

We're seeing a lot of negativity out there, and while some of it has merit, we don't think it's enough to move us off our cautiously optimistic outlook. The American consumer remains more powerful than the headlines suggest, the economy more resilient than the sentiment surveys imply, and frankly, negativity has always been the default setting of the news cycle. We take that for what it is. What we're focused on instead are some early but meaningful signs of an upturn in economic activity — signs that should give investors genuine comfort about the medium to longer-term picture, even as the short term does what the short term always does.

**Key Highlights:**

- The ISM Manufacturing Index has moved back above 50 for the first time in years, signaling expansion — and the Services Index, representing ~70% of US economic activity, has also improved meaningfully over the past six months.
- US flatbed trucking spot rates and load-to-truck ratios have inflected positively after a four-year industry recession, confirming that something constructive is happening on the ground.
- Certain equity sectors have become expensive — particularly defensive and semiconductor names — while others like software remain reasonably priced and represent better risk/reward at current levels.
- Canada still faces residual tariff headwinds and a domestic real estate bear market, but positive US economic momentum has historically been a tailwind that crosses the border regardless.

**Near-Term Outlook:**

- Continued manufacturing momentum alongside AI and datacenter spend should drive capital rotation out of expensive defensives and into growth and industrials-oriented names.
- The stock market is a market of stocks; broad indices can grind higher even as sector leadership rotates underneath, and we see conditions for exactly that kind of constructive churn.
- Wage growth and real estate remain soft, but we believe the breadth of industrial improvement offsets these concerns — and expect at least six months of positive baseline economic conditions.
- Short-term volatility from computer-driven trading and fund repositioning is noise; we think that history is consistent that fundamentals win in the end, and right now they're pointing in the right direction.

We know the wall of worry is tall right now. But we've been here before. The data we're watching most closely — manufacturing activity, trucking volumes, services activity — is telling a different story than the sentiment surveys, and we've always put more weight on the former. The rotation we're anticipating, from expensive defensives into reasonably priced growth and industrials, is the natural next chapter if economic momentum holds. We think it will, and we remain constructively positioned for it.

**Investment Matters:**

**James Anderson**  
Managing Director  
(403) 531-2677  
james@palisade.ca

**John McAleer**  
Managing Director  
(403) 531-2678  
john@palisade.ca

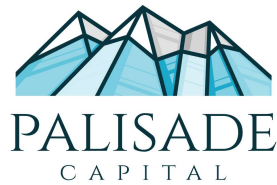
**Dan Zhigatov**  
Portfolio Manager  
(403) 531-2674  
dan@palisade.ca

**Operations and Administration:**

**Denise MacINNES**  
Corporate Secretary & Director  
(403) 531-2671  
denise@palisade.ca

**Jamie Duguay**  
Wealth Management Associate  
(403) 531-2670  
jamie@palisade.ca

**Kseniia Suvorova**  
Sr. Wealth Management  
Administrative Assistant  
(403) 531-2675  
kseniia@palisade.ca



April 2026

Fellow Palisade Investors and Friends,

Please find attached our April 2026 Monthly Update, which includes the Fund Fact Sheets for the Palisade Funds and commentary regarding the Palisade Wealth Management model portfolios. **This month's client conference call is scheduled for Thursday, May 14th at 11am MT.** The Teams Meeting details will be provided the morning of the call. In conjunction with this call, we will be emailing out a presentation that contains data and charts to further detail our thought process and outlook. We look forward to speaking with you then and answering any questions you may have.

All Fund performance figures are shown net of fees and expenses and include changes in security values and distributions paid. Palisade Vantage Fund performance figures include the reinvestment of distributions. The Palisade Vantage Fund currently pays a regular quarterly distribution of \$0.11 per unit, or \$0.44 per unit per year. The Palisade Select Fund and Palisade Horizon Fund pay irregular annual distributions for years in which taxable net income is positive.

