



HARBOURFRONT
WEALTH MANAGEMENT

WATERMARK PRIVATE PORTFOLIOS

SEPTEMBER 2025 COMMENTARY



TRUE INDEPENDENCE™

Market Review in Minutes

Equities

- Global equities moved higher in September as a weaker US job markets report early in the month led the market to expect an interest rate cut by the US Federal Reserve.
- The S&P 500 (in CAD) ended the month higher by +4.91% and the S&P/TSX Composite increased by +5.37%.
- International equities (outside the US) ended the month higher by +3.62%.
- **Leaders:** The resource-heavy S&P/TSX Composite outperformed the S&P 500 with precious metals leading the way.
 - In the US, the technology sector led among the other sectors.
 - In Canada, gold stocks took the S&P/TSX Composite higher.
- **Laggards:**
 - In the US, the materials sector was the biggest laggard, followed by consumer staples and the energy sector.
 - In Canada, real estate lagged the most, followed by the industrials sector.

Fixed Income

- US government bonds and corporate bonds, both investment grade (higher-quality-rated bonds) and high yield (riskier-rated bonds), continued higher this month as central banks cut interest rates.
- The Canadian Universe Bond Index also rose higher this month, gaining +1.93%, as the Bank of Canada cut interest rates.

As at September 30, 2025	Monthly % Total Return	YTD % Total Return
Canadian Bonds <i>FTSE Canada Universe Bond Index</i>	+1.93%	+3.01%
Canadian Equities <i>S&P/TSX Composite Index</i>	+5.37%	+23.86%
US Equities S&P 500, in C\$	+4.91%	+10.81%
Intl Equities (ex USA) iShares MSCI ACWI ex US	+3.62%	+26.41%
Gold	+10.16%	+46.66%
Oil <i>West Texas Intermediate Crude</i>	-2.56%	-13.04%
Canadian Dollar	-1.28%	+3.46%

Market Review in Minutes (Continued)

Commodities

- Oil (WTIC) continues to be volatile on the back of geopolitical news and on OPEC announcing they would increase oil production. WTIC ended lower by 2.56%, closing below \$62.50.
- Gold reached a record-high this month, continuing its ascent and posting a gain of +10.16%. It closed just above \$3800 as trade uncertainty and geopolitical risks persist.
- The US Dollar gained +1.30% this month.

As at September 30, 2025	Monthly % Total Return	YTD % Total Return
Canadian Bonds <i>FTSE Canada Universe Bond Index</i>	+1.93%	+3.01%
Canadian Equities <i>S&P/TSX Composite Index</i>	+5.37%	+23.86%
US Equities <i>S&P 500, in C\$</i>	+4.91%	+10.81%
Intl Equities (ex USA) <i>iShares MSCI ACWI ex US</i>	+3.62%	+26.41%
Gold	+10.16%	+46.66%
Oil <i>West Texas Intermediate Crude</i>	-2.56%	-13.04%
Canadian Dollar	-1.28%	+3.46%

Notable Monthly Highlights

USA – US Federal Reserve cut interest rates by 0.25% in September as expected

- The US Federal Reserve cut its policy interest rate down from 4.5% to 4.25%. Analysts are expecting two more rate cuts in the US before the year ends.
- Despite signs of persistent inflation, the labour market continues to weaken.
 - Retail sales grew by 0.6% MoM in August, which was above the market expectations of a 0.2% MoM growth.
 - The US Fed's preferred measure for interest rate policy, the core personal consumption expenditures (PCE), remained at 2.9% YoY in August, which was in line with market expectations.
 - The annual inflation rate jumped higher to 2.9% in August, coming in line with market expectations, but still above the US target rate. The core inflation rate remained steady at 3.1% YoY in August, which was also in line with market expectations.
 - The unemployment rate ticked up to 4.3% YoY in August, which was in line with market expectations. US nonfarm payrolls, the main employment measurement, was revised to show 911K fewer jobs were added from April 2024 to March 2025, making this the largest initial revision since 2000.

Notable Monthly Highlights (Continued)

Canada – Bank of Canada cut its interest rates by 0.25% since March





- Prime Minister Mark Carney announced a series of changes to spur economic growth.
 - A new \$5 billion fund that will aid businesses to create and develop products and services.
 - The maximum loan size for small and medium companies will be increased from \$2 million to \$5 million.
 - A new biofuel production incentive has been introduced, which entails \$370 million funding to aid producers and help the agricultural and seafood sectors.
- Bank of Canada cut its interest rate by 0.25% to 2.5% as Canada's economy continues to weaken and shows less upside risks to inflation.
 - Inflation rose up to 1.9% YoY in August from 1.7% July. However, it was still slightly lower than market expectations. In addition, core inflation remained essentially flat at 2.6% YoY in August, coming in slightly below the market consensus of 2.7%.
 - Retail sales are expected to rise by 1% MoM in August, according to a preliminary estimate, which would make it the second highest monthly increase since the year began.
 - Canada's unemployment rate ticked up higher to 7.1% YoY in August, coming in slightly above the consensus and making this the highest level in the last four years.
 - Business confidence fell from 55.8 in July to 50.1 in August. Meanwhile, consumer confidence fell to 47.7 in August from 48.1 in July.

