

Every four years, the U.S. election campaign attracts a considerable amount of attention, particularly when one of the candidates is Donald Trump. So it comes as no surprise that financial markets have been highly unpredictable this year, subject to the latest polls and comments from the new American president. Since the November 5 election, the markets have responded positively to his election. A number of election promises are expected to positively impact the economy in the short term, but there are concerns about a new wave of inflation. In summary, here is a glimpse of what we might see on financial markets in 2025.

Stock markets

In our previous monthly reviews, we often mentioned that, in view of the high valuation of (mainly U.S.) equities, it was vital that earnings growth remained strong to support the performance of stock market indices. However, the deregulation and tax cuts that the new administration will be proposing are likely to support earnings in 2025. Let's remember that after Donald Trump's 2016

victory, stock markets recorded gains following announcements of tax cuts for U.S. companies

Bond market

The performance of bond indices may be more challenging, as interest rates are expected to rise in response to tariffs, as well as the increase in U.S. debt in the wake of ongoing budget deficits. The implementation of tariffs also creates uncertainty, with a number of economists expecting an uptick in inflation.

Trump's inflammatory comments will likely continue to create market volatility. It will be even more important to preserve a long-term view and avoid negative emotions caused by short-term fluctuations.

In November, the S&P 500 returned 5.9% in local currency. In Canada, the S&P TSX index returned 6.4%, powered by the IT sector and Shopify in particular, up 48.6% in just one month. In Europe, the main indices posted mixed returns: 2.2% for the FTSE 100 (UK), -1.6% for the CAC 40 (France) and 2.9% for the DAX 30 (Germany). In China, the Shanghai Se index posted a positive monthly return for the fourth time this year, at 1.4%.

On the economic front, the U.S. Federal Reserve unsurprisingly announced a 0.25% cut in its key interest rate. What caught our attention, however, was the shift in policy rate expectations for 2025 following Donald Trump's election. Previously, we discussed how certain policies are likely to be inflationary, which would restrict the Fed's ability to implement interest rate reductions. Statistics Canada reported Canadian economic growth of 1% annually, below market and Bank of Canada expectations. The positive news is that household consumption remains strong (+3.5%), boosted by falling interest rates and strong wage increases. The downside is that per capita economic growth fell for the sixth consecutive quarter. Finally, economic indicators for October reveal that declining inflation has come to a standstill in both Canada and the U.S. The fall in goods prices is no longer sufficient to offset the rise in service prices.

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CHANGES TO THE MANAGEMENT OF THE ETERNA MULTI-STRATEGY FUND

We are pleased to announce an important development in our Multi-Strategy Fund (Fund). As part of our commitment to diversified opportunities and to maximizing long-term growth, we have revised the Fund's asset allocation.

From now on, in addition to our infrastructure and hedge fund asset classes, we will integrate two new strategic categories over the next year: real estate and venture capital.

Why include real estate investments?

Real estate is an asset class recognized for its ability to offer:

- **Stable, predictable income** generated by rents on quality properties. Our strategy will focus on well-positioned projects, especially in growth sectors like residential housing.
- **Protection against inflation**, since real estate assets tend to maintain or increase their value when prices are rising.
- **Low correlation with equity markets**, which reduces overall portfolio volatility.

Why private equity?

Private equity provides a unique opportunity to invest in the rapid growth of innovative companies, often positioned in key sectors of tomorrow's economy, including technology, health care, and renewable energy. This type of investment:

- **Achieves superior long-term returns** by investing in growth-oriented private companies.
- **Offers exposure to growth sectors** that are not always available through conventional markets, thanks to pre-IPO investments.
- **Reinforces diversification**, adding a dynamic and progressive dimension to our portfolio.

Our choices are guided by rigorous analysis and cooperation with specialized, internationally recognized partners, so that we can invest in promising companies while prudently managing the risks inherent in these categories.

A thoughtful approach to maximize your returns

These realignments reflect our ongoing commitment to proactive, adaptable management of the Fund. By adding real estate and venture capital, we intend to strategically balance stability and growth, while continuing to meet the objectives of investors with a long-term horizon.

We are confident that these new directions will enhance the Fund's resilience and performance. Our approach, as always, is based on in-depth analysis and rigorous risk management to maximize returns while protecting your capital.

If you have any questions about this update or would like to discuss it further, our team would be delighted to assist you.

Thank you for continuing to trust us to manage your investments.

Philippe Tardif

Eterna Multi-Strategy Fund Manager

STATISTICS ON NOVEMBER 30TH, 2024

CANADA			UNITED STATES			CURRENCIES		
Unemploy. rate (October)	6,5 %	-	Unemploy. rate (October)	4,1 %	-	\$ USA / \$ CAN	0,71	↑
C.P.I. (October)	2,0 %	↑	C.P.I. (October)	2,6 %	↑	\$ USA / € Euro	1,06	↑
3 months treasury bills	3,42 %	↓	3 months treasury bills	4,49 %	↓	¥ Yen / \$ USA	149,77	↑
Bonds 5 years	2,95 %	↓	Bonds 5 years	4,05 %	↓	The arrow indicates the trend since the publication of the last monthly data or end of the month.		
Bonds 10 years	3,09 %	↓	Bonds 10 years	4,17 %	↓			
S&P/TSX	25 648	↑	Dow Jones - Industrial	44 911	↑			
			S&P 500	6 032	↑			

MARKET INDICES IN CANADIAN DOLLARS AS OF NOVEMBER 30TH, 2024

	YTD	3 months	1 year	3 years*	5 years*
FTSE Canada 91 Day TBill Index	4,57%	1,09%	4,98%	3,69%	2,44%
BONDS					
FTSE Canada Universe Bond Index	4,95%	2,57%	8,55%	0,18%	0,69%
FTSE Canada Short Term Overall Bond Index	5,30%	1,58%	6,89%	2,12%	2,02%
Indice adapté gestion privée Eterna ¹	5,17%	1,68%	7,66%	1,44%	1,69%
FTSE Canada Mid Term Overall Bond Index	4,94%	1,83%	8,78%	0,35%	1,15%
FTSE Canada Long Term Overall Bond Index	4,14%	4,69%	10,48%	-2,57%	-1,46%
NORTH AMERICA STOCK MARKETS \$ CAN					
Canada - S&P/TSX	25,77%	10,66%	30,69%	10,90%	11,92%
United States - Standard & Poor's 500	35,75%	11,09%	37,97%	14,76%	16,99%
United States - Dow Jones	28,48%	12,46%	31,06%	14,77%	13,32%
INTERNATIONAL STOCK MARKETS \$ CAN					
United Kingdom - FTSE-100	17,39%	0,12%	19,86%	11,27%	6,99%
France - CAC-40	-2,89%	-5,99%	-1,03%	3,18%	4,38%
Germany - DAX	18,62%	2,93%	21,04%	9,87%	8,44%
Japan - Nikkei-225	13,94%	0,19%	16,48%	4,28%	4,80%
Hong Kong - Hang Seng	21,25%	12,19%	17,90%	-3,25%	-4,80%
Australia - S&P/ASX 200	12,41%	4,32%	21,12%	5,26%	4,60%
CURRENCY					
USD versus CAD	5,76%	3,81%	3,28%	3,10%	1,07%

* Annual compounded total return.

¹ The Eterna Adapted Private Wealth Index is made up of 60% of FTSE Canada Short Term Overall Bond Index and of 40% of FTSE Canada Mid Term Overall Bond Index.ada..

Source : Bloomberg