Tradex
QUARTERLY
Third quarter 2025

Estate Planning Webcast
Nov. 26th
Noon EST

President's Report to Tradex Investors

The Canadian equity market increased in the quarter with the S&P/TSX Composite Index increasing by 11.8% during the past three months and 23.9% year-to-date. In the US the S&P 500 Index rose 7.8% for the quarter and 13.7% year-to-date. However, the increase in terms of Canadian dollars was higher for the quarter as the Canadian currency decreased from 73.30 cents to 71.83 cents, a decrease of 2% for the period. As of September 29th, the dividend yield of the S&P/TSX was 2.4% and S&P500 1.2%, continuing below bond yields with the 10-year government bond yields 3.2% in Canada and 4.2% for US Treasuries.

The Bank of Canada (BoC) cut it's rate 0.25% at its September 17th announcement for the first time since March to 2.5% after holding its rate at the July 30th announcement. Similarly, the FOMC held its rate July 30th and cut September 17th to 4 to 4.25% after holding since December. The US Central Bank is continuing its policy of reducing its balance sheet but the BoC has stopped. The BoC indicated "Canada's GDP declined by about 1.5% in the second quarter, as expected, with tariffs and trade uncertainty weighing heavily on economic activity. Exports fell by 27% in the second quarter, a sharp reversal from first-quarter gains when companies were rushing orders to get ahead of tariffs. Business investment also declined in the second quarter. Consumption and housing activity both grew at a healthy pace. In the months ahead, slow population growth and the weakness in the labour market will likely weigh on household spending."

We are pleased to offer a virtual Estate Planning Seminar November 26th at Noon to our members featuring Flora Kampogo, Director of Tax and Estate Planning, Mackenzie Investments. Please use the above QR code to register or contact our office for a link.

Electronic Annual Dealer Statements Option

All members including those having only Tradex Funds accounts will be receiving the full year dealer statements complete with the annual performance and Charges & Compensation reports in the new year. If you would prefer an electronic copy especially to avoid impacts from intermittent Canada Post strikes or simply to reduce paper, please visit our website to sign up through the Member Login with daily account access and to commence receiving electronic dealer statements.

Referral Campaign Ending

All new member referrals currently are eligible for $65 split between the referring member and new member in recognition of Tradex's 65th anniversary. New Members are extremely important to the continued success of Tradex and we therefore encourage you to promote Tradex to friends, colleagues and family members with a form to simplify the process available from our website or by contacting our office.

Three Great Ways to Reduce Taxes

We urge all investors to take advantage of the Tax-Free Savings Account (TFSA) program and we also encourage parents and grandparents to consider investing in a Registered Education Savings Plan (RESP). Contributions for each child under 16 as beneficiary before December 31st annually will receive up to $1,000 in government grant based upon 20% of the amount contributed. New in 2023 was the First Home Savings Account which combines the best components of TFSAs (all return available tax free if withdrawn towards eligible home purchase) and RRSPs (deductibility of contributions) and is anticipated to have benefits beyond just for those saving for a first home. Details on the programs are outlined on our back page and appear on our web site at www.tradex.ca.

Blair Cooper

Blair Cooper
October 21, 2025

Tradex Equity Fund Limited – Quarterly Review – September 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	18.0	21.2	17.9	12.8	10.7	9.5
S&P/TSX Total Return Index (TRI)**	12.5	22.1	28.6	21.3	16.7	11.8	—
Average Canadian Focused Equity Fund**	7.3	14.3	17.3	17.7	13.2	9.3	—

*April 1960 **Source: FundData

During the third quarter an investment in Tradex Equity Fund Limited increased in value by 8.6%, trailing the Fund's benchmark, the S&P/TSX Total Return Index, but outperforming its category average.

The Canadian equity market performed strongly in the third quarter and outperformed the US and Global equity markets. This quarter has been a tough landscape for active management, with the relative performance lag predominantly driven by the underweight to gold stocks and security selection decisions within Technology. Global equities delivered robust gains over the quarter, extending the sharp recovery from the tariff-driven sell-off in April and propelling most major indices to record highs. The market's advance was underpinned by a concentrated group of stocks with AI exposure, which benefitted from heightened investor enthusiasm, unprecedented capital investments, and accelerating adoption. Within this context, the portfolio posted a solid absolute return but lagged its benchmark slightly.

Not owning Celestica was the largest drag on performance over the quarter as the company continues to benefit from the AI capital expenditure trend, with data centres being built by US mega-cap tech companies using some Celestica-assembled components. Maple Leaf Foods delivered strong performance. Among foreign firms investments in TSMC, NVIDIA, AppLovin and Broadcom – key contributors to the ongoing AI expansion – delivered robust performance gains. Phillips, Hager & North (PH&N) re-initiated a position in Alphabet. Intuit, SAP and not owning Apple and Tesla were among the largest detractors from performance over the quarter. Key portfolio adjustments during the quarter included the sale of Valero and Salesforce.

