

Tradex

QUARTERLY

Fourth quarter 2025

President's Report to Tradex Investors



The Canadian equity market ended the year up 28.3% representing its biggest gain in over 15 years after the prior year's 18% increase, with the S&P/TSX Composite Index increasing by 5.6% during the final three months. The US S&P 500 Index was up 2.4% during the quarter, ending the year up 16.4%. The increase in terms of Canadian

dollars was lower for the quarter as the Canadian currency increased from 71.83 cents to 72.96 cents, an increase of 1.6%. As of December 31, the dividend yield of the S&P/TSX was 2.2% and S&P500 1.2%, continuing below bond yields with the 10-year government bond yields 3.4% in Canada and 4.2% for US Treasuries.

The Bank of Canada (BoC) and Federal Open Market Committee (FOMC) both decreased their rates by 0.25% at their September 17th announcements while the BoC then held their rate at the December 10th announcement, but the FOMC cut again by 0.25% with the current rates 2.25% and 3.5% to 3.75% respectively. The BoC indicated "Major economies around the world continue to show resilience to US trade protectionism, but uncertainty is still high. In the United States, economic growth is being supported by strong consumption and a surge in AI investment. Canada's economy grew by a surprisingly strong 2.6% in the third quarter, even as final domestic demand was flat. Growth is forecast to pick up in 2026, although uncertainty remains high and large swings in trade may continue to cause quarterly volatility..." Similarly, the FOMC indicated "Uncertainty about the economic outlook remains elevated... that downside risks to employment rose."

Annual Rebates

Tradex operates on an "at-cost" or "break-even" basis solely for the benefit of its Members and is thus unique among Canadian mutual fund organizations. In 2025 we were able to return a total of \$678,000 in operating revenue to the three Tradex Funds (compared to \$700,600 in 2024). The return of this money to the Tradex Funds helps lower their management expenses (and management expense ratio) and is therefore a direct benefit to all Tradex investors.

Annual Reminder for Mutual Fund Reports

If you wish to receive the various regulatory documents for the Tradex Funds, please provide instructions by signing and returning the attached form if not done previously.

Tradex 66th Annual General Meeting on Wednesday April 22nd, Bayview Yards

This year, the Tradex Annual General Meeting will be held at 7:00 p.m. in the RBC Foundry room at Bayview Yards, 7 Bayview Station Road, Ottawa. As in the past, all three investment counsellors will be present to provide outlooks and answer any questions.

Annual Calendar Year Contribution Opportunities

The Tax-Free Savings Account (TFSA) additional contribution of up to \$7,000 for 2026 is available and the deadline for Registered Retirement Savings Plan (RRSP) contributions to be deducted against your 2025 income is March 2nd, 2026. For further details or to complete your contributions please contact us.

Expansion of Tradex Advisor Team

Congratulations to Leonard Kim who has completed the Tradex Advisor Training program as of December 31st and now joins Blair, Jörn and Luc with Conor scheduled to complete this summer as your continuing advisor team

Dealer Software upgrade

In order to continue to enhance the security and services we provide members, we will be transitioning by April from our current dealer back office Univeris to VieFund. We will provide updates on new features and other enhancements for members as they become available.

Early Retirement Incentive and Workforce Adjustment

The recent federal budget announced a new ERI program in conjunction with plans to reduce the Federal Public Service. If you have family, colleagues or friends who could benefit from a review of the implications for them please have them contact our advisor team.

Blair Cooper
January 19, 2026



Tradex Equity Fund Limited – Quarterly Review – December 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	2.9	11.8	20.6	16.8	10.9	10.7	9.5
S&P/TSX Total Return Index (TRI)**	6.3	19.5	31.7	21.4	16.1	12.7	—
Average Canadian Focused Equity Fund**	3.0	10.6	17.1	16.5	11.9	9.4	—

*April 1960 **Source: Fundata Canada Inc

During the fourth quarter, an investment in Tradex Equity Fund Limited increased in value by 2.9% while the Fund's benchmark, the S&P/TSX Total Return Index, increased 6.3%. Over the past year, the Fund increased 20.6%.

Although the portfolio posted a strong return this quarter, it underperformed the Canadian equity market. Gold equities contributed ~2% to the index thus the portfolio's underweight hurt performance.

Global equities delivered their third consecutive year of double-digit gains in 2025 and reached new all-time highs in December, showcasing impressive resilience despite AI- and tariff-induced volatility earlier in the year.

Our underweight to Celestica and overweight to Brookfield Asset Management were drags on relative performance. Aritzia and Badger Infrastructure Solutions performed well in the quarter.

At the end of the quarter, foreign equities represented 41% of the total portfolio value. The US market underperformed during the quarter (US S&P 500 Total Return Index up 2.4%) with additional lag from the rise of the Canadian dollar. Throughout the quarter, 25-40% of the Fund's US dollar exposure continued to be hedged into Canadian dollars, reducing the currency-related losses that the Fund would otherwise have experienced.

