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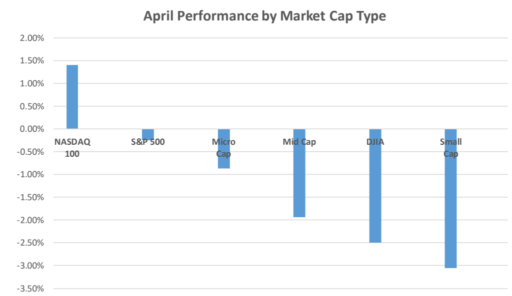
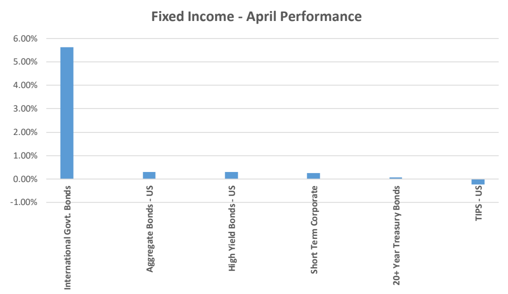
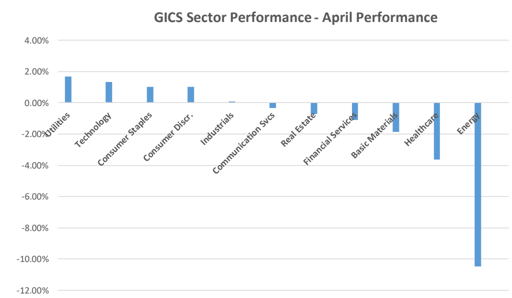
April 2025 - Market Comments

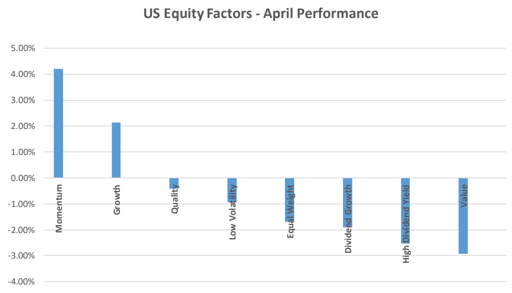
Markets in a Glimpse

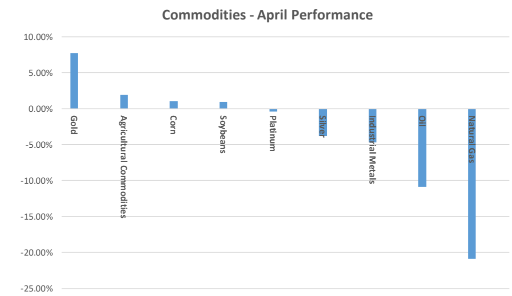
- **U.S. Equities U-Turn Amid Tariff Turmoil**: American stock markets faced renewed pressure in April, as sweeping tariffs introduced by President Trump raised concerns over inflation and economic growth.
- **Global Growth Forecasts Downgraded**: The International Monetary Fund (IMF) revised its global growth projection for 2025 downward to 2.8%, citing the adverse effects of escalating U.S. tariffs, with U.S. growth forecast was similarly cut to 1.8%.
- **Gold Prices Reach Record Highs**: Amid heightened economic uncertainty, inflationary fears, and investor flight to safety, gold prices surged to an unprecedented $3,500 per ounce.
- **Oil Market Volatility Continues**: Brent crude prices fluctuated wildly, influenced by new sanctions on Iran, economic growth concerns and OPEC+ production increase.
- **U.S. Dollar Crisis of Confidence**: the U.S. dollar fell sharply amid aggressive tariff announcements that precipitated international investors to reallocate away from U.S. assets. Fears over the dollar's global reserve status intensified as U.S. policy shifts hinted at retreat from international institutions.
- **Cryptocurrency Market Shows Resilience**: Despite regulatory uncertainties, major cryptocurrencies like Bitcoin and Solana posted gains, reflecting a cautious return of investor risk appetite.

