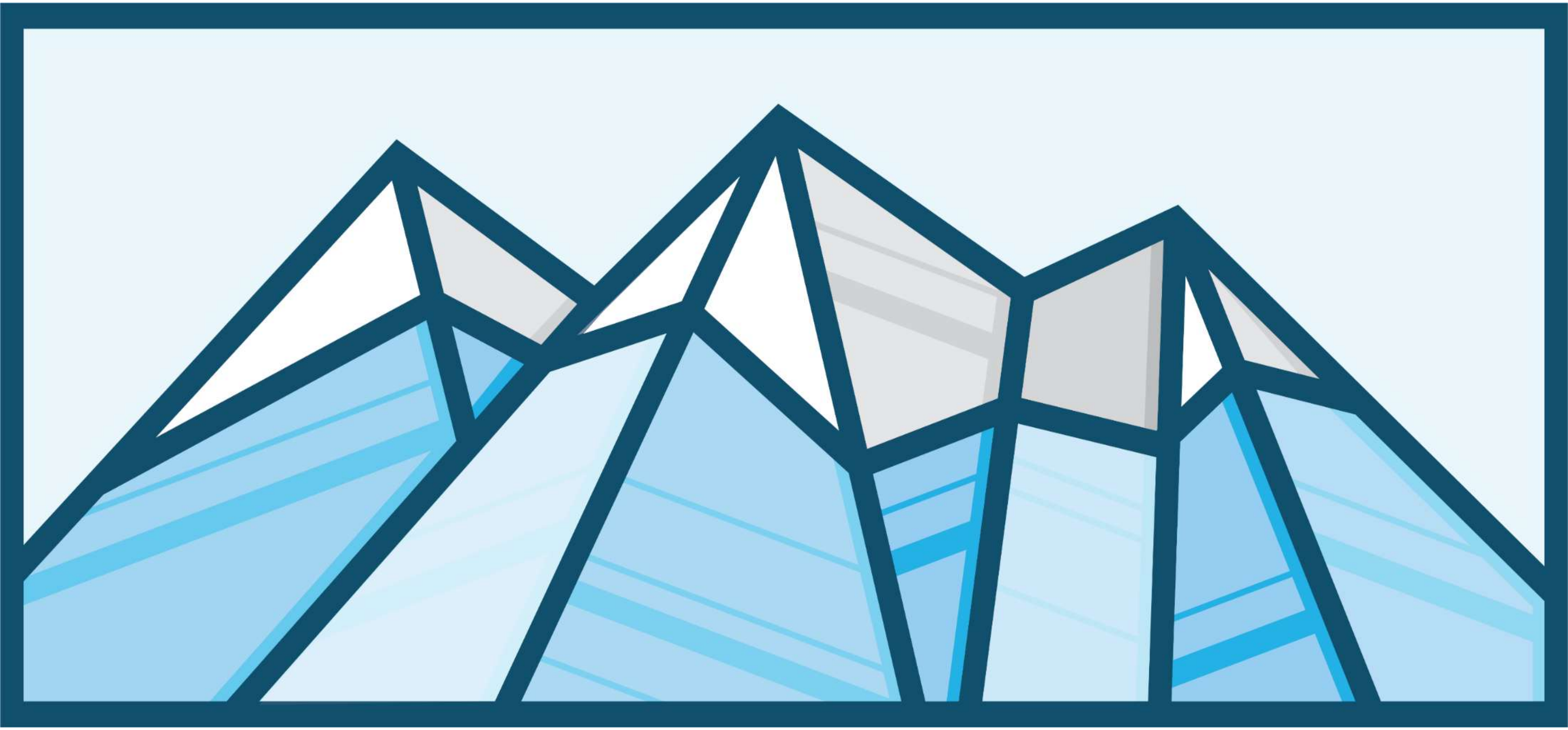

PALISADE CAPITAL CLIENT UPDATE

December 2025: Quick Hit of Market Observations

December 11, 2025

Palisade Capital Management

Palisade Capital has a 27-year history of managing investments for high-net-worth families, trusts, foundations and corporations. Our long-term client relationships are built upon transparent, detailed communication and alignment of our interests with those of our clients.

Investment Offerings

Palisade Funds

- Palisade Vantage Fund
- Palisade Select Fund
- Palisade Absolute Fund

Palisade Portfolios

- Growth+
- Income+
- Preservation+
- Inflation+
- Alternative+
- Endowment+

Presenters

James Anderson, CFA
Managing Director
25 years of capital markets and investment industry experience

John McAleer, PEng
Managing Director
33 years of experience in the investment and energy industries

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November 2025 Fund Review

Horizon Fund ("PHF") down 0.9% in November

- We continue to see a drag from "quality" Canadian names (discussed in more detail later in the presentation) that are in our screens and are seeing some pressure from year-end tax-loss selling. We expect the stocks to bounce back in the back half of December and into 2026. Examples include Stantec, WSP Global and CP Rail
- The high quality of the performance history from these types of companies makes us confident that we will see a bounce back after a period of underperformance. We want to stick with the long-term history
- We have winners in AI adjacent companies like Shopify and Celestica and those having current operating momentum like Aritzia and Toromont to offset weakness in the core quality names

Select Fund ("PSF") up 7.0% in November

- S&P/TSX Capped Energy Index was up 8.4% in October. WilderHill Clean Energy Index down 5.6%
- Canada notably outperformed the US this month with the US Energy Select Sector ETF (XLE) up only 2.6%
- Made some recent changes using the proceeds from our NuVista position that was taken over by Ovintiv, which were further deployed into natural gas names, as well as two new service names which have operating momentum
- Two new service company additions are CES Energy Solutions (CEU) and Enerflex (EFX)

Vantage Fund ("PVF") up 2.2% in November

- S&P/TSX Composite Total Return Index up 3.9% for the month. S&P/TSX Dividend Aristocrats Index up 2.3%
- Canadian market continues to be driven by commodities and certain financial names. Note the performance of oil and gas above as a primary driver of S&P/TSX Composite outperformance this month
- Recent changes to the PVF include selling certain underperforming REITs with additions to some energy infrastructure and utilities

