PALISADE CAPITAL

Our Market View in Summary — March 2026

March was a month defined by the Iran conflict and its ripple effects across global equity markets. While the war has created short-term noise and compressed valuations across several sectors, it has simultaneously obscured what we believe to be a genuinely constructive backdrop in the US economy. We believe the underlying data continues to point to higher stocks when we see a conclusion to the Iran war - earnings estimates are moving in the right direction and the manufacturing economy is growing again. As a result, we think the setup for quality and growth names on the other side of this conflict is compelling. In energy, the fundamental thesis is strengthening, even if we have to deal with some volatility in the short-term due to war headlines.

Key Highlights:

- Broad market trends in March were a continuation of the previous months in 2026 – most sectors down, energy up, volatility and fear up with interest rates also moving higher due to inflation fears from higher oil prices.
- Pullbacks in many sectors and factors look to be a buying opportunity. International markets, transportation, growth/quality have all pulled back to interesting technical support levels.
- War headlines and market fear gauges going higher has obscured some positive economic data in the US that we think will be a key market driver in the back half of the year when the war enters the rearview mirror.

Near-Term Outlook:

- We are increasingly focused on what markets look like on the other side of the Iran conflict — earnings estimates for both the S&P 500 index and S&P/TSX Composite index continue to move higher, the ISM Manufacturing Index has hit a three-year high, and US Retail Sales were up 3.7% year-over-year in February - all pointing to a return to a more bullish market environment in the back half of the year.
- In energy, we expect the conflict to leave a permanent mark on how investors value the sector — higher strategic petroleum reserve requirements, the removal of cheap Iranian and Venezuelan barrels, an elevated geopolitical floor on oil prices, and a willingness to pay higher multiples for strong free cash flow and shareholder returns are all durable tailwinds in our view.
- We expect that recent market dislocations may help to get the performance of many alternative investment strategies back on track through a combination of better downside protection, wider spreads and a more conducive environment for long/short strategies, while we expect other established strategies to be able to benefit from the weakness in certain areas like private equity and private credit.

The story of March — and frankly of 2026 so far — is one of a market that has been temporarily pulled away from a constructive fundamental backdrop by a geopolitical event with significant but ultimately finite staying power. We remain conviction buyers of quality and energy on any further weakness, and we are positioned with the dry powder to act on that if the opportunity presents itself. The underlying economy is telling us one thing, the headlines are telling us another. We know which one we trust more.

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March 2026

Fellow Palisade Investors and Friends,

Please find attached our March 2026 Monthly Update, which includes the Fund Fact Sheets for the Palisade Funds and commentary regarding the various Palisade Wealth Management model portfolios. Per our schedule of holding two client conference calls per quarter, we are not planning a call for this month. That said, we are always happy to answer questions about the markets, so please feel free to reach out at any time.

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.

