Tradex QUARTERLY

Webcast May 28th Check Tradex.ca for updates

First quarter 2025

President's Report to Tradex Members

The Canadian equity market again moved higher for the first quarter, with the S&P/TSX Composite Index increasing by 0.8% during the past three months. In the US The S&P 500 Index finished the quarter down 4.6%, its worst first three months of a year since the first quarter of 2022, the decrease in terms of Canadian dollars was larger for the quarter as the Canadian currency increased from 69.50 cents to 69.56 cents, an increase of 0.1% for the period. As of March 31, the dividend yield of the S&P/TSX was 3.0% and S&P500 1.4%, which indicates a slightly lower relative value in stocks due to the increases in the 10-year government bond yields to 3.5% in Canada and 4.2% for US Treasuries.

After the quarter-end, the US announced higher than expected and broadly based tariffs resulting in rapid market declines as the possibility of a US and global recession was priced in. History indicates the markets will recover and investors with a reasonable time horizon are least injured by retaining their equity markets exposure to avoid locking in long term wealth reductions.

The Bank of Canada (BoC) cut its rate by 0.25% again at both the January and March announcements to 2.75% while the Federal Open Markets Committee (FOMC) held its rate in January and March at 4.25% to 4.5%. The FOMC indicated it anticipates two 0.25% rate reductions at their scheduled meetings this year. The BoC indicated "The Canadian economy entered 2025 in a solid position, with inflation close to the 2% target and robust GDP growth. However, heightened trade tensions and tariffs imposed by the United States will likely slow the pace of economic activity and increase inflationary pressures. The economic outlook continues to be subject to more-than-usual uncertainty because of the rapidly evolving policy landscape." The US economy looks to have slowed in recent months.

We are pleased to offer a Virtual webcast on May 28th, 2025, "Is it Really Time for Joint Assets? Planning Considerations and Joint Assets", to our members featuring the CI Global Asset Management Tax and Estate Team. Please visit our website for more details and to register.

Management Expense Ratios

We are pleased to confirm to investors that the Management Expense Ratio (MER) for all of the Tradex Funds declined in 2024, as follows:

	2024 MER	2023 MER	Median Fund for Category* MER
Tradex Equity Fund	**0.97%**	1.18%	2.30%
Tradex Bond Fund	**1.09%**	1.21%	1.29%/1.85%◊
Tradex Global Fund#	**2.75%**	3.06%	2.33%

* Source: Morningstar
◊ Fixed Income/Fixed Income Balanced
includes underlying funds 1.03% generally offset by the movement in discount rates, direct cost **1.72%**

The lower MERs reflect both the higher rebates we were able to make in 2024 and the increased assets held within the Funds over which the expenses are allocated. The $700,600 rebate of management fees (versus $339,000 in 2023) was made possible due to the higher revenues that we received from the increase in assets under administration as members consolidate their investments at Tradex.

Management Reports of Fund Performance and Financial Statements

For members who did not elect to receive a mailed copy, the 2025 reports are available anytime on our website for downloading. If you wish to receive a printed copy, please contact us.

Tradex 65th Annual General Meeting

If you wish to view the presentations given by our three portfolio managers at the May 7, 2025, Annual General Meeting at the Bayview Yards, they will appear on our website at www.tradex.ca shortly after the meeting date in the section entitled "News – 2025 Annual General Meeting Portfolio Manager Presentations" which can be found at the bottom of the homepage.

A thank-you for referring New Clients

All new member referrals currently are eligible for $65 split between the referring member and new member in recognition of Tradex's 65th anniversary. Referral Forms are available on the back page or our website or from our office.

Blair Cooper

Blair Cooper
April 19, 2025

Tradex Equity Fund Limited – Quarterly Review – March 31, 2025

	Total return (%)			Average annual compound return (%)			
	Latest 3 months	Latest 6 months	1 year	3 years	5 years	10 years	Since inception*
Tradex Equity Fund Limited	-0.7	2.7	10.9	5.2	14.0	8.1	9.3
S&P/TSX Total Return Index (TRI)**	1.5	-1.5	15.8	7.8	16.8	8.5	—
Average Canadian Focused Equity Fund**	-0.6	2.6	9.7	7.4	14.5	7.0	—

*April 1960 **Source: Fundata Canada Inc

Trade tensions and central bank announcements dominated headlines for the quarter. Uncertainty over the Trump administration's tariff threats and the potential for a global trade war made it difficult for the BoC to provide assumptions or guideposts for the Canadian economy, and had equity markets whipsawing. The S&P/TSX Composite Index experienced a pullback yet managed to post a gain of 1.5% for the quarter. The Information Technology and Health Care were the hardest hit, while the Materials and Utilities were top contributors to performance.

During the quarter, security selection within industrial stocks was the largest contributor of relative performance. Not owning tariff-affected Air Canada and trucking firm TFI International was a significant tailwind.