Netflix detracted from fourth quarter returns. Eli Lilly, Inter-Continental Hotels Group and Twilio were key contributors. Phillips, Hager and North (PHN) increased our position in Alphabet, while reducing Microsoft, and exited Amazon. They also purchased Apple, Thermo Fisher Scientific and Astra-Zeneca while reallocating capital from Home Depot to LVMH.

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

Royal Bank of Canada	4.9%	Enbridge Inc.	2.5%
Shopify Inc.	3.6%	Apple Inc.	2.3%
TD Bank	3.5%	Alphabet Inc.	2.3%
NVIDIA Corp.	2.6%	Agnico Eagle Mines Ltd.	2.2%
Brookfield Corp. Ltd.	2.5%	Canadian Imperial Bank of Commerce	2.1%

Looking ahead, PH&N indicates that overall, they are cautiously optimistic, as elevated valuations counterbalance the improved fundamentals. They believe profit growth will be increasingly critical to sustaining any further advance in the S&P 500. A positive outcome is certainly possible but given that valuations are historically stretched, the market is vulnerable to any disappointment. The strong gains mean that valuations have been creeping higher almost everywhere, and the overvaluation story is no longer just a US large-cap phenomenon.

Tradex Bond Fund – Quarterly Review – December 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	1.2	3.9	6.8	7.3	3.4	3.8	5.4
FTSE TMX Canada Universe Bond	-0.3	1.2	2.6	4.5	-0.4	1.9	—
Average Canadian Bond Fund**	-0.4	1.1	2.3	4.0	-0.8	1.3	—

*December 1989 **Source: Fundata Canada Inc

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%.

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 and policy dynamics. In Canada, softer domestic growth, subdued housing activity, and cautious business sentiment persisted through year-end. While inflation stayed close to the BoC's target range, it reinforced the view that rate cuts would proceed more gradually as structural adjustments continued to work through the economy.

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.

Corporate credit remained a positive contributor to relative performance. Demand for yield stayed strong, fundamentals remained generally stable, and credit spreads held near historically tight levels. While valuations limited the scope for further spread compression, all-in yields continued to provide meaningful income support, particularly in higher-quality corporate issues.

The Canadian preferred share market generated good absolute performance during the quarter, and the portfolio outperformed



its benchmark. This outperformance was driven by security selection. New issues were well received by the market and were all trading above par at year-end.

The top contributors to the common share portfolio's relative performance in the quarter were Power Corp. of Canada, up 22%, and Quebecor, up 19%. The top detractors in the quarter were Empire Co. Ltd., down 4%, and Bank of Montreal, down 1%.

Government of Canada bond yields increased during the quarter, as seen in the following table:

Term	Record Lows	Yield Dec. 30/23	Yield Dec. 31/24	Yield Sept. 29/25	Yield Dec. 31/25
2 year	0.15%*	3.94%	2.93%	2.47%	2.58%
3 year	0.18%*	3.76%	2.87%	2.47%	2.57%
5 year	0.30%**	3.24%	2.96%	2.74%	2.96%
10 year	0.43%**	3.11%	3.23%	3.17%	3.42%
30 year	0.71%***	2.91%	3.33%	3.61%	3.85%

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

The Fund continued to be balanced and diversified across income-generating asset classes. At quarter-end, 42% of the Fund's portfolio value was in government bonds, 34%

in corporate bonds, 9% in preferred shares, and 13% in common shares, REITs and Income Trusts. 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%.

	Government Bonds	Corporate Bonds	Preferred Shares	Common Shares, Trusts, REITs	Weighted average total
Yield*	3.6%	3.6%	5.6%	3.4%	3.7%

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

Foyston, Gordon & Payne's (FGP) outlook for Canadian fixed income remains balanced. Higher starting yields and resilient credit markets provide a solid income foundation, while the path for policy rates is likely to remain cautious and data driven. At the same time, risks related to fiscal sustainability, supply dynamics, and uneven growth suggest that volatility will remain a feature of the markets. They remain focused on capital preservation, careful duration management, and selective credit exposure. Looking forward, FGP expect preferred share returns to deliver resiliency and modest capital appreciation in addition to rising dividends. Continued capital structure optimization by banks should positively impact the preferred share market.

Tradex Global Equity Fund – Quarterly Review – December 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	2.7	12.3	20.9	21.5	10.9	10.7	7.8
Dow Jones Global Total Return Index**	1.6	11.6	16.6	20.9	12.7	11.6	—
Average Canadian Global Equity Fund**	0.9	7.9	12.9	16.0	9.3	8.9	—

*May 1999 **Source: Fundata Canada Inc

During the fourth quarter of 2025, the value of each unit in the Tradex Global Equity Fund increased by 2.7%. Over the rolling 12-month period ending December 31, 2025, the value of each unit increased by 20.9% versus a gain of 16.6% in the Dow Jones Global Total Return Index.

