.

Global equity markets (+10.0%) soared higher in April. The S&P 500 (+10.4%) capped its best monthly return since November 2020. However, gains were narrow – with the so-called Magnificent 7 group of stocks (+14.9%) driving much of the gain – while the equal weighted index was up just 5.9%. The S&P/TSX (+3.6%) underperformed amid relatively subdued returns in the heavyweight gold (-6.0%) and energy (+1.9%) sectors. That offset a respectable gain in the financials (+10.1%) space. Elsewhere, the MSCI EAFE (+7.0%) had a decent month, while the MSCI gauge of emerging market stocks (+14.5%) led the global charge – powered higher by a rally in Asian chipmaker stocks.

Fixed income markets barely budged. Global bond yields pushed higher following a wave of hawkish-leaning rhetoric from central banks. Indeed, persistent Middle East tensions and the blockade of the critical waterway spurred a rally in oil prices that has exacerbated inflation fears. Traders recalibrated their expectations for monetary policy in response and have all but abandoned their wagers for Federal Reserve rate cuts this year and have begun pricing in the chances of a rate hike in 2027 – while markets are currently pricing-in over two rate hikes from the Bank of Canada by year-end. For the month, both the Bloomberg US Aggregate Bond Index and the FTSE Canada Bond Universe rose just 0.1%.

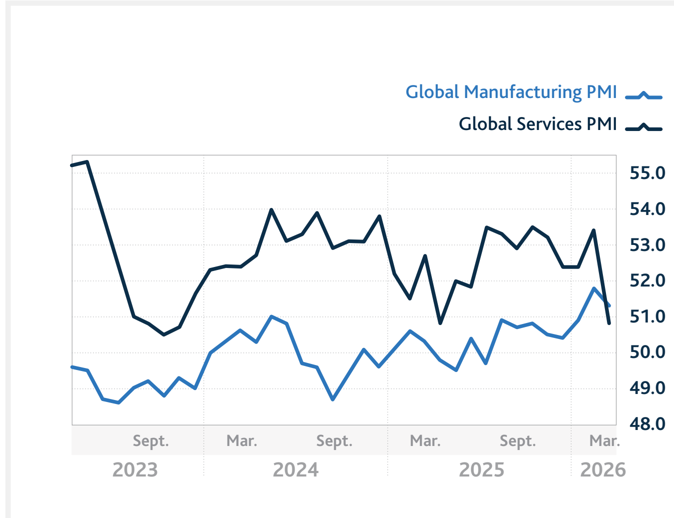
The US dollar (-1.9%) retreated versus all its Group-of-10 peers. While improved risk appetite reduced demand for the safe haven currency, relatively hawkish commentary from the Bank of Japan, European Central Bank, Bank of England, and Bank of Canada prompted traders to brace for rate hikes in 2026. The yen (+1.4%), euro (+1.5%), pound (+2.8%), and Canadian dollar (+2.5%) all registered some notable gains last month.

Finally, oil advanced on the back of persistent supply concerns as the deadlock in US-Iran negotiations extended the near-total closure of the Strait of Hormuz. By contrast, gold inched lower as the supply shock added to inflation risks and dashed hopes for rate cuts and diminished the allure of non-yielding bullion.

Economic Overview

Global

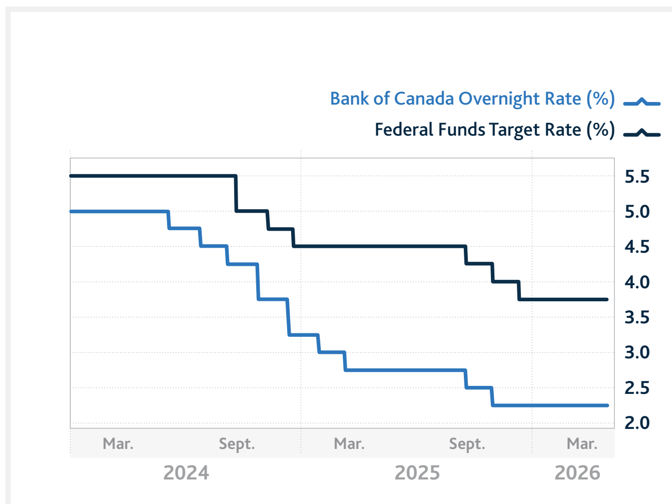
The developed market purchasing manager indices (PMI) revealed hints of stagflation in April as both businesses and consumers contemplated the impacts of the prolonged conflict in the Middle East. The surveys underscored that the global economy remains fragile at the same time inflationary pressures are building. While businesses were front-loading orders in anticipation of higher prices and supply shortages, services activity was subdued as upside risks to inflation weighed on consumer confidence. Meanwhile, inflationary pressures are intensifying across the globe – with price pressures surging to the highest since the inflation shock in 2022. While peak US-Iran tensions are likely behind us following reports of a potential ceasefire, the damage may have already been done. With higher inflation set to squeeze households' spending power, businesses remaining cautious about investment/hiring plans, and with monetary policy settings remaining tight – we expect global growth to slow in the coming year.



