Fiera Capital Global Asset Allocation

Monthly Update: August 2026

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Financial market volatility resurfaced in July as investors contemplated an environment dominated by geopolitical headwinds, renewed trade tensions, and fading enthusiasm around the artificial intelligence (AI) trade. Namely, hostilities between the US and Iran intensified after President Trump declared the tentative ceasefire to be over. Meanwhile, trade tensions resurfaced after President Trump imposed new duties on imports from most major US trading partners. Finally, the global selloff in chipmakers gathered pace, with investors rushing to exit positions whose valuations grew increasingly rich.

FINANCIAL MARKET DASHBOARD

	JULY 31, 2026	MTD	YTD	1 YEAR
EQUITY MARKETS		% PRICE CHANGE (LC)		
S&P 500	7490	-0.13%	9.41%	18.15%
S&P/TSX	35226	1.06%	11.08%	29.22%
MSCI EAFE	3176	1.91%	9.80%	21.40%
MSCI EM	1666	-3.31%	18.62%	34.00%
FIXED INCOME (%)		BASIS POINT CHANGE		
US 10 Year Bond Yield	4.73	27.0	56.8	36.1
US 2 Year Bond Yield	4.29	11.9	81.8	33.4
CA 10 Year Bond Yield	3.66	28.4	23.1	20.6
CA 2 Year Bond Yield	2.92	17.2	33.1	14.5
CURRENCIES		% PRICE CHANGE		
CAD/USD	0.71	1.25%	-2.11%	-1.18%
EUR/USD	1.15	0.92%	-1.86%	0.98%
USD/JPY	157.40	-3.17%	0.44%	4.41%
COMMODITIES		% PRICE CHANGE		
WTI Oil (USD/bbl)	84.67	21.83%	47.46%	22.25%
Copper (USD/pound)	6.46	4.41%	13.79%	48.48%
Gold (USD/oz)	4049.10	0.26%	-6.73%	22.95%

Source: Bloomberg, as of July 31, 2026.

Global equity markets posted some mixed results in July. The MSCI All Country World ended the month unchanged. The S&P 500 (-0.1%) retreated on the back of a notable decline in the technology sector (-3.5%). The Nasdaq stumbled -6.6% – back to correction territory. The S&P/TSX (+1.1%) outperformed its global peers by a wide margin – thanks to solid performance in the heavyweight energy space (+6.9%). Elsewhere, the MSCI EAFE (+1.9%) also had a solid month – while the MSCI gauge of emerging market stocks (-3.3%) tumbled lower on the back of a sharp selloff in chipmaker stocks across both Korea and Taiwan.

Fixed income markets generated negative results, with spiraling violence in the Middle East and revived US trade tensions fueling fears over another inflationary spike. With geopolitics and trade tensions driving the narrative, inflation concerns resurfaced and pushed global bond yields to multi-year highs across several major markets even as the Federal Reserve, Bank of Canada, Bank of England, and Bank of Japan all left interest rates unchanged in July. For the month, the Bloomberg US Aggregate Bond Index declined -1.3% – while the FTSE Canada Bond Universe shed -1.6%.

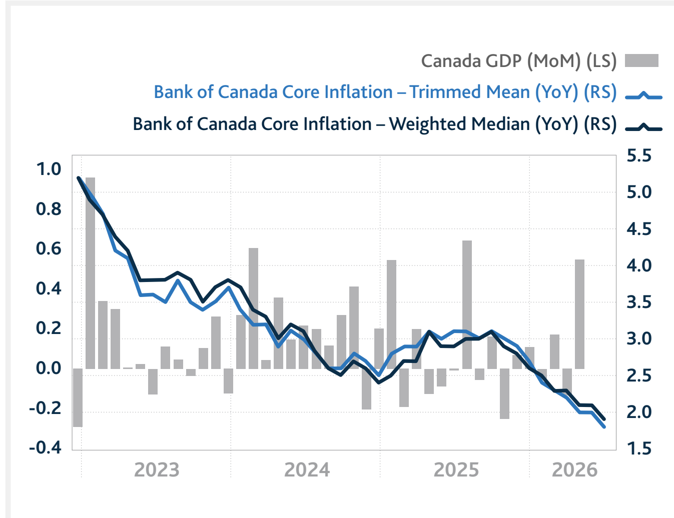
The US dollar (-1.3%) edged lower in July. The greenback was weaker versus all its Group-of-10 peers, with the euro (+0.9%), pound (+1.7%), yen (+3.3%), and Canadian dollar (+1.3%) all strengthening against a broadly weaker US dollar.

Finally, oil (+21.8%) posted its biggest monthly gain since March as an escalation in hostilities between the US and Iran continued to threaten supplies. The renewed spike in energy prices followed a widening of the Middle East conflict that has spread from the Strait of Hormuz to the Red Sea. Gold (+0.3%) also advanced and managed to hold firmly above the key resistance point of $4000/ounce. While the Federal Reserve's decision to leave interest rates unchanged in July offered some support – a decline in the US dollar also buttressed the yellow metal towards month-end.

