



# Market Commentary

As at January 31, 2026

## Fund Performance

PEPP's asset-allocation funds advanced in January. More aggressive funds outperformed their conservative counterparts, driven by strong gains in foreign equity markets that surpassed the rally in bonds. PEPP's private markets programs dipped modestly, weighed down by a weakening U.S. dollar versus the Canadian dollar. The Accelerated Growth Fund rose 1.7 per cent, the Balanced Fund gained 1.2 per cent, the Conservative Fund added 0.7 per cent, and the Bond Fund increased 0.5 per cent. Relative to benchmarks, PEPP funds underperformed, primarily due to lags in the large-cap global equity portfolio and private markets segment.

## Equity Markets

Public equities delivered generally positive but varied results in January, with emerging markets surging ahead on semiconductor supply chain strength in Asia and strength in mining and energy sectors across Latin America. Canadian and U.S. markets advanced modestly, buoyed by tailwinds in metals and energy, with U.S. indices pausing near records after a tech-fueled prior year. International developed markets showed resilience, particularly in Europe and Japan, amid policy support and stabilizing trade flows. The month emphasized ongoing rotation toward commodity-sensitive and non-U.S. assets, setting a constructive tone for broader global dispersion in 2026.

## Commodities

Precious metals experienced dramatic swings in January, with gold and silver rocketing to all-time highs mid-month on geopolitical tensions and debasement fears before a late-month retreat, still closing with robust double-digit gains. Copper vaulted to record levels, fueled by mine disruptions and electrification demand. Energy markets rebounded, with WTI crude climbing over 13 per cent—its first monthly rise since July—on supply tightness and resilient global consumption, contrasting softer signals in the volatile natural gas market.

## Fixed-Income

Canada's main bond index edged higher in January amid steady central bank guidance. The 10-year Government of Canada bond closed yielding about 3.4 per cent, with the curve exhibiting minor steepening as the Bank of Canada maintained its policy rate at 2.25 per cent. Yields held on firm economic data, though market pricing leans toward possible easing later in 2026 should labor markets cool or inflation undershoot further.

## Market Review – January 2026

Equities and bonds advanced, alternatives edged lower, with the Plan's unhedged foreign currency exposure contributing a small negative impact amid U.S. dollar weakness. Market details:

- The FTSE Canada Universe Bond Index, which tracks broad Canadian bond market investments, rose 0.6 per cent, while money market investments gained 0.2 per cent.
- The S&P/TSX Composite Index advanced 0.8 per cent and the S&P/TSX SmallCap Index advanced 8.7 per cent.
- In the U.S., the unhedged S&P 500 Index gained 1.5 per cent in U.S. dollars but rose 0.3 per cent in Canadian dollar terms as the U.S. dollar weakened versus the Canadian dollar. The unhedged Russell 2000 Index advanced 4.2 per cent.
- In Canadian dollar terms, the MSCI ACWI Index rose 1.9 per cent, the MSCI World Index gained 1.1 per cent, the MSCI EAFE Small Cap Index advanced 4.6 per cent, and the MSCI Emerging Market Index surged 7.7 per cent.

## Market Review – Plan Year 2025-26

Equity markets delivered strong returns, while fixed-income and alternatives posted modest gains. The Plan's foreign currency exposure was a drag on performance, driven by the U.S. dollar's roughly five per cent decline since March 31. Market details:

- The FTSE Canada Universe Bond Index rose 1.2 per cent, while money market investments gained 2.2 per cent.
- The S&P/TSX Composite Index increased 30.8 per cent and the S&P/TSX SmallCap Index advanced 61.8 per cent.
- In the U.S., the S&P 500 Index advanced 24.9 per cent in U.S. dollars but gained 17.9 per cent in Canadian dollar terms as the U.S. dollar depreciated versus the Canadian dollar. The unhedged Russell 2000 Index rose 23.9 per cent.
- In Canadian dollar terms, the MSCI ACWI Index gained 20.9 per cent, the MSCI World Index rose 19.3 per cent, the MSCI EAFE Small Cap Index appreciated 27.4 per cent, and the MSCI Emerging Market Index rose 34.0 per cent.



