

# **PALISADE CAPITAL CLIENT UPDATE**

*March 2026: Race Against the Election Clock*

March 18, 2026

# 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 Horizon Fund

### Palisade Portfolios

Growth+

Income+

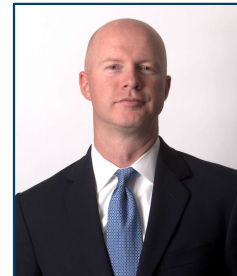
Preservation+

Inflation+

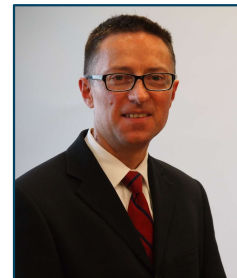
Alternative+

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

# February 2026 Fund Review

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## Horizon Fund (“PHF”) up 1.6% in February

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- Quality stocks and growth screen names out of favor after a decent start to the year. We need to stick to the strategy, especially as we are seeing value show up in many of the sectors and themes that the screens typically highlight
- We highlight a few stocks that we own in PHF later in this presentation that shows some relative outperformance starting in some typical screen names that fall under the “quality” and “growth” factors that have been out of favour for the last six months

## Select Fund (“PSF”) up 8.2% in February

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- S&P/TSX Capped Energy Index was up 10.6% in February. WilderHill Clean Energy Index down 3.9%
- Very similar commentary to last month. Natural gas stocks lagged and the index is predominantly made up of oil weighted stocks, so we were a little behind the index. Big picture that is fine as we will catch up when natural gas stocks have a move higher
- We will discuss the outlook for oil and gas in more detail in this presentation. Higher price floor keeps us constructive

## Vantage Fund (“PVF”) up 4.6% in February

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- S&P/TSX Composite Total Return Index up 7.7% for the month. S&P/TSX Dividend Aristocrats Index up 6.5%
- Defensive stocks are outperforming which is helping Vantage in an overall challenging market. Utilities and energy infrastructure are working well
- We added some telecom exposure through Quebecor and additional REIT exposure with First Capital Realty



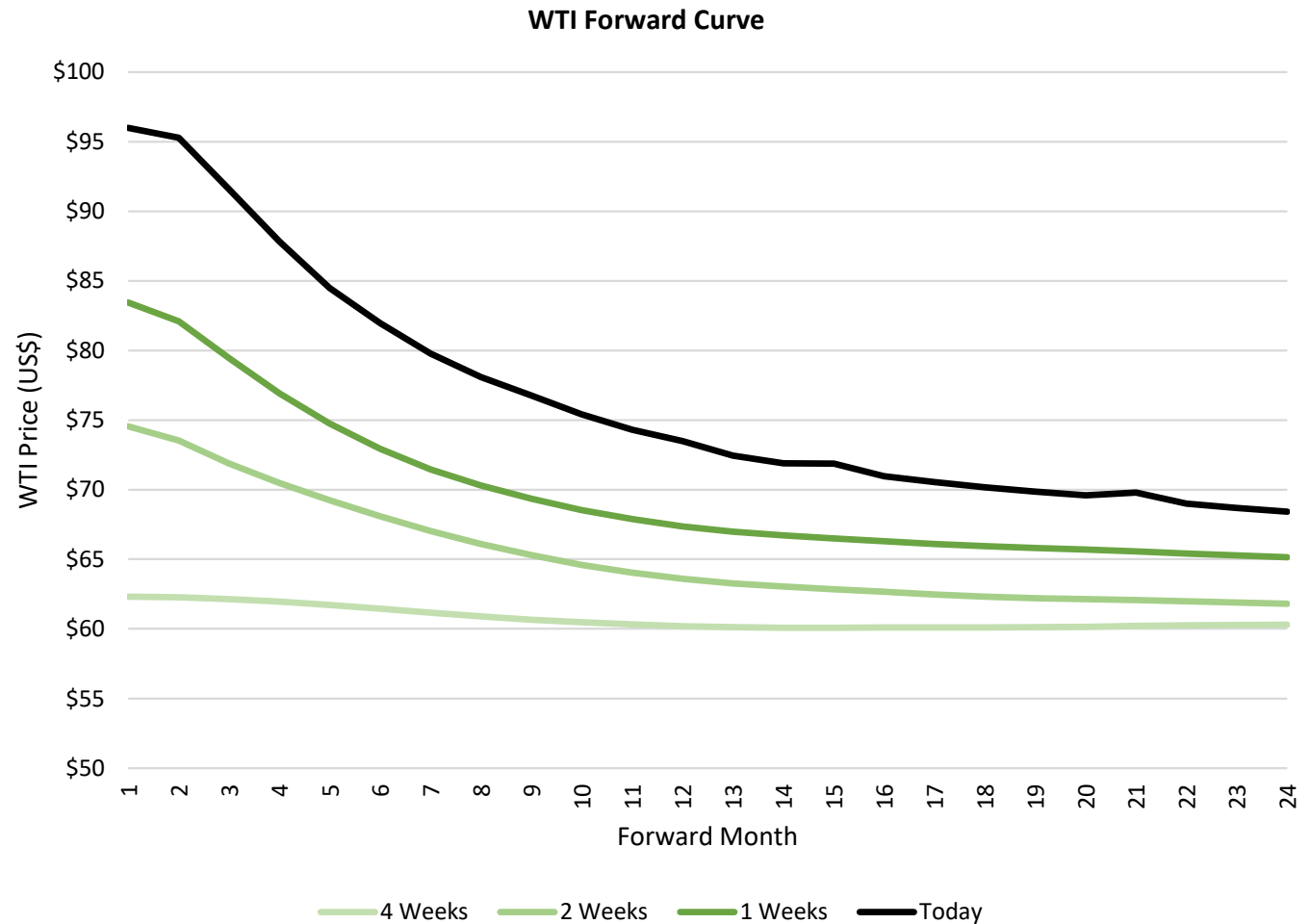
## Section I: Oil is Everything...For Now