World – China held its benchmark lending rates steady for four consecutive months

- Despite a rocky and an uncertain economy, Chinese equity markets ended positive in September as investors welcomed artificial intelligence innovation.
 - Several Chinese companies, such as Tencent, Alibaba and Baidu, posted strong returns.
 - The People's Bank of China held its benchmark lending rates at 3.0%.
 - Retail sales continued to ease from 3.7% YoY in July to 3.4% YoY in August, coming in well below the consensus of 3.8%.
 - The Manufacturing PMI (Purchasing Manager's Index) rose to 50.5 in August from 49.5 in July.
- The European Central Bank held all key interest rates during its September meeting.

Watermark Private Portfolios Outlook and Positioning

Global equity markets continued to rally as the US Federal Reserve cut interest rates. As uncertainty with global trade remains and equity valuations run higher, we continue to seek out opportunities to take profits on market upswings so that we can allocate those proceeds into sectors or securities that appear to have a better risk-to-reward potential.

	Underweight	Target	Overweight	September 2025 Highlights
Equities				<ul style="list-style-type: none">Continue to favour global equities as they balance the lower valuations of international equities and the momentum of US stocks.The equity investments in the portfolios are high quality with strong balance sheets, growing cash flows and diversified globally.
Fixed Income				<ul style="list-style-type: none">We remain underweight fixed income, holding Brandsen Global Income Opportunities Pool, which offers several fixed income strategies that focus on achieving positive returns in all investment environments, thereby providing more diversification than traditional fixed income.
Private Credit				<ul style="list-style-type: none">No change, we maintain our long-term allocation to private credit as it adds asset class diversification and reduced volatility to your portfolios.
Private Real Estate				<ul style="list-style-type: none">No changes. Long-term structural supply and demand fundamentals continue to favour private real estate as an asset class.Private Infrastructure has a massive tail-wind with AI data centers and green energy projects needing to be built.

Changes in Portfolio Positioning Over the Past Month

In the Enhanced Balanced Core:

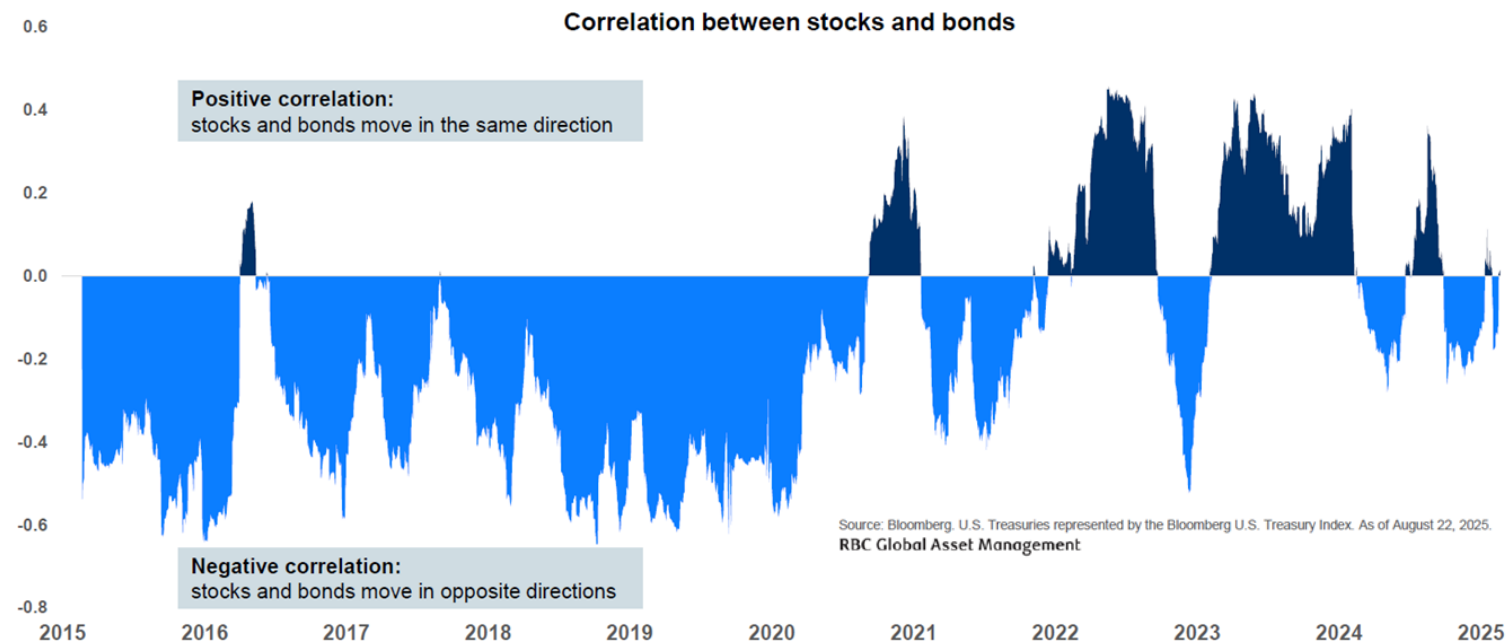
- Sold iShares MSCI Min Vol global Index ETF (CAD-Hedged) in the Enhanced Balanced Core portfolios.
- Bought Fidelity All-In-One Equity ETF in the Enhanced Balanced Core portfolios.

