

2025

Tradex BOND Fund



Annual Management Report of Fund Performance

and

Annual Financial Statements



December 31, 2025

You may get a copy of the Fund's Simplified Prospectus, Fund Facts, proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure, at your request and at no cost, by calling Tradex Management Inc. toll-free at **1-800-567-3863**, e-mailing us at **info@tradex.ca** or by writing or visiting us at the address shown below.

These documents and other information about the Fund are also available through our website at **www.tradex.ca** or through the SEDAR Plus website at **www.sedarplus.ca**.

Tradex Management Inc.
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TRADEX BOND FUND STATEMENT OF MANAGEMENT'S RESPONSIBILITY

To our unitholders,

The accompanying Management Report of Fund Performance and Financial Statements have been prepared by Tradex Management Inc., the Manager and Trustee of **Tradex Bond Fund**, and approved by the Manager's Board of Directors. The Fund's Manager is responsible for the information and representations contained in the Management Report of Fund Performance and Financial Statements. The Management Report of Fund Performance in the front section of this document is unaudited, whereas the Financial Statements appearing in the second section are audited.

Tradex Management Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and include certain amounts that are based on estimates and judgements. The material accounting policies that management believes are appropriate for the Fund are described in Note 2 to the Financial Statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund, appointed by the Manager-Trustee of the Fund. They have audited the Financial Statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the Financial Statements.

/s/Blair Cooper

Blair Cooper
President and CEO

/s/Tom MacDonald

Tom MacDonald
Chair and Director

March 26, 2026



ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

for the year ended December 31, 2025

I. MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment objectives and strategies

The Fund's objective is to achieve a combination of income and long-term capital preservation by investing primarily in a diversified portfolio of investment grade Canadian bonds. In addition, up to 30% of the portfolio may be invested in income producing equity securities, such as common shares of Canadian companies that pay dividends, real estate investment trusts, preferred shares and income trusts. The average term to maturity of the bond portfolio must be greater than three years.

The Portfolio Manager utilizes interest rate anticipation and credit sector and security selection strategies in the context of a long term, bottom-up, value oriented approach. The approach to fixed income securities is based upon an overall forecast derived from both macroeconomic and technical analysis with the selection of bonds based upon optimal risk/return characteristics. The equity portion of the Fund is a diversified portfolio of companies selected to enhance the yield of the Fund with the intention to reduce the negative impact on the portfolio's market value should interest rates rise.

Risk

During the reporting period, there were no significant changes to the investment objectives and strategies that affected the Fund's overall risk level. The risks of investing in the Fund remain as discussed in detail in the Fund's most recent Simplified Prospectus.

The Fund is suitable for investors who have a medium to long term investment horizon, want a regular income from their investment and are seeking a diversified income fund that will provide moderate capital growth.

Results of Operations

An investment in the Tradex Bond Fund increased in value by 1.2% during the fourth quarter, exceeding the Fund's benchmark, and it has increased by 6.8% over the past year more than doubling the FTSE TMX Canada Universe Bond index return of 2.6%.

The first quarter of 2025 continued to see volatility and uncertainty, largely driven by the America First Trade Policy and its associated tariffs. The first quarter of 2025 continued to see volatility and uncertainty, largely driven by the America First Trade Policy and its associated tariffs. These developments caused fluctuations in financial markets and added to the economic uncertainty. The Bank of Canada (BoC) cut its rate by a total of 0.5% to 2.75%. This marked the sixth and seventh consecutive reductions by the central bank and Canadian bonds posted positive returns in the quarter. Yields declined across the yield curve, with longer-term bond yields declining to a lesser extent, influenced by developments in global fixed income markets, particularly U.S. Treasuries. With the increasing uncertainty in financial markets, the duration position of the strategy remained aligned with that of the benchmark,

meaning interest rate movements had little impact on relative performance during the quarter. In the second quarter of 2025, financial markets were less turbulent than in the first quarter, but the potential for volatility was still present largely due to the U.S. administration's unpredictable trade policies and renewed geopolitical tensions, particularly the intensifying conflict in the Middle East. While global growth proved resilient, moderation amid ongoing uncertainty occurred in various global economies. Central banks, including the U.S. Federal Reserve (the Fed) and BoC, maintained a cautious, data-driven approach, keeping their policy rates steady. Interest rates climbed across the yield curve. In the third quarter, financial markets were calmer than earlier in the year. U.S. economic growth remained firmer than expected, supported by healthy consumer spending, strong business investment in AI-related technologies, and wealth effects from record-high equity markets. On the flip side, labour markets showed signs of cooling, prompting the Fed to cut policy rates by 0.25% in September, to 4.00% to 4.25% and signaling further easing as risks to employment now outweigh lingering inflation pressures. In Canada, the economy was softer. The BoC reduced its policy rate by 0.25% to 2.50% to help support growth. During the final quarter of 2025, fixed income markets navigated a market environment characterized by moderating growth, positive but uneven progress in the fight against inflation, and heightened sensitivity to fiscal policy. Canada saw softer domestic growth, and cautious business sentiment through year-end, while inflation stayed close to the BoC's target range. Canadian bond markets experienced modest headwinds late in the year as yields moved higher. Increased sensitivity to global rate dynamics and ongoing fiscal considerations weighed on long-duration bonds, while shorter-duration segments remained comparatively stable as policy rates approached neutral.

Government of Canada bond yields decreased significantly for short term while longer term rose during the year, as seen in the following table:

Term to maturity	Record Lows	Yield Dec. 30/23	Yield Dec. 30/24	Yield Sep. 27/25	Yield Dec. 31/25
2 years	0.15%*	3.94%	2.93%	2.47%	2.58%
3 years	0.18%*	3.76%	2.87%	2.47%	2.57%
5 years	0.30%**	3.24%	2.96%	2.74%	2.96%
10 years	0.43%**	3.11%	3.23%	3.17%	3.42%
30 years	0.71%***	2.91%	3.33%	3.61%	3.85%

Record (50 years or more) low rates: * Feb.1/21, **Mar 9/20, ***August 4/20

Quarterly distributions totaled 49.1 cents per unit during 2025 from Canadian dividends and interest income. At year-end the net asset value of the Fund stood at \$29.2 million compared to \$24.5 million at the end of 2024. There was an increase in the number of units outstanding during the year as purchases exceeded redemptions of the Fund. The Fund's management expense ratio (MER) increased to 1.18% in 2026 from 1.09% in 2025 (Morningstar reports that the median MER for Canadian fixed income funds is 1.24% and Canadian

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

Fixed Income Balanced 1.80%).