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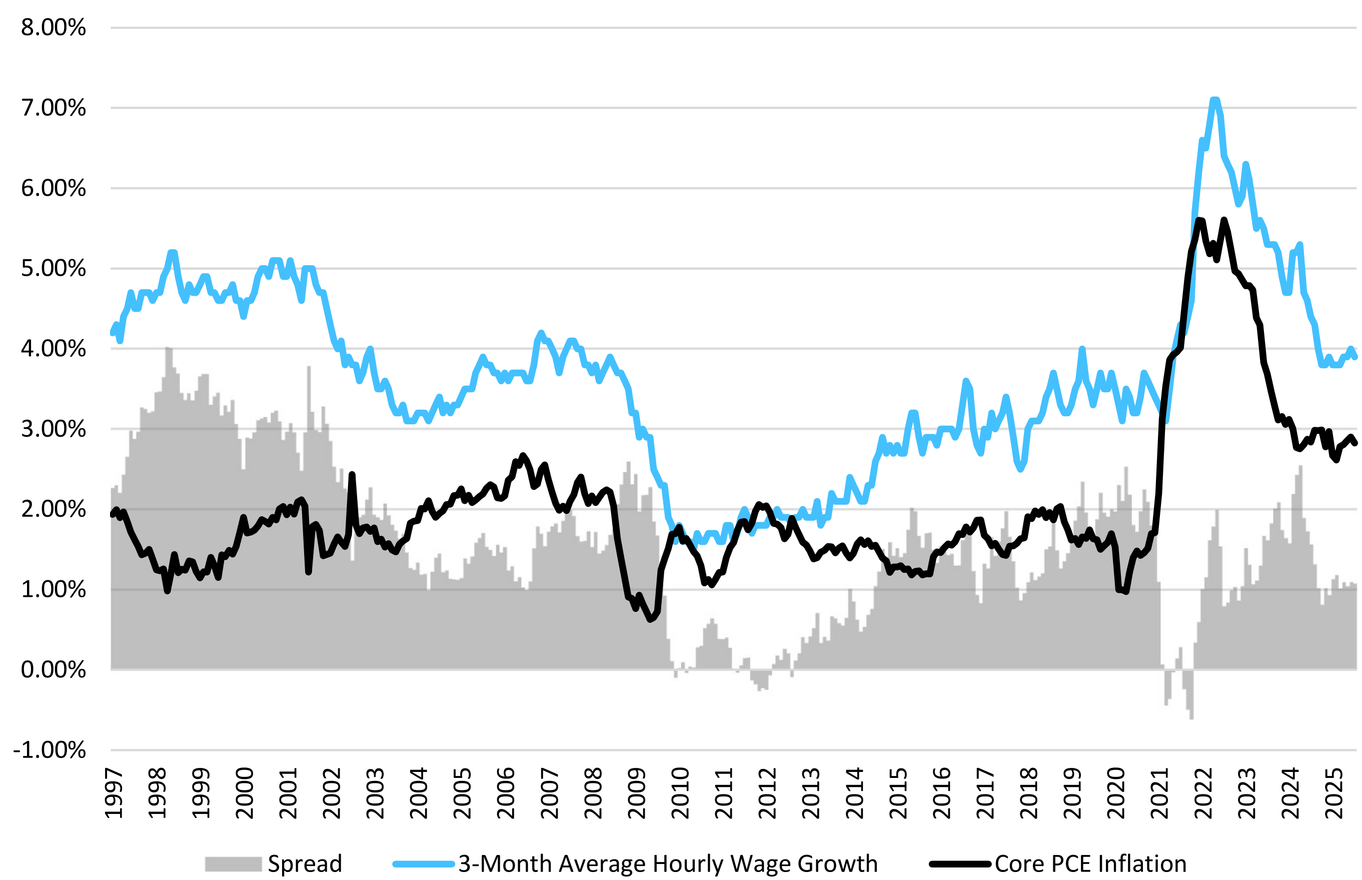
Section I: Inflation and Sector Rotation

Inflation Risks Can be Tamed by Wage Growth

Wage growth above inflation offsets the pain from higher prices

- While the spread between wage growth and Core PCE Inflation in the US is not as wide as it was in the 1990's, we are still at a more attractive spread than the periods in the immediate aftermath of the financial crisis and COVID
- The chart uses Core PCE as the inflation measure, which excludes energy and food prices, but if we just look at headline Consumer Price Index data from the 1990's, the inflation rate was above 2% every year with the exception of 1998 with most years being in the high 2% range
- The point here is that if inflation were to be higher than the Federal Reserve's 2% target it doesn't have to be a worry, as long as wage growth is strong
- Unrelated, but with the passage of time it's becoming more and more clear that the 90's were the best decade ☺

3-Month Average U.S. Hourly Wage & Core PCE Inflation YoY Change [1]



(1) Source: Bloomberg

Canada – Not as Bad for Oil and Gas Investors as Thought?

Recent outperformance of Canadian energy stocks has been notable

- While the Canadian energy XEG ETF and the US energy XLE ETF are not 100% equal comparisons (mostly because of the 20% exposure to infrastructure in the US XLE that is not included in Canadian XEG) the holdings are close enough (Exxon and Chevron are about half the US index and Canadian Natural Resources and Suncor are about half of the Canadian ETF) to compare how the two countries' energy sectors have performed over the long-term
- It might be surprising to some Canadian investors that the Canadian energy sector has outperformed the US energy sector since COVID after a long period of underperformance, even before Trudeau was elected
- We think the valuation discount in Canada has driven some of this performance, along with share buybacks and FCF focus

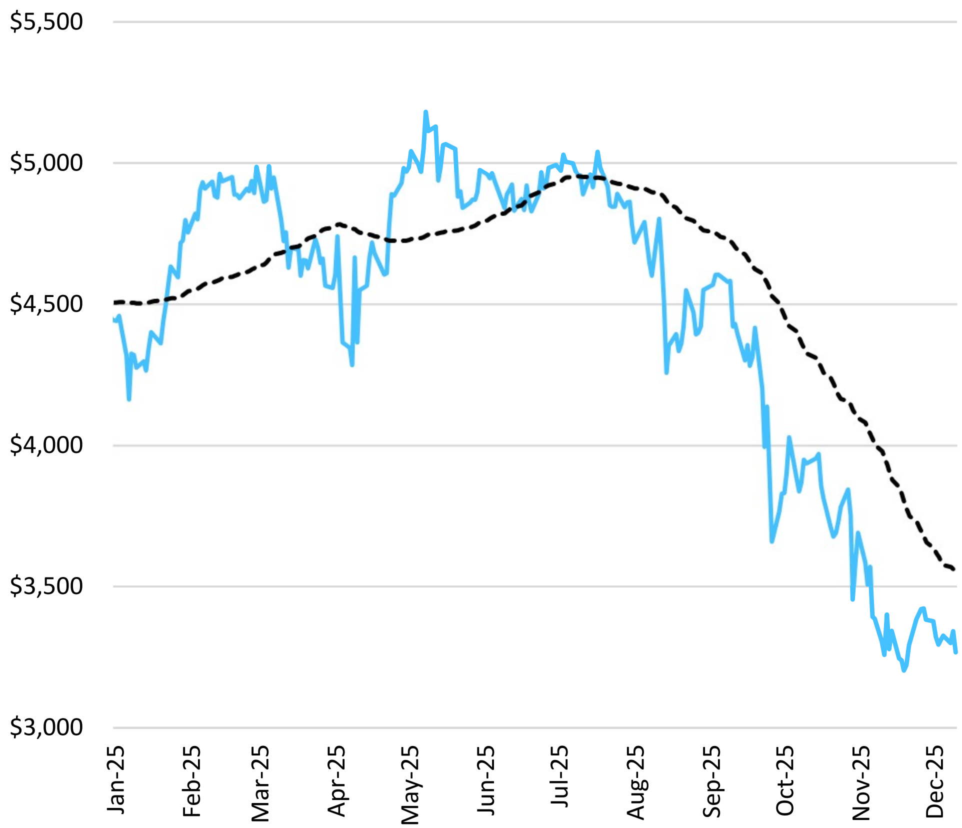
Relative Price Performance of Canadian vs U.S. Energy Sectors [1]