The materials detracted the most in Q1, as the portfolio remains largely underweight gold producers.
Gold prices, which tend to rise during periods of economic uncertainty, have become a significant portion of the TSX on a market-cap basis. The nature of these businesses doesn't meet the growth or quality criteria for this strategy, as they are largely levered to commodity price swings. As a result, not owning names like Barrick Gold, Alamos Gold, and Franco-Nevada detracted meaningfully from performance.

The largest detractors from performance on the global side of the portfolio were Recruit Holdings (best known for Indeed and Glassdoor) and technology company Accenture. The Fund's lack of exposure to strong performing European bank stocks also weighed on relative performance. On the positive side of the ledger, not owning Tesla, Apple and Alphabet due to fundamental and valuation concerns benefitted relative performance. Other positions contributing to outperformance included Autozone, Intercontinental Exchange and pharmaceutical distribution company McKesson.

As at March 31, 2025 the Fund's 10 largest holdings were as follows:

Royal Bank of Canada	4.2%	Agnico Eagle Mines Ltd	2.2%
Shopify Inc.	3.1%	Enbridge Inc.	2.1%
TD Bank	2.8%	Amazon.com Inc.	2.1%
Microsoft Corp.	2.7%	Canadian Natural Resources Ltd	1.8%
Brookfield Corp.	2.2%	Manulife Financial Corp.	1.7%

PH&N continues to assess market opportunities and believes that equity returns will depend largely on the ultimate level and duration of tariffs and their impact on both the path of interest rates and economic activity.

Tradex Bond Fund – Quarterly Review – March 31, 2025

	Total return (%)			Average annual compound return (%)			
	Latest 3 months	Latest 6 months	1 year	3 years	5 years	10 years	Since inception*
Tradex Bond Fund	1.6	2.8	8.4	2.9	5.2	3.1	5.4
FTSE TMX Canada Universe Bond	2.0	2.0	7.7	2.5	0.9	1.8	—
Average Canadian Bond Fund**	1.7	1.3	6.6	1.7	0.8	1.1	—

*December 1989 **Source: Fundata Canada Inc

An investment in the Tradex Bond Fund increased in value by 1.6% during the first quarter modestly lagging the benchmark Canadian bond index which rose 2.0%. The fund has increased by 8.4% over the past year while the index rose 7.7%. From the October 2022 bear market bottom the fund had risen over 21% by March 31st, 2025.

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, particularly in Canada, which faces ongoing trade tensions with the US. In response to these pressures, the Bank of Canada (BoC) cut its key policy rate by a total of 50 basis points to 2.75%. This marked the sixth and seventh consecutive reductions by the central bank.

Yields declined across the yield curve, with short-term bonds seeing more significant drops in line with the BoC's rate cuts. Longer-term bond yields also declined, though to a lesser extent. Given the increasing level of 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 credit markets, Canadian corporate bonds showed signs of softening after strong performances in previous quarters, which had a small negative impact on the marginal relative underperformance of the portfolio in the quarter.

The Canadian preferred share market generated good absolute performance during the quarter. Dividend-paying companies provided more upside than non-dividend-paying companies. Gold stocks, in particular, did very well as investors looked towards what is considered a traditional safe haven. Our portfolio companies continued to increase dividends despite the uncertain economic outlook. Dividend increases are a signal of confidence in the business outlook. Top contributors in the quarter were Imperial Oil Ltd., Quebecor Inc. and Power Corporation of Canada. Detractors were Exco Technologies Ltd., Rogers Communications Inc. and Bank of Nova Scotia.

Yields across all Government of Canada bonds decreased during the quarter as seen in the following table:

Term to Maturity	Record Lows	Yield Dec. 30/23	Yield Dec. 31/24	Yield Mar. 31/25
2 year	**0.15%***	3.88%	2.93%	2.46%
3 year	**0.18%***	3.67%	2.87%	2.47%
5 year	**0.30%****	3.17%	2.96%	2.61%
10 year	**0.43%****	3.10%	3.23%	2.97%
30 year	**0.71%*****	3.02%	3.33%	3.23%

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

The yield on the Fund's overall portfolio was 3.5% as at March 31st, as shown in the following table, while the yield on the FTSE TMX Canada Universe index was 3.3%. (Proportion of portfolio in parentheses.)

	Government Bonds (38%)	*Corporate Bonds (32%)*	*Preferred Shares (10%)*	*Common Shares, Trusts, REITs (12%)*	*Weighted average total*
*Yield**	*3.2%*	*3.7%*	*6.4%*	*4.1%*	*3.5%*

*The gross estimated annual yield for 1 year is calculated before fees & taxes

Looking ahead through the remainder of 2025, despite the potential challenges posed by ongoing US-Canada trade tensions, Foyston, Gordon & Payne's (FGP) outlook for Canadian fixed income remains positive. Expectations of stable economic growth, the BoC's cautious monetary policies, and relatively higher starting yields offered by Canadian bonds provide a solid foundation. However, given the ongoing economic uncertainty, potential inflation pressures, and geopolitical risks, FGP remain cautious and will take advantage of new opportunities at a measured pace. Their focus remains on downside protection while navigating a volatile market, where inflation, recession fears, and global trade tensions are likely to shape investor sentiment.