The yield on the Fund's overall portfolio was 3.7% as at December 31st, as shown in the following table, while the yield on the FTSE TMX Canada Universe index was 3.6%.

	<i>Government Bonds</i>	<i>Corporate Bonds</i>	<i>Preferred Shares</i>	<i>Common Shares, Trusts, REIT's</i>	<i>Weighted average total</i>
Yield*	3.6%	3.6%	5.6%	3.4%	3.7%

*The gross estimated annual yield for one year is calculated before fees and taxes

A summary of the Fund's overall portfolio allocations during the review period is shown in the following table:

	Dec. 31, 2025	June 30, 2025	Dec. 31, 2024
Government of Canada bond	24%	23%	17%
Provincial/municipal bonds	19%	18%	23%
Corporate bonds	34%	34%	34%
Common Shares, REITs & Income Trusts	14%	15%	14%
Preferred shares	9%	10%	13%
Cash and receivables	1%	1%	0%
Total	100%	100%	100%

For purposes of diversification, at year-end the portfolio mix included 9 individual issues of corporate bonds, 13 preferred shares issues and equity shares in 34 firms (consisting of common shares, REITs and Income Trusts). The duration (a measure of portfolio term to maturity and sensitivity to interest rate changes) of the fixed income portion of the Fund started the year approximately 0.2 years shorter than the FTSE TMX Bond Universe Index and the portfolio ended the year 0.1 higher at 7.0 years duration versus the FTSE TMX 6.9 years positioned to benefit relative to the benchmark from a falling interest rate environment. The Fund's tactical asset class allocation continues to include higher yielding preferred shares.

Related Party Transactions and Management Fees

Tradex Management Inc. is the manager of the Fund and, as such, is responsible for directing the business, operations and affairs of the Fund. It performs this duty for an annual fee of 0.6% of the Fund's net asset value, calculated and accruing daily. This amounted to \$178,237 in 2025 (including HST) and represents 57% of the total expenses paid by the Fund. Many of the functions involved in operating the Fund are contracted out to leading professional firms in the mutual fund industry in Canada. Therefore, one of the key duties of the Manager is to negotiate and manage these contracts. Tradex Management Inc. is also the principal distributor of the Fund and, as such, is responsible for most of the communications with the Fund's unitholders and potential unitholders. Tradex Management Inc. receives no additional fees or commissions for being the Fund's principal distributor.

Since Tradex Management Inc. operates on an "at cost" basis, when financial conditions permit, for the benefit of its investors, it voluntarily rebates and/or waives a portion of the management fees paid to it by the Fund. These rebates/waivers reduce the expenses for the Fund, which, in turn, reduce its management expense ratio. In 2025, \$94,536 in expenses were reduced for the Fund through such transactions (\$95,937 in 2024).

Other Expenses

The other expenses incurred by the Fund in 2025 amounted to \$229,208 and were paid to third party suppliers, governments and regulatory authorities. These represent investment advisory fees (paid to Foyston, Gordon & Payne Inc.), administrative fees paid for fund accounting, the registrar function and other related activities (paid to RBC Investor Services, FundSERV Inc., and various other suppliers), costs of the independent review committee, audit fees (paid to PricewaterhouseCoopers LLP), custodian fees (paid to RBC Investor Services), registration fees and expenses (paid to the 13 securities regulatory authorities in Canada), transaction costs (paid to various suppliers) and foreign withholding taxes (paid to appropriate foreign governments). A listing of the various expenses paid by the Fund appears in the statements of comprehensive income on page 11.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

II. FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Fund and is intended to help you understand the Fund's financial performance for the past five years.

The Fund's Net Assets per Unit ⁽¹⁾ For the five years ended December 31

	2025	2024	2023	2022	2021
Net assets per unit, beginning of year	\$ 11.47	\$ 10.85	\$ 10.48	\$ 12.02	\$ 11.51
Increase (decrease) from operations:					
Total revenue	\$ 0.45	\$ 0.43	\$ 0.42	\$ 0.38	\$ 0.38
Total expenses	\$ (0.14)	\$ (0.12)	\$ (0.13)	\$ (0.12)	\$ (0.11)
Realized gains (losses) for the year	\$ 0.23	\$ 0.09	\$ 0.08	\$ 0.09	\$ 0.17
Unrealized gains (losses) for the year	\$ 0.23	\$ 0.53	\$ 0.29	\$ (1.63)	\$ 0.34
Total increase from operations (2)	\$ 0.77	\$ 0.93	\$ 0.66	\$ (1.28)	\$ 0.78
Distributions:					
From investment income	\$ 0.15	\$ 0.11	\$ 0.11	\$ 0.12	\$ 0.12
From dividends	\$ 0.16	\$ 0.19	\$ 0.18	\$ 0.16	\$ 0.14
From capital gains	\$ 0.18	\$ -	\$ -	\$ -	\$ -
Total Distributions (3)	\$ 0.49	\$ 0.30	\$ 0.29	\$ 0.28	\$ 0.26
Net assets per unit, end of year	\$ 11.75	\$ 11.47	\$ 10.85	\$ 10.48	\$ 12.02

(1) The information for 2021-2025 is derived from the Fund's audited annual financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the year.

