Tradex
QUARTERLY

Ottawa Family Fun Day Oct. 4th

Second quarter 2025

President's Report to Tradex Members

Equity markets corrected to start the quarter with the US S&P 500 declining 19% from its February highs in early April only to end the quarter up 10.6%. Similarly Canadian equities declined in early April but ended the quarter up 7.8%. For the first half of the year the TSX rose 8.8% while the US S&P 500 Index was up 5.5%. However, the increase in terms of Canadian dollars was lower for the quarter as the Canadian currency increased from 69.56 cents to 73.30 cents, an increase of 5.4%. As of the end of May Canadian stocks remain discounted to the US with the US Price/ Earnings ratio at 21.6 times versus it's 18-year average of 16.3 and the TSX's 15.7x versus 14.5x average. As of June 30, the dividend yield of the S&P/TSX was 2.6% and S&P 500 1.3%. The 10-year government bond yields were 3.3% in Canada and 4.3% for US Treasuries.

The Bank of Canada (BoC) held its rate after seven consecutive cuts at 2.75% at the June and April announcements. Similarly, the FOMC held its rate at 4.25 % to 4.5% percent at both meetings May 7 and June 18. The FOMC dot plot indicates 2 cuts likely in 2025. The US Central Bank is continuing their policy of reducing its balance sheet, but the BoC has stopped. The BoC indicated "economic growth in the first quarter came in at 2.2%, slightly stronger than the Bank had foreacast, ... Consumption showed from its very strong quarter pace but continued to grow despite a large drop in consumer confidence. Housing activity was down, driven by a sharp contraction in resales. Government spending also declined. The labour market has weakened, particularly in trade-intensive sectors, and unemployment has risen to 6.9%. The economy is expected to be considerably weaker in the second quarter, with the strength in exports and inventories reversing and final domestic demand remaining subdued."

Interim Management Reports of Fund Performance and Financial Statements

For members who did not elect to receive a mailed copy, the 2025 reports will be available by late August on our website. If you wish to receive a printed copy, please call or e-mail us.

Paperless and Online access for the Tradex Funds

RBC Investor Services offers electronic statements, tax slips and confirmation slips for holders of the Tradex Funds. Please register for your WealthLink access on our website (next to the dealer WebCONNECT access) and select electronic delivery if you wish to stop receiving the Tradex Funds statements and confirmations by mail. Please contact our office if you prefer us to set you up.

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 our 65th anniversary. Referral forms are available on our website, or you can request one from our office.

Tradex Family Fun Day

We are happy to announce that our second annual family fun day will be a family movie viewing at the Scotia Bank Theater on October 4th with snacks for the kids included! All Tradex members are invited to bring their children and grandchildren along with extended family with children to this event. More details will be available on our website as the date approaches. Hope to see you there!

Consolidate and Save

Our back page provides a brief outline of the benefits associated with eligible members consolidating their mutual fund investments through Tradex. We also outline the advantages associated in dealing through Tradex and an outline of the services available.

Blair Cooper

Blair Cooper
July 17, 2025

Tradex Equity Fund Limited – Quarterly Review – June 30, 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	8.6	7.9	19.9	13.8	12.4	9.0	9.4
S&P/TSX Total Return Index (TRI)**	8.5	10.2	26.4	16.1	15.0	9.6	—
Average Canadian Focused Equity Fund**	6.5	5.9	16.7	14.4	12.9	7.8	—

*April 1960 **Source: Fundata Canada Inc

During the second quarter, an investment in Tradex Equity Fund Limited increased in value by 8.6%, exceeding the Fund's benchmark, the S&P/TSX Total Return Index which rose 8.5%. It increased by 19.9% over the past year, lagging the benchmark.

Global equities suffered a sharp decline in April in response to the "Liberation Day" tariffs, but subsequently staged an impressive comeback and set new all-time highs in the face of heightened policy uncertainty and geopolitical tensions. The portfolio outperformed its benchmark against this challenging and volatile backdrop. Subsequent progress on trade propelled the S&P 500 back to levels which make further gains increasingly dependent on strong earnings growth and elevated investor confidence. The US dollar is one of the worst performing currencies since Donald Trump's inauguration in late January.

Positions in Aritzia, AppLovin, Broadcom, Twilio, Netflix and Microsoft contributed poitively in the quarter as did not owning Apple, BCE and Pembina Pipeline. Conversely, the larger detractions came from UnitedHealth Group, AutoZone, Prairie Sky Royalty, Enbridge, and Keyera while the underweight exposure to Celestica detracted from relative returns over the quarter. Phillips, Hager & North (PH&N) added to stocks like Canadian National Railway, Canadian Natural Resources, TransCanada Pipelines, and Keyera. They initiated a position in BAE Systems, and in Boeing and re-initiated a position in cloud-based communications platform Twilio.