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

Royal Bank of Canada	4.5%	Enbridge Inc	2.8%
Shopify Inc	3.6%	Brookfield Corp	2.8%
Toronto Dominion Bank	3.1%	Agnico Eagle Mines Ltd	2.7%
NVIDIA Corp	2.9%	Amazon.com Inc	2.2%
Microsoft Corp.	2.1%	CIBC	1.9%

PH&N indicates if profits continue to meet or even exceed analysts' expectations, the rally could have further room to go. That said, PH&N recognize that heightened valuations will likely limit the magnitude of any future gains. Against this backdrop of falling rates, they think the economy is likely to achieve a soft landing where economic growth is sufficient to lift corporate profits and stock prices.

Tradex Bond Fund – Quarterly Review – September 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	2.7	3.9	6.8	7.1	4.1	3.7	5.4
FTSE TMX Canada Universe Bond	1.5	0.9	2.9	4.7	-0.2	2.0	—
Average Canadian Bond Fund**	1.4	1.0	2.3	4.3	-0.5	1.4	—

*December 1989 **Source: FundData

An investment in the Tradex Bond Fund increased in value by 2.7% during the third quarter, outperforming the index and its peers. It has increased 6.8% for the past year, outperforming the Canadian Bond index by over 3% over the same period.

In the quarter, financial markets were calmer than earlier in the year. US 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 US Federal Reserve to cut policy rates by 25 basis points in September, lowering the fed funds target range 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 labour market weakened, with unemployment edging toward 7% as hiring momentum slowed. Combined with subdued business activity and moderating consumer demand, the Bank of Canada (BoC) reduced its policy rate by 25 basis points to 2.50% to help support growth.

Foyston, Gordon & Payne (FGP's) overweight in corporate credit contributed positively to relative returns, though not enough to offset the modest negative impact of duration longer than the benchmark for most of the quarter.

The Canadian preferred share market generated good absolute performance and the portfolio outperformed. The common share portfolio posted a very strong positive return in the quarter.

The Canadian stock market continued to post historically strong returns in the third quarter. Among the top contributors to the common share portfolio's relative performance in the quarter were Open Text Corp. and Gildan Activewear Inc.

Government of Canada bond yields decreased during the quarter except for the long term which rose, as seen in the following table:

Term	Record Lows	Yield Dec. 30/23	Yield Dec. 31/24	Yield June 30/25	Yield Sept. 29/25
2 year	**0.15%***	3.94%	2.93%	2.59%	2.47%
3 year	**0.18%***	3.76%	2.87%	2.62%	2.47%
5 year	**0.30%****	3.24%	2.96%	2.83%	2.74%
10 year	**0.43%****	3.11%	3.23%	3.28%	3.17%
30 year	**0.71%*****	2.91%	3.33%	3.56%	3.61%

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, 40% of the Fund's portfolio value was in government bonds, 33% in corporate bonds, 11% in preferred shares, and 14% in common shares, REITs and Income Trusts. The yield on the Fund's overall portfolio was 3.6% as at September 29th, as shown in the following table, while the yield on the FTSE TMX Canada Universe index was 3.4%.

	Government Bonds	*Corporate Bonds*	*Preferred Shares*	*Common Shares, Trusts, REITs*	*Weighted average total*
*Yield**	*3.4%*	*3.5%*	*5.6%*	*3.6%*	*3.6%*

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

Looking ahead to the final quarter, FGP's outlook remains balanced. Easier monetary policy from major central banks and resilient corporate earnings provide support, but risks persist in the form of policy divergence, slowing but uneven growth, persistent inflation pressures, and elevated geopolitical uncertainty. For Canadian fixed income, relatively high starting yields, a cautious BoC, and resilient credit markets provide a constructive foundation. Even so, FGP expect volatility to remain an ongoing presence in markets, and they remain focused on downside protection and disciplined positioning while selectively pursuing new opportunities. FGP expect preferred share returns to deliver rising dividends and modest capital appreciation.

Tradex Global Equity Fund – Quarterly Review – September 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	9.3	19.7	24.6	23.3	13.8	11.3	7.7
Dow Jones Global Total Return Index**	9.9	16.4	20.8	23.6	14.5	12.4	—
Average Canadian Global Equity Fund**	6.9	13.1	14.9	18.8	11.2	9.5	—

*May 1999 **Source: FundData

During the third quarter of 2025, the value of each unit in the Tradex Global Equity Fund increased by 9.30%. This compares to an increase of 9.9% in the Fund's benchmark, the Dow Jones Global Total Return Index. Over the rolling 12-month period ending September 30, 2025, the value of each unit increased by 24.6% versus a gain of 20.8% in the Fund's benchmark.