(3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data	2025	2024	2023	2022	2021
Total net asset value, end of year (000's)	\$ 29,219	\$ 24,483	\$ 22,847	\$ 23,301	\$ 28,173
Weighted average net asset value (000's)	\$ 26,545	\$ 23,501	\$ 22,716	\$ 25,384	\$ 27,061
Number of units outstanding, end of year	2,486,627	2,133,881	2,105,842	2,222,959	2,343,325
Management expense ratio (1)	1.18%	1.09%	1.21%	1.06%	0.90%
Management expense ratio before waivers or absorptions (1)	1.53%	1.49%	1.57%	1.44%	1.19%
Trading Expense Ratio (2)	0.00%	0.01%	0.01%	0.00%	0.01%
Portfolio turnover rate (3)	18.61%	18.83%	9.90%	12.03%	12.52%
Net asset value per unit, end of year	\$ 11.75	\$ 11.47	\$ 10.85	\$ 10.48	\$ 12.02

(1) Management expense ratio is based on total expenses (excluding broker commission and other portfolio transaction costs) for the year and is expressed as an annualized percentage of daily average net asset value during the year.

(2) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and performance of a Fund.

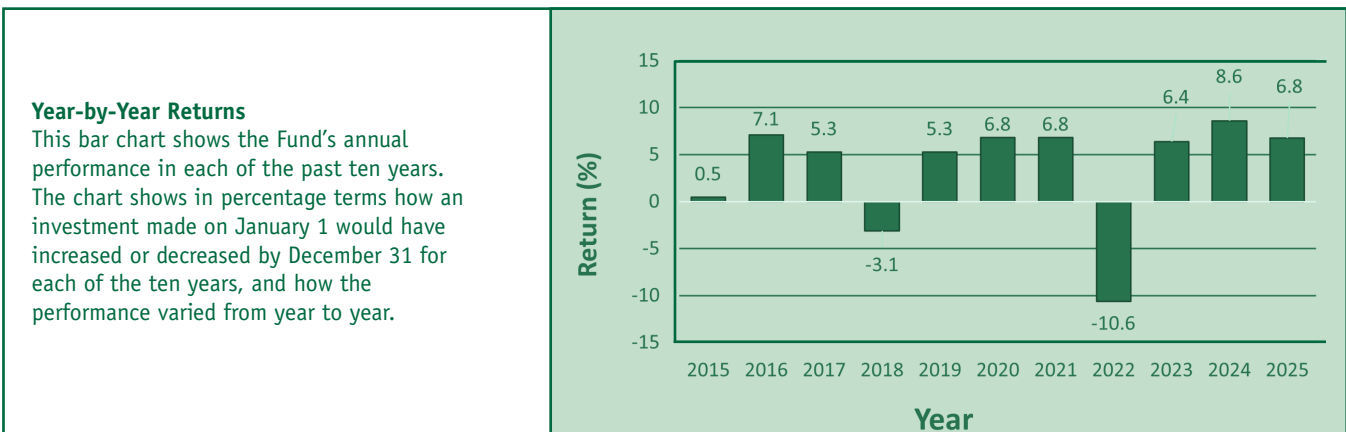
ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

III. PAST PERFORMANCE

The past performance of the Fund is set out in the Year-by-Year Returns and Annual Compound Returns chart and table. All performance returns:

- are calculated as of December 31 of each year;
- assume all distributions made by the Fund were reinvested without charge to purchase additional units of the Fund; and
- are not reduced by any income taxes payable by you. You will be taxable on the distributions of net income even if you have reinvested them to purchase additional units, unless your investment is held in a registered tax plan.

The past performance of the Fund does not necessarily indicate how it will perform in the future.



Annual Compound Returns

The following table shows the Fund’s annual compound total return for the periods indicated, as of December 31, 2025, compared to the FTSE Canada Universe Bond Index.

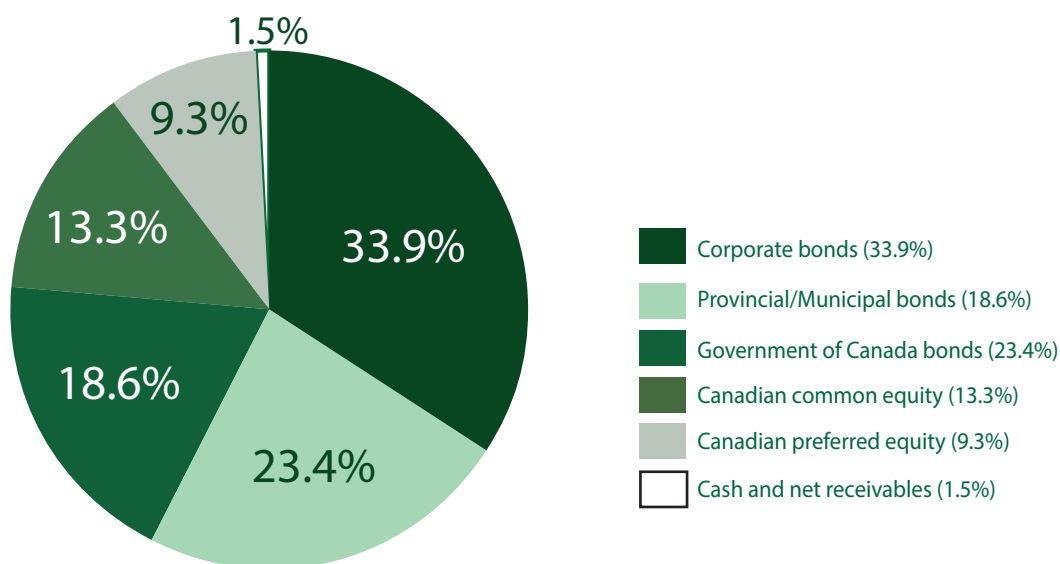
	Past 10 years	Past 5 years	Past 3 years	Past year
Tradex Bond Fund	3.8%	3.4%	7.3%	6.8%
FTSE TMX Canada Universe Bond Index	1.9%	-0.4%	4.5%	2.6%

The FTSE Canada Universe Bond Index is the broadest and most widely used measure of total return for the Canadian bond market, covering over 1,000 marketable Canadian bonds with term to maturity of more than 1 year. The Index is comprised of Canadian federal, provincial, municipal and corporate bonds rated BBB or higher. Bonds are weighted on a market value basis, including accrued interest.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE *(continued)*

IV. SUMMARY OF INVESTMENT PORTFOLIO

A summary of the investment portfolio as at December 31, 2025, broken down by the category of issuer, is as follows:



The following investments represent the 25 largest holdings of the Fund as of December 31, 2025, shown as a percentage of the Fund's net asset value. The list is of interest only as of the date indicated, as the percentages may have changed, and some or all of the holdings may have been sold and new positions purchased. A quarterly update is available as discussed on the cover page of this document.

