SV WEALTH - NEWSLETTER

October | 2025

Sabu Varghese, MBA, CIM
Portfolio Manager

SV Wealth
Raymond James Ltd.

www.SVwealth.ca

416-499-1555

8500 Leslie St, Suite #450
Markham, ON

A Season of Gratitude

As we reflect on what we're thankful for this season, our valued clients are at the very top of the list. Thank you for choosing us and allowing us to be part of your serious financial matters—it is a privilege we deeply appreciate. Your trust inspires our ongoing commitment to deliver the very best, and we truly value the relationship we share.

Happy Thanksgiving to you and your loved ones!

Throughout my 30-year career in personal wealth management, adapting to new technology has been both a challenge and a tremendous benefit. From the early days of computers and the internet to today's cloud platforms and artificial intelligence, each advancement has reshaped how I serve clients.

Looking ahead, tools like artificial intelligence (AI) and ChatGPT will play an increasingly important role in personal wealth management—enhancing the way we analyze, communicate, and deliver value.

Thank you, ChatGPT, for assisting me in drafting this newsletter.

Market Look Back: Q3 2025

Markets continued to whipsaw between **AI optimism** and **macroeconomic concerns** during the third quarter.

- **Equities & Technology:** Equity markets reached fresh highs, powered largely by strength in technology, semiconductors, cloud infrastructure, and firms leaning heavily into AI. Many large-cap companies exceeded earnings expectations, reinforcing investor optimism.

- **Monetary Policy & Sentiment:** Expectations of future interest rate cuts supported risk appetite, even as investors navigated ongoing global uncertainty.

- **Broadening Rally:** Importantly, the market rally broadened beyond just growth and tech, extending into cyclical and defensive sectors.

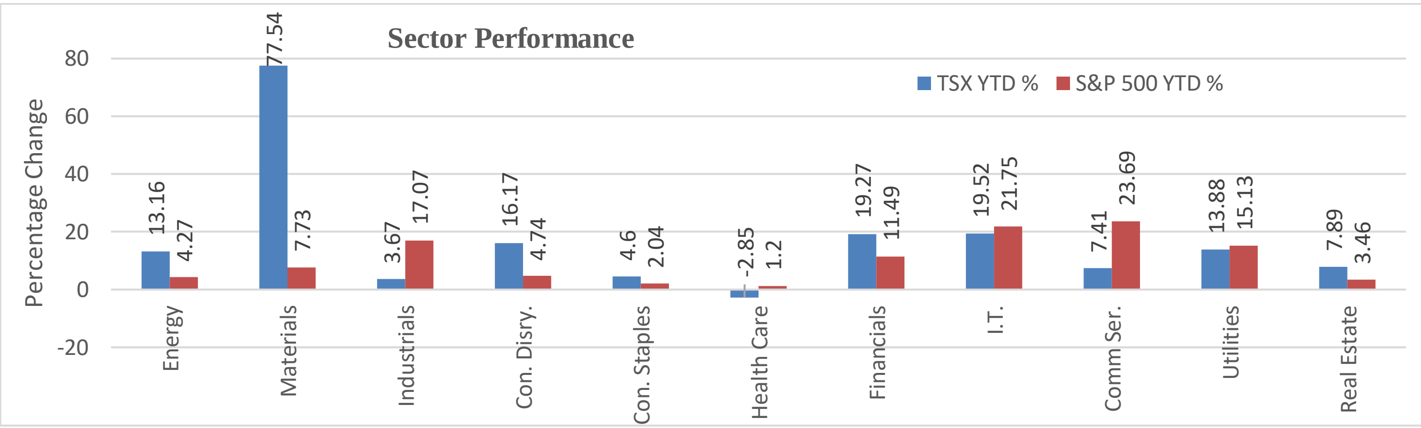
Index	Closing Value	YTD Performance (Jan 1 - Sep 30, 2025)
S&P/TSX Composite	30,023	21.41%
S&P 500 Index	6,688	13.72%
Dow Jones Industrial Avg.	46,398	9.06%
NASDAQ Composite	22,660	17.34%