(1) Source: Bloomberg

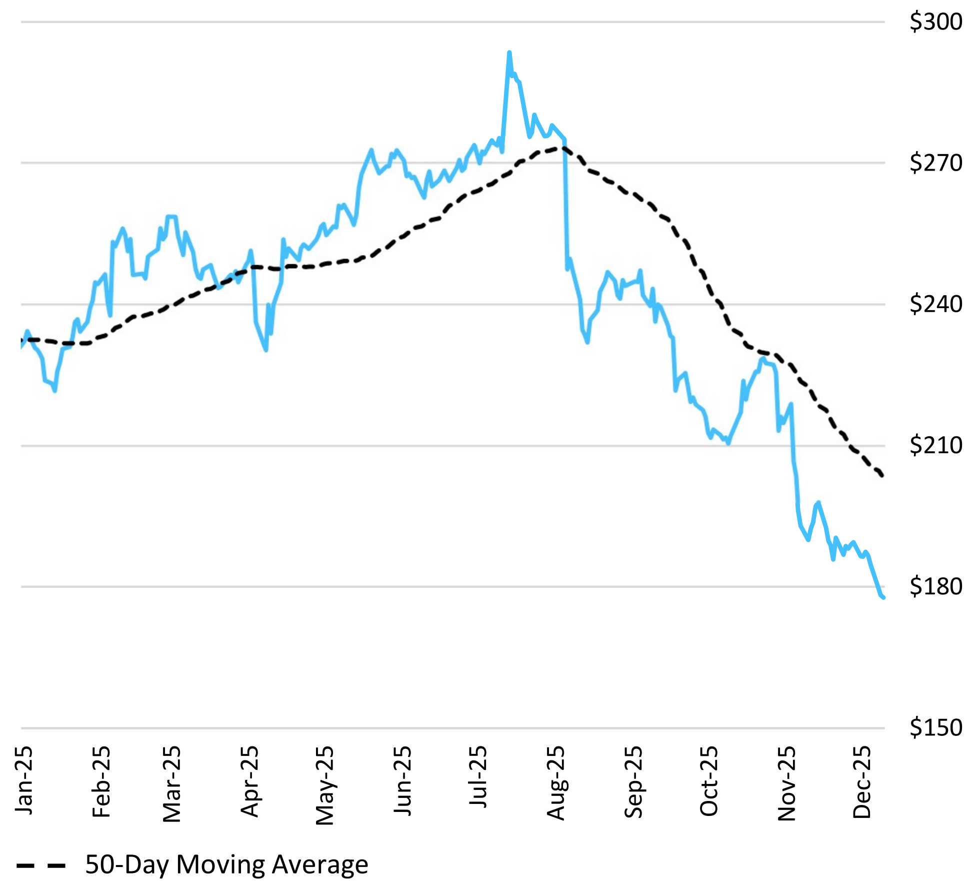
Canadian “Quality” Stocks Under Pressure – Part 1

Creates buying opportunities as tax-loss season comes to an end

Constellation Software (TSX: CSU)



Thomson Reuters (TSX: TRI) (1)



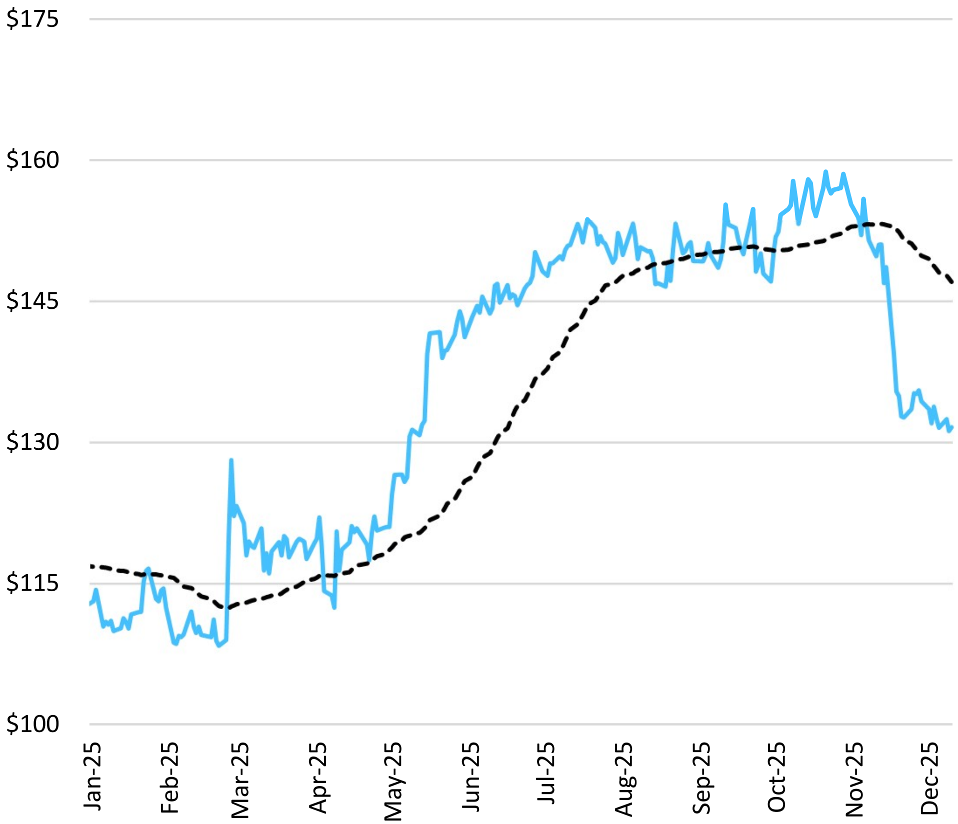
- The following slides highlight a group of core holdings for most Canadian portfolio managers that have sold off this year that are likely the subject of tax loss selling trades that will keep the stocks under pressure until the middle of December
- More exist than are listed here, but we wanted to present a wide range of examples. Reasons for weakness range from fears about AI impact to their business, to fund flows rotating out into other sectors and themes that have been working

(1) Source: Bloomberg

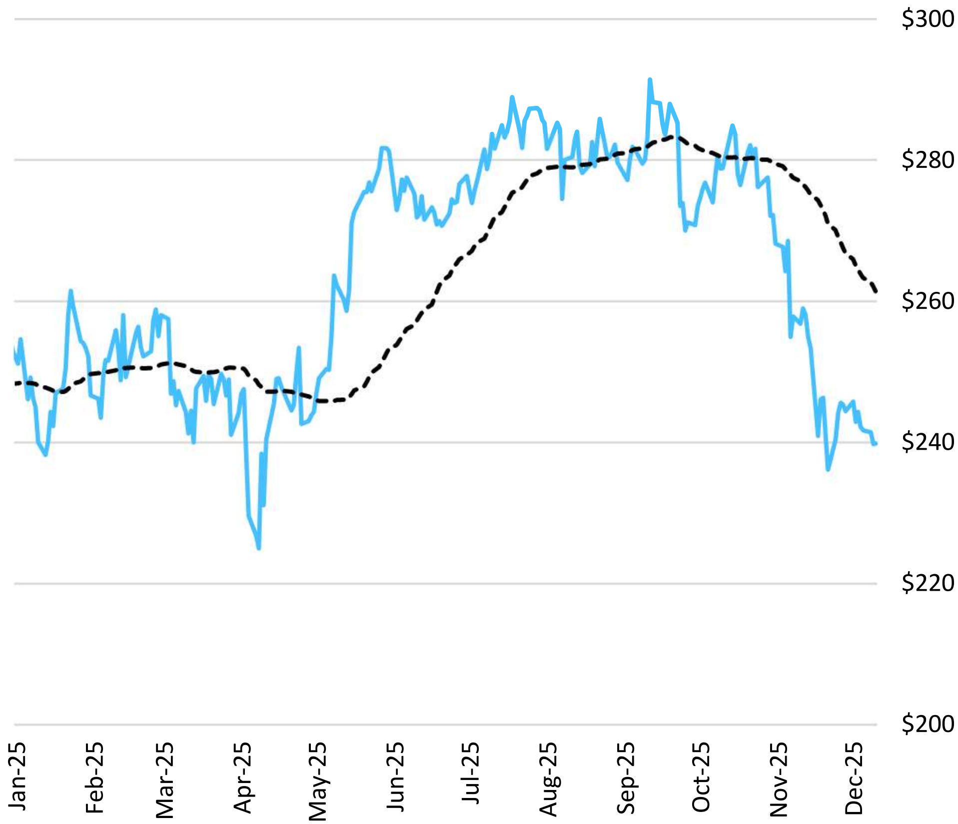
Canadian “Quality” Stocks Under Pressure – Part 2