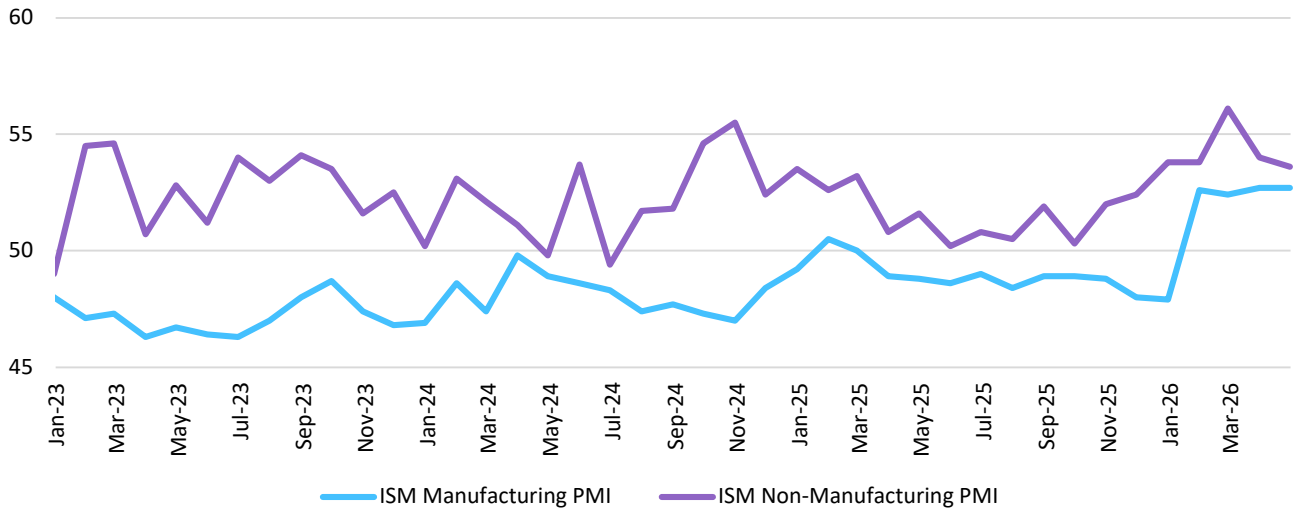
## MARKET COMMENTARY

We're seeing a lot of negativity out there. Some of it for good reason. People are worried that high oil prices will lead to inflation and less discretionary spending on goods, resulting in an economic slowdown. If inflation did go higher, then interest rates might go up and act as a headwind to stock prices. To those thoughts we say "maybe", but that is not a big enough risk to move us off the cautiously optimistic outlook that we currently maintain. There are worse datapoints for negativity and sentiment (the University of Michigan Consumer Sentiment survey just hit an all-time low!) but thankfully those datapoints typically have little to no predictive power when it comes to the stock market or the economy. It's always worthwhile keeping in mind that the economy is more resilient than you think it is, that the American consumer is more powerful than you think they are, and in the world we live in, negativity is the default emotion generated by the news and social media. Unfortunately.

In fact, from our perspective we actually think that there are some positive early signs of an upturn in American economic activity that will also benefit Canada even though the overhang from remnant tariffs remain and we currently lack any meaningful progress on trade negotiations. Below we show a couple of charts that lay out some really fundamental core economic trends that should give investors comfort that the medium to longer term outlook remains positive. The short term can always move around due to quantitative factors, computer trading or large fund repositioning (to name a few), but in the long term we trust that economic fundamentals will win the day.

The first chart below is the ISM Manufacturing Index, which is a survey of a wide range of manufacturing companies across the US. If this index is above 50, it indicates expansion, and if it's below 50, it indicates contraction within that part of the economy. If you've read these commentaries with any sort of regularity over the years, you'll know that we mention the ISM Manufacturing and Services data fairly regularly. We think it's a helpful baseline datapoint to gauge how companies are viewing their prospects and outlook for the near future. Typically, we have referred to the Services Index because it represents 70% of economic activity and has pulled the American economy forward despite the Manufacturing Index being less than 50 for many years on a consistent basis. However, this time we are pointing to the Manufacturing Index because of its recent surge and move above the 50 level. Manufacturing would appear to be having a recovery in the US, and it's still in the early days. It's also worth noting that the Services Index is also in a strong position and has improved notably in the last six months.