As at June 30, 2025 the Fund's 10 largest holdings were as follows:

Royal Bank of Canada	4.5%	Brookfield	2.3%
TD Bank	3.0%	Amazon.com Inc.	2.3%
Shopify	3.0%	NVIDIA Corp.	2.1%
Microsoft Corp.	2.9%	Agnico Eagle Mines Ltd.	1.9%
Enbridge	2.6%	CIBC	1.8%

Looking ahead, PH&N indicates that uncertainty around US tariffs remains, but the worst-case scenario has largely been ruled out as progress toward trade deals is being made. In their base case scenario, economic growth should slow, but not stop, and any rise in inflation should prove temporary. Stocks can perform well against this backdrop if policy, earnings and investor sentiment cooperate. At this point, PH&N's models suggest that global equities are fairly priced and offer attractive return potential, especially non-US markets.

Tradex Bond Fund – Quarterly Review – June 30, 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	1.1	2.8	9.0	5.6	4.0	3.3	5.4
FTSE TMX Canada Universe Bond	-0.6	1.4	6.1	4.3	-0.4	1.9	—
Average Canadian Bond Fund**	-0.4	1.2	5.4	3.8	-0.6	1.2	—

*December 1989 **Source: Fundata Canada Inc

An investment in the Tradex Bond Fund increased in value by 1.1% during the second quarter outperforming the benchmark Canadian bond index. The fund has increased by 9% over the past year exceeding the benchmark by 2.9%.

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 US administration's unpredictable trade policies and renewed geopolitical tensions, particularly the intensifying conflict in the Middle East. While global growth proved resilient, we did see some signs of moderation amid ongoing uncertainty in various global economies. Central banks, including the US Federal Reserve (the Fed) and the Bank of Canada (the BoC), maintained a cautious, data-driven approach, keeping their policy rates steady as they awaited greater clarity on the long-term effects of tariffs on global trade and inflation.

Interest rates climbed across the yield curve, with short-term bond yields rising modestly, largely in response to the BoC's cautious, wait-and-see policy stance. Longer-term yields saw more pronounced increases, driven by global market influences—particularly from the US Treasury market, where persistent inflation concerns and worries about sustained government deficits and increased bond supply pushed yields higher.

Given the ongoing uncertainty in financial markets, the portfolio maintained a slightly longer duration than the benchmark. This positioning led to some short-term underperformance during the quarter as rising yields negatively impacted longer-duration bonds. An overweight allocation in Foyston, Gordon and & Payne's. (FGP's) corporate credit strategies drove positive contribution to relative performance for the quarter. The Canadian preferred share market generated good performance. Most notably, one of our holdings of TC Energy benefitted from an upcoming dividend reset that will increase the annual dividend amount by 143%. Our portfolio companies continued to increase dividends despite the uncertain economic outlook. Dividend increases are a signal of confidence in the business outlook. Two companies paid a special dividend in the quarter.

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

Term	Record Lows	Yield Dec. 30/23	Yield Dec. 31/24	Yield Mar. 31/25	Yield June 30/25
2 year	**0.15%***	3.94%	2.93%	2.46%	2.59%
3 year	**0.18%***	3.76%	2.87%	2.47%	2.62%
5 year	**0.30%****	3.24%	2.96%	2.61%	2.83%
10 year	**0.43%****	3.11%	3.23%	3.06%	3.28%
30 year	**0.71%*****	2.91%	3.33%	3.23%	3.56%

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

The Fund continued to be diversified across income-generating asset classes. At quarter-end, 41% of the Fund's portfolio value was in government bonds, 34% in corporate bonds, 10% in preferred shares, and 14% in common shares, REITs and Income Trusts. The yield on the Fund's overall portfolio was 3.8% as at June 30th, as shown in the following table, while the yield on the FTSE TMX Canada Universe index was 3.6%.

	Government Bonds	*Corporate Bonds*	*Preferred Shares*	*Common Shares, Trusts, REITs*	*Weighted average total*
*Yield**	*3.4%*	*3.8%*	*5.9%*	*3.9%*	*3.8%*

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

Looking forward, FGP expect preferred share returns to deliver enduring resiliency and modest capital appreciation in addition to rising dividends. Changes in taxation and bank capital continued to positively impact the preferred share market. The common share portfolio is positioned predominantly in companies that provide a service (rather than a good) and that have high Canadian revenue streams. While the portfolio will not be immune to the trade war, FGP believe they own strong Canadian companies. They continue to look for opportunities to initiate new positions in companies that have been harmed by tariff uncertainty.

Tradex Global Equity Fund – Quarterly Review – June 30, 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	9.5	7.7	18.4	20.1	13.1	9.6	7.4
Dow Jones Global Total Return Index**	6.0	4.4	16.0	19.5	13.6	10.9	—
Average Canadian Global Equity Fund**	5.9	4.7	12.9	15.3	11.0	8.3	—

*May 1999 **Source: Fundata Canada Inc

During the second quarter of 2025, the value of each unit in the Tradex Global Equity Fund increased by 9.5%. Over the rolling 12-month period ending June 30, 2025, the value of each unit increased by 18.4% versus a gain of 16% in the Fund's benchmark.