Source: Bloomberg, as of April 30, 2026.

North America

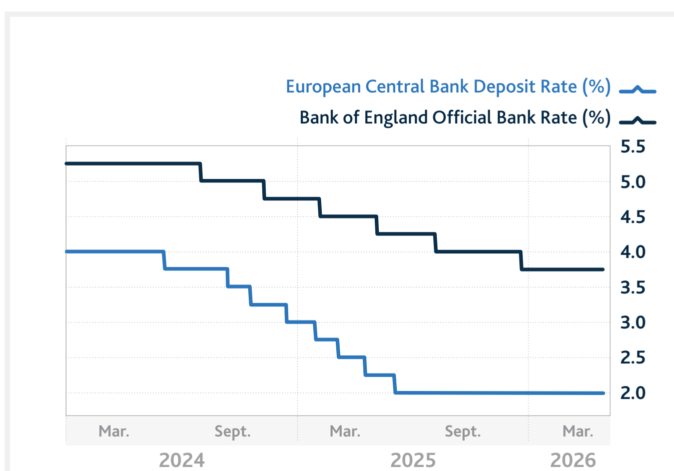
The Federal Reserve and the Bank of Canada both delivered a hawkish-leaning message in April as inflationary risks intensified. The Fed's decision revealed a deepening division over the outlook for policy, with three members voting against maintaining an easing bias in the statement. Moreover, Chair Powell said the center of the committee is "moving towards a more neutral place" as officials signaled that staying put is now the appropriate stance. Meanwhile, the Bank of Canada flagged risks pertaining to the upcoming review of the North American trade deal and the Middle East conflict. That saw officials leave the door open to adjust rates in either direction. However, Governor Macklem explicitly outlined how officials may have to adjust rates more significantly – citing the potential for "consecutive increases in the policy rate" should oil prices remain persistently elevated.



Source: Bloomberg, as of April 30, 2026.

International

Both the European Central Bank and Bank of England remained on the sidelines in April but expressed their willingness to act in response to mounting upside risks to inflation. Of note, there was a broad agreement among European Central Bank officials that the central bank needs to move, with President Lagarde signaling the possibility of a rate hike at the June gathering. Similarly, the Bank of England also delivered a hawkish hold. Governor Bailey said holding rates steady was a "reasonable place" to be but signaled they may need to rise in the event of continued disruption to energy supplies. Given the high degree of unpredictability stemming from the Middle East conflict, the Bank of England abandoned its base case projection and instead published scenarios for the outlook for energy prices, inflation, and the economy – while also providing some guidance on what that would mean for official bank rate. Those scenarios imply anywhere from no hikes to 150 basis points of tightening in the coming year.



Source: Bloomberg, as of April 30, 2026.

Economic Scenarios

Main Scenario | Stagflation — Probability 55 %

In this high probability scenario, sweeping tariffs across a wide-ranging group of trading partners threatens to hobble global growth and push up prices for consumers and businesses. These stagflationary headwinds are amplified by the conflict in the Middle East and have raised the risk of an oil-driven supply shock. On trade, while the magnitude of levies are less than initially proposed, 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. Meanwhile, the fallout from the spike in oil prices threatens to stoke already-elevated inflation and stifle growth. While the hope is for a swift ceasefire that allows for a resumption of energy flows, the effects on inflation are likely to be more long-lasting. That will keep prices sustainably higher above pre-conflict levels – with significant impacts on inflation (higher), interest rates (higher), and global growth (lower) – an environment of "Stagflation."

Scenario 2 | Soft Landing — Probability 15 %

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 | Recession — Probability 15 %

While the risk remains that sweeping tariffs stifle global growth, the escalation in the Middle East conflict has raised the odds of a recession - with the potential for a supply shock stemming from high oil prices morphing into a demand-shock and a contraction in economic growth. Indeed, the energy shock has been particularly ill-timed for businesses and households already adjusting to higher costs from tariffs. On the trade front, while negotiations and trade deals brought some relative stability – there's still little clarity on the policy direction and the long-run tariff regime. The Section 122 tariffs that replaced President Trump's IEEPA tariffs expire after 150 days, the United States-Mexico-Canada Agreement (USMCA) is under review, and U.S.-China deliberations remain unresolved – all of which have the potential to dampen activity. On the geopolitical front, a worst-case outcome involves a protracted conflict that leads to sustained disruption to global energy flows. A long-lasting supply disruption would drive oil prices to unprecedented levels towards $150/barrel. That would undoubtedly squeeze global growth and stoke a reacceleration in inflation expectations.

