Tradex QUARTERLY

Third quarter 2026



President's Report to Tradex Investors



The Canadian equity market increased in the quarter with the S&P/TSX Composite Index increasing by 1.1% during the past three months and 11.1% year-to-date. In the US the S&P 500 Index rose 2.0% for the quarter and 11.8% year-to-date. However, the increase in terms of Canadian dollars was higher for the quarter as the Canadian currency decreased from 70.37 cents to 70.21 cents, a decrease of 0.2%. As of September 30th, the dividend yield of the S&P/TSX was 2.1% and S&P500 1.1%, continuing below bond yields with the 10-year government bond yields 3.9% in Canada and 5.3% for US Treasuries.

The Bank of Canada (BoC) held its rate at its September 2nd and July 15th announcements however, the FOMC increased September 16th to 3.75 to 4.00 percent after holding its rate July 29th and since December 2025. The BoC indicated "Canadian economic activity strengthened in the second quarter, with GDP up by 3.3%, following very weak growth in the first quarter. While some of the recent strength reflected temporary factors, the pick-up in activity was broad-based. Consumption showed solid gains. Following several weak quarters, there was some rebound in housing activity. Exports and business investment were up sharply. Labour market conditions have improved in recent months, with the unemployment rate edging down to 6.4% in July. Still, demand for labour remains subdued and indicators point to continued excess supply in the economy."

We are pleased to offer a virtual Estate Planning Seminar November 10th at Noon to our members featuring, a representative of the CI Investments Tax, Retirement and Estate Planning team. 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 new total cost reports in the new year. If you would prefer an electronic copy 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 $66 split between the referring member and new member in recognition of Tradex's 66th anniversary and 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. 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. Similarly, the First Home Savings Account annual $8,000 calendar year contribution 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
October 21, 2026

Tradex Equity Fund Limited – Quarterly Review – September 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	0.3	8.1	11.0	19.2	9.6	10.6	9.5
S&P/TSX Total Return Index (TRI)**	1.6	8.7	20.0	25.1	15.2	12.4	—
Average Canadian Focused Equity Fund**	1.3	10.6	14.2	18.4	11.1	9.8	—

*April 1960 **Source: FundData

During the Third quarter an investment in Tradex Equity Fund Limited increased in value by 0.3%, trailing the Fund's benchmark, the S&P/TSX Total Return Index, and its category average.

Equity markets were volatile in the third quarter amid re-escalating geopolitical tensions, rising interest rates, and the intensifying US-Canada tariff dispute; however, economic fundamentals continued to show resilience. The portfolio's underweight exposure to gold stocks was a key detractor from relative performance this quarter.

Global equity markets posted a modest gain in the third quarter, as mounting macro headwinds tempered investor enthusiasm. Oil prices, driven by persistent Middle East conflict, climbed to $104 per barrel for Brent crude, while global bond yields pushed higher, with the 10-year US Treasury yield breaching 5% for the first time since 2007. Despite these headwinds, the Information Technology stocks anchored market gains as one of the quarter's best performers.

Brookfield Renewable Partners was the most significant individual stock detractor with additional detractors: Aritzia, TFI International, AppLovin and not owning Meta. Phillips, Hager & North (PH&N) added to Shopify while trimming Cenovus. They initiated positions in American Express, Johnson & Johnson, and Lumentum as they re-initiated a position in Microsoft and exited Netflix.

As at September 30, 2026 the Fund's 10 largest holdings were as follows:

Royal Bank of Canada	5.0%	Bank of Montreal	2.1%
Toronto Dominion Bank	3.7%	Amazon.com Inc.	2.1%
Shopify Inc.	3.4%	Canadian Natural Resources	1.9%
Alphabet Inc.	2.2%	Manulife Financial Corp.	1.9%
Enbridge Inc.	2.2%	Microsoft Corp.	1.8%

PH&N believes these valuations are unlikely to be a reliable source of gains, earnings growth will be essential to sustain the rally. Analysts' S&P 500 earnings growth forecast for 2026 has more than doubled from 15% at the beginning of the year to 34%, remarkably occurring mid-cycle rather than during a post-recession recovery. They expect equities to deliver mid-to-high single-digit gains as those expected earnings are mostly delivered.

Tradex Bond Fund – Quarterly Review – September 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	-2.1	0.6	3.2	8.2	2.9	3.3	5.3
FTSE TMX Canada Universe Bond	-3.0	-1.0	-1.1	4.8	0.3	1.3	—
Average Canadian Bond Fund**	-3.1	-1.4	-1.9	4.1	-0.3	0.7	—

*December 1989 **Source: FundData

An investment in the Tradex Bond Fund decreased in value by 2.1% during the third quarter outperforming the index and its peers, while it has increased 3.2% for the past year outperforming the Canadian Bond index by over 4% for the past year.

Canadian fixed income markets faced a challenging backdrop in the quarter. Stronger-than-anticipated economic activity, higher energy prices, and persistent inflation pressures shifted expectations for monetary policy and resulted in a meaningful repricing of the Canadian yield curve, with yields moving higher across maturities. Longer term yields were influenced by the evolving economic outlook and broader global bond market developments. In particular, movements in the US Treasury market as investors responded to strong growth and inflation developments alongside concerns around fiscal deficits and elevated government bond supply. The resulting increase in long-term yields created a greater headwind for longer-duration securities, including provincial bonds.

