

Tradex

QUARTERLY

First quarter 2026



President's Report to Tradex Investors



The Canadian equity market again moved higher for the first quarter, with the S&P/TSX Composite Index increasing by 3.3% during the past three months. In the US, the S&P 500 Index finished the quarter down 4.3%, the decrease in terms of Canadian dollars was smaller for the quarter as the Canadian currency decreased from 72.96 cents to 71.74

cents, a decrease of 1.7% for the period. As of March 31, the dividend yield of the S&P/TSX was 2.3% and S&P500 1.3%, which indicates a slightly lower relative value in stocks as the 10-year government bond yields 3.5% in Canada and 4.3% for US Treasuries.

The Bank of Canada (BoC) held its rate at 2.25% at both the January and March announcements and similarly the Federal Open Market Committee (FOMC) held its rate in January and March at 3.5% to 3.75%. The BoC indicated "The war in the Middle East has increased volatility in global energy prices and financial markets, and heightened the risks to the global economy. The breadth and duration of the conflict, and hence its economic impacts, are highly uncertain." After expanding by 2.4% in the third quarter of last year, GDP in Canada contracted 0.6% in the fourth quarter. With recent data pointing to weaker economic activity and uncertainty elevated, risks to growth look tilted to the downside. At the same time, inflation risks have gone up due to higher energy prices. The BoC will continue to assess the impact of US tariffs and trade policy uncertainty, and how the Canadian economy is adjusting and are also monitoring the unfolding conflict in the Middle East closely.

We are pleased to offer a **Tax Efficient Investing webcast** on May 20th, 2026 to our members featuring Fidelity Tax and Retirement Research. Team. Please visit our website for more details and to register.

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 66th Annual General Meeting

If you wish to view the presentations given by our three portfolio managers at the April 22, 2026, 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 "Learning Centre – 2026 Annual General Meeting Portfolio Manager Presentations".

Dealer Software upgrade

In order to continue to enhance the security and services we provide members, we completed the transition March 30th from our previous dealer back office Univeris to VieFund and many members have successfully signed up for the new more secure online access. If you require any assistance, please contact our office.

Early Retirement Incentive and Workforce Adjustment

The new ERI program received Royal assent and various WFA offers are being delivered 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.

A thank-you for referring New Clients

Do you know someone who could benefit from Tradex? As a thank-you for spreading the word, all successful new member referrals are eligible for \$66 (split between the referring member and the new member) in Tradex's 66th year. Starting May 1st, we're launching a new Member Referral Prize Draw, where both you and the person you refer can earn entries for a chance to win \$1,000. Referred members can earn their entry simply by booking a meeting with a Tradex advisor. Full details will be posted on our website soon. In the meantime, referral forms are available on the back page of this newsletter or through our office.

A handwritten signature in blue ink that reads "Blair Cooper".

Blair Cooper
April 19, 2026

Tradex Equity Fund Limited – Quarterly Review – March 31, 2026

	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	-0.3	2.6	21.1	15.4	9.9	10.7	9.5
S&P/TSX Total Return Index (TRI)**	3.9	10.4	34.8	21.2	15.2	12.6	—
Average Canadian Focused Equity Fund**	0.1	3.2	18.0	14.5	10.4	9.4	—

*April 1960 **Source: Fundata Canada Inc

During the first quarter an investment in Tradex Equity Fund Limited decreased in value by 0.3%, lagging the Fund's benchmark, the S&P/TSX Total Return Index. It increased by 21.1% over the past year.

Despite market volatility rising in the first quarter amid geopolitical events, re-escalating trade tensions, and the US/Israel-Iran conflict, the Canadian equity market had a positive return with Energy stocks the most notable driver of index strength, and gold equities. The portfolio's underweight to gold was a notable drag. Global equity markets declined. Middle East escalations triggered an oil price surge, reigniting inflation concerns. Rapid AI advancements continued to create volatility as investors repriced valuations. Investors worried about AI disrupting software companies and record redemption requests in private credit markets reflected fears of a software company default cycle. Value stocks substantially outperformed growth as investors rotated towards hard assets and low obsolescence businesses.

