

Market Commentary

As at April 30, 2026

Fund Performance

April returns for PEPP's asset allocation funds were positive, with more aggressive funds outperforming their conservative counterparts. The Accelerated Growth Fund gained 4.2 per cent, the Conservative Fund advanced 1.0 per cent, and the Bond Fund increased 0.2 per cent. Currency movements impacted April's performance, as foreign currencies, like the U.S. dollar and Euro, weakened against the Canadian dollar, resulting in a net negative currency translation effect. PEPP's passive 50 per cent currency hedge program mitigated this drag, reducing its impact by half compared to a fully unhedged position. On a relative basis, PEPP funds underperformed benchmarks as gains achieved in the global large cap portfolio did not keep pace with the explosive tech-led rally.

Equity Markets

Public equities advanced in April, supported by resilient earnings and improving risk sentiment. Performance diverged across sectors, with growth—particularly technology and consumer cyclicals—leading the rally. Value and defensive sectors lagged as capital rotated toward higher-beta areas. Geopolitical developments remained a source of volatility, but markets focused primarily on macro fundamentals, with any easing in tensions providing modest support to risk appetite. In Canada, the S&P/TSX Composite Index gained, led by financials. Energy equities were mixed: upstream oil and gas companies consolidated after strong first-quarter performance, even as crude prices stayed elevated. Gold miners underperformed, reflecting a pause in bullion momentum and ongoing cost pressures.

Fixed-Income

Canadian fixed-income markets were stable over the month. Rising interest rates put mild pressure on bond prices, largely offsetting the income generated from those bonds, leaving overall returns close to flat. The 10-year Government of Canada yield rose above 3.5 per cent, reflecting persistent inflation concerns and global rate dynamics. Credit markets improved, with spreads narrowing and signaling continued demand for corporate bonds—consistent with the broader risk-on tone in equities.

Commodities

Commodity markets remained firm in April, supported by a combination of supply-side constraints and resilient global demand. The S&P GSCI, a U.S.-dollar-denominated commodity index, rose 6.4 per cent, with WTI crude closing at US\$105 per barrel. Gold prices edged lower but remained near historically high levels. Higher inflation-adjusted interest rates weighed

Key Market Returns (in \$CAD terms)	April 2026
FTSE Canada Bonds	+0.1%
Money Market	+0.2%
TSX Composite	+3.8%
S&P 500	+7.8%
MSCI World	+6.9%
Emerging Markets	+11.9%
US Small Cap	+9.4%
EAFE Small Cap	+6.3%

on prices in the short term, but steady central bank buying, government debt concerns, and gold's role as a store of value continued to support it.

Alternatives

PEPP's Alternatives exposures continue to stabilize returns amid volatility. These less liquid assets, where public market quotes are less readily available, typically show low correlation to equities and bonds, enhancing diversification. In April, alternatives posted flat to low single-digit declines. The weakening U.S. dollar created a translation headwind, slightly reducing returns from U.S.-based holdings. Over the past 12 months, while equities gained strongly, alternatives contributed modest mid-single digit returns, fulfilling their role without chasing equity upside.