# Change in Front Month Oil Price is More Dramatic...

...but longer-term pricing is more important

Price change in oil forward curve since the Iran conflict started <sup>(1)</sup>

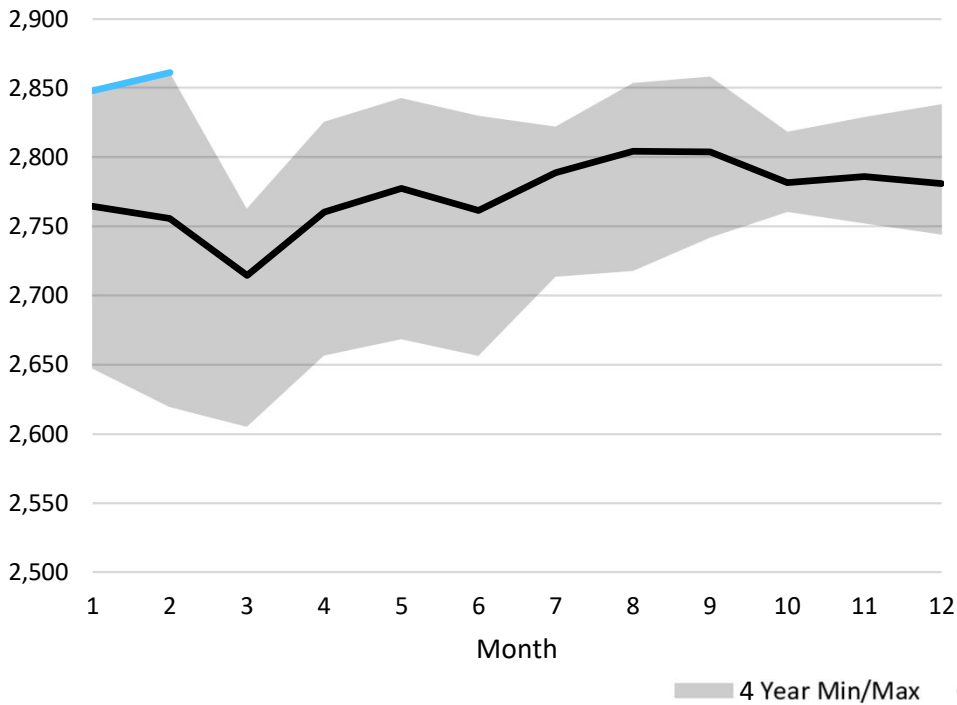
- Front month oil prices are up over 50% since the start of the Iran conflict, but 2-year pricing is up closer to 13%
- The increased pricing provides hedging opportunities for producers
- We think the political instability and global realization of the weakness in energy supply chains likely moves up the “floor” prices for crude oil
- Long-term a higher floor price is dependent on the outcome of the Iran War. If US ends up with some degree of influence on Iranian production, that floor price is likely lower than if we see some leadership change in Iran, but the overall regime stays in place
- Canadian crude should be seen as having a stability premium and an incrementally improved valuation as a result