Weakness has been across sectors

Stantec Inc (TSX: STN)



WSP Global (TSX: WSP) (1)



Price — 50-Day Moving Average

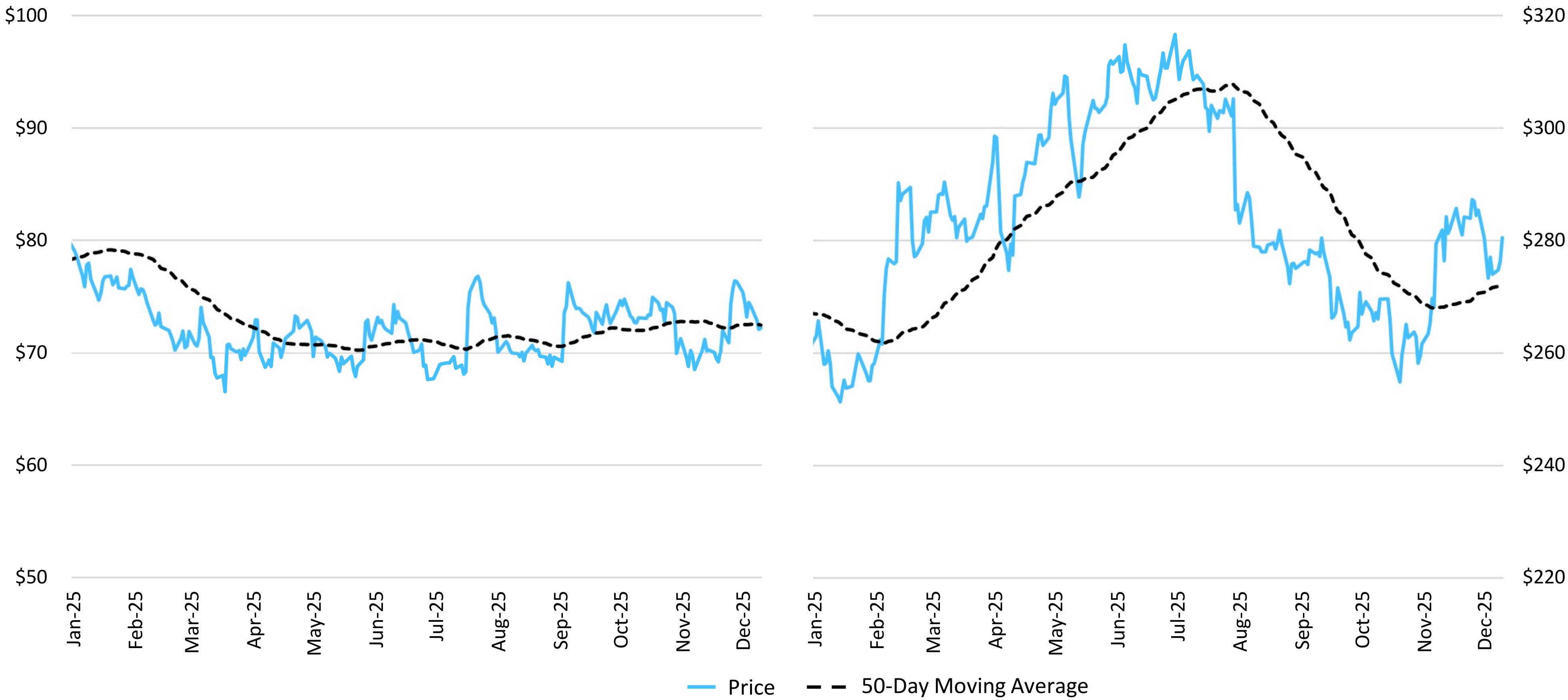
- Weakness has been seen in leading names across sectors like technology, transportation (CP and CNR), engineering (the stocks above), insurance and consumer-oriented companies. Themes that have been working the last six months would include commodities, gold, value and at certain points small cap.
- The engineering companies shown above should be the beneficiaries of increased activity across various Canadian infrastructure projects as the government rolls out expanded lists of prioritized major projects (imagine how great it would be if all companies could get access to streamlined approval processes!)

(1) Source: Bloomberg

Canadian "Quality" Stocks Under Pressure – Part 3

Most years have a basket of stocks under pressure in December from tax-loss selling

Alimentation Couche-Tard (TSX: ATD) | Intact Financial (TSX: IFC) [1]



- There can be some company specific reasons for weakness, but overall we expect to see these names outperform in the first half of 2026. For example, Couche-Tard had been under pressure as investors feared large stock sales to finance the rumored purchase of 7-11, but that never happened. Some weakness in US operations seems to be abating with the last two quarters being positive surprises and the company additionally announcing a more aggressive share buyback plan. The stock used to trade at a premium to peers, but current valuation is below peers and below its own historical range.

(1) Source: Bloomberg

Summary Comments

- Sector rotation is evidence of a robust and bullish stock market. The rotation we have seen in the last six months will likely evolve further in the next six months. Sectors out of favor will come back into favor, etc.

- While persistently high inflation isn't our preferred route, it is still possible for the economy and the stock market to perform well in the face of inflation higher than the targeted 2%. Wage and productivity growth are the primary tools to facilitate that outcome

- A strong economy does not necessarily drive higher inflation. If we actually saw governments shrink budget deficits (don't count on it), that would put the final nail in the coffin for inflation

- Canada looks to be done cutting interest rates, barring a dip into material economic weakness. At a 2.25% Bank of Canada rate, the economy should be able to function normally and with reasonable growth. We have masked the true drivers of weak economic activity (poor productivity gains and low levels of entrepreneurial activity) with artificially low interest rates and unnecessarily high immigration levels since 2008/09. The next couple of years should be a good test of the true Canadian economy, but also an opportunity to push forward real growth initiatives, because we don't have the same crutches to fall back on

- However, in the US there is still room to lower rates further, and a catalyst exists for those cuts in the naming of a new US Federal Reserve Chair in January (with official appointment in the Spring). The US Fed Funds Rate is now 3.5% after cutting by 0.25% on December 10th. The next Fed Chair will be dovish, inline with the wishes of the White House. This might not be a good thing from a big picture, independence and integrity perspective, but it's the situation we find ourselves in