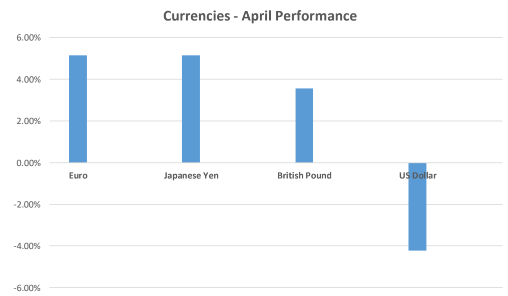












April 2025 - Market Comments

In-Depth Market Review

Financial Markets

April demonstrated persistent volatility within global equity markets, primarily driven by intensifying trade tensions and concerns regarding economic growth. U.S. equities, particularly within the large-cap technology sector, experienced notable selling pressure as investors shifted their attention to value-oriented and defensive sectors during the initial weeks of the month. Both the S&P 500 and Nasdaq indices registered declines, whereas sectors such as energy, consumer staples, and utilities exhibited relative outperformance.

Nonetheless, U.S. benchmarks displayed signs of recovery during the final week of April, following the Trump Administration's decision to temporarily suspend the proposed reciprocal tariff scheme for a 90-day period. This policy adjustment triggered a renewed focus on oversold large-cap growth stocks, effectively reducing interest in small-cap equities toward the conclusion of the month. Furthermore, low volatility and high-dividend stocks, which were initially favoured during the market downturn, began to underperform as traders increasingly engaged in bargain hunting within the large-cap growth and momentum categories.

International markets fared better, with European equities attracting interest due to more attractive valuations and a perception of being less exposed to U.S.-China trade disputes. Investors favoured strategies focusing on value and low volatility during the sell-off - seeking stability amid the uncertain economic landscape – but jumped back into momentum and growth as the Trump administration backtracked postponing reciprocal tariffs in order to calm down financial markets' turmoil.

In the same way, international bonds demonstrated significant resilience and outperformance, as concerns surrounding potential stagflation and public debt in the United States - triggered by the "Liberation Day" tariffs announcement - prompted substantial capital outflows. These developments indirectly resulted in a marked depreciation of the US dollar against key currencies, including the euro, the Japanese yen, and the British pound.

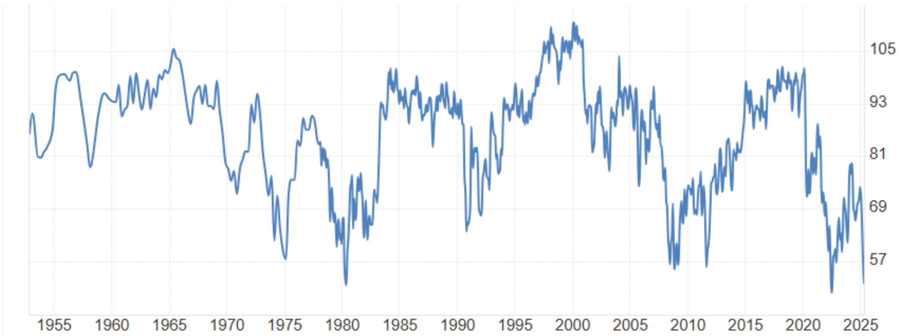
April 2025 - Market Comments

Macroeconomy

In April, the overall picture points to rising macro headwinds and growing investor unease around policy-driven shocks and their implications for growth and inflation expectations:

- The University of Michigan's Consumer Sentiment Index for the United States was revised upward to 52.2 in April 2025, from an initial estimate of 50.8, though it remained below the March reading of 57. Despite this revision, consumer sentiment declined for the fourth consecutive month, reaching its lowest level since July 2022. The continued deterioration in sentiment reflects heightened consumer concerns regarding various aspects of the economic outlook, largely driven by persistent uncertainty surrounding trade policy and the potential resurgence of inflation.

University of Michigan – US Consumer Sentiment Index



- Durable goods data provides investors with critical insights into business investment trends, economic momentum, and sector-specific performance, making it an essential gauge for portfolio decisions and market expectations. In this way, US Durable goods orders rose for the third consecutive month in March, increasing 9.2% from February, as reported by the Census Bureau. This surge was primarily due to a 27% rise in transportation equipment orders, notably a 139% increase in commercial aircraft purchases, as firms sought to prevent tariff effects. Regrettably, excluding transportation, orders were flat month over month, signalling business caution amid ongoing economic uncertainty.