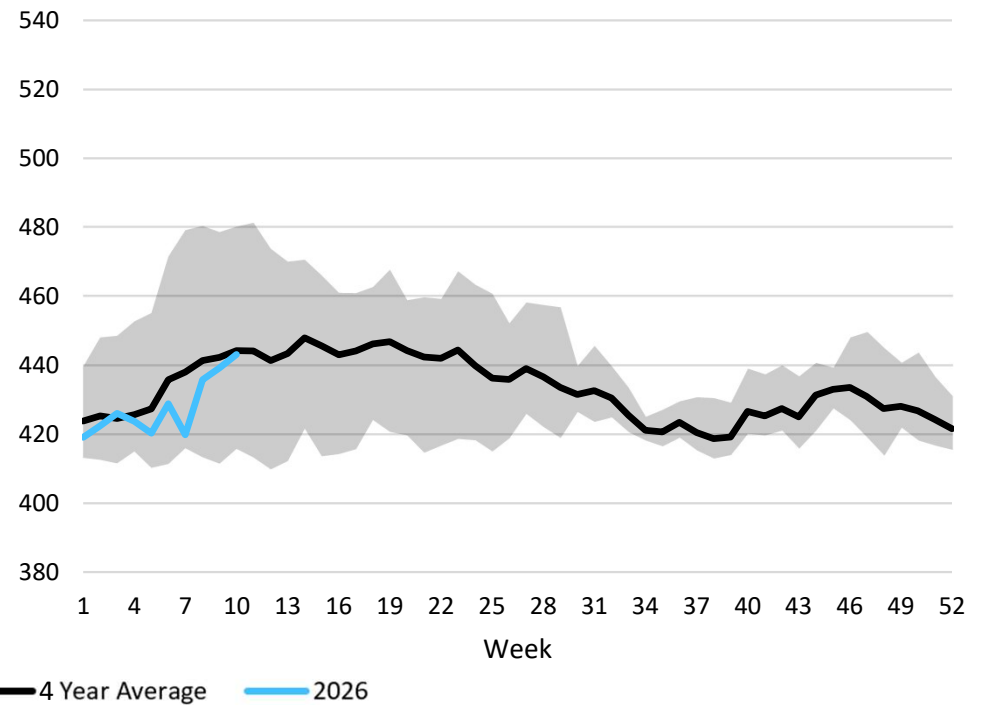
# How Tight is Oil Storage?

At reasonable levels currently, but time is of the essence

## Global Oil & Liquids Inventories (Mbbl)



## US Oil Inventories (Mbbl) <sup>(1)</sup>



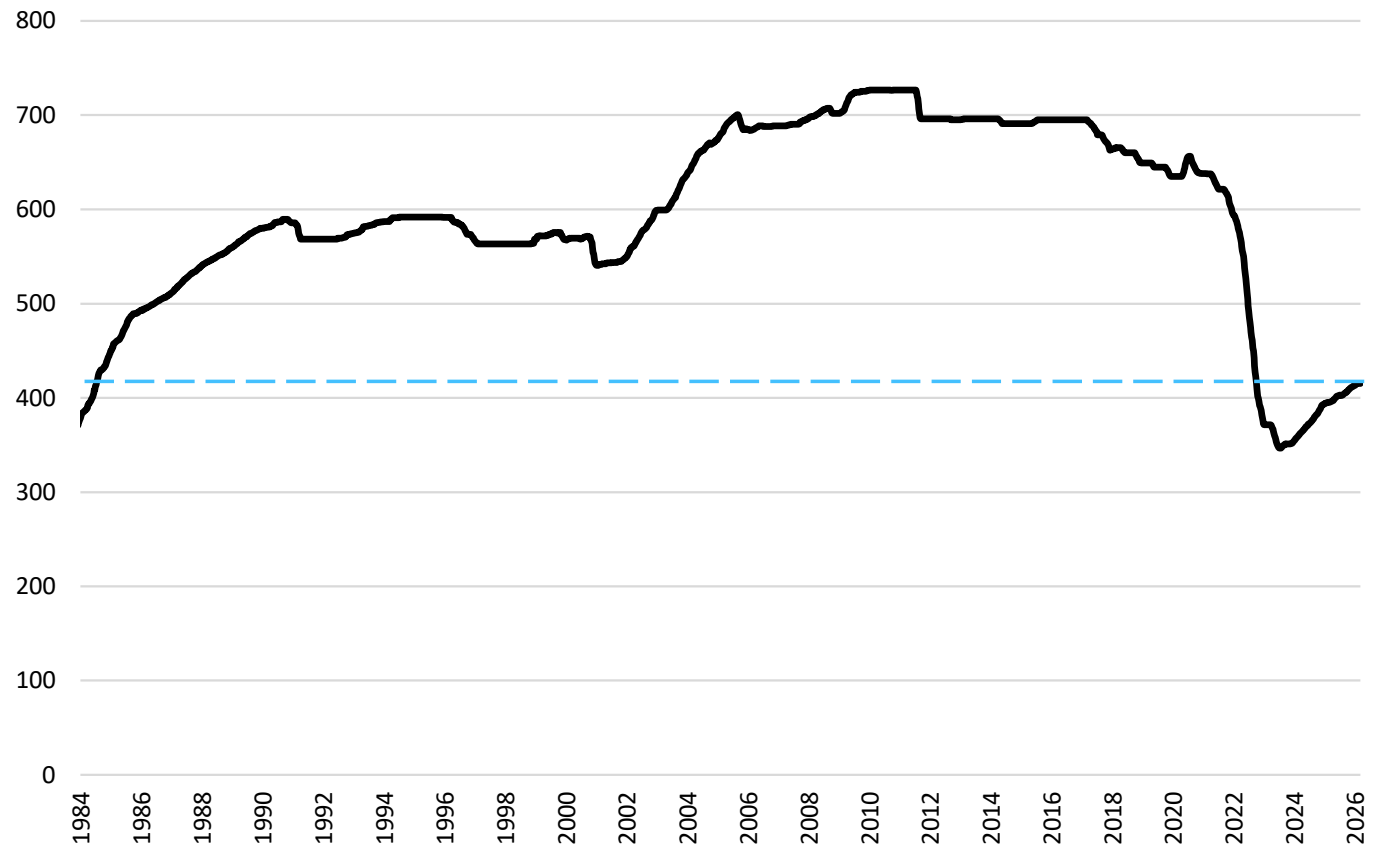
- Global oil demand is approximately 105 million barrels per day and growing
- Approximately 20% of global daily supply moves through the Strait of Hormuz, which is currently limited to Chinese tankers and other countries aligned with Iran
- Inventory, along with global coordination of supply, will be sufficient for now, but if the conflict lasts longer than another few weeks it will get very tight quickly. For this reason, we think the medium-term floor price has moved up