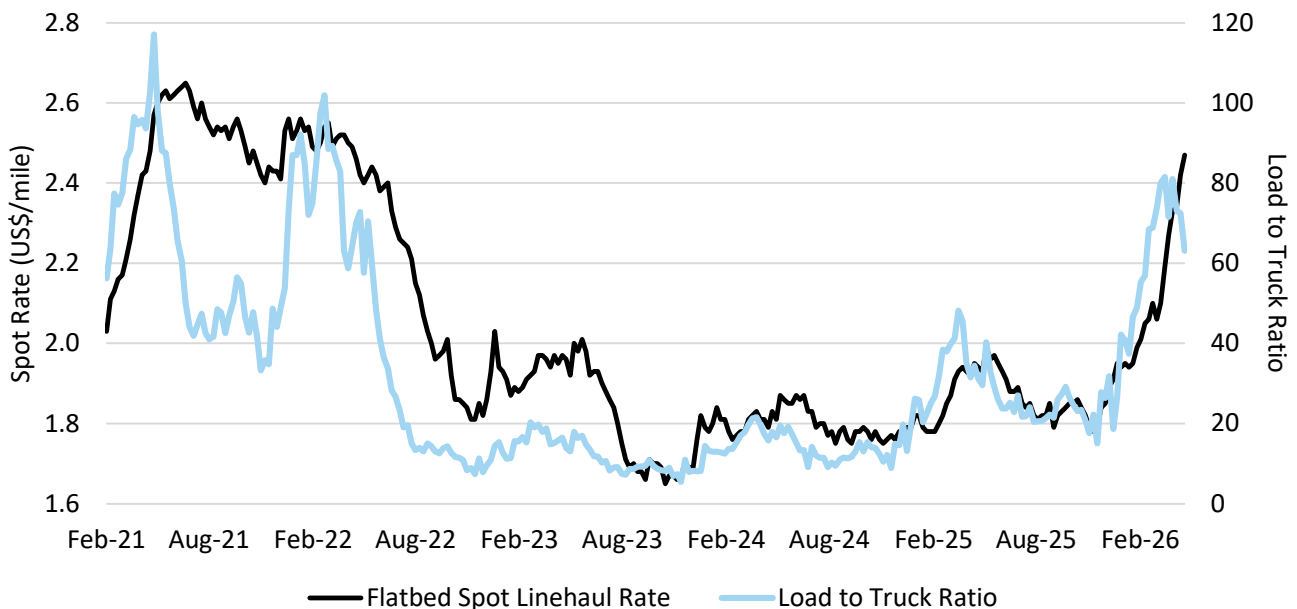
### ISM Services and Manufacturing Purchasing Managers Indices



Source: Bloomberg

Another interesting datapoint to consider is trucking activity. Post the supply chain challenges that were a result of the COVID lockdowns, the trucking industry went through a painful re-organization and right sizing that saw the industry suffer through its own recession for the past four years. However, the first signs of a turnaround started in late 2025 and has grown into a full bull market in demand and pricing. The chart below shows a measure of rates for service in the spot market as well as contracted rates, in addition to volumes showing ongoing improvement through 2026. Clearly something positive is happening on the ground in the US economy to see an inflection in manufacturing data and trucking data, both of which have been in decline mode for most of the past four years. In part we expect that this uptick is driven by AI and datacenter buildout, but there is more to the improvement than just that one part of the economy.