Source: FactSet, Raymond James Ltd. (As of: October 1, 2025)

Spotlight: Canada's Market Strength

In North America, **Canada's stock market (TSX)** has stood out as one of the stronger performers in 2025 so far. Several key factors contributed:

- **Precious Metals:** Gold reached record highs, boosting Canadian resource and mining stocks. Copper and lithium producers also benefited from strong global demand and geopolitical supply concerns.
- **Banking Sector:** Canadian banks posted robust results as the Bank of Canada began cutting rates earlier than the U.S. Federal Reserve, supporting loan growth and investor sentiment.
- **Sector Composition:** The TSX's natural tilt toward energy, materials, and financials provided an advantage in an environment favoring commodities and cyclical industries.



Source: FactSet, Raymond James Ltd.

In Canada, the rally was led by commodities and cyclicals.

- The **Materials** sector, up a remarkable 77.5%, led powerfully, fueled by record gold prices and strong demand for copper and lithium.
- **Financials** and **Information Technology** also posted strong gains of 19.3% and 19.5%, respectively.
- **Health Care** was the lone declining sector, down 2.9%, reflecting ongoing challenges.

In the U.S., leadership was more growth-driven and tech-focused.

- **Communication Services** and **Information Technology** were at the forefront with gains of 23.7% and 21.8%, supported by AI adoption.
- The rally broadened into **Industrials** and **Utilities**, which rose 17.1% and 15.1%.
- More defensive areas like **Consumer Staples** lagged with a more modest 2.0% gain.

Market Look Forward: What to Expect

As we look ahead to the final quarter of 2025, several themes are likely to shape the path of the markets:

- **Interest Rates & Central Banks:** Investors are looking closely at signals of future interest rate cuts.
- **Earnings Growth & AI Momentum:** Technology and AI-related companies remain a key driver of growth.
- **Commodities & Resources:** Gold and other precious metals have gained traction as investors seek safety amid global uncertainty. Canada's resource-heavy market may continue to benefit from demand for energy, copper, lithium, and other "green transition" materials.
- **Risks & Watchpoints:** Inflation trends, policy shifts, and geopolitical developments remain wildcards that could add volatility, but also create opportunities.

Rates at a Glance

As we enter the final quarter of 2025, elevated **interest rates** continue to shape the investment landscape, creating both challenges and opportunities. Central banks maintained their stance through Q3, with the **Bank of Canada's** prime rate at **4.70%** and the **U.S. Federal Reserve's** at **7.25%.**

Fixed-income markets remain appealing, with Canadian **2-year** and **10-year** bonds yielding **2.48%** and **2.94%,** while U.S. counterparts offer higher yields at **3.61%** and **4.15%.**

This higher-rate environment supports conservative investors seeking stable returns, as borrowing costs remain elevated. Guaranteed Investment Certificates **(GICs)** also stand out for capital preservation and predictable income, currently offering **3.15%** for one-year, **3.25%** for three-year, and **3.46%** for five-year terms—an attractive option for conservative portfolios.

Rate Type	Canada (CND)	United States (US)
Prime Rate	4.70%	7.25%
2-Year Bond Yield	2.48%	3.61%
5-Year Bond Yield	2.47%	3.74%
10-Year Bond Yield	2.94%	4.15%

Source: FactSet, Raymond James Ltd.

GIC	Rate
1 year	3.15%
3 year	3.25%
5 year	3.46%

Source: FactSet, Raymond James Ltd.

Closing Thoughts

As we move into the final stretch of the year, I'm reminded that markets will always shift — sometimes with surprising speed — but the trust and confidence of clients like you remain a steady foundation. Just as we navigate changing interest rates, new technologies, and global events, our focus is always on aligning your financial strategy with your long-term goals.

This season of gratitude is the perfect time to thank you again for the privilege of serving you. Together, we'll continue to adapt, stay informed, and uncover opportunities in both calm and uncertain times.

Wishing you and your family a joyful Thanksgiving and a prosperous close to 2025.