Royal Bank of Canada, 4.632%, May 1, 2028	7.0%	Bell Canada, 3.80%, August 21, 2028	2.5%
Government of Canada, 3.50%, December 01, 2045	6.8%	Fortis Inc., 6.51%, July 04, 2039	2.4%
Bank of Montreal, 3.65%, April 1, 2027	6.4%	Province of Ontario, 2.90% December 02, 2046	2.3%
Province of British Columbia, 3.20%, June 18, 2044	5.2%	Teranet Holdings L.P., 5.754%, December 17, 2040	2.2%
Government of Canada, 1.75%, December 1, 2053	4.9%	Enbridge Pipelines Inc., 4.33%, February 22, 2049	1.9%
Canada Housing Trust No 1, 2.35%, June 15, 2027	4.8%	Royal Bank of Canada	1.1%
Province of Alberta, 2.90%, September 20, 2029	4.2%	Province of Alberta, 3.1%, June 01, 2050	1.1%
Toronto-Dominion Bank, 5.177%, April 9, 2034	4.2%	Capital Power Corp, 4.6%, December 21, 2049	0.9%
Toronto-Dominion Bank, 4.68%, January 8, 2029	4.1%	Bank of Nova Scotia	0.9%
CPPIB Capital Inc., 3.00%, June 15, 2028	3.8%	Brookfield Office Properties Inc., 4.85%, Series II	0.8%
Province of Saskatchewan, 3.05 %, December 02, 2028	3.0%	Brookfield Office Properties Inc., 4.85%, Series G	0.8%
PSP Capital Inc., 2.05%, January 15, 2030	3.0%	Sub-total – largest 25 holdings	79.9%
Empire Life Insurance Co. (The), 2.024% September 24, 2031	2.9%	Remaining holdings	20.1%
Province of Saskatchewan, 2.75%, December 02, 2046	2.7%	Total	100.0%



Independent auditor's report

To the Unitholders and Trustee of Tradex Bond Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2025 and 2024 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Annual Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with those requirements of IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 26, 2026

STATEMENTS OF FINANCIAL POSITION

<i>As at</i>	December 31, 2025	December 31, 2024
Assets		
Investments at fair value through profit and loss	\$ 28,875,617	\$ 23,794,401
Cash and cash equivalents	81,482	600,116
Dividends receivable	16,182	16,347
Accrued interest receivable	156,922	124,303
Subscriptions receivable	150,000	114
Total Assets	29,280,203	24,535,281
Liabilities		
Accounts payable and accrued liabilities	61,153	34,588
Redemptions payable	—	18,000
Total Liabilities	61,153	52,588
Net assets attributable to holders of redeemable units	\$ 29,219,050	\$ 24,482,693
Units issued and outstanding, end of year (Note 5)	2,486,627	2,133,881
Net assets attributable to holders of redeemable units per unit	\$ 11.75	\$ 11.47

The accompanying notes are an integral part of these financial statements.

Approved by the Board
of Directors of
Tradex Equity Fund Limited

/s/Philip E. Charko

Philip E. Charko
Director

/s/Dena Palamedes

Dena Palamedes, CPA, CMA, CIA, CFE, CCSA, CRMA
Director

STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31

	2025	2024
Income		
Dividend income	\$ 309,100	\$ 333,241
Interest income for distribution purposes	709,482	567,764
Securities lending income	6,014	5,628
Other changes in fair value of investments		
Net realized gain on sale of investments	514,188	180,395
Net change in unrealized appreciation on investments	523,578	1,128,139
	2,062,362	2,215,167
Expenses		
Management fees (Note 6)	178,237	158,425
Investment advisory fees	47,248	40,112
Administration costs	132,745	109,376
Independent review committee	200	169
Audit fees	18,562	18,531
Registration fees and expenses	19,243	16,459
Custodian fees	10,687	10,056
Transaction costs	523	1,461
Expense reductions (Note 6)	(94,536)	(95,937)
	312,909	258,652
Increase in net assets attributable to holders of redeemable units	\$ 1,749,453	\$ 1,956,515
Weighted average units outstanding during the year	2,274,533	2,111,973
Increase in net assets attributable to holders of redeemable units per unit	\$ 0.77	\$ 0.93

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

Year ended December 31

	2025	2024
Net assets attributable to holders of redeemable units at beginning of year	\$ 24,482,693	\$ 22,846,607
Increase in net assets attributable to holders of redeemable units	1,749,453	1,956,515
Distributions		
Distributions to holders of redeemable units from net investment income	(710,221)	(638,184)
Distributions to holders of redeemable units from net realized capital gains	(441,268)	—
	(1,151,489)	(638,184)
Redeemable unit transactions		
Proceeds from issuance of redeemable units	5,148,706	1,873,162
Reinvestment of distributions	1,105,871	610,222
Consideration paid for redemptions of redeemable units	(2,116,184)	(2,165,629)
Net increase from redeemable unit transactions	\$ 4,138,393	\$ 317,755
Net increase in net assets attributable to holders of redeemable units	\$ 5,177,625	\$ 1,636,086
Net assets attributable to holders of redeemable units at end of year	\$ 29,219,050	\$ 24,482,693

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Year ended December 31

	2025	2024
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	\$ 1,749,453	\$ 1,956,515
Adjustments for:		
Net realized (gain) on sale of investments	(514,188)	(180,395)
Net change in unrealized (appreciation) of investments	(523,578)	(1,128,139)
Purchase of investments	(13,679,057)	(5,005,730)
Proceeds from the sale of investments	9,635,607	5,169,584
Change in non-cash working capital items	(5,889)	(16,668)
Net cash from operating activities	(3,337,652)	795,167
Cash flows from financing activities		
Proceeds from issue of redeemable units	4,998,820	1,873,048
Consideration paid for redemptions of redeemable units	(2,134,184)	(2,147,629)
Distributions paid to holders of redeemable units, net of reinvested distributions	(45,618)	(27,962)
Net cash from financing activities	2,819,018	(302,543)
Increase (decrease) in cash and cash equivalents during the year	(518,634)	492,624
Cash and cash equivalents at beginning of the year	600,116	107,492
Cash and cash equivalents at end of the year	\$ 81,482	\$ 600,116
Interest received	\$ 676,863	\$ 548,845
Dividends received, net of withholding taxes	\$ 309,265	\$ 337,228

The accompanying notes are an integral part of these financial statements.