### U.S. Flatbed Trucking Spot Rates and Load to Truck Ratio



We acknowledge that there will always be datapoints that look concerning, but we think that core economic data reflected in the charts above should serve as a positive baseline for economic expectations for at least the next six months. Yes, real estate is still largely frozen in the US and is in an outright bear market in Canada. Yes, wage growth has been moribund in the US in the most recent datapoints. We would also acknowledge that certain sectors in the stock market are starting to look expensive, but we also see areas that are priced reasonably (software being the primary example). If we see continued improvement in the industrial/manufacturing parts of the economy and ongoing spending in the AI buildout, it would be reasonable to see some rotation in the markets to more reasonably priced stocks with some continued strength in sectors like transportation and industrials. Believe it or not, some of the more richly priced sectors are defensive in nature, so if we saw an increase in economic growth, it would be a reason to sell the more expensive defensive sectors and increase exposure to more growth and industrial-oriented names.

It's always important to remember that the stock market is a market of stocks. It is not a monolith. As economic data changes and cycles progress, capital will rotate between sectors under the surface, which can allow for the broad market indices to go higher even if it's different sectors doing the heavy lifting. We take some comfort from the recent improvement in the core economic data laid out in the charts above.

## **PALISADE MODEL PORTFOLIOS UPDATE**

While we continue to remain optimistic in our outlook, if we wanted to view the outlook as "glass half-empty" one datapoint to consider would be the performance of asset classes outside of stocks. While the stock market is doing well, there aren't many other sectors working to the same degree of success. Real estate is under pressure, private credit and private equity are largely seeing outflows and moderated returns, while the returns of many arbitrage strategies and long/short strategies are also moderating. It would be nice to see the momentum of the stock market spill over into other parts of the investing universe. That said, like everything in markets and investing, performance is cyclical. The lower-than-historical performance of some of these strategies will improve over time, but we don't want to be overly patient in how we approach the inclusion of these strategies in our model portfolios. We have been actively making changes to the model portfolios and we continue to make changes at the time of writing.

We continue to add investment funds to our model portfolios that focus on opportunities in the current market. Private equity secondaries take advantage of some of the weakness that we are seeing in traditional private equity funds. Certain quantitative long/short investment funds have also continued to perform well. While we aren't concerned about moderating strategies for the longer term, we do want to make changes to increase the return profiles of the model portfolios on an ongoing basis.

Further details regarding our model portfolios are available on our website under "Investment Offerings" ([www.palisade.ca](http://www.palisade.ca)).

## **PALISADE FUND COMMENTARY**

The **Palisade Select Fund** ("PSF") was up 2.7% in April. The S&P/TSX Capped Energy Index ("Energy Index") was up 1.4% and the WilderHill Clean Energy Index ("ECO") was up 21.1% for the month.

This month the oil and gas markets worked along the lines of our previous commentary. We saw a meaningful pullback at the beginning of the month, but that dip was bought by investors (including the PSF) and the stocks ended up finishing modestly positive for the month. The PSF was ahead of the Energy Index during the period in part due to our position in ARC Resources that was acquired for a 20%+ premium by Shell in its objective of adding reserves to support its long-term supply requirements for the LNG Canada project and the facility expansion approvals expected to come in the next couple of years. It was also helpful to have a large cash position heading into the month, which we put to work during the third week of the month. We bought a basket of mostly oil-oriented

producers starting on April 21<sup>st</sup>, with follow-on purchases made in the following days. Incremental purchases included Canadian Natural Resources, Ovintiv, Suncor, Athabasca, Baytex and Spartan Delta.

While some natural gas-oriented producers have traded well, including Peyto, Paramount and Kelt, we continue to see some drag from the natural gas producers broadly. While the fundamental thesis remains intact around an increase in demand from electricity generation, we think it makes sense to keep the focus on oil while the market spring continues to tighten on supply/demand with the Strait of Hormuz remaining largely shut, strategic petroleum reserves being drawn down globally, and the long term damage sustained by many storage and refinery assets in the Middle East. Each day that passes without resolution leads to a longer runway of tight supply/demand dynamics even after the Strait of Hormuz eventually reopens. We recognize that there could be some weakness in that scenario, but the baseline price for crude oil keeps increasing as supply is constrained, which leads to higher producer cash flow projections and increased dividends and share buybacks. We saw a selloff in early April that was bought by investors, and we think that other near-term selloffs will be bought as well.