Did You Know?

Historically, fixed income (bonds) has been negatively correlated with equities, so when stocks sell off, money moves into bonds and they perform well. More recently, with the rise in inflation, we have seen stocks and bonds move in the same direction, so when equities fall, so do stocks, leaving the traditional 60/40 portfolio unprotected.

Our opinion:

With volatility in fixed income remaining high and uncertainty around future inflation, bonds have not been a great investment over the past five years. We therefore continue to stress the importance of a well diversified portfolio with investments in private equity, private infrastructure and private real estate that complement public equity investments. Historically, these private investments have had consistent rates of return with much less volatility than their public equity counterparts, while maintaining a low correlation.



Key Economic Indicators

	Inflation Rate		Interest Rate		Unemployment Rate		GDP Annual Growth Rate		Stock Market Valuation (Forward P/E)	
	Last	Chg.	Last	Chg.	Last	Chg.	Last	Chg.	Last	Chg.
USA	2.90%		4.25%		4.30%		2.10%		23.2	
Canada	1.90%		2.50%		7.10%		1.20%		17.3	
China	-0.40%		3.00%		5.30%		5.20%		13.8	
Japan	2.70%		0.50%		2.30%		1.20%		15.7	
United Kingdom	3.80%		4.00%		4.70%		1.40%		13.1	

Source: Trading Economics

DISCLAIMER

The Watermark Private Portfolios team prepared this commentary to give you their thoughts on various investment alternatives and considerations which may be relevant to your portfolio. This commentary reflects their opinions alone and may not reflect the views of Harbourfront Wealth Management. In expressing these opinions, they bring their best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of their informed opinions rather than analyses produced by Harbourfront Wealth Management Inc.

Disclaimer – This information transmitted is intended to provide general guidance on matters of interest for the personal use of the reader who accepts full responsibility for its use and is not to be considered a definitive analysis of the law and factual situation of any particular individual or entity. As such, it should not be used as a substitute for consultation with a professional accounting, tax, legal or other professional advisor. Laws and regulations are continually changing, and their application and impact can vary widely based on the specific facts involved and will vary based on the particular situation of an individual or entity. Prior to making any decision or taking any action, you should consult with a professional advisor. The information is provided with the understanding that Harbourfront Wealth Management is not herein engaged in rendering legal, accounting, tax or other professional advice. While we have made every attempt to ensure the information contained in this document is reliable, Harbourfront Wealth Management is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information is provided "as is," with no guarantee of completeness, accuracy, timeliness or as to the outcome to be obtained from the use of this information, and is without warranty of any kind, express or implied. The opinions expressed herein do not necessarily reflect those of Harbourfront Wealth Management Inc. The particulars contained herein were obtained from sources we believe to be reliable but are not guaranteed by us and may be incomplete. The opinions expressed are not to be construed as a solicitation or offer to buy or sell any securities mentioned herein. Harbourfront or any of its connected or related parties may act as financial advisor or fiscal agent for certain companies mentioned herein and may receive remuneration for its services. The comments and information pertaining to any investment products (The Portfolios) sponsored by Willoughby Asset Management are not to be construed as a public offering of securities in any jurisdiction of Canada. The offering of units of The Portfolios is made pursuant to the Offering Memorandum or Simplified Prospectus and only to investors in Canadian jurisdictions. Important information about The Portfolios is contained in the Offering Memorandum or Simplified Prospectus available through Willoughby Asset Management. Commissions, trailing commissions, management fees, performance fees and expenses all may be associated with investments in The Portfolios. Investments in The Portfolios are not guaranteed, their values change frequently, and past performance may not be repeated. Historical annual compounded total returns including changes in unit value and reinvestment of all distributions do not take into account sales, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Unit values and investment returns will fluctuate and there is no assurance that The Portfolios can maintain a specific net asset value. Harbourfront Wealth Management Inc. ("Harbourfront") has relationships with related and /or connected issuers, which may include the securities or funds discussed in this commentary and are disclosed in our Statement of Policies Regarding Related and Connected Issuers. This policy is included in your new client package, on our website, or can be obtained from your investment advisor on request.