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2025*

Bonds	Par value	Average Cost	Fair value	% of total fair value
Federal				
Canada Housing Trust No 1 2.35% 15/06/2027	1,400,000	\$ 1,392,538	\$ 1,396,317	
Canadian Government Bond 1.75% 01/12/2053	2,236,000	1,536,638	1,436,071	
Canadian Government Bond 3.5% 01/12/2045	2,061,000	2,277,155	1,992,163	
CPPIB Capital Inc. 3% 15/06/2028	1,088,000	1,120,064	1,093,432	
PSP Capital Inc. 2.05% 15/01/2030	916,000	902,331	881,295	
		7,228,726	6,799,278	23.5%
Provincial/Municipal				
Province of Alberta 2.9% 20/09/2029	1,237,000	1,235,594	1,235,517	
Province of Alberta 3.1% 01/06/2050	400,000	398,928	311,560	
Province of British Columbia 3.2% 18/06/2044	1,833,000	1,808,290	1,526,825	
Province of Ontario 2.9% 02/12/2046	857,000	806,887	666,327	
Province of Saskatchewan 2.75% 02/12/2046	1,032,000	969,506	778,840	
Province of Saskatchewan 3.05% 02/12/2028	881,000	930,278	886,913	
		6,149,483	5,405,982	18.7%
Corporate				
Bank of Montreal 3.65% 01/04/2027	1,855,000	1,871,277	1,871,383	
Bell Telephone Co of Canada or Bell Canada 3.8% 21/08/2028	716,000	743,532	724,222	
Empire Life Insurance Co. 2.024% 24/09/2031	836,000	828,854	830,203	
Enbridge Pipelines Inc. 4.33% 22/02/2049	623,000	621,847	550,174	
Fortis Inc. 6.51% 04/07/2039	604,000	786,869	697,340	
Royal Bank of Canada 4.632% 01/05/2028	1,977,000	2,038,192	2,043,875	
Teranet Holdings LP 5.754% 17/12/2040	639,000	662,246	652,754	
Toronto-Dominion Bank 4.68% 08/01/2029	1,151,000	1,171,193	1,197,730	
Toronto-Dominion Bank 5.177% 09/04/2034	1,159,000	1,193,880	1,213,857	
		9,917,890	9,781,538	33.8%
Total bonds		23,296,099	21,986,798	76.0%

Equities	Number of shares	Average cost	Fair value	% of total fair value
Canadian Common Equity				
Atco Ltd.	2,504	\$ 98,375	\$ 141,176	
Bank of Montreal	924	114,493	164,703	
Bank of Nova Scotia	2,558	167,533	258,946	
Bird Construction Inc.	528	5,332	15,059	
Canadian Imperial Bank of Commerce	1,400	75,735	174,202	
Canadian National Railway Co.	623	80,837	84,572	
Canadian Natural Resources Ltd.	3,999	70,661	185,914	
Canadian Tire Corp. Ltd.	628	90,109	109,234	
Cenovus Energy Inc.	3,500	84,017	81,270	
CGI Inc.	258	32,744	32,709	
Cogeco Inc.	1,635	94,614	104,624	
Empire Co., Ltd.	1,480	54,051	70,626	
Enbridge Inc.	1,529	62,826	100,425	
Exco Technologies Ltd.	9,167	83,573	62,977	
Fairfax Financial Holdings Ltd.	71	98,172	185,728	
Gildan Activewear Inc.	1,252	56,039	107,409	
Hydro One Ltd.	399	10,394	21,801	
IGM Financial Inc.	1,717	62,365	106,128	
Imperial Oil Ltd.	864	57,870	102,453	
Manulife Financial Corp.	1,098	25,874	54,724	
North West Co Inc.	2,778	76,029	135,872	
Nutrien Ltd.	793	44,677	67,183	
Open Text Corp.	1,829	95,864	81,756	
Power Corp. of Canada	2,823	80,148	205,938	
Quebecor Inc.	1,732	52,231	89,544	
Rogers Communications Inc.	2,975	166,455	154,135	

SCHEDULE OF INVESTMENT PORTFOLIO *As at December 31, 2025*

Equities (continued)	Par Value	Average cost	Fair value	% of total fair value
Royal Bank of Canada	1,393	\$ 131,158	\$ 325,948	
Sienna Senior Living Inc.	1,552	22,806	31,707	
Suncor Energy Inc.	3,719	119,425	226,561	
TFI International Inc.	398	47,796	56,464	
Tourmaline Oil Corp.	1,668	97,076	102,699	
Transcontinental Inc.	4,029	76,807	91,539	
Wajax Corp.	1,644	23,938	44,783	
Winpak Ltd.	1,781	73,125	79,450	
		2,533,149	3,858,259	13.5%
Canadian Preferred Equity	Number of shares	Average cost	Fair value	% of total fair value
BCE Inc., Preferred, Series 17	11,415	\$ 153,520	\$ 230,697	
BCE Inc., Preferred, Series 19	11,343	158,346	228,221	
Brookfield Corp., Preferred, Series 13	14,829	125,603	190,701	
Brookfield Office Properties Inc., Preferred, Series GG	11,615	166,410	235,901	
Brookfield Office Properties Inc., Preferred, Series II	12,158	233,165	243,768	
Brookfield Renewable Partners LP., Preferred, Series 13	8,137	198,712	209,121	
Capital Power Corp., Preferred, Perpetual	11,570	191,737	261,713	
Enbridge Inc., Preferred, Series 7	8,776	124,763	200,883	
Great-West Lifeco Inc., Preferred, Series I	7,552	161,850	158,441	
Intact Financial Corp., Preferred, Class A Series 1	9,249	168,138	199,408	
Pembina Pipeline Corp., Preferred, Series 1	8,048	125,858	199,832	
Sun Life Financial Inc., Preferred, Series 4	7,228	154,284	157,860	
Toronto-Dominion Bank/The., Preferred, Series 1	7,308	179,265	188,839	
		2,141,651	2,705,385	9.4%
Total Equities		4,674,800	6,563,644	22.9%
Money Market Securities	Par Value	Average cost	Fair value	% of total fair value
Canadian Treasury Bill 12/08/2026	330,000	\$ 325,175	\$ 325,175	
Total Money Market Securities		325,175	325,175	1.1%
Transaction costs		(4,868)		
Total portfolio of investments		\$ 28,291,206	\$ 28,875,617	100.0%