The **Palisade Horizon Fund** ("PHF") was up 5.0% in April, with the quantitative screen names delivering the bulk of the month's gains. We are seeing what we hope is an inflection towards the quality/growth factor that underpins our screens.

Ametek (AME, +10%), Trane Technologies (TT, +18%), Wabtec (WAB, +8%), and TMX Group (X, +12%) were some of the top performing screen names. The industrial and infrastructure tilt within the screens continues to benefit from a combination of AI-adjacent tailwinds and what seems like a broader market rotation back towards earnings quality.

Our transports names also had a good month with TFI International (TFII) being up 28% and CP Rail (CP) gaining 8%, with both names benefiting from improving North American freight dynamics.

The beaten-up quality basket had a more mixed outcome. CSU rallied ~8% by mid-month before giving back the entirety of those gains by month-end. Descartes (DSG) was down 2% and CGI Group (GIB.A) declined 13% following a disappointing quarterly result.

Given the improving momentum of our screen names and a less compelling near-term setup for several of the beaten-up basket holdings, we decided to pivot more towards the screen names in April. We sold names like GIB.A and WSP and raised weights in screen names to approximately 4% each. We have maintained our CSU position at a lower weight, as the long-term valuation compression still appears overdone. CSU's Q1 results are expected in mid-May. DSG and TRI, which were previously part of the discretionary choices, have remained in the portfolio, but now held due to the screens rather than the discretionary basket.

The **Palisade Vantage Fund** ("PVF") was up 5.0% in April. For the month, the S&P/TSX Canadian Dividend Aristocrats Total Return Index ("Aristocrats Index") was up 3.3%, while the S&P/TSX Composite Total Return Index ("TSX Composite") was up 3.8%.

Oil and gas and technology stocks get all of today's headlines, but it's worthwhile pointing out that the PVF continues to put up solid numbers as blue chip dividend growers continue to attract capital in the markets. Canadian banks continue to perform well and Royal Bank, CIBC and BMO were some of our best performing positions during the month. While REIT's have been seeing headwinds more broadly, our group of holdings continues to execute well. Granite REIT, Sienna Senior Living and Chartwell continue to perform well, even while bond yields have been rising recently. We had a new REIT position in First Capital Realty get taken over this month, which was a pleasant surprise as it traded up 8% on the day of the announcement. Overall, a solid month for PVF.

We appreciate your support and we're always open to discuss any questions that you may have.

## **THE PALISADE CAPITAL MANAGEMENT TEAM**

Please note that it is the responsibility of each investor to inform Palisade Capital of any changes to the information provided to us on the most recently completed Know Your Client ("KYC") information form or subscription agreement. Please contact

Kseniia Suvorova at (403) 531-2675 or [kseniia@palisade.ca](mailto:kseniia@palisade.ca) to provide any such updates. If you no longer wish to receive the Monthly Update, please send an email to [clientservice@palisade.ca](mailto:clientservice@palisade.ca).

*All Palisade Fund performance figures are shown net of fees and expenses and include changes in security values and distributions paid. Palisade Vantage Fund performance figures include the reinvestment of distributions. Income taxes would have reduced returns. The Funds are not guaranteed. Performance of the Funds will fluctuate and past performance may not be repeated. To establish relative performance yardsticks for the Palisade Funds, we provide comparative references to the S&P/TSX Composite Total Return Index ("TSXTR"), the S&P/TSX Capped Energy Index ("Energy Index") and the WilderHill Clean Energy Index ("ECO Index"). Those indices are relevant to our portfolio content however the TSXTR, Energy Index and ECO Index data is provided for general reference purposes and their content should not be construed as directly comparable to the content of the Palisade Funds.*