- Low interest rates in Canada with a new focus on infrastructure and economic growth (not as much as we'd like, but it's better than the previous federal government) should be positive for Canada. In the US, lower interest rates and the productivity/profitability impact from AI showing up in 2026 should be a positive driver for stock prices

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Section II: Wealth Management Portfolios Overview

Palisade Model Portfolio Changes

- It's an interesting observation to note how return profiles are moderating across a lot of asset classes outside of the AI and AI-adjacent stocks, mixed in with some commodity-related stocks and select "factors"
- Private equity returns are down in the last couple of years, arbitrage strategies are facing much narrower spreads, some long/short strategies have been challenged as shorts have traded up, and real estate has entered a new phase after 15 years of consistent returns
- We are making some changes across various model portfolios to account for the changing market dynamics. We are adding strategies that benefit from the current market environment
- In our view, the long-term returns of our model portfolios remain at acceptable levels, but we do think that some adjustments make sense. Most of the changes are occurring in the alternative asset class portion of the models. Specific adjustments to private equity holdings, business loans, long/short strategies and real estate are being implemented
- We are happy to discuss this in more detail if you have any questions. Regulatory restrictions and competitive reasons don't allow for detailed discussions in this setting. Return profiles and downside protection can be discussed on the phone or in person
- The downside protection from the alternative sleeve in our model portfolios remains a key focus, with an expected improvement to the upside returns as we make these model portfolio adjustments

Palisade Model Portfolios Built to Navigate Volatility

- The various model portfolios built and offered by Palisade are constructed with the goal of lowering a portfolio's risk/volatility while still targeting returns that achieve your long-term investing goals

- Volatile markets, like the ones we are in currently, highlight the benefits of diversification and including alternative strategies in a broader portfolio. Alternatives are typically less correlated to the returns of the stock market

- For example, the Palisade Growth+ model includes an investment in Saskatchewan farmland that has consistently provided approximately 12% annualized returns, and has gone up when stock markets have gone down (e.g. during the 2022 bear market)

- Other examples of alternatives would include arbitrage funds that take advantage of mis-pricings between related securities, "private equity" funds that invest in companies that don't trade on a stock exchange, and mortgage funds that can have a lower risk profile

- The Palisade model portfolios don't typically move up and down as much on a day-to-day basis, which provides an opportunity for better long-term returns with less investor stress

- We are making ongoing changes across all of our model portfolios to bring in additional investment strategies that we view as attractive and to adjust for a lower interest rate and volatility environment that has seen returns moderate for certain investment strategies

PALISADE PORTFOLIOS

We offer a selection of portfolios to fit our clients' needs depending upon their objectives and risk tolerance

Growth+	Long-term capital growth
Inflation+	Low volatility growth with inflation protection
Income+	Regular income with moderate capital growth
Preservation+	Capital preservation while maintaining the potential for growth over time
Alternative+	Uncorrelated equity-like growth with capital protection
Endowment+	Very low volatility while seeking stable returns with capital preservation

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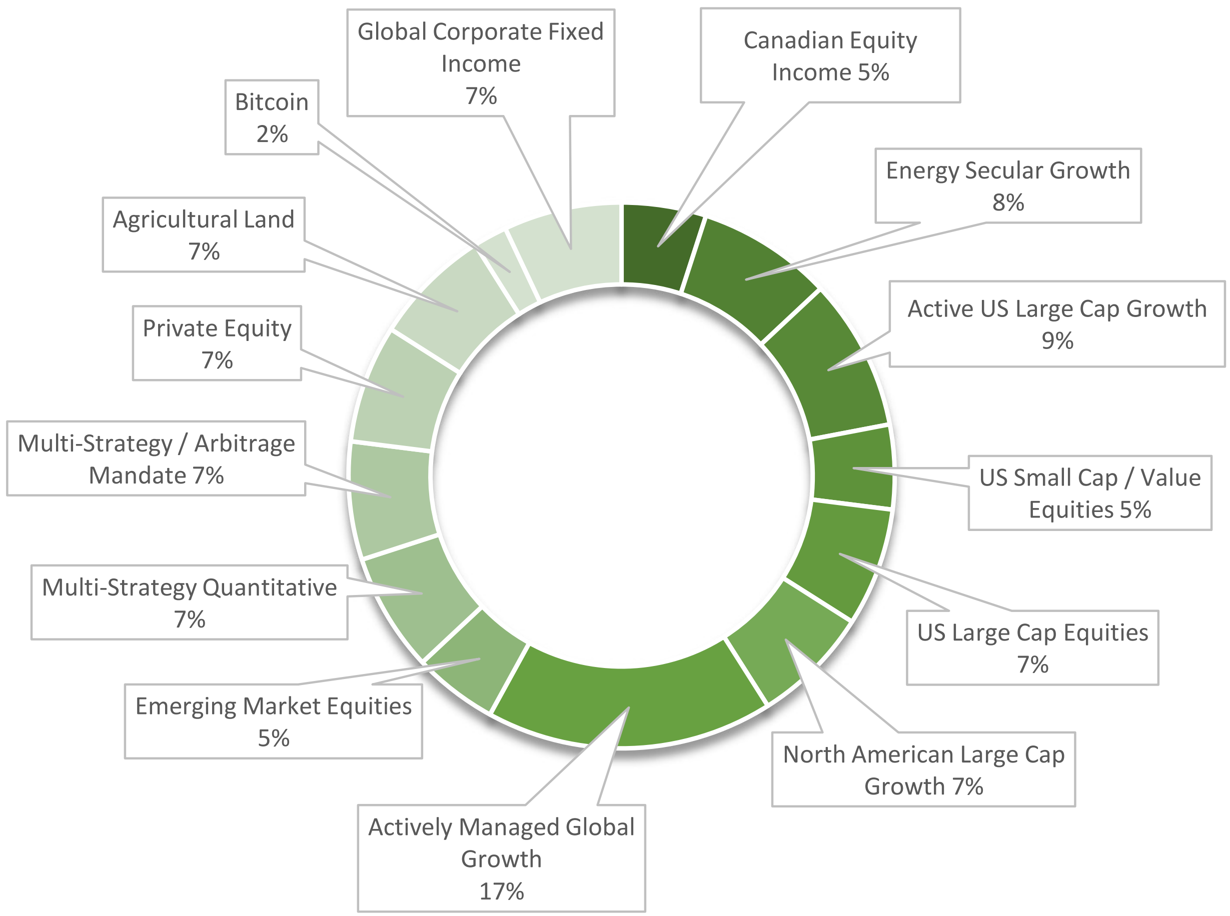
PALISADE GROWTH+ PORTFOLIO

Diversified Exposure Focusing on Long Term Growth

The Palisade Growth+ Portfolio provides investors with well diversified and unique exposure to global investing themes with an eye towards long term capital appreciation. True growth orientation with flexibility, diversification and downside protection.