**PERFORMANCE BULLETIN FUND PERFORMANCE**  
**Annualized Returns (net of all fees)**  
January 31, 2026

Fund	PLAN YTD		1 Year		2 Year		3 Year		4 Year		5 Year		10 Year	
	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)
Accelerated Growth Fund	14.7	19.7	12.1	16.5	16.0	18.4	13.1	14.6	9.4	10.1	10.2	10.3	9.8	9.8
Growth Fund	12.9	17.1	10.8	14.5	14.5	16.4	11.9	13.0	8.5	8.9	9.0	9.0	8.9	8.8
Balanced Fund	10.2	13.2	8.8	11.5	12.2	13.5	10.1	10.7	7.1	7.2	7.2	7.0	7.6	7.3
Moderate Fund	7.5	9.4	6.8	8.5	9.9	10.6	8.3	8.5	5.7	5.5	5.5	5.1	6.2	5.8
Conservative Fund	5.1	5.7	5.1	5.6	7.7	7.8	6.5	6.3	4.1	3.7	3.5	3.0	4.6	4.1
Bond Fund	2.1	1.2	2.9	2.0	4.9	4.5	4.2	3.8	1.8	1.5	0.7	0.3	2.3	1.9
Money Market Fund	2.3	2.2	2.8	2.7	3.8	3.7	4.2	4.1	3.7	3.6	2.9	2.9	2.1	1.9
PEPP Step 1	14.7	19.7	12.1	16.5	16.0	18.4	13.1	14.6	9.5	10.1	10.2	10.3	9.8	9.8
PEPP Step 2	13.8	18.4	11.4	15.5	15.3	17.4	12.5	13.8	9.0	9.5	9.6	9.7	9.3	9.3
PEPP Step 3	12.9	17.1	10.8	14.5	14.5	16.4	11.9	13.0	8.5	8.9	9.0	9.0	8.9	8.8
PEPP Step 4	12.0	15.8	10.1	13.5	13.7	15.4	11.3	12.3	8.1	8.4	8.4	8.3	8.4	8.3
PEPP Step 5	11.1	14.5	9.4	12.5	13.0	14.5	10.7	11.5	7.6	7.8	7.8	7.7	7.9	7.7
PEPP Step 6	10.2	13.2	8.8	11.5	12.2	13.5	10.1	10.7	7.1	7.2	7.2	7.0	7.5	7.2
PEPP Step 7	9.3	11.9	8.1	10.5	11.4	12.5	9.5	10.0	6.6	6.6	6.6	6.4	7.0	6.7
PEPP Step 8	8.4	10.6	7.5	9.5	10.7	11.6	8.9	9.2	6.2	6.1	6.0	5.7	6.6	6.2
PEPP Step 9	7.5	9.4	6.8	8.5	9.9	10.6	8.3	8.5	5.7	5.5	5.5	5.1	6.1	5.7
PEPP Step 10	6.9	8.2	6.4	7.6	9.3	9.7	7.7	7.7	5.3	4.9	4.9	4.4	5.6	5.2
PEPP Step 11	6.3	7.2	5.9	6.8	8.7	8.9	7.3	7.1	4.9	4.5	4.4	3.8	5.2	4.7
PEPP Step 12	5.7	6.4	5.5	6.2	8.2	8.4	6.9	6.7	4.5	4.1	3.9	3.4	4.8	4.4
PEPP Step 13*	5.1	5.7	5.1	5.6	7.7	7.8	6.5	6.3	4.1	3.7	3.5	3.0		

† YTD returns are calculated from the Plan Year commencement date of April 1st unless otherwise specified, and are not annualized.

\* Step 13 has an inception date of July 2, 2019. Longer term performance history is therefore not available.