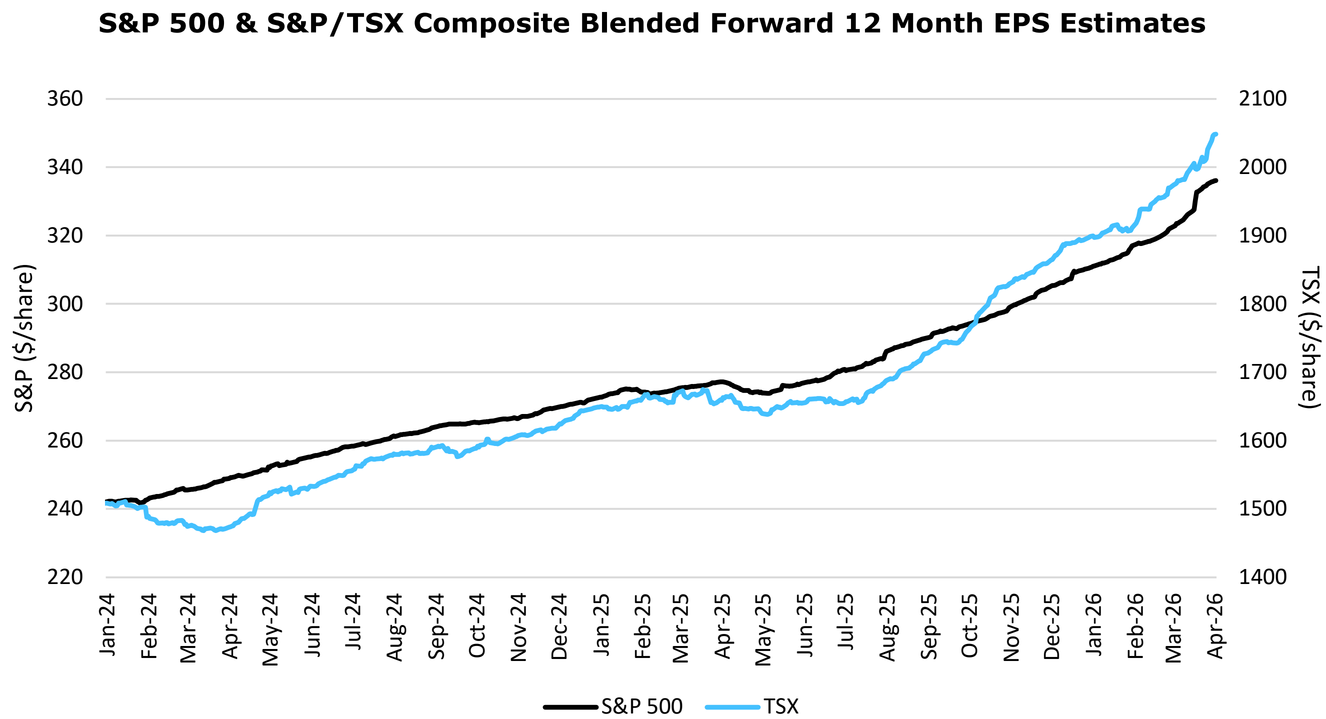
MARKET COMMENTARY

At this point in the Iran conflict we think it makes sense to look out a little further to the period when it is in the rearview mirror and markets are able to "normalize" after dealing with preposterous headlines, threats and most importantly the opaque uncertainty created by the US administration, which in the short term has actually distracted from what appears to be positive data points in the US economy and associated opportunities in the stock market. It's important to consider the outcomes on the other side of the Iran conflict as two separate sectors – (1) oil, and (2) everything else.

Regardless of the specific timeline to an end to the war, the outcome is likely to occur in the somewhat short-term, mostly because the Trump Republicans cannot risk going into the November mid-term elections with sky high gas prices. If this is an accurate assumption, then we are clearly at a point where we should be thinking about what sectors will look attractive on the other side. What will corporate earnings be doing? How will fund flows between markets/factors look like? Will any permanent change come from this conflict?

Let's leave oil for the next part of this commentary and deal with the "everything else" part for now. To be clear, we think there are ongoing positive trends in the US economy and because of the market weakness in growth sectors, many individual stocks have the lowest valuations they have had in many years. If/when we see a return to normalized economic activity, we think those stocks are set up to perform particularly well in the back half of the year.

Underpinning that thought is the chart below showing 12-month forward earnings estimates for both the S&P 500 index in the US and the S&P/TSX Composite index in Canada. As you can see, earnings estimates have been moving steadily higher in both Canada and the US. The Canadian data might make a little more sense given the exposure the index has to oil and gold stocks, which have benefited materially from the increase in their underlying commodity prices, but in the US, earnings estimates have increased by a similar percentage change even though oil and gas and gold only make up a fraction of the total index. In the US, we continue to see earnings estimates from growth companies go higher despite fears around the impact of AI. To us, this is the best indicator of where markets should be heading in the medium term. In the short term, market movements can be random or influenced by outside factors that have limited staying power. In the medium and long term, stocks move with their profitability and earnings. At the moment, expected earnings are going higher and have accelerated in the last few weeks.



Source: Bloomberg

When you combine higher earnings estimates with recent improvements in the ISM Manufacturing Index moving up to a three-year high, the ISM Services Index sitting near a three-year high, freight data like US rail volumes up over 4% year-over-year, and trucking prices up anywhere from 10% to 20%, depending on location and service, it would certainly appear that there is an ongoing upswing in US industrial and manufacturing activity. On top of that, US Retail Sales in February were up 3.7% year-over-year, pointing to longevity in the long-term trend of the US consumer being the primary driver of the global economy.