# US Strategic Petroleum Reserve Near 40-Year Lows

Many strategic implications to consider as the Iran conflict drags on

U.S. Strategic Petroleum Reserve (millions of barrels)<sup>(1)</sup>

- While the SPR is near 40-year lows, there are still 400 million barrels in inventory
- US administration is highly incentivized to end Iran conflict sooner rather than later to avoid risk of inflation and high gas prices as they get closer to the mid-term elections in November
- The US does need a decisive victory within a few weeks to be able to control Middle East oil supply and to bring conflict down in general to allow for a return to economic focus
- Keep in mind that at the highest level, this war is not only about eliminating the only real adversary in the Middle East, but also about lowering or eliminating China's (and Russia's) influence in the area and decreasing their access to resources

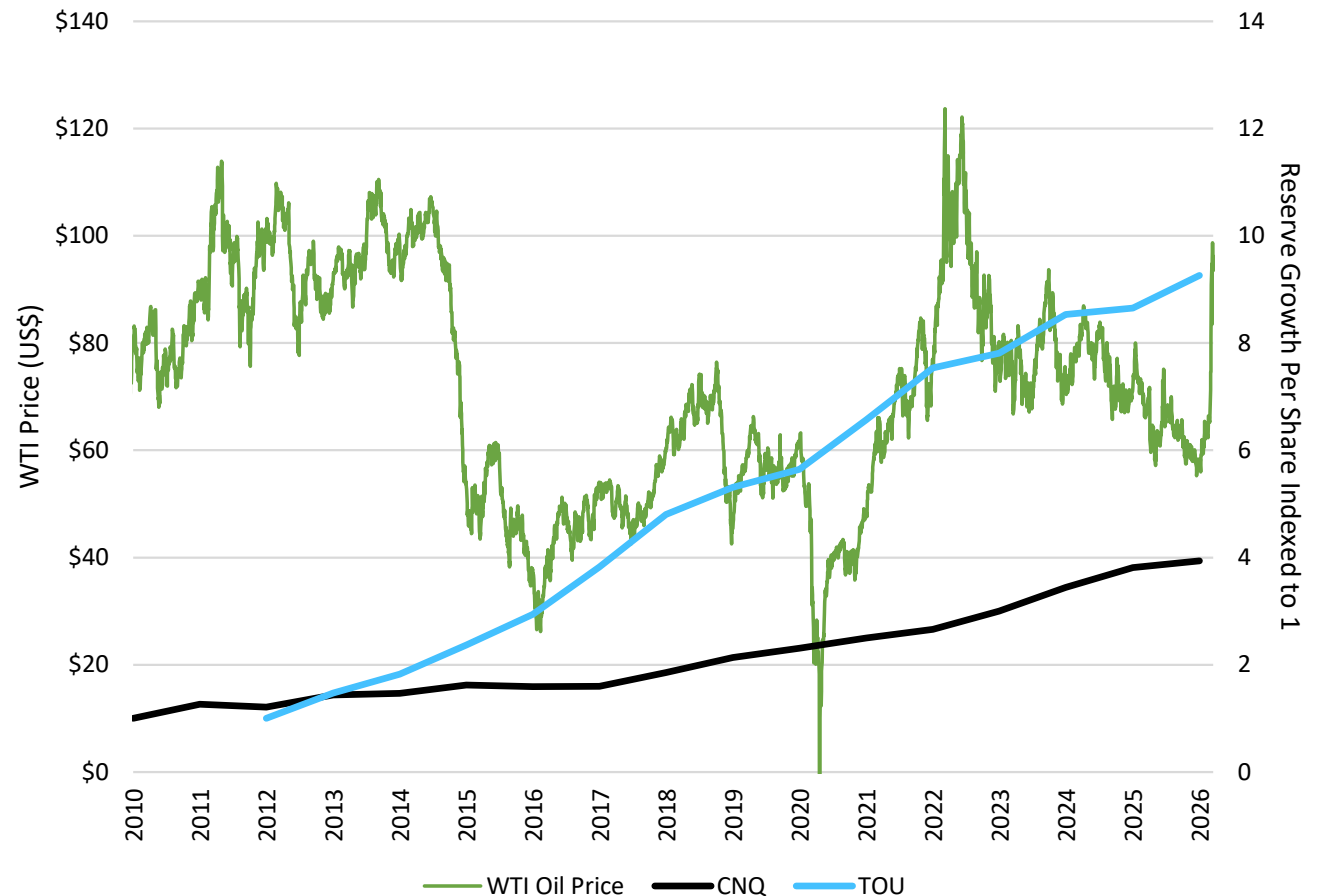


# Canadian Oil and Gas Producers Operating Excellence

Many Canadian producers have continued to add per share value through challenges