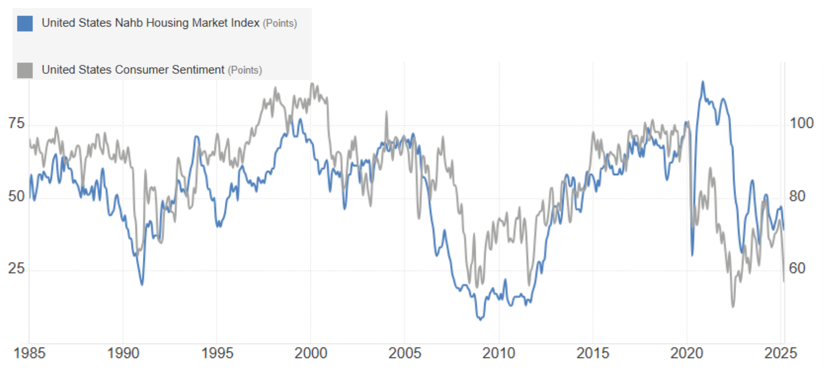
US Durable Goods Orders

- The NAHB/Wells Fargo Housing Market Index (HMI) for the United States edged higher to 40 in April 2025, up from 39 in March and surpassing market expectations of 37. Despite this modest improvement, builder sentiment remained in negative territory, constrained by growing economic uncertainty linked to tariffs and persistently elevated building material

April 2025 - Market Comments

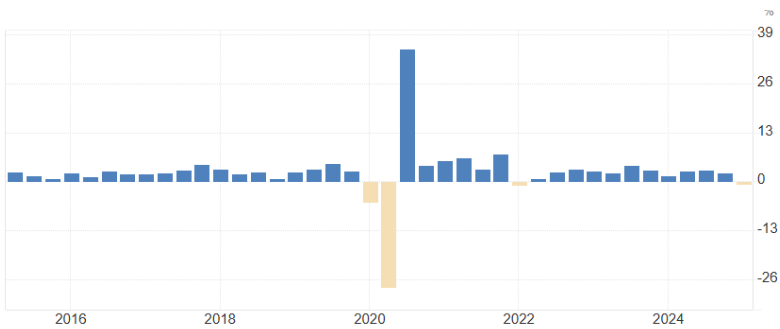
costs. The slight uptick in confidence was likely influenced by a recent easing in mortgage interest rates. In a survey regarding the impact of tariffs, 60% of builders reported that their suppliers had already implemented or announced price increases for materials in response to tariff developments. On average, suppliers raised prices by 6.3%, reflecting the effects of announced, enacted, or anticipated tariffs. Builders estimate that these tariff-related cost increases amount to approximately $10,900 per home, which is posed to create a negative feedback loop between US consumer confidence and national homebuilders' sentiment.

US Consumer Confidence vs NAHB Housebuilders Sentiment



- In China, the Politburo signalled readiness to implement emergency measures to counter external shocks, including the deployment of new monetary tools to support technology, consumption, and trade. This cautious yet prepared stance reflects Beijing's approach to managing economic stability amid ongoing trade disputes with the U.S., following the Trump administration's increase of tariffs on most Chinese goods to 145% earlier in April. Despite these pressures, China's stronger-than-expected first-quarter growth and prior stimulus measures afford it flexibility. The overall consensus of economists is that China may introduce fiscal stimulus in stages throughout the year, balancing support for the economy against concerns of excessive credit expansion.
- Finally, U.S. GDP unexpectedly contracted at an annualized rate of 0.3% in Q1 2025, marking the first negative print since early 2022 and a sharp reversal from 2.4% growth in the prior quarter. The reading came in well below consensus expectations for a 0.3% gain, and the downside surprise helped drive a broad selloff in U.S. equities, capping a difficult last day of the month for the markets. The contraction was driven in part by a 41.3% surge in imports, as businesses and consumers front-loaded purchases ahead of the new tariff measures announced by the Trump administration.

United States GDP Annualized Growth Rate



April 2025 - Market Comments

Commodities and Currencies

Oil and metals markets saw volatility in April, with gold hitting record highs and oil buoyed by geopolitical risks, while base metals and crude faced demand concerns that triggered bearish sentiment despite the weak trend in the greenback:

- Energy: Oil markets experienced volatility in April, influenced by geopolitical tensions and supply dynamics:. Brent crude prices fluctuated, recently exceeding $68 per barrel, driven by new sanctions on Iran and concerns over global supply disruptions. While sanctions and supply constraints supported prices, broader economic uncertainties, OPEC+'s decision to increase production and potential demand slowdowns capped gains.
- Metals: Precious metals, led by gold, experienced notable price appreciation once again, reinforcing their momentum with gold reaching a record high of $3,500 per ounce as investors sought safe-haven assets amid heightened economic uncertainty and persistent inflationary pressures. In the base metals space, Copper and other industrial-related metals face a tug of war between the optimism surrounding potential easing of trade tensions and the ongoing concerns regarding global demand.
- Soft Commodities: Agricultural commodities displayed mixed performance. On the one hand, grain prices like wheat, corn, and soybean prices declined, influenced by crop-friendly weather conditions and improved supply forecasts as rains across the U.S. plains helped ease concerns about crop conditions. On the other hand, livestock contracts rallied, supported by expectations of lower feed costs and strong demand.
- Crypto: The cryptocurrency market was surprisingly resilient during April as regulatory shifts went underway in Washington. In this way, U.S. banking authorities, including the Federal Reserve, have quietly withdrawn several cautious guidelines on banks' exposure to cryptocurrencies—reflecting a broader pro-crypto stance from the Trump era. This offers the sector some relief but reignites concerns over systemic risks. Meanwhile, Switzerland remains firm in its skepticism. Despite a referendum campaign urging bitcoin's inclusion as a geopolitical hedge, the Swiss National Bank refuses to add it to its reserves.
- U.S. Dollar: In April 2025, the U.S. dollar experienced a significant depreciation, marking its steepest early-year decline since 1989, due to a combination of factors:
    - Aggressive Tariff Policies: President Trump's announcement of broad "reciprocal" tariffs on April 2 triggered severe market volatility, with the S&P 500 dropping 10.5% in two days. Though a temporary tariff pause was later introduced, investor confidence had already been shaken.
    - Investor Sentiment Shift: A Bank of America survey showed that 61% of fund managers anticipate a weaker dollar in the coming year—its most bearish reading since 2006—prompting reduced U.S. equity exposure and a shift toward safer assets like gold.
    - Reserve Currency Concerns: Speculation about the U.S. potentially exiting global institutions such as the IMF has raised doubts over the dollar's dominance as the world's reserve currency, fueling global moves toward "de-dollarization."

April 2025 - Market Comments

Topic of the Month: US Tariffs

President Trump's tariff policies took center stage in April, with significant implications for the U.S. and worldwide economy.

- Reciprocal Tariffs 90-day pause with exceptions: The imposition of reciprocal tariffs on "Liberation Day" led to a downturn in the U.S. stock market, a notable depreciation of the U.S. dollar, and a sharp rise in domestic interest rates, as investors reduced their exposure to American assets in favour of international diversification. Consequently, the Trump Administration was compelled to implement a 90-day pause of the reciprocal tariffs scheme imposed on its international trade partners- excluding China, Mexico and Canada - while maintaining the baseline tariff structure.
- Tariff Implementation: Currently a 10% baseline tariff on most imports was enacted, with higher rates targeting Chinese goods: President Trump placed import taxes of 145% on China, which has countered with 125% tariffs on U.S. goods.

Tracking the Trump Administration's Tariff Policies

Target	Dates	Imports Affected	Applicable Rate	Authority
Canada	Announced Feb 1; scheduled Feb 4 but delayed 30 days; effective Mar 4; 30 day exemptions granted Mar 5 & 6; exemptions extended indefinitely	Up to $253 billion while exemptions are in effect	25% non-energy; 10% energy and potash; to be replaced with 12% "reciprocal tariff" on non-USMCA imports excluding energy and potash later	IEEPA
Mexico	Announced Feb 1; scheduled Feb 4 but delayed 30 days; effective Mar 4; 30 day exemptions granted Mar 5 & 6; exemptions extended indefinitely	Up to $236 billion while exemptions are in effect	25%; to be replaced with 12% "reciprocal" tariff excluding USMCA imports later	IEEPA
China	Announced Feb 1; effective Feb 4; increased Mar 4	$430 billion	10% initially; increased to 20%, plus additional 125% under "reciprocal" tariffs	IEEPA
"Reciprocal"	Announced Feb 13; recommendations due April 1; Signed April 2; First 10% effective April 5; Country-specific increases delayed 90-days on April 9 except for China	$2.0 trillion, excluding autos, auto parts, steel, aluminum, energy, Canada, and Mexico	10% baseline; higher rates for certain jurisdictions including 125% on China	IEEPA

- Economic Impact: Current tariffs are expected to raise consumer prices, with estimates suggesting an average household cost increase of $2,100. If "Liberation Day" tariffs were to come back after the 90-day pause, the cost increase will soar to $3,800. Regarding the impact of tariffs on U.S. economic growth, the Tax Foundation - a policy research organization generally viewed as conservative - has warned that tariffs may have adverse effects not only on short-term economic performance but also on the long-term growth trajectory of the U.S. economy as displayed in the next table (source: Tax Foundation):

