Dynamic Active ETF PORTFOLIOS

Active. Innovative. Complete

Q3 COMMENTARY

September 30, 2025

The third quarter of 2025 extended the year's strong market momentum amid continued volatility shaped by persistent inflation, evolving monetary policies, and geopolitical tensions. U.S. equities maintained global leadership, fueled by robust demand in technology and AI-driven sectors, though concentration in mega-cap tech stocks raised focus on potential risks. Canadian equities also performed notably well, buoyed by a surge in gold prices and strength in Materials, while emerging markets, particularly China, demonstrated resilience despite softer momentum in Europe.

Sector leadership centered on U.S. technology, communication services, and consumer discretionary stocks, driven by global growth themes and AI adoption. Geographic diversification proved valuable, as the strong performance outside the U.S. reinforced the benefits of a broad market approach.

Central banks adopted a more dovish tone, with the U.S. Fed and the Bank of Canada both delivering rate cuts in response to rising downside risks, even as inflation remained firm. This pivot contributed to declining bond yields, supporting gains across both equity and fixed income markets. Credit markets showed resilience with tightening spreads and improving fundamentals, reflecting diminishing recession concerns. High-yield bonds and alternative assets, especially real assets, benefited from these dynamics and steady growth, reflecting a stronger appetite for risk.

Multi Asset Management retains a modestly bullish stance, with a measured overweight to equities balanced by a solid emphasis on diversification and active risk management. Key focus areas moving forward include monitoring mega-cap concentration, the trajectory of inflation, central bank policies, and ongoing geopolitical risks.

PORTFOLIO AND UNDERLYING FUND RETURNS (%) as of September 30, 2025

SERIES A (underlying ETF funds are not weighted)	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	Since Inception	Inception Date
Dynamic Active Income ETF Portfolio	3.00%	4.36%	5.82%	-	-	8.57%	11/14/2023
Dynamic Active Conservative ETF Portfolio	3.61%	5.46%	7.21%	-	-	9.69%	11/14/2023
Dynamic Active Balanced ETF Portfolio	4.62%	7.14%	9.51%	-	-	12.11%	11/14/2023
Dynamic Active Growth ETF Portfolio	5.53%	8.79%	11.83%	-	-	14.40%	11/14/2023
FIXED INCOME							
Dynamic Active Canadian Bond ETF	1.56%	1.03%	2.79%	-	-	8.19%	10/24/2023
Dynamic Active Crossover Bond ETF	2.28%	4.65%	6.10%	9.37%	4.34%	4.73%	1/20/2017
Dynamic Active Discount Bond ETF	2.31%	3.18%	6.09%	-	-	7.45%	11/7/2022
Dynamic Active Tactical Bond ETF	2.06%	2.21%	3.17%	4.44%	-0.28%	1.83%	9/22/2017
Dynamic Active U.S. Investment Grade Corporate Bond ETF	2.52%	4.01%	3.37%	-	-	9.74%	10/24/2023
Dynamic Active Bond ETF	1.76%	1.27%	-	-	-	4.33%	10/31/2024
Dynamic Global Fixed Income Fund (ETF Series)	1.19%	2.27%	-	-	-	3.91%	11/15/2024
Dynamic Short Term Credit PLUS Fund (ETF Series)	2.64%	4.37%	8.33%	10.24%	-	7.49%	1/27/2022
EQUITIES				-			
Dynamic Active Canadian Dividend ETF	9.14%	14.52%	17.49%	15.53%	14.45%	11.63%	1/20/2017
Dynamic Active U.S. Equity ETF	10.51%	18.97%	21.20%	-	-	32.16%	10/24/2023
Dynamic Active International Dividend ETF	5.01%	11.77%	13.19%	16.52%	6.38%	6.90%	2/14/2020
Dynamic Active Emerging Markets ETF	8.58%	14.57%	17.72%	8.25%	-	-6.06%	6/15/2021
Dynamic Active Global Equity Income ETF	4.01%	3.85%	12.07%	-	-	18.11%	10/24/2023
Dynamic Active Enhance Yield Covered Options ETF	5.84%	15.53%	19.06%	19.29%	-	18.48%	9/14/2022
Dynamic Active Global Infrastructure ETF	4.27%	10.55%	17.08%	11.48%	8.68%	5.17%	2/14/2020
Dynamic Active Real Estate ETF	4.46%	4.08%	-1.73%	-	-	11.59%	7/2/2024

Source: Morningstar

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FIXED INCOME

CONTRIBUTORS What worked

Central bank rate cuts and narrowing credit spreads lifted bond and credit markets. Flexible and alternative strategies seized opportunities in corporate bonds and high yield, benefiting from improved sentiment and tactical shifts as investors anticipated easier monetary policy.

Dynamic Active U.S. Investment Grade Bond ETF Valuations reached five-year lows, prompting more conservative positioning. BBB exposure was slightly increased for spread compression, while outperforming lower-rated BBBs were trimmed. Duration extended modestly. Corporate credit fundamentals remain constructive, with expectations for outperformance versus government bonds. Risk will be selectively reduced, with flexibility to re-engage at better levels.

DETRACTORS What didn't work

Core bond funds with longer duration or heavy government exposure struggled. The yield curve steepened, and long-term yields didn't fall as much as short rates, limiting price gains and leaving passive or benchmark-heavy allocations trailing more active approaches.

Dynamic Global Fixed Income Fund (ETF) as the lowest performer in the segment, drag resulted from short exposure in the long end of the U.S. yield curve and tail hedges via S&P 500 puts. Hedging costs and curve steepening detracted from returns, while the fund's defensive stance limited participation in the quarter's credit rally.

EQUITIES

CONTRIBUTORS What worked

Breadth improved as Canadian and emerging markets outpaced, growth leadership persisted, gold's surge lifted Materials and select miners, and small caps outperformed amid risk-on sentiment and rising earnings beta. Global tech stocks continue to climb higher. Managers leaning into quality growth, cyclicals, and commodity-linked names captured the upside.

Dynamic Active U.S. Equity ETF performance alpha stemmed from overweight positions and superior selection in technology and communication services, notably Nvidia, Alphabet, and Apple. Minimal cash drag and active sector rotation maximized market participation. Defensive exposures in Healthcare and Financials detracted, but the fund's growth bias captured the equity rally.

DETRACTORS What didn't work

Defensive and income-oriented equity sleeves underperformed as market leadership rotated decisively toward growth and cyclicals. Strategies with heavier exposure to real estate, utilities, or dividend yield lagged, underscoring the need for adaptive positioning in an environment favoring risk assets.

Dynamic Active Global Equity Income ETF was the weakest performer in the equity segment, primarily due to underweight exposure to mega-cap growth sectors like Technology and Communication Services, which led the market rally. Security selection in Healthcare and Consumer Staples further detracted, and its defensive, income-oriented positioning was out of favor during a growth-driven, risk-on quarter.

Learn more about **Active ETF Portfolios** at Dynamic.ca