American policies dominated the narrative over the quarter. The period started with 'Liberation Day' (April 2) and the announcement of US tariffs that were higher than many people expected. Subsequently, bilateral tariffs with China were pushed up to over 100%. Shortly after their introduction, the majority of the tariffs were reduced for a 90-day period. Markets fell before and during the period while tariffs were in force (the S&P 500 was down almost 20% over the two months to early April) and recovered over the following months – reaching an all-time high in late June. Tech stocks and AI-related assets have continued to perform well, with notable recent strength in Chinese tech. Global stocks rose over the period while the US 10-year yield was broadly unchanged, rising 2 basis points to end the quarter at 4.23%. The dollar index (DXY) fell 7% during the three months, while the Emerging Markets currency index also strengthened by 5.3%. The oil price fell, ending the quarter down 9.5%, with higher volatility in the last few weeks of the period around the Israel-Iran conflict and the US's bombing of Iranian nuclear facilities. Gold rose 5.7%in the quarter.

Ireland (+16.3%), the Netherlands (+13%) and Spain (+11.7%) led gains in Developed Europe, driven by strong returns in the banking sector. In the US, the NASDAQ rose 11.8% as tech, and particularly AI-related names, rebounded on robust demand, while the S&P gained 5.2% on easing trade tensions and strong earnings. The Canadian market rose 8.5%, buoyed by gains in Financial and Material companies, particularly gold mining companies, which also drove a 9.5% gain in Australia. Stocks also rose in Hong Kong (+15.8%), Japan (+5.8%) and Singapore (+2.4%). In Emerging Asia, South Korea (+22.1%) led gains as the market continues to rebound following political uncertainty earlier in the year and as the outlook for its corporate governance improves. Investor enthusiasm drove Offshore China (+18%) higher while Taiwan (+16.9%) benefited from the global tech rally. Elsewhere in Emerging Markets, Mexico (+14.9%) and Poland (+9.6%) gained while Argentina (-27.3%) and Thailand (-7.6%) fell.

During the period, country exposure was little changed. City of London Investment Management (CLIM) adjusted and reduced Europe ex-UK exposure over the period, exiting a narrowly discounted fund and partially switching proceeds into a more widely discounted fund providing similar exposure. They switched some tech exposure from a fund whose discount narrowed to a similar fund trading at a much wider discount. Following market falls in April, CLIM also reduced funds providing exposure to US value and reinvesting the proceeds in US growth.

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, ON 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

1960 - 2025 65

SWITCH, SIMPLIFY AND SAVE

Tradex offers Members access to a broad range of products and services to meet your financial needs. By centralizing your needs through Tradex you can simplify your financial picture and often achieve significant savings (recent portfolio transfers saved 17% to 38%, with an average savings of 30%).

Holding All of your Mutual Funds through Tradex

Tradex is a licensed mutual fund dealer in Ontario, Quebec and British Columbia offering these members the opportunity to purchase and hold through Tradex most of the over 5,000 mutual funds available to Canadian investors, including funds offered by Beutel Goodman, the major banks, Capital, Dynamic, Fidelity, Franklin Templeton and NEI (to name just a few).

The benefits of dealing through Tradex are:

- Tradex saves you money! When you purchase mutual funds through Tradex there are no sales commissions, account set-up fees or transaction fees. This includes those mutual funds where you would normally pay a sales commission if they were purchased elsewhere.
- If you currently own mutual funds purchased elsewhere (at a bank, broker, discount broker or mutual fund dealer) you can transfer them into an account at Tradex at no cost (we'll pay the transfer fees on your behalf). For fee-based accounts, compare Tradex service fees max 0.7% versus the typical 1%-1.4% at other dealers.
- There are no annual TFSA, RRSP or RRIF fees as we pay the annual administrative fees for eligible self-directed plans. Self-directed accounts can hold mutual funds, ETFs and GICs.
- We'll give you great service and expert advice just like the service we provide for the Tradex Funds. Also, you'll receive a quarterly consolidated fund statement along with having full on-line access to view all of your accountS.
- We offer Retirement Income forecasts at no charge to help you meet your financial goals.
- Our portfolio reviews and recommendations are tailored to your specific needs, based upon your existing holdings, risk profile and individual preferences.
- Our salaried advisers provide straight-forward, unbiased advice, ensuring that your investments are properly allocated between registered and taxable accounts to maximize after-tax returns.
- Where appropriate, we will recommend using specially developed corporate class and other structures to reduce your tax burden.
- We recommend buying and holding mutual funds that have a combination of low management expense ratios and proven long-term performance.
- Frequently you can save twice, first by Tradex offering access to lower cost versions of funds available through other dealers and second by the potential for increased rebates into your Tradex funds holdings as more members consolidate their holdings under our dealer.

For more information please call us at 613-233-3394 or 1-800-567-3863 or e-mail info@tradex.ca.