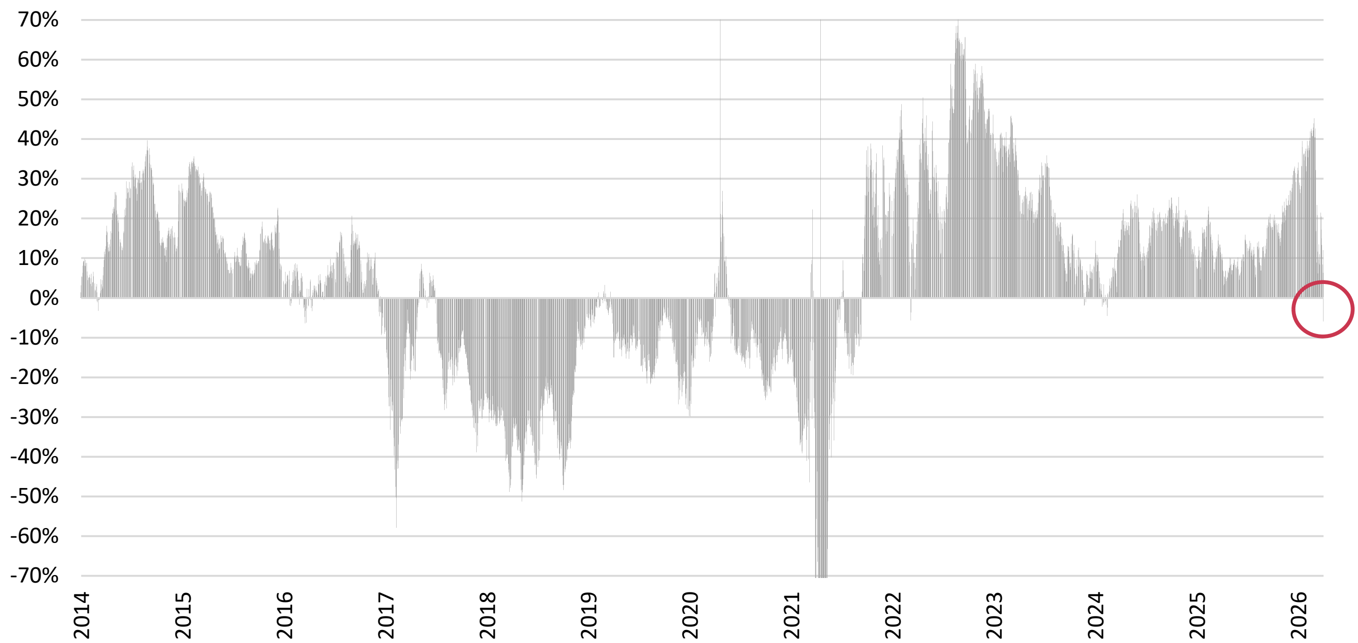
This is not to say that there aren't some statistics that could give us pause (e.g. US jobs data that had been normalizing for years down from post-COVID peaks now continues to weaken and be revised lower), but overall we think the underlying balance of probabilities points to an opportunity for a return to a more bullish market environment after 2026 got off to a much more cautious, and outright bearish, start depending on the sector you were looking at. If only we could get the Iran conflict out of the way.

So, how does this affect oil and gas stocks? Clearly, one of the few beneficiaries of the Iran conflict has been the energy sector. Energy stocks are up nicely in 2026, while most other sectors are down. While we are happy with the 49% returns in our Palisade Select Fund over the last year, we do acknowledge that an end to the Iran conflict may cause a short-term pullback in some of the stocks if the price of crude oil were to decline by $20-$30 in the front-month contract. That said, we think that the fundamentals for long-term prices for both oil and gas are benefitted by the Iran war.

Oil supply chains are going to be clogged for months, leading to a higher oil price than we would see otherwise. More importantly though, we see a fundamental change with regard to the way investors are viewing oil and gas companies as an investment. Gone are the days of peak demand fears. Near-term supply gluts are now gone with the lack of transportation through the Strait of Hormuz. Investors recognize the key role played by oil in the global economy. The companies extracting these resources are in the best shape they have been in the history of the industry. Balance sheets remain rock solid. Cash flow generation is still reasonably attractive even at lower commodity prices. Countries around the world are going to have to maintain a higher level of strategic petroleum reserves. Cheap barrels from places like Venezuela and Iran are being eliminated from the market. There will be an increase in the floor price of oil given the acknowledgement of geopolitical risks. And maybe most importantly, we believe investors will be willing to pay a higher valuation for the cash flow profile generated by the producers, especially if it results in more share buybacks and higher dividend yields.

As we said in our commentary last month, if we were to see a pullback in oil and gas stocks because fund flows rotated into growth/quality sectors in the near-term with a de-escalation in the Iran situation, we want to buy that dip because we want exposure to the constructive fundamental factors above and we think the sector's cash flow per share growth in 2026 will be attractive to fundamental and quantitative investors.