The portfolio's underweight in Microsoft (as exited entirely in early January) plus positioning in Industrials and Energy contributed positively. Contributors included: Brookfield Renewable Partners LP, Siemens Energy, BAE Systems, Cheniere Energy and ConocoPhillips. Detractors included: Kinaxis, Topicus Badger Infrastructure Solutions, Brookfield Asset Management, AppLovin, LVMH and Unilever.

Phillips, Hager & North (PHN) were active traders in the first quarter, adding Restaurant Brands International, TFI, Snowflake and Walmart and to positions in Canadian National Railway and Canadian Pacific Kansas City. They exited our positions in Blackstone and BlackRock. At the end of the quarter, foreign equities represented 41% of the total portfolio value.

As at March 31, 2026 the Fund's 10 largest holdings were as follows:

Royal Bank of Canada	4.4%	Shopify Inc.	2.4%
TD Bank	3.3%	Agnico Eagle Mines Ltd.	2.2%
NVIDIA Corp.	2.8%	Canadian Natural Resources	2.1%
Apple Inc.	2.6%	Canadian Imperial Bank of Commerce	2.0%
Enbridge Inc.	2.5%	Alphabet Inc.	1.8%

PHN indicates that while risks have intensified, their base case scenario still sees the economy continuing to grow amid a variety of existing tailwinds, allowing stocks to outperform bonds, particularly in non-US regions where valuations are relatively appealing. New macroeconomic concerns relating to the war in Iran and the downside risks emanating from artificial intelligence (AI) are unlikely to be killer blows: oil prices should drop back in the coming months, and there are positive AI scenarios to weigh against the negative ones.

Tradex Bond Fund – Quarterly Review – March 31, 2026

	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	1.4	2.6	6.6	6.8	3.4	3.7	5.4
FTSE TMX Canada Universe Bond	0.2	-0.1	0.8	3.5	0.7	1.8	—
Average Canadian Bond Fund**	-0.4	-0.9	0.1	2.9	0.0	1.2	—

*December 1989 **Source: Fundata Canada Inc

An investment in the Tradex Bond Fund increased in value by 1.4% during the first quarter outperforming the benchmark Canadian bond index which rose 0.2%. The fund has increased by 6.6% over the past year, significantly outperforming the index which rose 0.8%.

In the first quarter of 2026, the market environment shifted towards a challenging mix of slower growth, persistent underlying inflation, and rising geopolitical uncertainty. Higher energy prices added to inflationary pressures while weighing on growth expectations, complicating the decisions of central banks. With policy rates near neutral, both the Bank of Canada and the US Federal Reserve remained on hold during the quarter.

The Canadian fixed income market reflected this shift. Despite stable policy rates, yields moved higher across the curve,

driven by repricing of inflation risk, fiscal concerns, and term premiums. Long-end Government of Canada yields rose modestly.

Corporate credit showed early signs of normalization. Credit spreads widened modestly from very tight levels as investors demanded additional compensation for uncertainty, while corporate fundamentals remained stable. The portfolio's emphasis on high-quality credit and disciplined security selection remained an important contributor.

The Canadian preferred share market generated modest absolute performance during the quarter, and the portfolio out-performed. The Canadian stock market started solid amid the two overwhelming investment debates that drove the direction of the market in the quarter being the breakout



of war in Iran and the advancement of artificial intelligence for business uses. The portfolio saw 14 companies increase dividend payments despite the uncertain economic, a signal of confidence in the business outlook.

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

Term to Maturity	Record Lows	Yield Dec. 31/24	Yield Dec. 21/25	Yield Mar. 31/26
2 year	0.15%*	2.93%	2.58%	2.82%
3 year	0.18%*	2.87%	2.57%	2.87%
5 year	0.30%**	2.96%	2.96%	3.05%
10 year	0.43%**	3.23%	3.42%	3.46%
30 year	0.71%***	3.33%	3.85%	3.88%

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, 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 3.8% as at March 31st, as shown in the following

table, similarly the yield on the FTSE TMX Canada Universe index was 3.7%.