WTI Oil Price & CNQ and TOU Reserve Per Share Growth Indexed to 1 <sup>(1)</sup>

- Reserves per share at Canadian Natural Resources (CNQ) and Tourmaline (TOU), as examples, have grown through the thick and thin of political risk, environmental headwinds, and volatile commodity prices that have basically gone sideways for 15 years to add real value for shareholders
- As the world continues to realize that oil and gas demand will continue to grow and that supply growth isn't a given, we would expect quality Canadian producers to see improved valuations with less risk of a return to particularly low valuations that we had seen a few years ago
- Oil and gas stocks aren't necessarily expensive, but they aren't cheap anymore, which we think is the market assigning a higher valuation due to some of the data outlined in this presentation

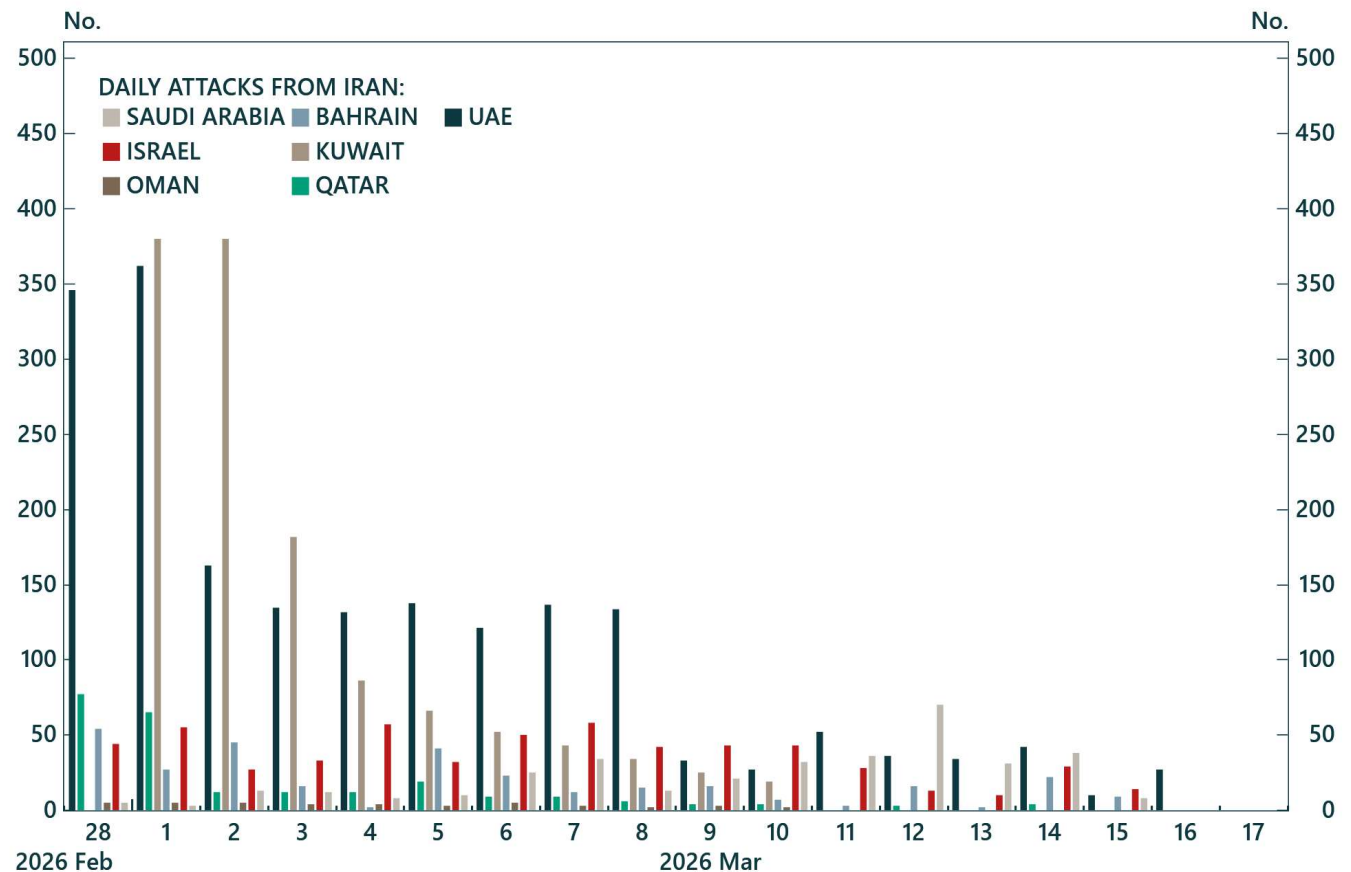


# Is Iran Running Out of “Bullets”?

It’s difficult to assess from half a world away and through the lens of emotion driven media