Percentage Difference Between YoY Returns of the XEG ETF & WTI Oil Price



Source: Bloomberg

The chart above shows the relationship between changes in the price of oil year-over-year versus the price of the S&P/TSX Capped Energy Index. When the grey bars are above the 0% line, it means that the Energy Index is outperforming the price of oil and when the grey bars are below the line it means that the value of the Energy Index is underperforming the price of oil. As you can see, from 2017 to 2022, the Energy Index largely underperformed the price of oil. This makes sense because at that time, investors were re-evaluating the economics of the oil and gas business, particularly in Canada with the changes to the regulatory regime and the general unwillingness of the Canadian federal government to allow growth within the industry.

Since 2022 though, we have seen stock prices outperform the price of oil as the businesses became stronger and more profitable. Balance sheets improved, consolidation allowed for a takeover premium to work into some company valuations, companies bought back shares and true free cash flow improved markedly. This is the evolution of the energy industry in a single chart. We believe this continues going forward with a higher terminal valuation and more share buybacks to underpin the performance of oil and gas stocks. We think that there is still some consolidation to happen and that the supply/demand balance for both crude oil and natural gas should allow for more share buybacks among the producers over the next couple of years.

For the first time in a long time, we have seen the price of the commodity outperform the stocks (red circle above), which we think is showing that investors are not panic buying the sector as the price of oil has gone up and are more focused on the six to 12-month time horizon as the general fundamentals should remain strong, but maybe at a slightly lower oil price than we are seeing currently.

PALISADE MODEL PORTFOLIOS UPDATE

The Palisade Portfolios are built to provide stable performance through choppy markets like we have seen in the past few months. While a wide swath of the alternative investment space has been performing a little below its historical average in the last year, we do think that market dislocations provide an opportunity to see improved downside protection in our clients' broad portfolios, and also allow the alternative fund managers an opportunity to put capital to work at more attractive prices/spreads.

We have made adjustments to most of our model portfolios in recent weeks and months to increase exposure to managers that are performing well in this challenging period, or who have a specific strategy that should benefit from the market environment that we find ourselves in. Generally speaking, we are lowering exposure to real estate and certain private credit strategies and increasing exposure to certain long/short managers and certain areas of the private markets that are benefitting from a general lack of access to capital for some private equity managers. Volatile markets, like we have at the moment, are why we choose to build investor portfolios with an allocation to alternative strategies that are generally uncorrelated to equity and bond markets.

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

PALISADE FUND COMMENTARY

The **Palisade Select Fund** ("PSF") was up 9.0% in March. The S&P/TSX Capped Energy Index ("Energy Index") was up 15.0% and the WilderHill Clean Energy Index ("ECO") was down 2.6% for the month.

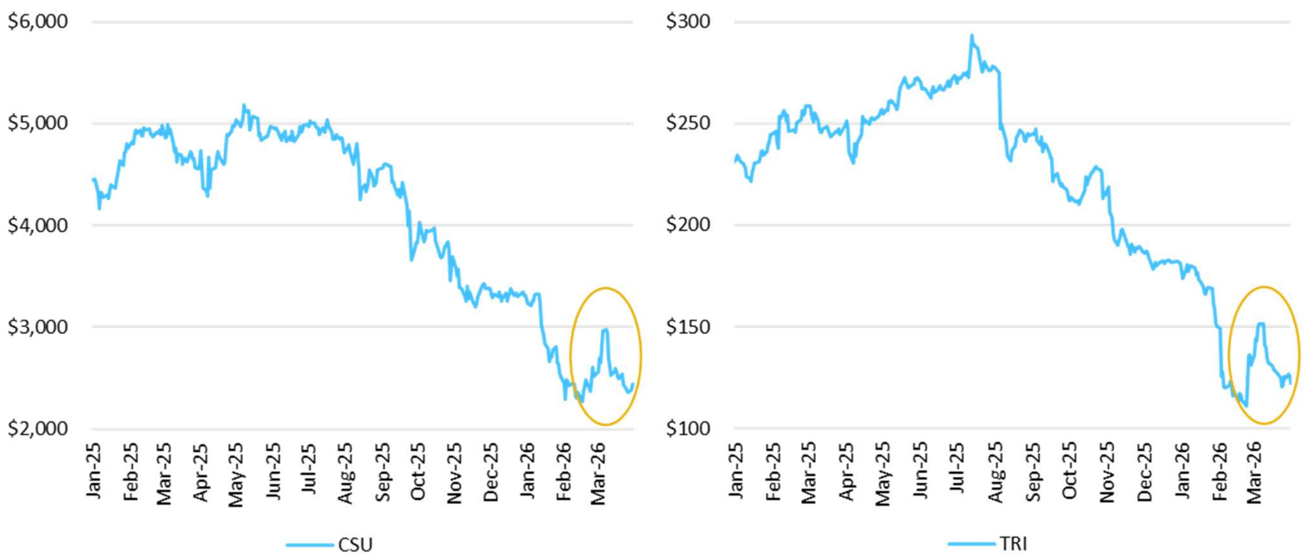
We've taken a slightly defensive position in PSF in the last week as we raised cash back to the 15% level that we had moved it up to in the early part of March. Between the cash, our two private positions (Spur and Storm) and small weights in green energy stocks, we have approximately 30% of the Fund in positions that aren't directly tied to the day-to-day movement in the price of the commodity. If you include service stocks like Enerflex, which are more of a play on the rollout of data centers and natural gas demand, that number would be a little higher. At the beginning of April, we saw energy stocks pull back a little, which is what we expect to see if the Iran war is going to be coming to a close soon. We want to have the above-mentioned dry powder to put to work if we were to see any further weakness in the coming weeks.

