Tradex
QUARTERLY

Family Fun Day Aug. 23rd

Second quarter 2026

President's Report to Tradex Investors

The Canadian equity market again moved higher for the second quarter, with the S&P/TSX Composite Index increasing by 6.4% during the past three months - the longest continuous streak of quarterly advances since 1996. In the US, the S&P 500 Index finished the quarter up 15% - 12th best quarter in its history. The increase in terms of Canadian dollars was larger for the quarter as the Canadian currency decreased from 71.74 cents to 70.37 cents, a decrease of 1.9% for the period.

US companies delivered 27% earnings growth during the quarter, and historically, a strong quarter of this magnitude has been a good sign for subsequent quarters. In every other quarter in that top-12 club saw follow-through, with the index trading higher both one and two quarters later.

The Bank of Canada (BoC) held its rate at 2.25% at both the April and June announcements and similarly the Federal Open Markets Committee (FOMC) held its rate in April and May at 3.5% to 3.75%. The BoC indicated "The conflict in the Middle East is now in its fourth month. The resulting increases in energy prices and disruptions in global supply chains are weighing on global economic growth and pushing up inflation. At the same time, the US administration continues to propose new tariffs and trade policy uncertainty remains elevated." Canada fell into a technical recession, posting second annualized decline in GDP in first quarter. They indicated "Economic activity in Canada has been weak and uncertainty about US trade policy persists. The conflict in the Middle East is ongoing, and oil prices remain elevated. Governing Council is continuing to look through the war's near-term impact on headline inflation but will not let higher energy prices become persistent inflation. "Expectations are now for rate increases before then end of 2026.

Interim Management Reports of Fund Performance and Financial Statements

For members who did not elect to receive a mailed copy, the 2026 reports will be available by late August on our website. If you wish to receive a printed copy, please call or e-mail us.

Tradex Family Fun Day

We are happy to announce that our third annual family fun day will provide a ticket and snack at the Ottawa Titans August 23rd noon ball game. All Tradex members are invited to bring their children and grandchildren, along with extended family with children, to this event. You can register on our website https://www.eventbrite.ca/e/3rd-annual-tradex-family-fun-day-tickets-1990197192377?aff=oddtdtcreator. Hope to see you there!

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. Both are eligible for our 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 are on our website and referral forms are available through our office.

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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 20, 2026

Tradex Equity Fund Limited - Quarterly Review - June 30, 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	7.8	7.5	20.2	17.9	9.7	11.2	9.5
S&P/TSX Total Return Index (TRI)**	7.0	11.2	32.9	23.5	14.9	12.8	3
Average Canadian Focused Equity Fund**	9.2	9.4	20.9	17.0	11.0	10.2	3

*April 1960 **Source: Fundata Canada Inc

During the second quarter an investment in Tradex Equity Fund Limited increased in value by 7.8%, outperforming the Fund's benchmark, the S&P/TSX Total Return Index. It increased by 20.2% over the past year.

Geopolitical tensions in the Middle East eased in the second quarter, with oil prices declining meaningfully. Meanwhile macroeconomic data in Canada remained resilient. Canadian banks continued to report solid earnings results while the heavily weighted Energy and Materials stocks, which had driven strength in 01, declined amid lower oil and gold prices.

Global equity markets staged a sharp recovery in the second quarter. Semiconductor stocks - particularly AI memory chips and equipment manufacturers - drove gains on the back of exceptional earnings growth. Mega-cap tech companies increasingly turned to debt and equity financing to fund their AI infrastructure buildout, while market performance was further bolstered by a US-Iran memorandum that eased geopolitical tensions.

Badger Infrastructure Solutions was the largest contributor to relative performance, with other top contributors TFI International, Aritzia, Twilio, TSMC and Phillps, Hager & North's (PHN's) January exit from Microsoft also proved beneficial again this quarter.

Not owning BlackBerry was a notable detractor with underexposure to Micron and lack of AMD exposure, while Netflix also weighed on performance along with ConocoPhillips and Cheniere Energy.

PHN added to our position in TC Energy, initiated a position in Costco, plus participated in the Apotex initial public offering (IPO). They removed engineering firm WSP Global, trimmed Nvidia, and redeployed capital to Micron and Arm Holdings, plus rotated their position from Broadcom to MediaTek.

As of June 30, 2026 the Fund's 10 largest holdings were as follows:

Royal Bank of Canada	5.2%	Bank of Montreal	2.1%
TD Bank	4.0%	Canadian Imperial Bank of Commerce	2.1%
Enbridge Inc.	2.5%	Alphabet Inc.	2.1%
Apple Inc.	2.3%	Amazon.com Inc.	1.9%
Shopify Inc.	2.2%	Manulife Financial Corp.	1.8%

Two major forces are presently dominating the macroeconomic landscape: the ongoing global energy shock versus the rapid advancement and great promise of artificial intelligence (AI). To the extent that the former should prove temporary, but the latter should endure, PHN expect stocks to outperform. But if the outlook were to worsen, stocks would be vulnerable from this lofty starting point.

Tradex Bond Fund - Quarterly Review - June 30, 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	2.7	4.2	8.3	8.0	3.3	3.7	5.4
FTSE TMX Canada Universe Bond	2.0	2.2	3.5	4.4	0.8	1.7	3
Average Canadian Bond Fund**	1.8	1.7	2.7	3.8	0.2	1.1	3

*December 1989 **Source: Fundata Canada Inc

An investment in the Tradex Bond Fund increased in value by 2.7% during the Second quarter outperforming the benchmark Canadian bond index which rose 2%. The fund has increased by 8.3% over the past year, significantly outperforming the index which rose 3.5%.