Daily Number of Iranian Attacks <sup>(1)</sup>

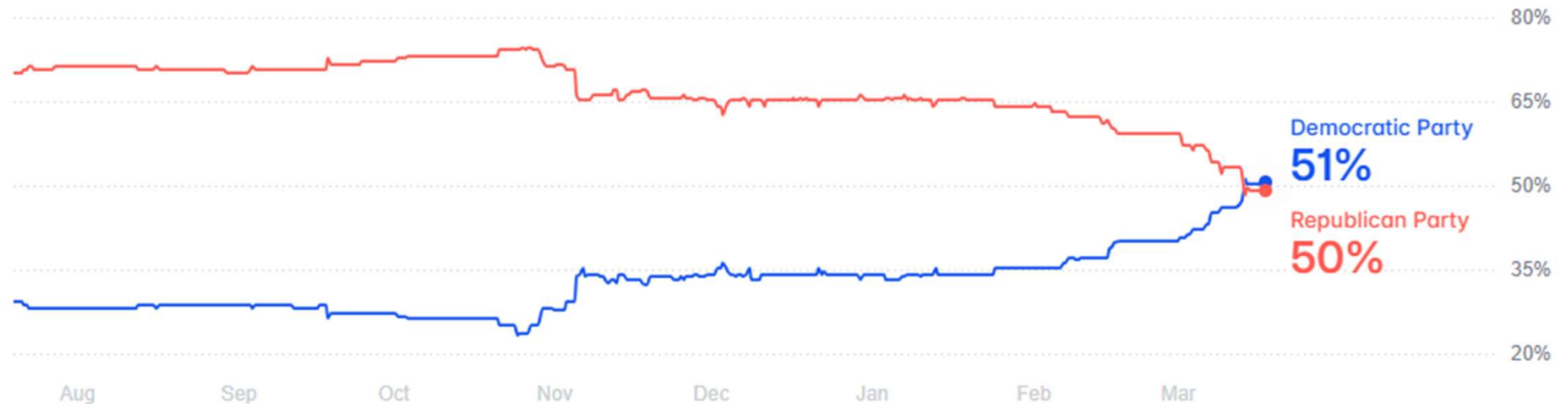
- At the end of the day, you need to have certain truisms that guide high level investment decision making. For example:
- 1) Stock markets tend to go higher over time, so don’t get overly pessimistic
- 2) The US consumer drives the global economy and is more resilient than you think
- 3) While not perfect, capitalism, and the US in particular, will continue to drive global growth on a long-term basis
- Most importantly for this discussion, 4) The US is the world’s only superpower, and it’s not particularly close
- It would appear that Iran is losing resources (and potentially the will) to continue this fight
- We could paint a very positive picture if this war comes to an end in a matter of weeks, but we’ll adjust as we go



# This is the Tail That Wags the Dog

Republican polling has deteriorated significantly since the start of the Iran conflict

Polymarket Odds For Which Party Will Win The US Senate in November Mid-Terms at March 17/26 <sup>(1)</sup>



