

## MULTI-ASSET MANAGEMENT VIEW

The first quarter of 2025 was marked by economic and market turbulence driven by trade tensions and policy uncertainty. Overall, fixed income markets performed well, while equity markets experienced mixed results and dramatic volatility. The U.S. saw a sharp selloff in its largest mega-cap and technology companies, reversing the strong performance from 2024.

In contrast, Canadian equities demonstrated resilience, buoyed strength in the materials sector, but healthcare and technology dragged performance.

This uptick was largely fueled by rising precious metals prices (particularly gold) amid escalating geopolitical tensions, which heightened demand for safe-haven assets. Meanwhile, international equities led markets this period, particularly with strong gains in China and Europe.

In this environment, we firmly believe in the value of an actively managed and diversified portfolio approach to investing. Here's a look at the highlights during the quarter along with points on contributors and detractors.

## PORTRFOILIO AND UNDERLYING FUND RETURNS (%) Period Ended March 31, 2025

| Series A<br>(All underlying funds shown are not weighted) | Three Months | Six Months | One Year | Three Years | Five Years | Since Inception | Inception Date |
|---|--------------|------------|----------|-------------|------------|-----------------|----------------|
| Marquis Balanced Income Portfolio                         | 0.51%        | 0.69%      | 6.48%    | 3.06%       | 5.20%      | 4.75%           | 2004-08-03     |
| Marquis Balanced Portfolio                                | -1.15%       | 1.26%      | 6.37%    | 2.89%       | 4.90%      | 5.80%           | 2008-11-14     |
| Marquis Balanced Growth Portfolio                         | -1.88%       | 1.38%      | 6.72%    | 3.60%       | 6.46%      | 5.07%           | 2004-02-24     |
| Marquis Growth Portfolio                                  | -2.28%       | 1.65%      | 7.29%    | 4.36%       | 8.08%      | 7.74%           | 2002-10-22     |
| Marquis Equity Portfolio                                  | -2.93%       | 2.04%      | 7.98%    | 5.26%       | 10.09%     | 6.48%           | 2004-02-24     |
| <b>Fixed Income</b>                                       |              |            |          |             |            |                 |                |
| Dynamic Total Return Bond Fund                            | 1.32%        | -0.47%     | 4.52%    | 0.86%       | -0.42%     | 1.71%           | 2010-08-31     |
| Dynamic Canadian Bond Fund                                | 1.57%        | 1.50%      | 6.62%    | 1.71%       | 0.12%      | 6.40%           | 1979-08-31     |
| 1832 AM Global Credit Pool*                               | 1.64%        | -0.03%     | 5.39%    | 1.17%       | 1.86%      | 1.77%           | 2016-11-14     |
| Dynamic High Yield Bond Fund                              | 0.65%        | 0.82%      | 5.08%    | 3.27%       | 6.27%      | 2.52%           | 1995-12-01     |
| <b>Canadian Equities</b>                                  |              |            |          |             |            |                 |                |
| Dynamic Equity Income Fund                                | 0.22%        | 0.36%      | 8.23%    | 3.57%       | 11.01%     | 9.92%           | 2001-06-29     |
| Dynamic Power Canadian Growth Fund                        | -9.80%       | -4.57%     | 5.37%    | 9.51%       | 16.82%     | 8.56%           | 1985-08-27     |
| Mackenzie Bluewater Canadian Growth Fund                  | 0.73%        | 2.80%      | 7.25%    | 6.52%       | 11.89%     | 9.70%           | 1976-01-30     |
| Dynamic Dividend Advantage Fund                           | -0.02%       | 1.65%      | 11.37%   | 5.64%       | 15.27%     | 7.52%           | 1985-08-27     |
| Dynamic Small Business Fund                               | -3.44%       | -2.10%     | 0.52%    | -1.30%      | 6.65%      | 6.60%           | 1997-06-06     |
| <b>Global Equities</b>                                    |              |            |          |             |            |                 |                |
| Mawer US Equity Fund                                      | 2.20%        | 6.99%      | 12.28%   | 11.08%      | 14.48%     | 8.91%           | 1992-12-10     |
| Dynamic Power American Growth Fund                        | -19.43%      | 0.50%      | 2.13%    | -3.52%      | 6.05%      | 9.07%           | 1998-07-24     |
| Manulife World Investment Class                           | 10.15%       | 8.12%      | 15.60%   | 9.87%       | 8.41%      | 5.87%           | 2006-08-24     |
| RBC Emerging Markets Equity Fund                          | 3.10%        | -0.01%     | 14.36%   | 6.83%       | 7.67%      | 5.53%           | 2009-12-23     |
| Dynamic Global Dividend Fund                              | -4.84%       | 2.07%      | 3.05%    | 4.17%       | 6.85%      | 7.24%           | 2006-03-03     |
| Dynamic Global Equity Fund                                | 1.88%        | -2.93%     | 2.95%    | 4.68%       | 9.95%      | 8.46%           | 2013-11-28     |
| Mackenzie Global Dividend Fund                            | 1.71%        | 5.96%      | 14.69%   | 10.31%      | 13.19%     | 9.13%           | 2008-03-28     |
| Dynamic Global Infrastructure Fund                        | 3.67%        | 4.95%      | 13.98%   | 3.36%       | 7.79%      | 6.58%           | 2007-07-19     |

\*Series I only. Source: Morningstar



## FIXED INCOME

### Contributors What worked

In Q1, the Bank of Canada cut rates twice, raising the bond market by 2%, but growth may slow due to U.S. trade conflicts. Meanwhile, the Federal Reserve paused rate cuts at 4.25-4.5%, hinting at future reductions amid rising inflation and downgraded growth forecasts.

Bonds proved to be a reliable anchor across fixed income-biased portfolios over the period as all fixed income underlying funds finished positive. Exposures to core, non-core, and alternative mandates helped to protect capital despite ongoing market volatility. Notably, the **Dynamic Canadian Bond Fund** and **Dynamic Total Return Bond Fund** were among the two top performers, contributing significantly to overall portfolio performance.

### Detractors What didn't work

Concerns over trade conflicts, particularly U.S. tariffs, widened credit spreads and pressured high-yield bonds. Meanwhile, global central banks faced uncertainty, with the Fed pausing rate cuts while acknowledging inflation risks, creating a cautious atmosphere for investors.

As a result, high-yield bonds underperformed relative to other fixed income categories due to increased funding pressures and business uncertainty. Consequently, the **Dynamic High Yield Bond Fund** lagged behind, although it still posted positive returns.

## EQUITIES

Despite ongoing market volatility and tariff threats from the U.S., Latin American equities outpaced North American counterparts. Notably, equities across Colombia, Chile and Brazil all closed with double-digit performance.

Among equities, the **Manulife World Investment Class** emerged as the top performer both absolutely and relatively. This global mandate primarily invests in European and Asian companies with stable, recurring revenues. The fund was well-positioned to capitalize on opportunities while reducing volatility and protecting capital amid changing trade conditions.

U.S. growth stocks tumbled in Q1 amid rising trade tensions and stagflation fears, with the "magnificent seven" turning into the lag-7 as investors shifted from growth to value-oriented stocks.

**Dynamic Power American Growth Fund** was the lowest performer for the quarter. Holdings in U.S. equities focused on growth or exposed to the information technology and consumer discretionary sectors struggled as the market environment continues to be challenged.

[dynamic.ca/marquis](http://dynamic.ca/marquis)

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