The quarter unfolded against a backdrop of policy uncertainty and shifting investor sentiment. Early in the quarter, escalating geopolitical tensions and renewed trade concerns fueled market volatility and briefly reignited inflation fears. As the quarter progressed, however, resilient economic activity, easing energy prices, and continued moderation in inflation helped stabilize financial markets. Although the economic outlook remained uneven across regions, the resilience of the US economy reinforced expectations that central banks would maintain a patient approach, with both the Bank of Canada and the US Federal Reserve leaving policy rates unchanged during the quarter.

Government of Canada bond yields remained volatile as short-term rates responded to changing expectations for central bank policy, while longer-term yields declined from their mid-quarter highs as inflation concerns eased and demand for high-quality fixed income securities strengthened. Despite ongoing uncertainty surrounding the interest rate outlook, this combination supported positive absolute returns across the Canadian bond market.

The Canadian preferred share market generated positive performance during the quarter, and the portfolio outperformed its benchmark. The S&P/TSX posted an exceptionally strong return in the first half of the year with the highly profitable Big

Canadian banks, the biggest contributor to returns and more than compensated for negative returns from the Materials and Energy stocks. Canadian publicly traded companies as a group, grew earnings by 27% year-over-year. The outlook for these companies is also solid. Similar to the first quarter of 2026, the two overwhelming investment debates in the market were the war in Iran and the advancement of artificial intelligence for business uses.

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

Term	Record Lows	Yield Dec. 31/24	Yield Dec. 31/25	Yield Mar. 31/26	Yield June 30/26
2 years	**0.15%***	2.93%	2.58%	2.82%	2.74%
3 years	**0.18%***	2.87%	2.57%	2.87%	2.84%
5 years	**0.30%****	2.96%	2.96%	3.05%	3.01%
10 years	**0.43%****	3.23%	3.42%	3.46%	3.38%
30 years	**0.71%*****	3.33%	3.85%	3.88%	3.77%

Record (50 years or more) low rates: **Feb. 1121, ** Aug. 4120, ***June 9120*

The Fund continued to be diversified across income-generating asset classes. At quarter-end, 43% 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 of June 30th, as shown in the following table, similarly the yield on the FTSE TMX Canada Universe index was 3.6%.

	Government Bonds	*Corporate Bonds*	*Preferred Shares*	*Common Shares, Trusts, RE/Ts*	*Weighted average total*
*Yield**	*3.5%*	*3.6%*	*5.5%*	*3.0%*	*3.7%*

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

Looking ahead, Foyston, Gordon & Payne's (FGP) believe the fixed income market continues to transition toward a more balanced environment. Although inflation has moderated meaningfully from its peak, it remains above central bank targets, suggesting monetary policy is likely to remain restrictive for longer than many investors had initially expected. At the same time, slower - but still positive - economic growth, higher government borrowing requirements, and ongoing geopolitical uncertainty are expected to contribute to continued market volatility. Against this backdrop, the portfolio remains focused on preserving capital while generating attractive risk-adjusted returns through prudent credit positioning and selective investments in high-quality securities.

Tradex Global Equity Fund - Quarterly Review - June 30, 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	21.1	18.0	32.5	24.7	12.3	13.6	8.3
Dow Jones Global Total Return Index**	17.0	15.6	29.0	22.5	13.9	13.8	3
Average Canadian Global Equity Fund**	13.9	11.0	19.7	16.6	9.7	10.4	3

*May 1999 **Source: Fundata Canada Inc

During the second quarter of 2026, the value of each unit in the Tradex Global Equity Fund increased by 21.1%. This compares to an increase of 15.6% in the Fund's benchmark, the Dow Jone Global Total Return Index. Over the rolling 12-month period ending June 30, 2026, the value of each unit increased by 32.5%.

Developments around the Strait of Hormuz blockade were an important driver of market sentiment during 02. Following talks, a memorandum of understanding was signed by the US and Iran in June, with the truce, the prospect of talks towards a more permanent deal, and signs of lows passing through the Strait of Hormuz helped to lower oil prices. In terms of economic activity, while the impact of the energy price shock is clear in inflation data, market-based measures of inflation expectations have largely remained anchored. Activity indicators have been resilient, with the Global Composite PMI continuing to point to an expansion, supported by resilient manufacturing activity. On monetary policy, both the ECB and BoJ raised interest rates in response to energy-induced inflation while the FOMC voted to keep rates unchanged. The markets are now pricing in a 50% likelihood of two rate hikes by the end of this year.

The reacceleration of the AI investment cycle and broadening of leadership beyond mega-cap technology powered IT to significant gains as investors grew confident that AI-related capital spend would lead to tangible revenue and growth. In Europe, Italy (+20.4%), Spain (+16.9%) and Ireland (+16.4%) were the top performers, while the UK (+6.3%) lagged. While Financial stocks benefitted Canadian market performance in the second quarter, the overweight to Energy muted the effects. In the US, the NASDA0 (+24%) led gains, while the S&P rose 17.5%. In Asia, Japan (+13.9) was the main gainer, Singapore (+9.3%) and Australia (+6.6%) also rose, while Hong Kong (-4.6%) fell. In Emerging Markets, tech heavyweights South Korea (+67.6%) and Taiwan (+49.8%) surged, while Indonesia (-21%) dropped sharply over the period.

In portfolio positioning, City of London Investment Management (CLIM) reduced exposure to several US equity funds that had outperformed. CLIM increased commodities exposure into weakness and reduced global generalist exposure following strong price performance ahead of the SpaceX IPO. Tech fund exposure was trimmed, while they added to the position in Nvidia.

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