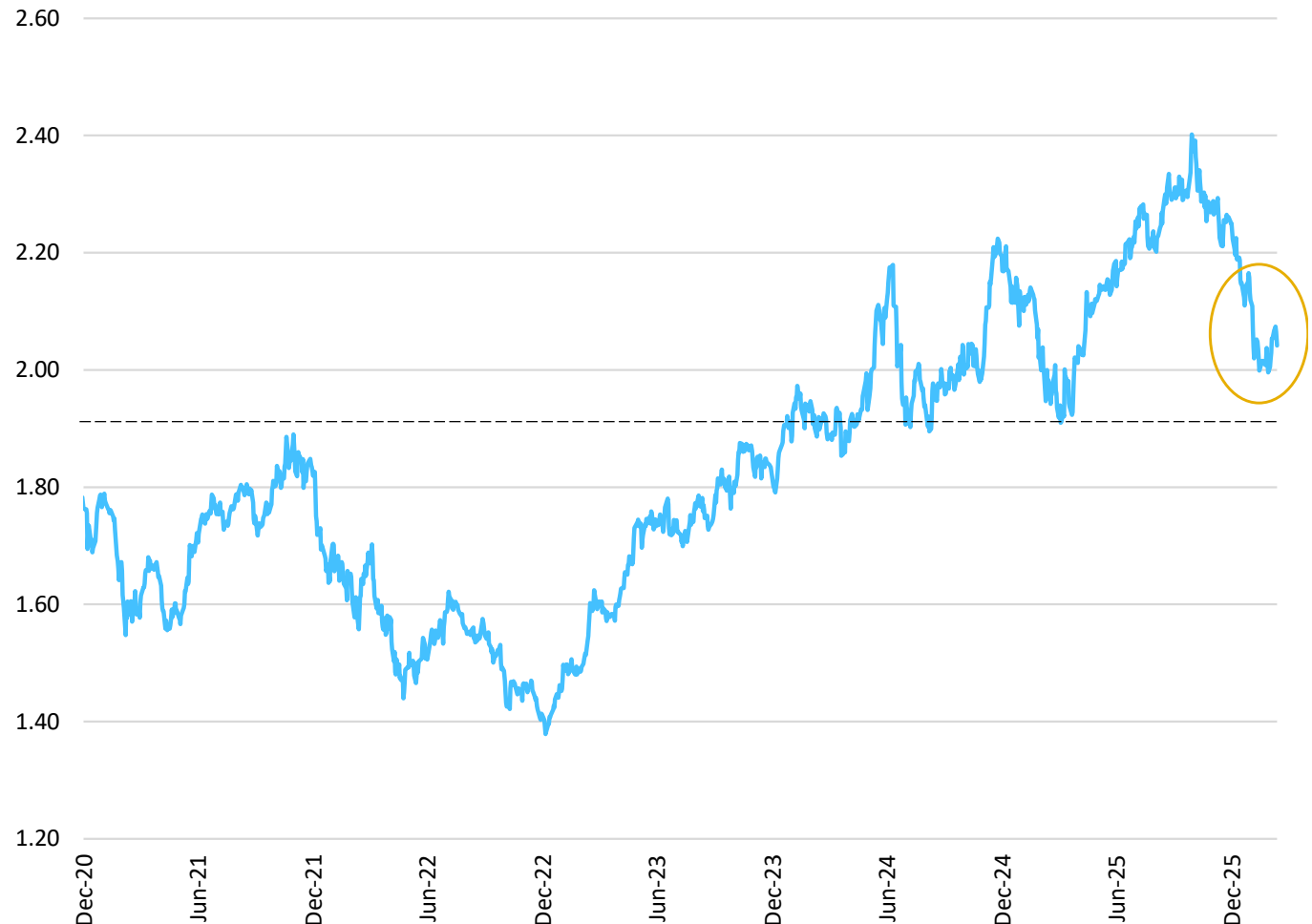
- Obviously, polling and prediction markets can change quickly and aren't always right, but at the end of the day any continuation of the recent trend, particularly in the Senate, will be a major reason for the Trump Administration to find an end to the war
- Current polling/prediction markets for the US House of Representatives are already heavily favoring the Democrats, so the Trump Administration doesn't want to risk losing both branches of Congress and lose practical power

# Can “Growth” Stocks Stage a Rally?

Growth has had its longest period of underperformance since the 2022 bear market

Russell 1000 Growth Vs. Value Relative Performance <sup>(1)</sup>

- Growth stocks have been underperforming value since the second half of last year
- Relative performance of Growth vs Value has returned to levels that have shown relative support in the past
- Many individual growth stocks have reached multi-decade lows in valuation
- Resolution of Iran conflict may be a catalyst to reverse fund flows back into growth stocks as the economy takes centre stage again
- We are of the opinion that on a long-term basis growth will outperform, but there will be periods in between where value stocks will outperform. We are in one of those periods now
- Value stocks can outperform in the long-term by maximizing and stabilizing cash flows and returning capital to shareholders