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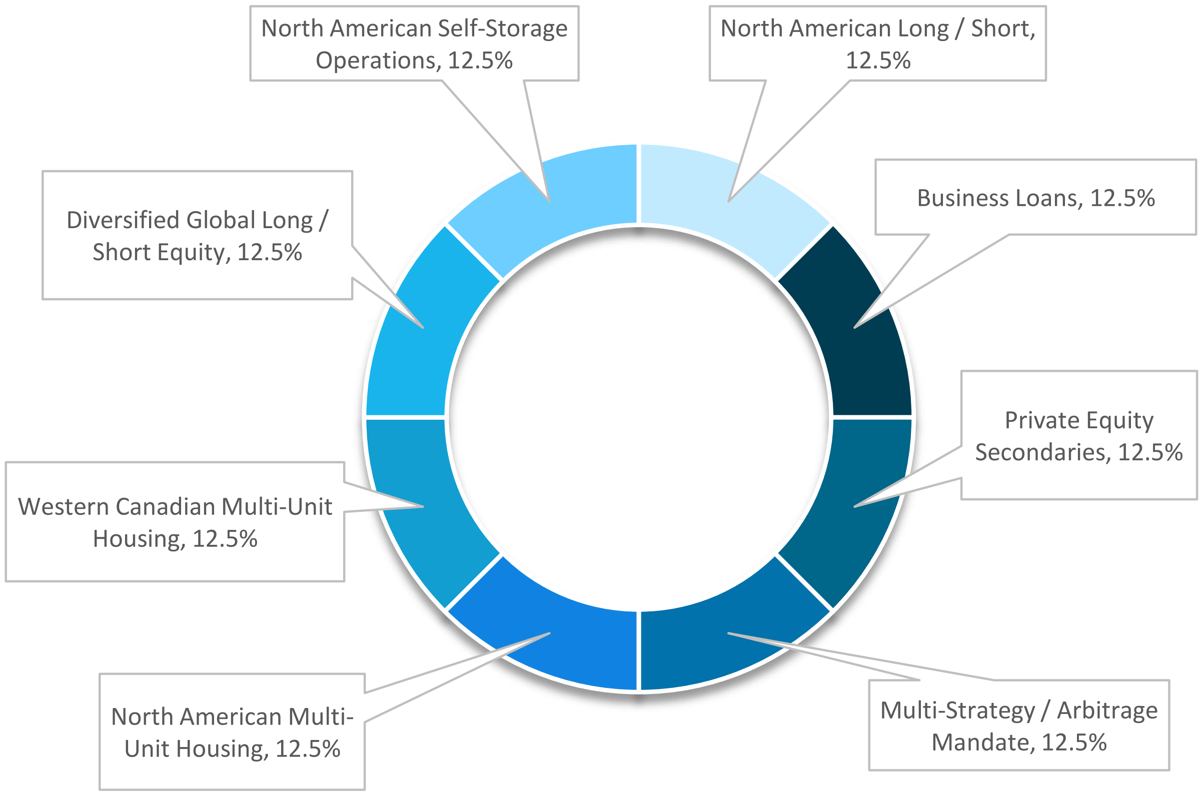
PALISADE INFLATION+ PORTFOLIO

Protecting Against and Benefiting From Inflation, Targeting Low Volatility Growth

The Palisade Inflation+ Portfolio provides investors with diversified exposure to alternative investment strategies that target low volatility growth with inflation protection. The portfolio focuses on providing downside mitigation and acting as an inflation hedge. The current portfolio yields approximately 4% annually, which can be reinvested through distribution reinvestment programs (DRIP).



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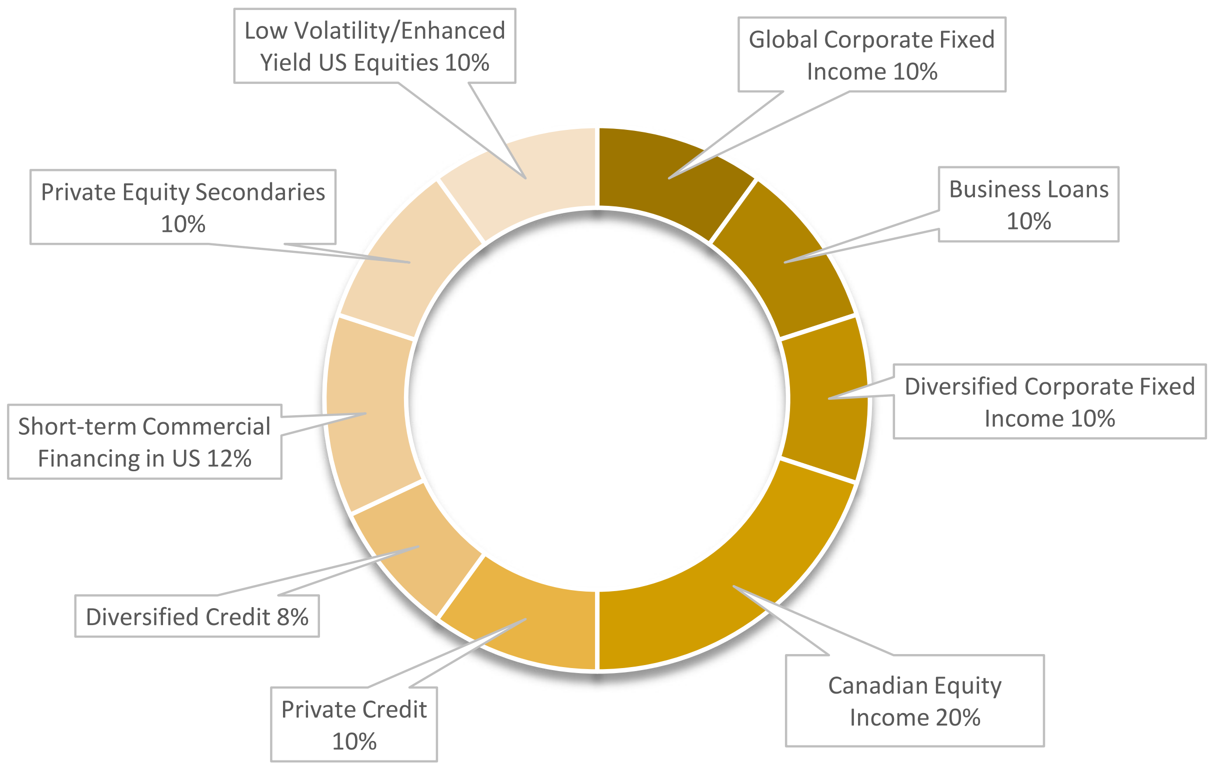
PALISADE INCOME+ PORTFOLIO

Regular Distributions From Multiple Strategies With Lower Correlation to Interest Rates