Summary of Investment Portfolio

All portfolio categories are included in the following table :

Portfolio by Category	Percentage of Net Assets (%)	
	As of December 31, 2025	As of December 31, 2024
Corporate Bonds	33.8	33.7
Federal Bonds	23.5	17.1
Provincial / Municipal Bonds	18.7	23.2
Canadian Common Equity	13.5	13.5
Canadian Preferred Equity	9.4	12.5
Money Market Securities	1.1	—
	100.0	100.0

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2025*

1. General information

Tradex Bond Fund (the Fund) is an unincorporated trust formed under the laws of the Province of Ontario. The address of its registered office is 340 Albert Street, Suite 1604, Ottawa, Ontario, K1R 7Y6.

The Fund's objective is to achieve a combination of income and long-term capital preservation by investing primarily in a diversified portfolio of investment grade Canadian bonds. In addition, up to 30% of the portfolio may be invested in income producing equity securities, such as common shares of Canadian companies that pay dividends, real estate investment trusts, preferred shares and income trusts. The average term to maturity of the bond portfolio must be greater than three years.

Tradex Management Inc. is the Manager and the Trustee of the Fund. The Fund's investment activities are managed by Foyston, Gordon & Payne Inc. (The Investment Manager), with the administration delegated to RBC Investors Services.

The Fund is restricted to current and former Canadian public servants and their families mainly from Canada.

These financial statements were authorized for issue by the Board of Directors on March 26, 2026.

2. Material accounting policies

The material accounting policies applied in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

(a) *New standards amendments and interpretations to existing standards effective January 1, 2025*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2025 that have a material effect on the financial statements of the Fund.

(b) *New standards, amendments, and interpretations issued but not yet applied by the Fund*

i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2026).

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the IASB clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

(ii) IFRS 18 – Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The IASB issued the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss.

The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of profit or loss;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures);
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Fund is currently assessing the effect of the new standard on the Fund.

No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

2.2 Foreign currency translation

(a) *Functional and presentation currency*

The Fund's investors are mainly from Canada, with the subscriptions and redemptions of the redeemable units denominated in Canadian dollars. The primary activity of the Fund is to invest in Canadian income generating securities. The performance of the Fund is measured and reported to investors in Canadian dollars. Management considers the Canadian dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2025 (continued)*

at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Realized and unrealized foreign exchange gains (losses) on investments are included in “Net realized gain on sale of investments” and “Net change in unrealized appreciation on investments”, respectively, in the statements of comprehensive income.

2.3 Financial assets and financial liabilities at fair value through profit or loss

(a) Classification

(i) Financial Assets

The Fund classifies its investments based on both the Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed, and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss.

The Fund’s obligations for net assets attributable to holders of redeemable units are presented at the redemption amount which approximates fair value. The Fund’s accounting policies for measuring the fair value of their investments and derivatives are identical to those used in measuring the net asset value (NAV) for transactions with unitholders. All other financial assets and liabilities, including redeemable units, are measured at amortized cost.

(ii) Financial Liabilities

The Fund’s policy requires the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(b) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are

initially recognized at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the ‘financial assets or financial liabilities at fair value through profit or loss’ category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income within dividend income when the Fund’s right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably. Interest on debt securities at fair value through profit or loss is recognized in the statement of comprehensive income.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. The fair value of any investment to which the foregoing principle cannot be applied shall be the fair value thereof determined in such a manner as the Manager from time to time provides.

The difference between the fair value of investments and the cost of the investments is included in “Net change in unrealized appreciation on investments” in the statements of comprehensive income.

If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2025 (continued)*

market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

(d) *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

2.4 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.5 Other receivables

Other receivables are recognized initially at fair value and are subsequently measured at amortised cost. The other receivables balance is held for collection. Other receivables consist of Dividends receivable, Accrued interest receivable and Subscriptions receivable.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with a bank or such other deposit taking institution, including the Custodian or its Affiliates, and brokers and other short-term investments in an active market with original maturities of three months or less and custodian overdrafts. Custodian overdrafts, if any, will be shown in current liabilities in the statement of financial position.

2.7 Redeemable units

The Fund issues redeemable units, which are redeemable at the holder's option and have identical rights. Such units are classified as financial liabilities. Redeemable units can be put back to the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the units. Units are redeemable daily. The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the share back to the Fund.

Redeemable units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable

units with the total number of outstanding redeemable units for each respective class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

2.8 Interest Income

Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Funds, accounted for on an accrual basis. Zero coupon bonds are purchased at a discount and are amortized over the term of the bond.

2.9 Dividend income

Dividend income is recognized when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably.

2.10 Security Lending Income

The tables below show a reconciliation of the gross amount generated from the securities lending transactions of the fund to the revenue from the securities lending disclosed in the statement of comprehensive income the years ended December 31, 2025 and 2024.

	December 31, 2025	% of Gross lending revenue
Gross securities lending revenue	10,024	100.0
Withholding taxes	-	-
Agent fees		
RBC IS	(4,010)	(40.0)
Securities lending Revenue	6,014	60.0

	December 31, 2024	% of Gross lending revenue
Gross securities lending revenue	9,381	100.0
Withholding taxes	-	-
Agent fees		
RBC IS	(3,753)	(40.0)
Securities lending Revenue	5,628	60.0

2.11 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in the statement of comprehensive income.

