

# Market Commentary



As at November 30, 2025

## Fund Performance

In November, PEPP's asset allocation funds extended their streak to a seventh consecutive month of positive returns since the April 2025 tariff shock, delivering modest gains from +0.4% (Conservative Fund) to +0.6% (Accelerated Growth Fund). Returns across the risk spectrum were largely undifferentiated. November's equity divergence — from emerging-market softness and subdued large-cap developed returns, to stronger Canadian gains — capped the equity boost and kept fund returns tightly clustered. Relative to benchmarks, PEPP funds were in line or slightly ahead, led by alternatives.

## Equity Markets

Public equities posted modest gains in November, with Canadian markets outperforming on renewed commodity strength. Canada beat global benchmarks, led by a materials surge as gold, silver, and copper prices extended gains. Energy stocks rebounded despite oil volatility; Shopify pulled back on post-earnings profit-taking while banks legged higher. U.S. indices treaded water, pressured by a tech sector retreat and weakness in Consumer Discretionary cyclicals. Emerging markets lagged on China slowdown concerns, while European equities eked out slim gains amid persistent tariff jitters and ECB caution.

## Commodities

Precious metals extended their bull run, gold futures surpassing \$4,200/oz on safe-haven flows and central-bank buying, silver past \$56/oz on solar and electronics demand. Copper supplies tightened further amid Chilean and Peruvian mine disruptions and rising EV battery needs, with analysts expecting ongoing deficits into 2026 amid a projected ramp-up of global demand over the next decade. WTI crude weakened amid rising U.S. inventories and OPEC+ supply hikes, tempered by softer global demand outlooks.

## Fixed-Income

Canada's main bond index posted a modest gain, its fourth straight positive month. The 10-year Government of Canada bond ended November yielding 3.15 %, with the yield curve remaining relatively flat and little changed from October. Yields have stayed rangebound heading into 2026, supported by ebbing inflation and steady growth. The Bank of Canada's policy rate stands at 2.25 %; consensus expects a hold on December 10 amid resilient GDP and sticky core inflation, though softening labour markets could prompt further cuts in 2026.

## Market Review – November 2025

In aggregate, equities, bonds, and alternatives advanced in the month, while the Plan's foreign currency position had a net negative influence as the U.S. dollar edged lower. Market details:

- The FTSE Canada Universe Bond Index, which tracks broad Canadian bond market investments, rose 0.3 per cent, while money market investments gained 0.2 per cent.
- The S&P/TSX Composite Index advanced 3.9 per cent, while returns for Canadian small/mid-cap stock indices ranged between 5.0 and 5.2 per cent.
- In the U.S., the unhedged S&P 500 Index edged higher by 0.2 per cent in U.S. dollars but fell 0.1 per cent in Canadian dollar terms as the U.S. dollar weakened versus the Canadian dollar. The unhedged Russell 2000 Index rose 0.7 per cent.
- In Canadian dollar terms, the MSCI ACWI Index declined 0.3 per cent, the MSCI World Index was flat, the MSCI EAFE Small Cap Index gained 0.9 per cent, and the MSCI Emerging Market Index declined 2.7 per cent.

## Market Review – Plan Year 2025-26

Equity markets delivered very strong returns, fixed-income markets and PEPP's alternative investments delivered small gains, while the Plan's foreign currency position had a net negative influence on returns on a Plan year-to-date basis as the U.S. dollar weakened. Market details:

- The FTSE Canada Universe Bond Index rose 1.9 per cent, while money market investments likewise gained 1.8 per cent.
- The S&P/TSX Composite Index increased 28.0 per cent, while gains for Canadian small/mid-cap stock indices ranged between 39.6 and 45.4 per cent.
- In the U.S., the S&P 500 Index advanced 23.1 per cent in U.S. dollars but gained 19.6 per cent in Canadian dollar terms as the U.S. dollar depreciated versus the Canadian dollar. The unhedged Russell 2000 Index rose 21.9 per cent.
- In Canadian dollar terms, the MSCI ACWI Index gained 19.6 per cent, the MSCI World Index rose 19.2 per cent, the MSCI EAFE Small Cap Index appreciated 21.3 per cent, and the MSCI Emerging Market Index rose 23.1 per cent.