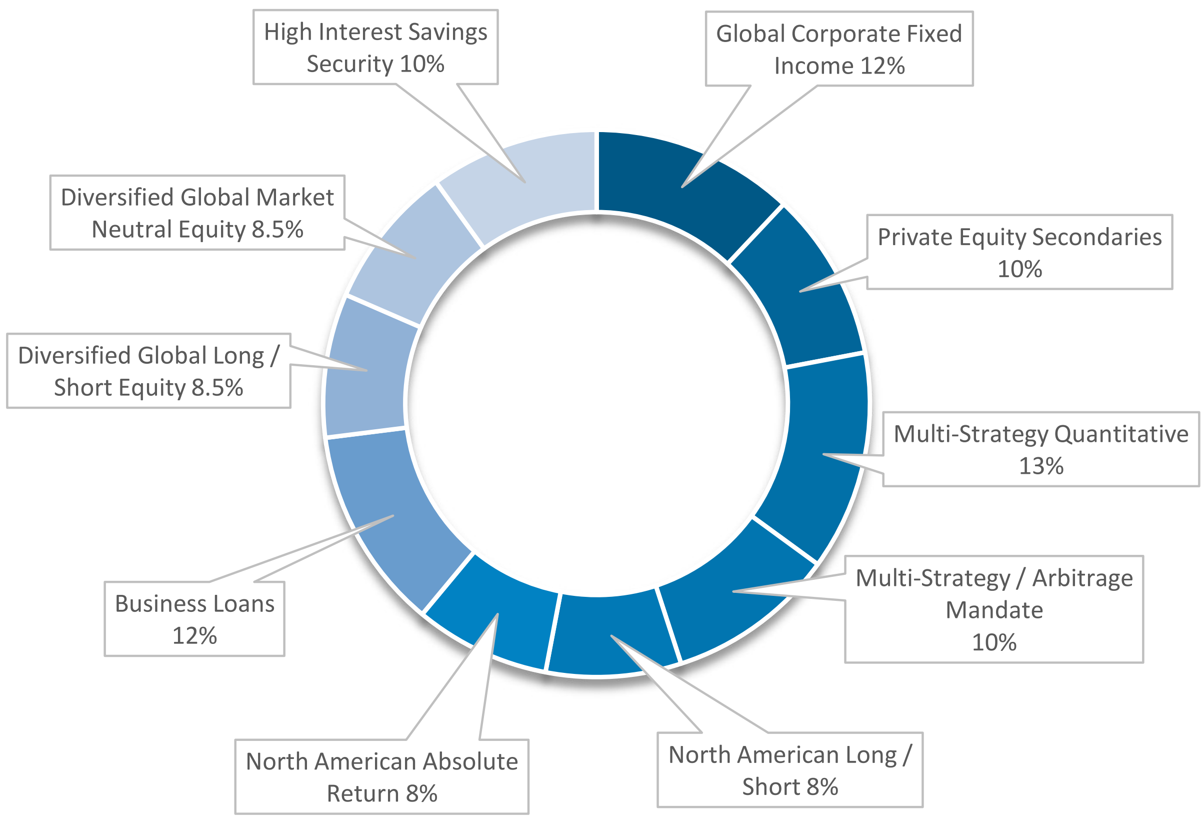
The Palisade Income+ Portfolio provides investors with a well-diversified source of monthly/quarterly distributions from a portfolio of equities, fixed income and alternative strategies. The current portfolio yields approximately 6% annually while maintaining flexibility and providing diversification and lower correlation to interest rates.



PALISADE PRESERVATION+ PORTFOLIO

Enhanced Downside Protection While Targeting a Mid-Single Digit Yearly Return

The Palisade Preservation+ Portfolio allocates to a well-diversified portfolio of alternatives and fixed income products that generally produce positive returns on a calendar year basis, regardless of market conditions. The portfolio focuses on capital preservation while seeking to provide low correlation to equity markets and targeting a mid-single digit yearly return.



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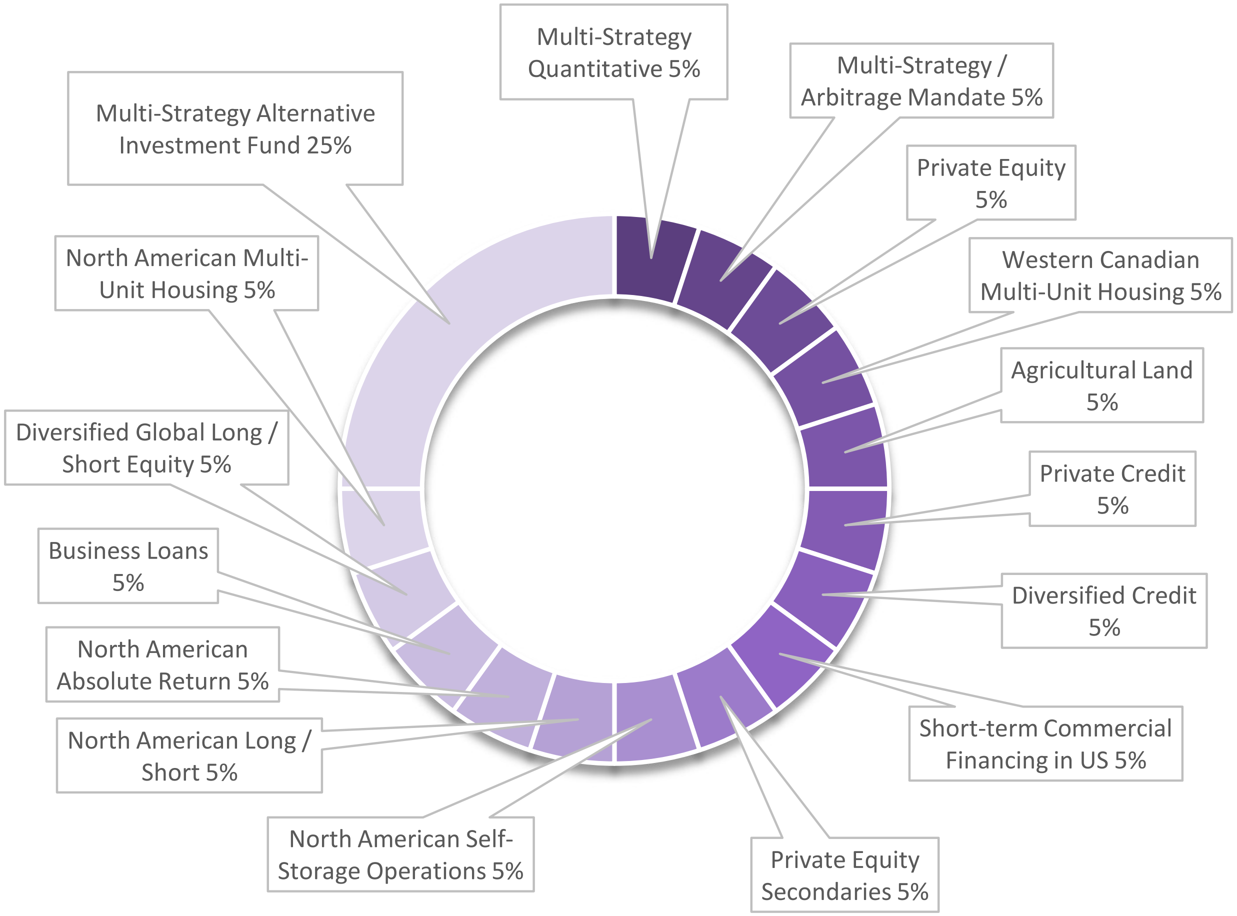
PALISADE ALTERNATIVE+ PORTFOLIO

Alternative Investment Focus Providing Diversification to Traditional Equities and Fixed Income