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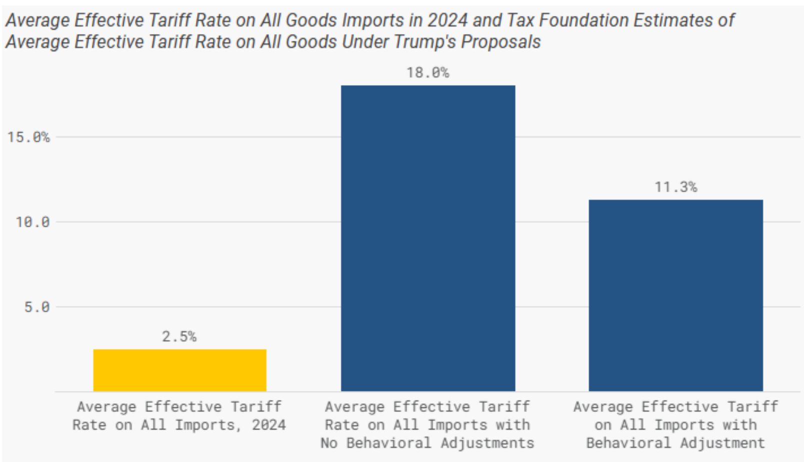
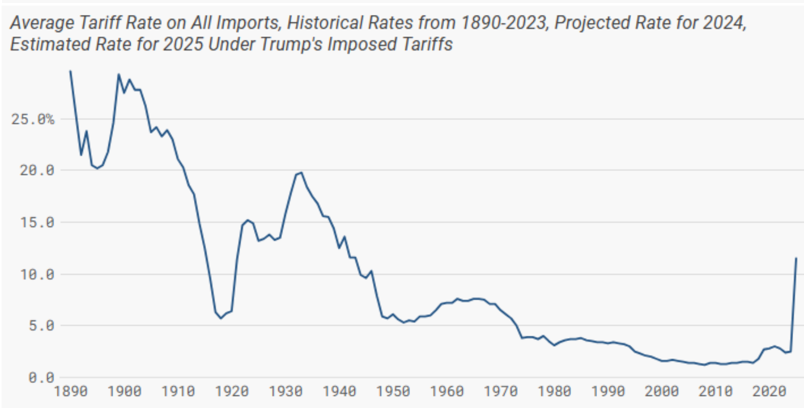
April 2025 - Market Comments

	GDP	Capital Stock
Total Imposed US Tariffs	**-0.8%**	**-0.6%**
IEEPA Fentanyl/"Reciprocal" China	-0.3%	-0.2%
Reciprocal" Mexico	0.0%	0.0%
Reciprocal" Canada	0.0%	0.0%
Reciprocal" EU	-0.1%	-0.1%
Reciprocal" ROW	-0.2%	-0.2%
Sec 232 Steel Aluminum	0.0%	0.0%
Sec 232 Auto	-0.1%	-0.1%
Imposed and Threatened Retaliation as of April 4	**-0.2%**	**-0.1%**

- Industry Response: Major companies, including Ford and Target, warned of impending price hikes due to increased import costs. On a static basis, without taking into account any behavioural changes, such as a decrease in imports, the average effective tariff rate would rise to 18% compared to 2.5% in 2024. After incorporating behavioural responses, including an estimated drop in imports of nearly 23%), the average effective tariff rate is estimated to rise to 11.3%, which it's the highest recorded rate since 1943.





- Global Repercussions: The IMF highlighted the potential for these tariffs to dampen global economic growth, affecting both developed and emerging markets, revising its global and

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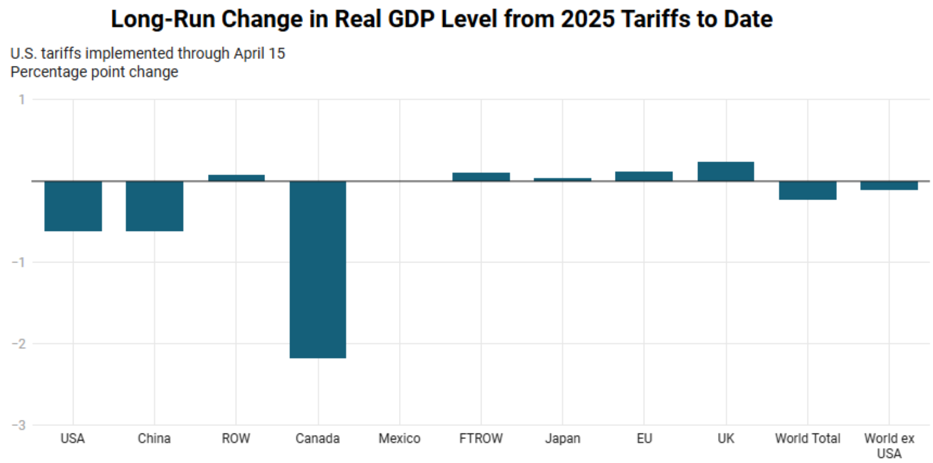
April 2025 - Market Comments