Scenario 4 | 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 labour 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.

Forecasts for the Next 12-18 Months

SCENARIOS	APR. 30, 2026	STAGFLATION	SOFT LANDING	RECESSION	PRODUCTIVITY BOOM
PROBABILITY		55%	15%	15%	15%
GDP GROWTH					
Global	3.00%	2.50%	3.00%	2.00%	3.50%
Canada	1.50%	1.00%	1.50%	-1.50%	2.50%
U.S.	2.20%	1.50%	2.00%	-1.00%	3.00%
INFLATION (HEADLINE Y/Y)					
Canada	2.40%	3.00%	2.25%	2.00%	2.00%
U.S.	3.30%	3.50%	2.50%	2.00%	2.00%
SHORT-TERM RATES					
Bank of Canada	2.25%	2.50%	2.25%	2.00%	2.25%
Federal Reserve	3.75%	3.75%	3.25%	2.50%	3.00%
10-YEAR RATES					
Canada Government	3.54%	4.00%	3.00%	2.75%	3.00%
U.S. Government	4.37%	5.00%	4.00%	3.00%	3.75%
PROFIT ESTIMATES (12 MONTHS FORWARD)					
Canada	2008	1800	2000	1450	2100
U.S.	321	270	320	250	350
EAFE	189	155	180	140	190
EM	133	110	120	70	125
P/E (12 MONTHS FORWARD)					
Canada	16.9X	16.0X	17.5X	14.0X	18.5X
U.S.	22.5X	20.0X	23.0X	18.5X	24.0X
EAFE	16.1X	15.0X	18.0X	14.0X	19.0X
EM	12.0X	11.OX	13.0X	12.0X	14.0X
CURRENCIES					
CAD/USD	0.74	0.72	0.74	0.65	0.75
EUR/USD	1.17	1.15	1.20	1.00	1.20
COMMODITIES					
Oil (WTI, USD/barrel)	105.07	80.00	65.00	90.00	70.00
Gold (USD/oz)	4629.60	4000.00	4500.00	4800.00	4600.00

Source: Fiera Capital, as of April 30, 2026.

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.

Portfolio Strategy

Matrix of Expected Returns (CAD)

SCENARIOS	STAGFLATION	SOFT LANDING	RECESSION	PRODUCTIVITY BOOM
PROBABILITY	**55%**	**15%**	**15%**	**15%**
TRADITIONAL INCOME				
Money Market	2.4%	2.3%	2.1%	2.3%
Canadian Bonds	-0.2%	5.1%	6.8%	5.1%
NON-TRADITIONAL INCOME				
Diversified Credit	6.5%	7.0%	5.0%	7.0%
Diversified Real Assets	7.0%	7.5%	6.0%	8.0%
TRADITIONAL CAPITAL APPRECIATION				
Canadian Equity	-15.2%	3.0%	-40.2%	14.4%
U.S. Equity	-23.4%	1.6%	-27.3%	14.4%
International Equity	-21.8%	6.1%	-26.9%	16.6%
Emerging Market Equity	-22.7%	-3.0%	-40.5%	7.4%
NON-TRADITIONAL CAPITAL APPRECIATION				
Private Equity	10.0%	12.0%	8.0%	15.0%
CAD/USD	0.72	0.74	0.65	0.75

Source: Fiera Capital, as of April 30, 2026.

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Current Strategy[1]

Traditional and Non-Traditional Portfolios

	MINIMUM	BENCHMARK	MAXIMUM	STRATEGY	+/-
Money Market	0%	5%	30%	20%	+15%
Canadian Bonds	5%	25%	45%	5%	-20%
Canadian Equity	10%	20%	40%	25%	+5%
U.S. Equity	0%	10%	20%	5%	-5%
International Equity	0%	10%	20%	0%	-10%
Emerging Market Equity	0%	5%	15%	5%	0%
Non-Traditional Income	5%	25%	45%	40%	+15%

Traditional Portfolios

	MINIMUM	BENCHMARK	MAXIMUM	STRATEGY	+/-
TRADITIONAL INCOME	**20%**	**40%**	**60%**	**50%**	**+10%**
Money Market	0%	5%	30%	20%	+15%
Canadian Bonds	5%	35%	55%	30%	-5%
TRADITIONAL CAPITAL APPRECIATION	**40%**	**60%**	**80%**	**50%**	**-10%**
Canadian Equity	5%	25%	50%	30%	+5%
U.S. Equity	0%	15%	30%	10%	-5%
International Equity	0%	15%	30%	5%	-10%
Emerging Market Equity	0%	5%	15%	5%	+0%

Evolution of Value-Added[1]

Source: Fiera Capital, as of April 30, 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.