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2025 (continued)*

2.12 Soft dollar commissions

In addition to covering brokerage services on security transactions, commissions paid to certain brokers may also cover research services provided to the Investment Manager. The value of the research services included in the commissions paid by the Fund to those brokers was \$125 in the year ended December 31, 2025 (\$198 in 2024).

2.13 Distribution payable to holders of redeemable units

Distributions to holders of redeemable units are recognized in the statement of changes in net assets attributable to holders of redeemable units when they are authorized and no longer at the discretion of the Fund. The distributions on the redeemable units are recognized in the statement of changes in net assets attributable to holders of redeemable units.

2.14 Increase/decrease in net assets attributable to holders of redeemable units from operations

Income not distributed is included in net assets attributable to holders of redeemable units. Movements in net assets attributable to holders of redeemable units are recognized in the statement of changes in net assets attributable to holders of redeemable units.

2.15 Taxation

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and distributes all of its net taxable income with the intent to not be subject to income tax.

The Fund is in substance not taxable and therefore does not record deferred income tax assets or liabilities in respect of temporary differences or losses available to be carried forward.

As at December 31, 2025, the Fund had \$nil non-capital losses and \$25,283 in capital losses carried forward for income tax purposes (\$nil and \$25,283, respectively, as at December 31, 2024). Capital losses may be carried forward indefinitely to be applied against future capital gains.

Goods and services tax (GST) or harmonized sales tax (HST), as applicable, is included in the relevant expense items charged to the Fund.

3. Financial risk

3.1 Financial risk factors and capital risk management

The Fund is exposed to a variety of financial risks, which include market risk (including price risk, foreign currency risk, cash flow and fair value interest rate risk), liquidity risk, credit risk and concentration risk.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework

is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Fund's overall risk management program seeks to maximize the returns derived for the level of risk to which the Fund is exposed and seeks to minimize potential adverse effects on the Fund's financial performance. The Fund's risk management practice includes the monitoring of compliance with investment guidelines. The Manager manages the potential effects of these financial risks on the Fund's performance by contracting and overseeing professional and experienced investment advisors that regularly monitor the Fund's positions and market events and diversify the investment portfolio within the constraints of the investment guidelines.

All securities investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions.

The manager is responsible for managing the Fund's capital, which is its NAV and consists primarily of its financial instruments.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

3.1.1 Market risk

(a) Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk, credit risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Fund is exposed to equity and debt securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

As at December 31, 2025 approximately 23% of the Fund's investment portfolio was traded on a recognized stock exchange (26% as at December 31, 2024). If equity prices on stock exchanges had increased or decreased by 10% as at the year end, with all other factors remaining constant, assets could possibly have increased or decreased by approximately \$656,000 (\$618,000 as at December 31, 2024). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Debt security price risk is mitigated through active management of a diversified portfolio of fixed income

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2025 (continued)*

securities. In normal circumstances, the target allocation to Government bonds (including issued or guaranteed by Canada, municipalities and the provinces) will be approximately one-third (33%) of the portfolio. The portfolio manager may, at its discretion, alter the portfolio weighting to be closer to the FTSE Canada Universe Bond Index at any time. Eligible fixed income investments include bonds, debentures, notes, coupons, residuals and other evidence of indebtedness of Canadian or foreign issuers, whether denominated and payable in Canadian dollars or a foreign currency, mortgage-backed securities, asset-backed securities, floating rate notes, private placements, real return bonds, extendible/retractable bonds, and other fixed income oriented securities. Private placements over \$100 million in issue size may be included in the Fund as long as the securities have received an investment grade rating from a recognized credit rating agency, and an expected liquid market for the securities is maintained by a recognized broker/dealer.

(b) Foreign currency risk

Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

Where equity securities are quoted in currencies other than the Canadian dollar, the price initially expressed in foreign currency and then converted into Canadian dollars will also fluctuate because of changes in foreign exchange rates.

The Fund did not have exposure to foreign currency risk as all monetary and non-monetary assets denominated in Canadian dollars, the functional currency at December 31, 2025 and 2024.

(c) Cash flow and fair value interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when a fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing level of market interest rates.

As at December 31, 2025 and 2024, the Fund's exposure to debt instruments by maturity was as follows (\$'000):

Maturity Date	31-Dec-25	31-Dec-24
Less than 3 years	8,016	3,282
3-5 years	3,315	5,405
Greater than 5 years	10,656	8,931

As at December 31, 2025, if the prevailing interest rates had been raised or lowered by 0.25%, assuming a parallel shift in the yield curve, with all other factors remaining constant, net assets could possibly have decreased or increased, respectively, by approximately \$385,000 (approximately \$314,000 as at December 31, 2024). The Fund's interest rate sensitivity was based, portfolio weighted, on duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material. As at December 31, 2025 and 2024, the Fund had no exposure to floating rate bonds.

3.1.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are issued and redeemed on demand at the then current net asset value per unit at the option of the unitholder.

Liquidity risk is managed by investing the majority (if not all) of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and short-term investment positions to maintain liquidity and has the ability to borrow up to 5% of its net assets for the purpose of funding redemptions. All financial liabilities of the Fund mature within the next three months.

3.1.3 Credit risk

Credit risk is the risk that a loss could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer.

As at December 31, 2025 approximately 85% of the Fund's investment portfolio was invested in debt securities and preferred shares (87% as at December 31, 2024), with the remaining 14% invested in Canadian equity securities (13% as at December 31, 2024).

As at December 31, 2025 and 2024, the Fund's credit risk exposure for bond securities and preferred shares, grouped by credit ratings, is listed in the following table (for a listing by the type of issuer as at December 31, 2025 see the schedule of investment portfolio):

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2025 (continued)*

As a percentage of Net Assets		
Credit Rating	31-Dec-25	31-Dec-24
AAA	23%	17%
AA	13%	22%
A	26%	20%
BBB	13%	13%
Pfd - 2	3%	4%
Pfd - 3	5%	6%
Pfd - 4	2%	2%

The Fund is also subject to credit risk arising from securities lending activities. This risk is managed by entering into contracts with creditworthy counterparties subject to minimum credit-rating requirements, by setting limits on the amount of exposure and by requiring collateral of at least 102%. The securities lending agent indemnifies the Fund for any shortfall.