Economic Overview

Canada

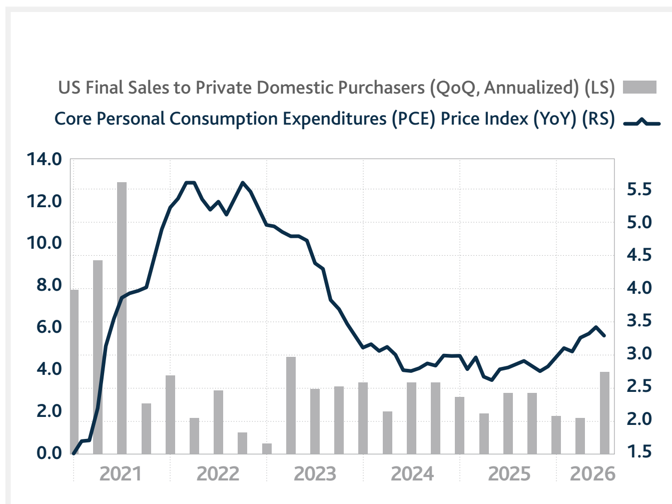
The Canadian economy sprung back to life in the second quarter after stumbling at the beginning of the year. Still, domestic demand remains subdued – while the economy bears the weight of US tariffs and ongoing uncertainty pertaining to the US-Mexico-Canada Agreement that is looming over business sentiment. With the economy operating below potential, core measures of inflation remain reasonably contained as a soft demand backdrop leans against sellers raising prices. In July, the Bank of Canada left the policy rate unchanged at 2.25% – with focus on balancing upside risks to inflation from higher oil prices against downside risks to growth amid elevated geopolitical and trade policy uncertainty. Since then, both risks have been amplified. Oil prices have reverted higher as the US-Iran war continues – while the US has threatened new 50% targeted tariffs on around 5% of Canadian exports. These developments leave the Governing Council in a precarious position and argues for a patient approach rather than a pivot.



Source: Bloomberg, as of July 31, 2026.

United States

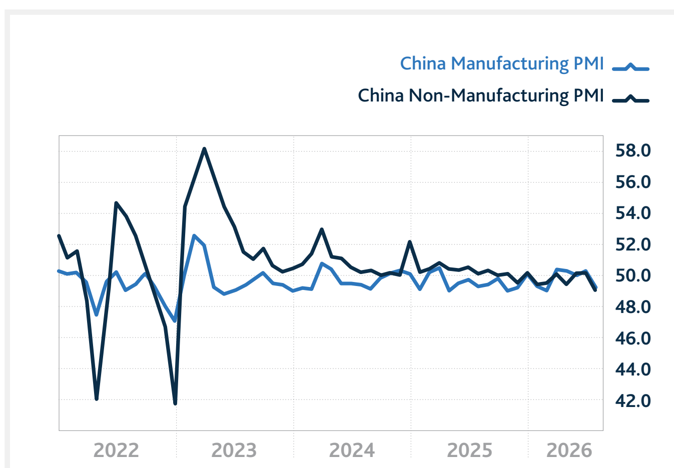
The US economy has demonstrated surprising resilience even in the wake of geopolitical tensions and persistent price pressures. The consumer has thrived on the back of fiscal stimulus (tax refunds) and labor market strength that have provided some much-needed support for households as high gas prices squeeze disposable incomes. The AI buildout has also provided a meaningful tailwind for both the consumer (wealth) and businesses (capex boom). With the economy running at an above-trend pace, monetary policy settings appear insufficiently restrictive to bring inflation substantially lower. The Federal Reserve held rates steady in July. In a hawkish-leaning development, the decision was not unanimous – with 3 out of 9 voters dissenting in favor of a quarter-point hike. While providing little forward guidance, Chair Warsh reiterated the Fed's resolve to fight inflation – reinforcing that price stability remains the priority. Indeed, elevated energy prices are clouding the inflation outlook, keeping upside inflation (and interest rate) risks alive.



Source: Bloomberg, as of July 31, 2026.

China

A widening divergence is emerging in the Chinese economy. On the one hand, domestic demand has softened – with both consumer spending and investment slumping to levels unseen since the pandemic. On the other hand, industrial production has accelerated – supported by resilient exports and strong external demand for AI/electronics. The data underscores a widening two-speed economy. While the supply-side remains robust amid an AI-driven export boom that is lifting production, the demand side has faltered as household spending sags under the weight of a housing crisis and a fragile jobs market. Moreover, the official purchasing manager indices (PMI) revealed that both factory and services activity deteriorated back into contraction terrain in July – pointing to a further loss of momentum in the world's second largest economy. The deeper contraction reinforces the case for accelerated support from both the government and the central bank as economic pressures persist.