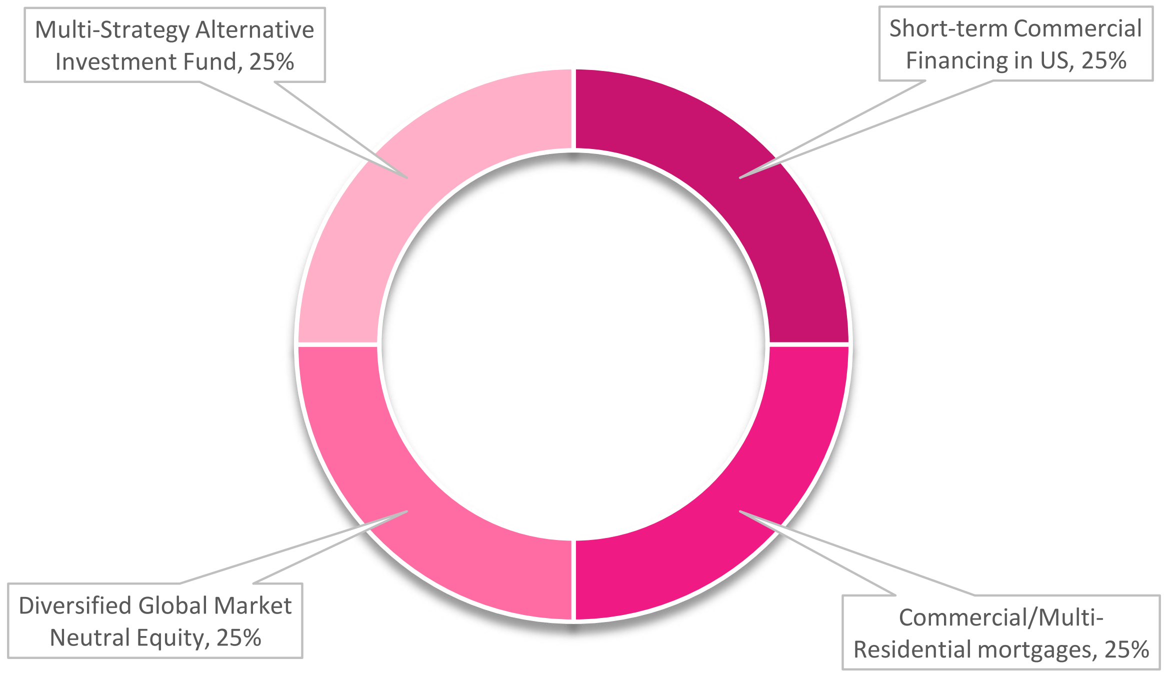
The Palisade Alternative+ Portfolio seeks to provide exposure to best-in-class alternative investment managers while delivering the benefits of diversification to a traditional portfolio of equities and fixed income. The portfolio targets equity-like returns with low correlation to equity and bond markets, low volatility and enhanced capital protection.



PALISADE ENDOWMENT+ PORTFOLIO

Very Low Volatility Portfolio Seeking Stable Returns with a Focus on Capital Preservation

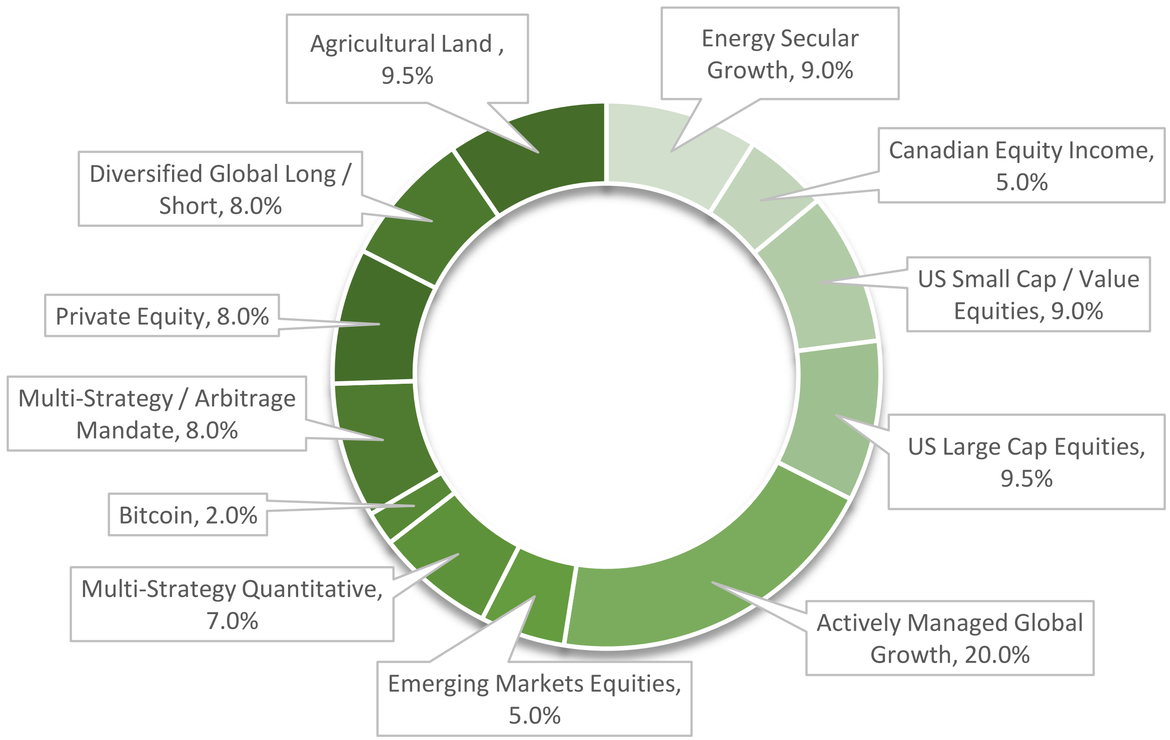
The Palisade Endowment+ Portfolio is a defensive investment strategy seeking to provide stable returns while mitigating volatility and protecting your endowment. This very low volatility portfolio incorporates funds from leading managers in asset classes from across North America.



PC TARGET PERFORMANCE PORTFOLIO

Diversified exposure focusing on long term growth through securities having suitable tax treatment for professional corporations and private companies

The PC Target Performance Portfolio is a growth portfolio specifically designed for professional corporations and private companies. It provides investors with well diversified and unique exposure to global investing themes with an eye towards long term capital appreciation. True growth orientation with flexibility, diversification and downside protection through securities selected for their suitable tax treatment for professional corporations and private companies.



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Questions

GLOSSARY

Duration:
A measure of how long it takes, in years, for an investor to be repaid a bond's price by the bond's total cash flows (interest payments and principal). It measures the sensitivity of a bond or fixed income portfolio's price to changes in interest rates. In general, the higher the duration, the more a bond's price will drop as interest rates rise (and the greater the interest rate risk).

Sharpe Ratio:
The Sharpe Ratio can be viewed as the ratio of return divided by volatility or return per unit of volatility. As reference, the 5-yr Sharpe Ratio of the S&P/TSX Capped Composite Total Return Index is approximately 0.56.

Standard Deviation:
A statistical measure of how far a variable quantity, such as the price of a stock or a portfolio, moves above or below its average value. The wider the range, which means the greater the standard deviation, the riskier an investment is considered to be because of uncertainty in the amount of return.

Upside Capture Ratio:
A statistical measure of a portfolio's overall performance in up-markets. It evaluates how a portfolio performs relative to a *benchmark* during periods when that benchmark has risen. A portfolio that has an upside capture ratio of greater than 100 generally outperforms the benchmark during up-markets.

Downside Capture Ratio:
A statistical measure of a portfolio's overall performance in down-markets. It evaluates how a portfolio performs relative to a *benchmark* during periods when that benchmark has declined. A portfolio that has a downside capture ratio of greater than 100 generally underperforms the benchmark during down-markets.

Sources: The Free Dictionary by Farlex, The Economic Times, Investopedia

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