US reciprocal tariffs came into force in Q3, with many rates remaining largely unchanged from those initially announced on "Liberation Day" in April. The most notable changes included: India, which saw its rate raised to 50% in response to its purchases of Russian oil; Brazil, which also faced 50% rates imposed upon them; and Switzerland with rates of 39%. Despite the introduction of significant barriers to global trade, the markets were largely unaffected upon the implementation of the tariffs. Geopolitical developments in Q3 included a Trump-Putin summit in Alaska, ongoing conflict in Gaza, and signs of thawing relations between China and India. Ongoing investment in artificial intelligence (AI) capital expenditures has helped tech stocks to continue to perform well.

Spain (+13.8%) led gains in Developed Europe in the quarter, boosted by strong economic growth, a rally in the banking sector, and robust corporate earnings. Sweden (+10.3%) and Italy (+10.1%) also rallied, while Denmark (-7.2%) was led lower by declines in index heavyweight Novo Nordisk. In the US, the NASDAQ rose (+13.9%) as AI-related tech names continued to dominate the landscape, while this also helped the S&P 500 return (+10.5%) with additional support from strong earnings and optimism around monetary policy easing. Canada (+12.5%) and Australia (+8.1%) were buoyed by gains in Financials and Materials, particularly gold mining companies, as bullion prices hit record highs. Stocks also rose in Hong Kong (+16%), Singapore (+11.2%) and Japan (+10.7%). Emerging Markets saw their best quarter in nearly five years as the weak US dollar and easing trade tensions boosted sentiment. Tech names drove gains in offshore China (14.5%), Taiwan (15.5%) and South Korea (+10%). Elsewhere in EM, Mexico (+15.5%) and Brazil (+10%) gained while Argentina (-21.3%) and India (-5.1%) fell.

City of London (CLIM) increased exposure to healthcare over the period, buying into a widely discounted US listed fund. This was financed by a reduction in infrastructure exposure while Japanese and European small cap exposure was also reduced following NAV outperformance and discount narrowing. US large cap growth exposure was trimmed in favor of modest additions to US large cap value and US small cap exposure.

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THREE GREAT WAYS TO INCREASE YOUR SAVINGS AND REDUCE TAXES

Tax-Free Savings Accounts (TFSAs)

Tax-Free Savings Accounts (TFSAs) were introduced in 2009, allowing eligible contributions to grow tax-free.

Canadians aged 18 and over can contribute up to $7,000 (2026) every year in a TFSA. Unused TFSA contribution room can be carried forward to future years so if you have not contributed to a TFSA, you may contribute up to a limit of $102,000 in 2025 or $109,000 in 2026.

Unlike an RRSP, contributions to a TFSA are not deductible from your current income for income tax purposes, but all returns earned in a TFSA will not be taxed even when withdrawn. Additionally, the contribution limit is increased by any amount withdrawn in the following or future years.

For estate planning purposes, there can be additional tax benefits for a spouse or common-law partner.

With a Tradex TFSA, you can tailor the plan to meet your investment objectives, including investing in any combination of the Tradex Funds and Savings Account with no fees or administration charges, and can access most Canadian mutual funds and select GICs in an intermidiary TFSA through us. This gives you complete flexibility in managing your TFSA.

Registered Education Savings Plans (RESPs)

The 20% Government of Canada cash grant makes this the best way by far to save for your child's or grandchild's education.

You receive a cash grant of up to $500 per year (20% of the first $2,500 contributed annually) for each child. Additional Provincial grants are available in Quebec and BC.

In addition, you can catch up on "unused" grant eligible contribution room over time (maximum one year per annum).

The lifetime RESP contribution limit is $50,000 per child and there is no annual contribution limit.

When you establish an RESP through Tradex you have an extremely wide choice of investment options, plus the ability to diversify your holdings in a number of different investments. Furthermore, at Tradex there are usually no sales commissions or other administrative charges.

RESP contributions are not tax-deductible by the contributor, but the income and capital gains earned on the entire investment grow tax-deferred. And, when those earnings are eventually withdrawn to pay for educational expenses (including tuition, books, housing, etc.), the money is favourably taxed at the student's typically low rate.

FIRST HOME SAVINGS ACCOUNT

New in 2023, the FHSA combines the tax deductibility of a registered retirement savings plan (RRSP) with the tax-free compounding and withdrawal benefit of TFSAs when proceeds are used for a first home purchase (defined as not having owned your residence for 5 years). The current maximum annual contributions are $8,000 (subject to maximum lifetime contributions of $40,000) and the room is cumulative once a plan is opened while allowing you to catch up on "unused" eligible contribution room over time (one additional year per annum). If not withdrawn for a home, the plan may be consolidated into your RRSP without impacting or requiring eligible RRSP contribution room.

For more information on setting up an FHSA, TFSA or RESP at Tradex please phone or e-mail us. We'll provide you with full details on these programs and mail you a complete investor's information kit.