The Bank of Canada maintained its policy rate at 2.25% in the quarter. Even so, shorter-term yields moved higher as they are driven primarily by expectations for the path of monetary policy. As economic activity proved more resilient and inflation remained elevated, markets increased expectations that the next move in central bank policy could ultimately be higher.

The third quarter marked a shift in the global economic and monetary policy backdrop. Growth proved more durable than expected, while renewed inflation pressures challenged expectations that central banks would move towards easier policy. Higher energy prices, persistent inflation, and trade-related costs complicated the outlook, leaving policymakers to weigh the economic consequences of maintaining potentially

restrictive policies against the risk of allowing inflation to remain above target for longer. Foyston, Gordon & Payne (FGP's) overweight in corporate credit contributed positively to relative returns, as did the impact of duration shorter than the benchmark. The Canadian preferred share market generated positive performance during the quarter and the portfolio outperformed.

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

Term	Record Lows	Yield Dec. 31/24	Yield Dec. 31/25	Yield June 30/26	Yield Oct. 1/26
2 year	**0.15%***	2.93%	2.58%	2.74%	3.27%
3 year	**0.18%***	2.87%	2.57%	2.84%	3.37%
5 year	**0.30%****	2.96%	2.96%	3.01%	3.62%
10 year	**0.43%****	3.23%	3.42%	3.38%	3.94%
30 year	**0.71%*****	3.33%	3.85%	3.77%	4.28%

Record (50 years or more) low rates: **Feb. 1/21, ** Aug. 4/20, ***June 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 4.0% as at September 29th, as shown in the following table, while the yield on the FTSE TMX Canada Universe index was 4.2%.

	Government Bonds	*Corporate Bonds*	*Preferred Shares*	*Common Shares, Trusts, REITs*	*Weighted average total*
*Yield**	*4.0%*	*4.0%*	*5.9%*	*3.0%*	*4.0%*

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

Looking ahead, FGP indicates the reset higher in yields has created a more constructive starting point for Canadian fixed income, with attractive levels of income available across government, provincial and corporate bonds. They expect preferred share returns to deliver resiliency and modest capital appreciation in addition to rising dividends. FGP applied their framework of scenario analysis to define a range of possible outcomes and to size our positions according to the margin of safety that they calculate. As new information becomes available, FGP will continuously build a portfolio with high risk-adjusted return potential.

Tradex Global Equity Fund – Quarterly Review – September 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	1.0	22.3	22.5	25.9	12.0	12.6	8.2
Dow Jones Global Total Return Index**	1.2	18.4	17.0	23.5	13.9	13.2	—
Average Canadian Global Equity Fund**	0.6	14.5	12.7	17.9	9.7	9.9	—

*May 1999 **Source: FundData

During the third quarter of 2026, the value of each unit in the Tradex Global Equity Fund increased by 1.0%. This compares to an increase of 1.2% in the Fund's benchmark, the Dow Jones Global Total Return Index.

Global equities rose in the third quarter despite higher developed market bond yields and a re-escalation of conflict in the Middle East, both of which periodically weighed on market sentiment. Central bank decisions continued to reflect the trade-off between inflation and economic growth. Both the ECB and Bank of Japan hiked rates by 25 bps for the second time this year. The policy rate in Japan is now at its highest level since 1995. Elsewhere, the FOMC raised rates by 25 bps at its September meeting, with the updated dot plot projections revealing that most Committee members expected another rate hike by the end of 2026. Looking ahead, AI-related demand from the global data centre buildout, agentic AI and robotics is set to remain a key market theme.

In Canadian dollars, Ireland (+4.6%) was the best performer in the Eurozone, due to strong multinational exposure, resilient domestic growth and favorable bank earnings, while the markets in the UK (+2%) and the Netherlands (+0.7%) benefited from their exposure to energy and tech, respectively. In contrast, Switzerland (-5.5%) lagged while France (-5.5%) was pressured by fiscal concerns. Canada (+1.6%) gained as rising precious-metals prices boosted materials stocks. The strong showing in tech also boosted US equities, with the NASDAQ up 2.5% while the S&P gained 2.4%. In Asia, Singapore (+12.7%) rose on strength in its banking sector, while Hong Kong (+8.6%) benefited from rebound in investor sentiment, and continued corporate governance reforms helped to push Japan (+7.4%) higher. The Australian market (+2.4%) was buoyed by a rise in commodity prices. In Emerging Markets, Indonesia (+8.2%), recovered, while commodity-rich Brazil (+8.1%) attracted substantial foreign capital inflows ahead of its fourth quarter election. The Turkish market (-19.2%) fell following a domestic fund liquidity crisis.

City of London (CLIM) made reductions in US small caps and Tech sectors, and exposure to Japan, Emerging Markets and UK small caps were trimmed as well while healthcare and Eurozone exposures were adjusted. CLIM also exited the position in the North American Income Trust on discount narrowing. Proceeds were reinvested in several widely discounted funds providing exposure to global equities, commodities, and Real Estate. Finally, CLIM initiated a position in Apple Inc. to reduce our underweight to a large benchmark constituent.

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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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 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 $109,000 in 2026 or minimum $116,000 in 2027.

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 the 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 intermediary 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

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 is able to 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.