Source: Organization for Economic Cooperation and Development (OECD)

Economic Scenarios

Main Scenario | Sustained Inflation — Probability 45 %

In this high probability scenario, upside risks to inflation and downside risks to growth subside in response to the peace accord between the United States and Iran. As the Strait of Hormuz reopens and energy flows through the vital waterway resume, oil prices tumble back towards pre-conflict levels. Still, there are some notable forces that risk keeping inflation sustainably elevated – including the potential for re-escalation in the Middle East conflict and a subsequent spike in oil prices, the Artificial Intelligence (AI) boom and associated supply-side stress, and the prospect for higher tariffs from the US administration. Should long-term inflation expectations remain reasonably anchored – central banks would likely lean against tightening aggressively and opt to live with elevated inflation – with little appetite to induce a hard economic landing. Still, a higher for longer rate environment suggests economic conditions would shift downwards to a trend-like pace.

Scenario 2 | Stagflation — Probability 30 %

Upside inflation risks continue to loom large on the back of an erratic geopolitical and trade environment. However, the trajectory for the global economy hinges on the reaction function of the Federal Reserve and other major central banks. In this scenario, a spike in long-term inflation expectations would undoubtedly force central banks' hand and monetary policy would be tightened in response. Policymakers prioritize bringing inflation under control, with the economy assuming the collateral damage from an aggressive tightening event. That macroeconomic outcome tilts the scales towards an environment of "stagflation" – with upside risks to inflation coming up against downside risks to growth.

Scenario 3 | Recession — Probability 15 %

While the worst-case outcomes stemming from a tumultuous geopolitical and trade backdrop have been averted (reducing the risk of recession), the potential for flare-ups remain a tail risk. 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 shock and a spike in oil prices risks morphing into a demand-shock and a contraction in economic growth. Trade dynamics also pose risks to the outlook. 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 US is set to impose new tariffs in the second half under Section 301, the United States-Mexico-Canada Agreement (USMCA) negotiations are dragging on, and Europe is also weighing further trade-protectionist policies. These developments may pave the way for a prolonged period of trade policy uncertainty – with the potential to dampen global economic activity.

Scenario 4 | Productivity Boom — Probability 10 %

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	JULY 31, 2026	SUSTAINED INFLATION	STAGFLATION	RECESSION	PRODUCTIVITY BOOM
PROBABILITY		45%	30%	15%	10%
GDP GROWTH					
Global	3.00%	3.00%	2.50%	2.00%	3.50%
Canada	1.50%	1.50%	1.00%	-1.50%	2.50%
U.S.	2.10%	2.00%	1.50%	-1.00%	3.00%
INFLATION (HEADLINE Y/Y)					
Canada	2.80%	2.25%	3.00%	2.00%	2.00%
U.S.	3.50%	3.00%	4.00%	2.00%	2.00%
SHORT-TERM RATES					
Bank of Canada	2.25%	2.25%	2.50%	2.00%	2.25%
Federal Reserve	3.75%	3.75%	4.75%	2.50%	3.00%
10-YEAR RATES					
Canada Government	3.66%	3.50%	4.00%	2.75%	3.00%
U.S. Government	4.73%	4.50%	5.25%	3.00%	3.75%
PROFIT ESTIMATES (12 MONTHS FORWARD)					
Canada	2109	2000	1900	1600	2100
U.S.	381	350	300	275	380
EAFE	191	180	170	150	190
EM	143	135	125	100	140
P/E (12 MONTHS FORWARD)					
Canada	16.7X	17.0X	16.0X	14.0X	17.5X
U.S.	19.6X	22.0X	20.0X	18.5X	23.0X
EAFE	16.6X	18.0X	15.0X	14.0X	19.0X
EM	11.6X	14.0X	12.0X	11.0X	15.0X
CURRENCIES					
CAD/USD	0.71	0.74	0.70	0.65	0.75
EUR/USD	1.15	1.17	1.10	1.00	1.20
COMMODITIES					
Oil (WTI, USD/barrel)	84.67	70.00	80.00	90.00	75.00
Gold (USD/oz)	4049.10	4500.00	4000.00	4800.00	4600.00

Source: Fiera Capital, as of July 31, 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	SUSTAINED INFLATION	STAGFLATION	RECESSION	PRODUCTIVITY BOOM
PROBABILITY	**45%**	**30%**	**15%**	**10%**
TRADITIONAL INCOME				
Money Market	2.3%	2.4%	2.1%	2.3%
Canadian Bonds	3.6%	0.5%	7.4%	5.8%
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	-3.5%	-13.7%	-36.4%	4.3%
U.S. Equity	-0.9%	-18.4%	-25.5%	11.0%
International Equity	-1.7%	-18.2%	-27.5%	8.1%
Emerging Market Equity	4.4%	-8.3%	-27.5%	19.9%
NON-TRADITIONAL CAPITAL APPRECIATION				
Private Equity	10.0%	12.0%	8.0%	15.0%
CAD/USD	0.74	0.70	0.65	0.75

Source: Fiera Capital, as of July 31, 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 July 31, 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