Tradex Global Equity Fund – Quarterly Review – March 31, 2025

	Total return (%)			Average annual compound return (%)			
	Latest 3 months	Latest 6 months	1 year	3 years	5 years	10 years	Since inception*
Tradex Global Equity Fund	-1.7	4.1	12.6	8.8	15.2	8.7	7.1
Dow Jones Global Total Return Index**	-1.4	3.8	13.4	11.9	15.5	10.2	—
Average Canadian Global Equity Fund**	-1.1	1.6	8.5	8.3	12.8	7.6	—

*May 1999 **Source: Fundata Canada Inc

During the first quarter of 2025, the value of each unit in the Tradex Global Equity Fund increased by 1.7% and has increased 12.6% in the past 12 months. From the October 2022 bear market bottom the fund had risen over 159% by March 31st, 2025.

The first three months of the year saw US exceptionalism called into question. Concerns over the valuations of some large tech stocks and the uncertainty of US trade policies contributed to US equities underperforming other Developed Markets (DM). The prospect of widespread reciprocal tariffs has led to US growth forecasts being revised down. Europe was the best-performing DM during Q1 – it was more attractively valued and benefited from a proposed increase in military spending and a loosening of the German fiscal constraint. The UK and Canada have a relatively high weight in energy companies, which have performed well, but Canada has faced more targeted US interventions. Japan remains an attractive market with ongoing corporate reforms, though their car exporting business is in the crosshairs for American protectionism. The yen has also strengthened over the quarter following a period of volatility. Australia remains relatively richly priced with low expected earnings growth. Globally, rate cut expectations have increased, despite concerns that inflation may return as trade frictions introduce inefficiencies. However, expectations are that hikes, rather than cuts are the next move for the Bank of Japan.

Energy stocks were the strongest performers over the quarter, while Utilities and Financials also rallied. The Technology stocks led declines. Spain (+18.9%), Italy (+16.5%) and Germany (+15.9%) led gains among Developed markets while US Technology companies, represented by the NASDAQ, fell 10.4% on concerns about the impact of tariffs and increased competition in the space. Denmark's beleaguered index dropped a further 7.9% over the quarter as pharma giant Novo Nordisk's newest weight-loss drug failed to meet expectations in ongoing trials and competitors continue to take market share from Wegovy, its flagship weight-loss drug. The Canadian market rose 2%, buoyed by gains in Financials, while lackluster corporate reporting led Australia (-1.7%) lower. Japan (+1.3%) saw a modest rise while Hong Kong equities rose 15.8% following local startup DeepSeek's release of its more efficient AI model, which also boosted China (+17.3%). Elsewhere in Emerging Markets, Brazil (+17.1%) and Mexico (+8.4%) rose, while Thailand (-16.3%) and Taiwan (-11.5%) fell.

City of London Investment Management (CLIM) increased US exposure moderately over the period, initiating a position in a small- and mid-cap fund while reducing positions in several other US funds on discount narrowing. CLIM adjusted exposure in Japan by reducing one narrowly discounted fund in favor of a more widely discounted name. Finally, they trimmed Europe ex-UK exposure into strength and trimmed exposure to energy on discount narrowing.

Tradex.ca®
since 1960
depuis 1960
mutual funds for the public service
fonds mutuels pour fonctionnaires

Tradex Management Inc.
340 Albert Street, Unit 1604
Ottawa, Ontario K1R 7Y6
Tel: 613-233-3394 • 800-567-3863 • Fax: 613-233-8191 • 877-492-3863
e-mail: info@tradex.ca • Web site: www.tradex.ca

The Tradex 65th Anniversary $65 New Member Incentive

Tradex is proud of its 65-year history of serving public sector employees and their families. To show our appreciation and to build our membership, as part of our 65th anniversary celebration, we are introducing a $65 client referral incentive. For a limited time only, when a Tradex Member refers a new client to us, both the existing Member and the new Member will each receive $32.50! This is just another way to show you that ***Tradex Is Different!***

1960 - 2025
65

- Simply complete and send this form to us by mail, fax, email or have the new Member bring it to the introductory meeting with Tradex.
- Please note that minimum investments apply ($100 monthly through pre-authorized deductions from a bank account or $1,000 through a lump sum investment for Tradex funds.)

Existing Member:

Name ____________________

Please select one of the following:
- ○ Credit my Tradex account with $32.50
- ○ Send me a $32.50 cheque to my home
- ○ Alternatively, credit the entire $65 to the new Member's account at Tradex

____
Existing Member's Signature

New Member:

Name ____________________

Address ____________________

Phone # ____________________

Email ____________________

____
New Member's Signature

Please note: Government regulations require that this offer not be applicable to certain types of accounts.