Past results are not necessarily indicative of future performance. The returns shown are after the deduction of any administration, investment, or other fees. Investment returns vary over time and as such, no guarantees are applicable to the rates of return shown for each of the funds. Where actual benchmark data is not available at the time of reporting, it will be estimated using comparable indices, and updated in future Performance Bulletins.



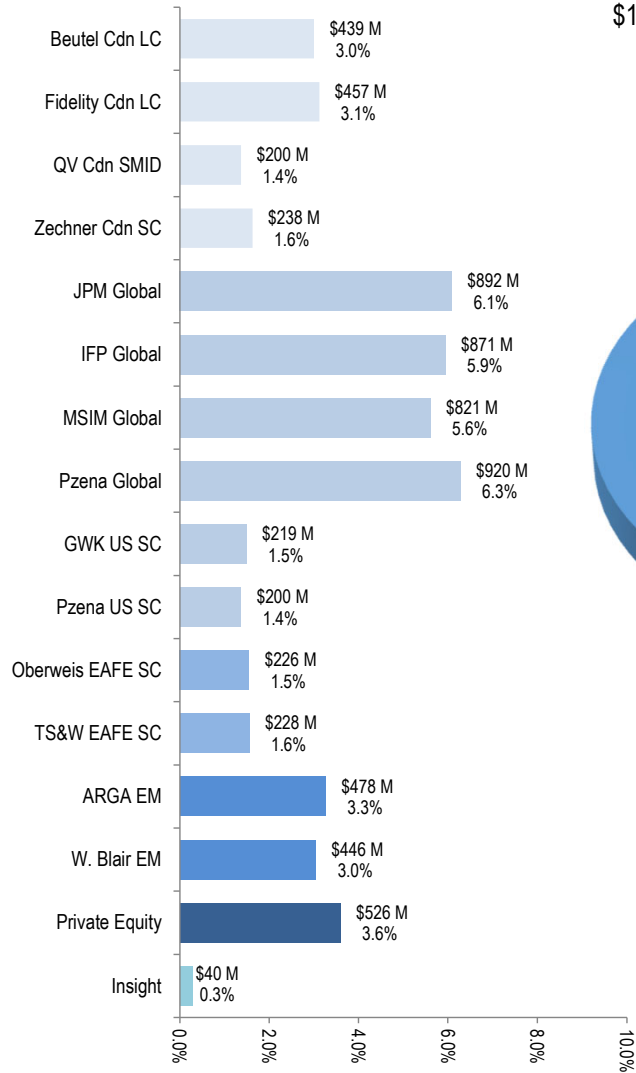
**PERFORMANCE BULLETIN FUND PERFORMANCE**  
**Annual Returns (net of all fees)**  
As at January 31