Evolution of Strategy

	Money Market	Canadian Bonds	Canadian Equity	U.S. Equity	International Equity	Emerging Market Equity	Non-traditioal Income
January 1, 2006	+20%	-16%	-8%	+6%	-2%		
February 17, 2006	+16%	-10%	-10%	+6%	-2%		
April 4, 2006	+10%	-10%	0%	0%	0%		
May 9, 2006	+4%	-10%	+2%	+2%	+2%		
June 21, 2006	0%	-10%	+2%	+2%	+6%		
July 19, 2006	-10%	0%	+2%	+2%	+6%		
December 6, 2006	0%	-10%	+2%	+2%	+6%		
January 1, 2007	+5%	-10%	0%	+2%	+3%		
February 22, 2007	-5%	0%	0%	+2%	+3%		
March 9, 2007	0%	0%	-3%	0%	+3%		
June 29, 2007	0%	0%	-6%	-4%	+10%		
September 29, 2007	+6%	0%	-6%	-4%	+4%		
January 10, 2008	+12%	0%	-6%	-4%	-2%		
March 1, 2008	+16%	0%	-6%	-4%	-6%		
September 20, 2008	+8%	0%	-3%	-2%	-3%		
March 9, 2009	+8%	-8%	0%	0%	0%		
June 8, 2009	+8%	+2%	-4%	-3%	-3%		
December 9, 2009	+15%	-5%	-4%	-3%	-3%		
May 6, 2010	+15%	-15%	0%	0%	0%		
December 13, 2010	+10%	-15%	5%	0%	0%		
April 7, 2011	+10%	-10%	0%	0%	0%		
July 4, 2011	+10%	-15%	+5%	0%	0%		
August 10, 2011	+5%	-15%	+5%	+5%	0%		
October 5, 2011	+7%	-15%	+8%	0%	0%		
October 12, 2011	+6%	-10%	+4%	0%	0%		
November 11, 2011	+5%	0%	0%	0%	-5%		
December 7, 2011	0%	0%	+5%	0%	-5%		
April 20, 2012	+15%	-20%	+10%	0%	-5%		
July 31, 2012	+20%	-15%	0%	0%	-5%		
November 9, 2012	+10%	-15%	+10%	0%	-5%		
February 19, 2013	+5%	-15%	+10%	0%	0%		
August 6, 2013	0%	-15%	+10%	+5%	0%		
December 3, 2013	+10%	-15%	+5%	0%	0%		
February 5, 2014	0%	-15%	+10%	+10%	-5%		

Evolution of Strategy

	Money Market	Canadian Bonds	Canadian Equity	U.S. Equity	International Equity	Emerging Market Equity	Non-traditioal Income
October 14, 2014	0%	-20%	+5%	+10%	+5%		
November 14, 2014	+10%	-20%	+2.5%	+2.5%	+5%		
July 13, 2015	0%	-20%	+7%	+4%	+9%		
October 19, 2015	0%	-20%	+11%	0%	+9%		
June 24, 2016	+9%	-20%	+11%	0%	0%		
July 12, 2016	0%	-20%	+15%	0%	0%	+5%	
July 27, 2016	+5%	-20%	+12.5%	0%	0%	+2.5%	
October 31, 2016	0%	-20%	+12.5%	0%	0%	+7.5%	
April 5, 2017	+5%	-15%	+7.5%	0%	-5%	+7.5%	
December 6, 2017	+15%	-15%	+5%	-5%	-5%	+5%	
October 9, 2018	+15%	-15%	+5%	-10%	-5%	+10%	
November 9, 2018	0%	-20%	+5%	-10%	-5%	+10%	+20%
December 17, 2018	-5%	-20%	+5%	-5%	-5%	+10%	+20%
July 12, 2019	-5%	-20%	+5%	0%	-5%	+10%	+15%
March 24, 2020	0%	-15%	0%	0%	0%	0%	+15%
July 8, 2020	-5%	-20%	+10%	0%	0%	0%	+15%
March 11, 2021	-5%	-20%	+15%	-5%	0%	0%	+15%
August 2, 2021	+5%	-20%	+15%	-10%	-5%	0%	+15%
July 11, 2022	+15%	-20%	+7%	-10%	-7%	0%	+15%
November 29, 2022	+25%	-20%	0%	-10%	-10%	0%	+15%
August 3, 2023	+15%	-20%	+10%	-10%	-10%	0%	+15%
February 5, 2024	+5%	-20%	+10%	-5%	-10%	+5%	+15%
July 25, 2024	0%	-20%	+15%	-5%	-10%	+5%	+15%
October 23, 2024	+5%	-20%	+10%	-5%	-10%	+5%	+15%
November 19, 2024	+15%	-20%	+5%	-5%	-10%	0%	+15%

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Important Information