	Government Bonds	Corporate Bonds	Preferred Shares	Common Shares, Trusts, REITs	Weighted average total
Yield*	3.7%	3.8%	5.6%	3.1%	3.8%

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

Looking ahead, the outlook for Canadian fixed income remains increasingly shaped by two-sided risks. Higher starting yields and still-resilient credit markets provide a solid income foundation, but the path forward is likely to be less linear. Persistent inflationary pressures, evolving fiscal dynamics, and geopolitical uncertainty suggest that volatility will remain elevated. The Foyston, Gordon & Payne's (FGP) strategy remains focused on capital preservation, careful duration management, and selective credit exposure. FGP expect preferred share returns to deliver resiliency and modest capital appreciation in addition to rising dividends. The Canadian economy contracted modestly in the fourth quarter of 2025, but Canadian publicly traded companies as a group grew earnings and the outlook for these companies is also solid.

Tradex Global Equity Fund – Quarterly Review – March 31, 2026

	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	-2.6	0.1	19.9	18.2	9.5	11.3	7.6
Dow Jones Global Total Return Index**	-1.2	0.4	16.9	17.7	11.6	12.1	—
Average Canadian Global Equity Fund**	-2.6	-1.7	11.2	12.8	8.0	9.1	—

*May 1999 **Source: Fundata Canada Inc

During the first quarter of 2026, the value of each unit in the Tradex Global Equity Fund decreased by 2.6% but has increased 19.9% in the past 12 months.

Q1 2026 was defined by two dominant themes: a sharp reassessment of artificial intelligence (AI) valuations and the outbreak of armed conflict between the United States and Iran. Together, these developments have triggered a significant rotation away from growth and technology stocks, a dramatic surge in energy prices, and a broad repricing of risk across global markets.

Concerns about disruption from AI spread across the market, particularly among software companies, as investors began pricing AI as a potential replacement for entire categories of professional services rather than merely a productivity tool. This reframing put pressure on the Magnificent 7 and the broader technology complex. US software stocks declined 23% from the beginning of the year through late February, and investors increasingly scrutinized the ability of the hyperscalers to deliver adequate returns against ever-increasing AI-related capex.

The more consequential development came at the end of February. The US-Iran conflict and the closure of the Strait of Hormuz, a chokepoint for roughly 20% of global oil flow, sent

crude oil prices surging nearly 80% over the quarter, making it the standout asset class of the period. The energy shock threatened to reignite broader inflation, and at its March meeting the FOMC left rates unchanged, maintaining its outlook for just one cut in 2026. Bond markets reflected the resulting stagflationary anxiety while concerns were also elevated in private credit vehicles exposed to software companies.

In the US, the S&P 500 fell 2.9% and the Nasdaq 100 returned -4.4%, while value stocks (+2.8%) significantly outpaced growth stocks (-7.0%). Australia led from a country perspective, rising 5.9% as energy, coal, rare earth materials, and select defensive names benefitted from the soaring oil prices and the geopolitical backdrop. The UK (+3.9%) and Canada (+3.3%), outperformed due to their heavier weightings to energy and materials while Japan (+3.2%), outperformed due to a positive reaction following election results.

Over the period, City of London Investment Management (CLIM) increased exposure to global tech funds, and US financials exposure and swapped some utilities and infrastructure exposure, as they trimmed Resources and Commodities following outperformance and discount narrowing. Similarly, discount narrowing allowed for the reduction in the Fund's position in US value-oriented equity.

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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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



The Tradex 66th Anniversary \$66 New Member Incentive

Tradex is proud of its 66-year history of serving public sector employees and their families. To show our appreciation and to build our membership, as part of our 66th anniversary celebration, we are introducing a \$66 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 \$33! This is just another way to show you that **Tradex Is Different!**

-  Starting May 1st, referring Members will also be entered in our Inaugural Member Referral Prize Draw for a chance to win \$1,000. Visit tradex.ca for full details and rules.
-  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:

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- Alternatively, credit the entire \$66 to the new Member's account at Tradex

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Address _____

Phone # _____

Email _____

 Existing Member's Signature

 New Member's Signature

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