As at December 31, 2025, securities on loan totaled \$7,027,654, whereas collateral held (non-cash) totaled \$7,168,209 (\$6,719,302 and \$6,853,692 as at December 31, 2024, respectively).

3.1.4 Concentration risk

The Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. Financial instruments in the same category have similar characteristics and may be affected similarly by changes in economic or other conditions. The Fund's concentration risks is summarized in the table below:

As at	December 31, 2025	December 31, 2024
Corporate Bonds	33.8%	33.7%
Federal Bonds	23.5%	17.1%
Provincial / Municipal Bonds	18.7%	23.2%
Canadian Common Equity	13.5%	13.5%
Canadian Preferred Equity	9.4%	12.5%
Money Market Securities	1.1%	0.0%

3.2 Fair value estimation

Classification of financial instruments

The Fund classifies its financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3—Inputs that are not based on observable market data.

The following tables illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2025 and 2024.

December 31, 2025

('000)	Level 1	Level 2	Level 3	Total
Equities	6,564	—	—	6,564
Cash & cash equivalents	81	—	—	81
Bonds	—	21,987	—	21,987
Money market securities	—	325	—	325
Total	6,645	22,312	—	28,957

December 31, 2024

('000)	Level 1	Level 2	Level 3	Total
Equities	6,176	—	—	6,176
Cash & cash equivalents	600	—	—	600
Bonds	—	17,618	—	17,618
Money market securities	—	—	—	—
Total	6,776	17,618	—	24,394

There were no transfers between the levels within the fair value hierarchy during the years ended December 31, 2025 and 2024.

4. Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

(a) Fair value measurement of derivatives and securities not quoted in an active market

If the Fund holds financial instruments that are not quoted in active markets, including derivatives, fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market

NOTES TO FINANCIAL STATEMENTS *As at December 31, 2025 (continued)*

makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability, as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. Refer to Note 3.2 for further information about the fair value measurement of the Fund's financial instruments.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(b) IFRS 10 'Consolidated Financial Statements'

In determining whether the Fund exhibits instances of control or significant influence, IFRS 10 "Consolidated Financial Statements" provides an exception to any financial statement consolidation requirements for entities that meet the definition of an "investment entity". Amongst other factors, the Fund meets the definition of investment entity as it obtains funds from one or more investors for the purpose of providing those investors with professional investment management services and commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both. The Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

5. Redeemable units

The capital of the Fund is represented by issued redeemable units that have no par value. Holders of units are entitled to distributions, if any, and to payment of a proportionate amount based on the Fund's net asset value per unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscription and redemption of units, other than minimum subscription requirements. The Fund endeavours to invest the subscriptions received in appropriate investments while

maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments or short-term borrowings where necessary. The changes in the number of units during the last two years ended December 31 were as follows:

	2025	2024
Outstanding, beginning of year	2,133,881	2,105,842
Issued for cash	438,923	168,347
Reinvestment of distributions	94,572	54,429
Redeemed	(180,749)	(194,737)
Outstanding, end of year	2,486,627	2,133,881

6. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Fund is managed by Tradex Management Inc, an investment management company incorporated under the Canada Business Corporations Act. Under the terms of the management agreement dated September 7, 1989 (as amended) the Fund appointed Tradex Management Inc as a Manager to provide management services, including the provision of key management personnel, for an annual fee of 0.6% of the Fund's net asset value, calculated and accrued daily.

Tradex Management Inc. may from time to time voluntarily waive a portion of its management fees and/or absorb all or a portion of the other expenses of the Fund and/or rebate to the Fund a portion of the fees paid to it by the Fund in the second half annually. This reduces the expenses for the Fund, which in turn reduces its management expense ratio. In 2025, \$94,536 (\$95,937 in 2024) in expenses were reduced by such transactions.

7. IESBA DISCLOSURE

In compliance with the International Ethics Standards Board for Accountants' ("IESBA") Code of Ethics for Professional Accountants, the auditor is required to publicly disclose the audit and non-audit fees charged to public interest entities, including the Fund, on an annual basis.

In connection with the audits of the financial statements of the Fund for the year ended December 31, 2025, the following fees (excluding applicable taxes) were paid or payable to PricewaterhouseCoopers LLP: fees for the audits of financial statements were \$14,020 and fees for other services were \$2,205.

BOARD OF DIRECTORS AND OFFICERS OF THE MANAGER

Christine Allison, FCPA, FCA *Ottawa, Ont.*
MD Financial Management (retired)
Director and Vice-Chair

Natalya G. Calabina, CPA, *Ottawa, Ont.*
Tradex Management Inc.
Chief Financial Officer and Chief Compliance Officer

Philip E. Charko, *Ottawa, Ont.*
Canada Employment Insurance Financing Board (retired)
Director

Blair R. Cooper, CFA, MBA, *Ottawa, Ont.*
Tradex Management Inc.
Director, President, CEO

Franklin Blake Johnston, *Ottawa, Ont.*
President, Diligence Public Affairs Inc.
Director

Chuck Hamilton, *Ottawa, Ont.*
Educators Financial Group (retired)
Director

Tom MacDonald, *Ottawa, Ont.*
Global Affairs Canada (retired)
Director and Chair

Dena Palamedes, CPA, CMA, CIA, CFE, CCSA, CRMA
Ottawa, Ont.
Canada Border Services Agency (retired)
Director, Treasurer and Chair of the Audit Committee

David Plunkett, *Ottawa, Ont.*
Global Affairs Canada (retired)
Director

Christine Thomas, *Ottawa, Ont.*
Canadian Medical Association (retired)
Director

Irit Weiser, *Ottawa, Ont.*
Department of Justice (retired)
Director and Corporate Secretary

CORPORATE AND UNITHOLDER INFORMATION

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We encourage you to visit
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