The fundamental thesis for energy continues to improve, even if we see a short-term pullback due to an eventual conclusion to the Iran conflict. Commodity prices will have a higher floor, cash flow growth will be better than last year, companies will buy back more shares and investors will have come to the realization that oil and gas demand is going up for the foreseeable future, which should all justify a slightly higher valuation multiple for the sector. If we see some weakness in the next few weeks, expect to see us put the Fund's cash to work and rotate some exposure directly into more oil and gas names.

The **Palisade Horizon Fund** ("PHF") was down 2.6% in March. The month was largely defined by the Iran conflict, which continued to weigh on broader equity markets. Names like TMX Group (X), Celestica (CLS), Descartes Systems Group (DSG), CGI Group (GIB.A), Kinaxis (KXS) and Shopify (SHOP) outperformed during the month, while more cyclically exposed names including TFI International (TFII), Toromont Industries (TIH), Boeing (BA), Stryker (SYK), Trane Technologies (TT) and Dollarama (DOL) underperformed, as the war risk premium compressed multiples across several sectors.

Our beaten-up quality basket that we initiated in December produced mixed results this month. Thomson Reuters (TRI) and Constellation Software (CSU) both worked great initially, but gave back their gains as the Iran conflict escalated, while Descartes and CGI held their strength throughout. The chart below shows the sharp U-turn that occurred early in the month for both TRI and CSU as the conflict escalated and the market priced in a higher risk premium on the duration of the war. That said, these stocks outperformed broad market indices this month, which is another reason we think that the "quality" factor/theme of PHF is ready to outperform once the market returns to a focus on economic datapoints. This is further reinforced by the fact that we continue to see productivity improvements at companies from the ongoing AI adoption cycle, and as the broad-based fears of a doom-style scenario for all things software dissipates.

Constellation Software (CSU) and Thomson Reuters (TRI) March Stock Performance



Source: Bloomberg

For this month, our US screens rotated out of Costco (COST) and Walmart (WMT) and added back previously screened names such as Edwards Lifesciences (EW) and Ametek (AME). Additionally, while not a screen output, we chose to add Microsoft (MSFT) due to the extent of the pullback we have seen in the name, with it now trading at nearly 10-year lows on forward valuations (P/E and EV/EBITDA). Looking ahead, we continue to see a path for medium-term upside in "quality" factor names as we get over the hump of the Iran conflict and realize gains from constantly improving AI products and productivity enhancements, as laid out above.

The **Palisade Vantage Fund** ("PVF") was down 1.7% in March. For the month, the S&P/TSX Canadian Dividend Aristocrats Total Return Index ("Aristocrats Index") was down 1.6%, while the S&P/TSX Composite Total Return Index ("TSX Composite") was down 4.3%.

During March, PVF picked up some relative performance benefits from its exposure to energy infrastructure names. A little over 20% of the Fund is invested in energy infrastructure companies like Enbridge, Keyera and Capital Power, to name a few. Canadian banks have been standout performers for most of the last year but are looking a little expensive at current levels. We may look to trim some bank exposure and increase our insurance exposure in the Fund in the coming weeks, as the insurance companies have recently underperformed and as a result look a little better from the perspectives of valuation and growth.

We appreciate your support and we're always open to chat about 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 to provide any such updates. If you no longer wish to receive the Monthly Update, please send an email to 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.