Q4 saw reduced strength in the Magnificent 7 stocks, with the tech-focused companies having been major beneficiaries of the AI-led growth over Q2 and Q3. AI investment remained a major theme, with ongoing data centre capex and demand for semiconductors and memory. The US economy continued to grow despite the government shutdown during the first half of Q4. The Ukraine war continued to make headlines with no ceasefire in sight. Central banks predominantly continued to cut rates in Q4, with Japan the most notable exception. The FOMC cut their target rate by 0.25% twice in Q4, to 3.75% at year-end. A forthcoming change of leadership at the Fed has raised uncertainty over the future path of rates, and the FOMC has seen an increase in the number of dissenting voters. Inflation remains above target, with questions having been raised about the validity of recent data given the government shutdown.

Healthcare companies stocks had strong performance on results and investor rotation into more defensive stocks, while

rising precious metals prices continued. Ireland (+11.3%) led gains in Developed Europe. Spain (+11.1%) and Sweden (+9%) also rose, while Germany (-0.8%) fell. In North America the Canadian market rose (+6.3%), the S&P rose 1.7% while the NASDAQ gained 1.2% as rich valuations, inflation pressures and policy uncertainty encouraged investors to rotate into international markets. Stocks rose in Singapore (+7.4%). The Japanese market (+1.1%) closed marginally higher, while Australia (-1.5%) and Hong Kong (-5.5%) fell. In Emerging Markets, gains in South Korea (+18%) and Taiwan (+7.4%), while a slide (-9.8%) in Saudi Arabia.

Over the period, City of London Investment Management (CLIM) reduced exposure to several US equity funds, to Calamos Strategic Total Return Fund and John Hancock Financial Opportunities Fund. CLIM continued to adjust exposure to healthcare by exiting a narrow discount and reinvesting a portion of the proceeds in more widely discounted US healthcare funds. Global exposure was adjusted as CLIM reduced our position in Monks Investment Trust on a narrow discount, using the proceeds to initiate a position in Brunner Investment Trust. Finally, Japanese exposure was reduced as CLIM sold shares of Japan Smaller Capitalization Fund.

Commissions, trailing commissions, management fees and expenses may all be associated with mutual fund investments. Please read the prospectus before investing. The rates of return include reinvestment of all distributions and do not take into account any sales, redemption, distribution or optional charges or income taxes payable by an investor that could have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.



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Annual Reminder Regarding Mutual Fund Reports

We prepare Management Reports of Fund Performance (MRFPs) and Financial Statements for your mutual fund investments twice a year, for the periods ending June 30 and December 31.

The Tradex website provides comprehensive information on your investments. Visit www.tradex.ca and, under **Legal & Regulatory Documents**, you can view or download the MRFPs and Financial Statements, as well as other important information such as the Fund Facts, Simplified Prospectus and Quarterly Portfolio Disclosures. These materials are also available on the SEDAR+ website at www.sedarplus.ca.

You are entitled to receive print copies of the MRFPs and Financial Statements at no cost. **If you have previously instructed us as to which materials you would like to receive, your instructions will remain on file as long as you hold units of a fund or until we receive new instructions from you.** For more information, to change your standing instructions, or to request a printed copy of these materials, you can call **1-800-567-3863** or ask your advisor.

Annual Notice Regarding Fund Facts for Members with PACs

When you enroll in a pre-authorized chequing plan (PAC) to purchase Tradex Funds, you will receive a copy of the Fund Facts document with your initial purchase for each fund you buy. Unless specifically requested by you at the time of initial purchase, you will not be sent subsequent copies of the Fund Facts. You may request a copy of the most recent Fund Facts at any time and at no cost by: (i) calling us at 1-800-567-3863; (ii) by sending us a request by mail; (iii) by sending us an e-mail at info@tradex.ca or (iv) by asking your financial advisor. You can also download copies of the Fund Facts at no cost from our website www.tradex.ca or www.sedarplus.ca.

Under securities law, you have certain statutory rights when purchasing units of a mutual fund. These rights are described in the fund's Fund Facts and include the right to cancel the first purchase of a fund made through a PAC, provided you exercise that right within a prescribed period of time. This right does not, however, extend to subsequent purchases of the fund made through a PAC. You will, however, continue to have the right to terminate your PAC at any time before a scheduled contribution date. In the event that any misrepresentation is contained in a Fund Facts, or any document incorporated by reference in any renewal simplified prospectus, you will have the right to bring an action for damages or rescission, whether or not you have requested the Fund Facts.

Thank you for investing with Tradex Management Inc.

Redemption Procedures

We are required to inform you of the proper procedures required for us to execute a redemption of Tradex Funds. You can sell some or all of your units/shares at any time. If your order is received by our office by 4 p.m. (Eastern Time), you will receive that day's net asset value per unit calculated on the next business day. We will transfer or mail the redemption proceeds to you or your dealer within one business day of receiving a complete redemption request. Please refer to the Simplified Prospectus under Purchases, Switches, and Redemptions for detailed information.

To receive a paper copy of the Tradex Funds MRFP and the Financial Statements, please complete below and return by mail, scan or fax:

FIRST NAME (FULL)

LAST NAME

EMAIL