US growth projections for 2025 downward to 2.8% and 1.8%, respectively. Other sources also predict long term effects across multiple economies: Canada to experienced the most significant economic impact from U.S. tariffs to date, with its long-term real GDP estimated to be 2.2% smaller, accounting for both U.S. tariffs and Canadian retaliatory measures. In comparison, the Chinese economy has contracted by 0.6%, a decline equivalent to that observed in the United States. The European Union's economy, by contrast, is projected to be 0.1 percentage point larger in the long run, while the United Kingdom's economy is anticipated to be 0.2 percentage point larger (source: The Budget Lab).



MG's Message to Investors

- April 2025 was characterized by rising economic uncertainty, largely due to the introduction of sweeping U.S. tariffs that disrupted global trade flows and fuelled inflation concerns. These policy shifts, coupled with escalating geopolitical tensions, created a challenging environment for investors.
- Defensive strategies became increasingly prominent, with sectors like consumer staples and utilities outperforming, while growth-oriented stocks faced pressure in the first part of the month. Nevertheless, this trend was reversed in the last week as bargain hunters picked up oversold stocks, particularly Large Cap Growth firms. Diversification across asset classes and regions also gained traction, as investors sought stability. Commodities like gold surged amid the volatility, reinforcing the trend toward safe-haven assets, while markets broadly recalibrated to the evolving economic landscape.
- From MG's standpoint, April has underscored the importance of disciplined risk management, reinforcing the necessity for a cautious, data-driven approach with a focus on long-term performance objectives. MG remains committed to closely monitoring financial markets, actively adjusting risk exposures in response to evolving market conditions. The core recommendation continues to emphasize maintaining a fully diversified portfolio, preserving its structural integrity by avoiding imprudent exposures to risks or opportunities that appear excessively favourable or unsustainable.

April 2025 - Market Comments

Description of MG Investment Solutions:

- MG ETF Asset Allocation Portfolios: Multi-asset class diversified mandates employing a quantitative asset allocation framework that dynamically adjusts portfolio exposures in response to evolving market conditions and the distinct risk profile of each mandate, with the objective of effectively navigating the prevailing environment of uncertainty.
- MG ETF High Income Portfolio: A diversified ETF portfolio designed as an alternative investment vehicle for investors seeking short-duration, highly liquid exposure with the objective of generating monthly income. The strategy targets a mid-single digit yield and is recommended for investors with a minimum investment horizon of two years.
- MG Opportunity Portfolio (MG Opp): An equity portfolio managed through a quantamental investment process, selecting U.S. stocks with a higher likelihood of outperformance over the medium to long term. The portfolio maintains a strategic bias toward large-cap growth companies.
- MG Opportunity Dividend Portfolio (MG Opp Div): An equity portfolio constructed through a quantamental investment process, focused on the selection of U.S. stocks that prioritize a dividend yield—approximately three to four times higher than that of the broad U.S. equity market. The portfolio emphasizes companies with high-quality balance sheet, aiming to enhance the likelihood of outperformance over the medium to long term, with a strategic bias toward mid-cap value and quality-oriented stocks.
- MG Emerging Technologies (MGET): A Tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by allocating capital to high-growth transformative thematic opportunities such as Artificial Intelligence, Cybersecurity, Robotics, Biotechnology, Blockchain, and Quantum Computing.
- MG Blockchain (MGBLOCK): A tax-efficient, annually rebalanced portfolio designed to target double-digit annualized returns over the long term by offering investors diversified access to the cryptocurrency sector. The strategy employs a combination of direct exposure to cryptocurrency-linked, fiat currency-denominated ETFs (focused on Bitcoin and Ether) alongside indirect exposure to publicly traded companies demonstrating high sensitivity to the blockchain ecosystem.