Fund	2026		2025		2024		2023		2022		2021		2020	
	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)	Return (%)	Benchmark (%)
Accelerated Growth Fund	12.1	16.5	20.1	20.3	7.6	7.4	-0.9	-2.4	13.1	11.3	14.1	10.4	10.9	12.0
Growth Fund	10.8	14.5	18.4	18.4	6.9	6.6	-1.0	-2.5	10.9	9.3	12.8	9.4	10.6	11.5
Balanced Fund	8.8	11.5	15.7	15.6	6.0	5.4	-1.3	-2.7	7.7	6.3	10.6	7.8	10.3	11.0
Moderate Fund	6.8	8.5	13.1	12.8	5.0	4.3	-1.6	-2.9	4.5	3.4	8.6	6.3	9.8	10.3
Conservative Fund	5.1	5.6	10.4	10.1	4.0	3.2	-2.6	-3.5	0.9	0.0	6.6	4.7	9.2	9.3
Bond Fund	2.9	2.0	7.0	7.0	2.9	2.3	-5.1	-4.9	-3.7	-4.3	4.8	3.2	8.0	7.9
Money Market Fund	2.8	2.7	4.9	4.8	5.0	4.8	2.0	2.2	0.1	0.2	0.9	0.7	1.9	1.7
PEPP Step 1	12.1	16.5	20.1	20.3	7.6	7.4	-0.9	-2.3	13.1	11.3	14.1	10.4	10.9	12.0
PEPP Step 2	11.4	15.5	19.2	19.3	7.2	7.0	-1.0	-2.4	12.0	10.3	13.5	9.9	10.8	11.8
PEPP Step 3	10.8	14.5	18.4	18.4	6.9	6.6	-1.0	-2.5	10.9	9.3	12.8	9.4	10.6	11.5
PEPP Step 4	10.1	13.5	17.5	17.4	6.6	6.2	-1.1	-2.5	9.8	8.3	12.1	8.9	10.5	11.3
PEPP Step 5	9.4	12.5	16.6	16.5	6.3	5.8	-1.2	-2.6	8.7	7.3	11.3	8.4	10.4	11.2
PEPP Step 6	8.8	11.5	15.7	15.6	6.0	5.4	-1.3	-2.7	7.7	6.3	10.6	7.8	10.3	11.0
PEPP Step 7	8.1	10.5	14.9	14.6	5.6	5.0	-1.4	-2.8	6.6	5.3	9.9	7.3	10.2	10.7
PEPP Step 8	7.5	9.5	14.1	13.7	5.2	4.7	-1.5	-2.9	5.5	4.3	9.3	6.8	10.0	10.5
PEPP Step 9	6.8	8.5	13.1	12.8	5.0	4.3	-1.6	-2.9	4.5	3.4	8.6	6.3	9.8	10.2
PEPP Step 10	6.4	7.6	12.3	11.9	4.7	3.9	-1.7	-3.0	3.4	2.4	7.9	5.7	9.7	10.0
PEPP Step 11	5.9	6.8	11.6	11.2	4.4	3.6	-1.9	-3.1	2.4	1.4	7.2	5.2	9.5	9.7
PEPP Step 12	5.5	6.2	11.0	10.6	4.2	3.4	-2.2	-3.3	1.6	0.7	6.9	4.9	9.3	9.5
PEPP Step 13*	5.1	5.6	10.4	10.1	4.0	3.2	-2.5	-3.5	0.9	0.0	6.6	4.7		

\* Step 13 has an inception date of July 2, 2019. Longer term performance history is therefore not available.

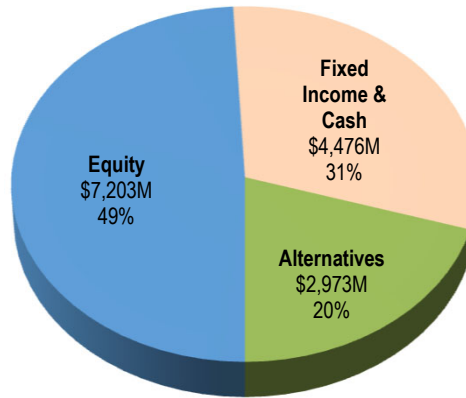
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### Equity

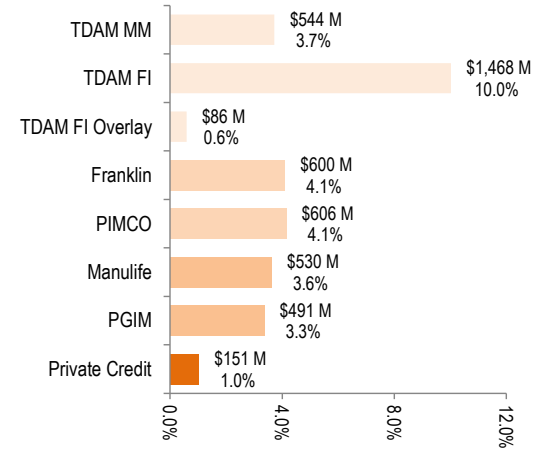


### Total Plan

\$14.7 billion as of January 31, 2026



### Fixed Income & Cash



### Alternatives