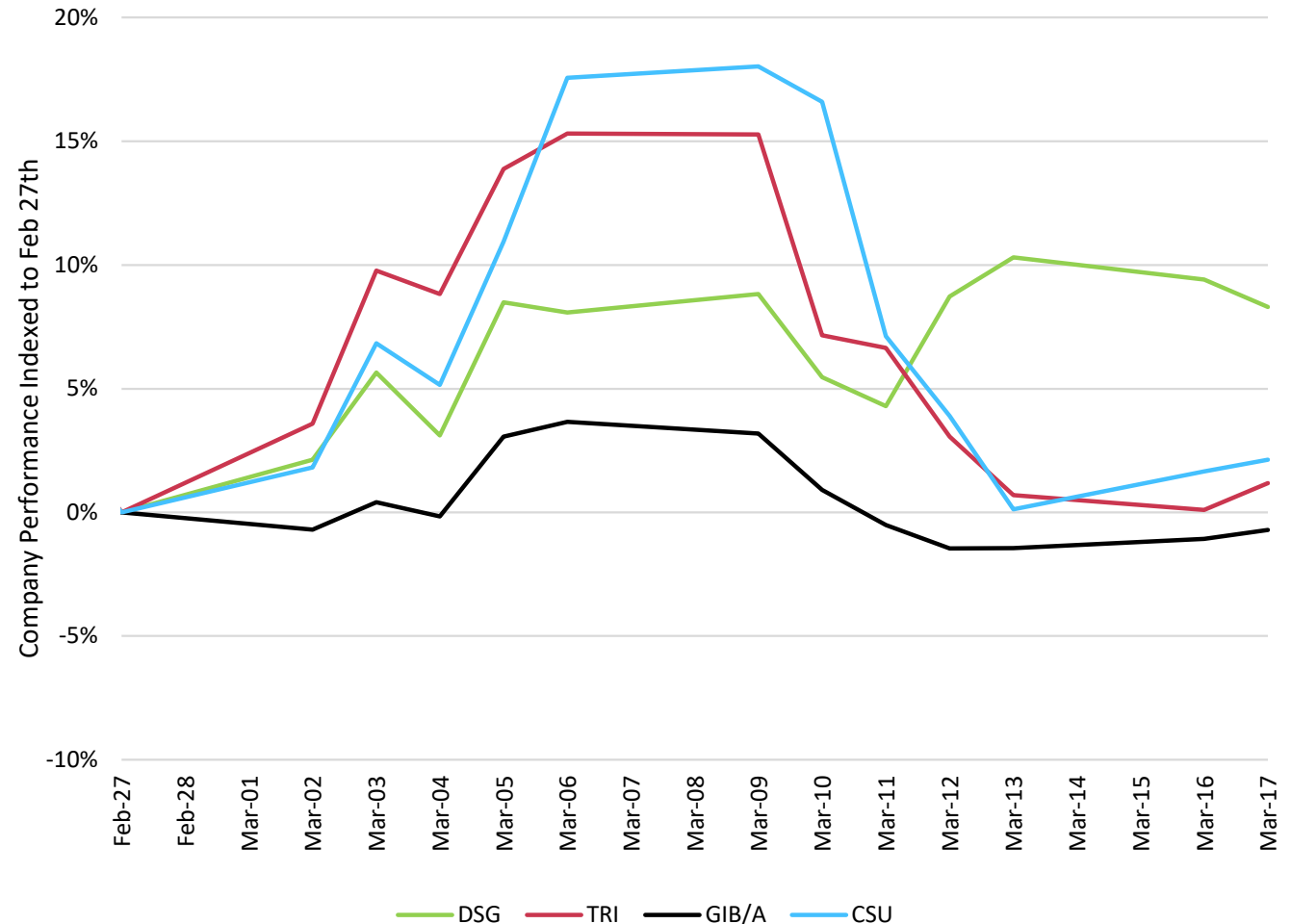


# Quality and Growth Finding a Bid in the Uncertainty?

Broad markets are down this month, but these stocks are outperforming

Quality/Growth Basket Stock Performance For the Month of March <sup>(1)</sup>

- This chart looked better when we first put it together a week ago, but we think it's still relevant based on relative performance in March
- S&P/TSX is down 4% and the S&P 500 is down 2.4% month to date, but some example stocks on the right are flat or up on the month
- The “quality” factor has been weak for almost a year and “growth” companies that have competitive risk from AI have also been under pressure for the last six months
- Some relative outperformance in a challenging market is an early, but constructive sign that momentum may be switching for these types of stocks
- Many of these stocks now trade at decades-low valuations



# Nobody Knows Anything! (A Sideshow Slide)

Imperial Oil continues to outperform even though it's hated by the street

## Imperial Oil Analyst Recommendations (1)

- We present this solely for humor purposes
- 18 analysts cover Imperial Oil and all of them (with one exception) have the stock rated as a HOLD or an outright SELL based largely on valuation
- Average target price is \$115, which is 33% BELOW the current share price
- At approximately 14x CF the stock is incredibly expensive, but the company has been aggressively buying back stock in the last few years
- Imperial is owned 69.6% by ExxonMobil
- We sold our last shares at \$131 in December
- The only factor we can think of that explains the continued performance of the shares is a potential takeover by ExxonMobil for the shares they don't already own



# Summary Comments

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- Time is the only real consideration in the analysis of the war in Iran. We aren't political experts, so we need to use logic and flexibility in assessing the variability of outcomes. It would seem unlikely that the US would engage in a drawn-out war due to the risks posed by the mid-term elections in November, so the trick will be to assess the likely outcomes for regime change in Iran and adjust accordingly
- Outcomes range from complete regime change with some degree of US control and cooperation with other Gulf states, to accepting the current regime with weakened but hardline leaders still in place
  - The first scenario could produce a very strong rally in markets and renewed focus on economic growth and policies
  - The second scenario likely leads to higher-for-longer oil prices and ongoing economic concerns
- The first scenario could see growth stocks come back into favor, while the second scenario doesn't necessarily lead to a recession, but markets could at least be choppy for a period of time
- Likely that the floor price for crude oil has moved up for the near to medium term, but more importantly we may be seeing investors willing to pay a higher valuation for oil stocks due to the recognition of risks to supply and energy supply chains
- Interest rates will be key because the US will have room to lower rates further in 2026 only if the political environment has settled and economics becomes the main focus for the government
- Canada is a little bit "wait and see" at the moment. The Liberals will likely have their federal majority in a month, so it will be important to see what they do with it. We have seen some commentary that with a majority they wouldn't feel as beholden to Quebec or the more left-leaning members of the party and would have a stronger case to accelerate major projects and increase focus on economic issues. That would be nice, but we'll just judge it as we see it. The Canadian stock market isn't moving around in the next month on long-term assumptions due to by-election results



## Section II: Wealth Management Portfolios Overview

# Palisade Model Portfolio Changes

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- 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 commodity stock performance 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 our 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 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 sleeves 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

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- 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

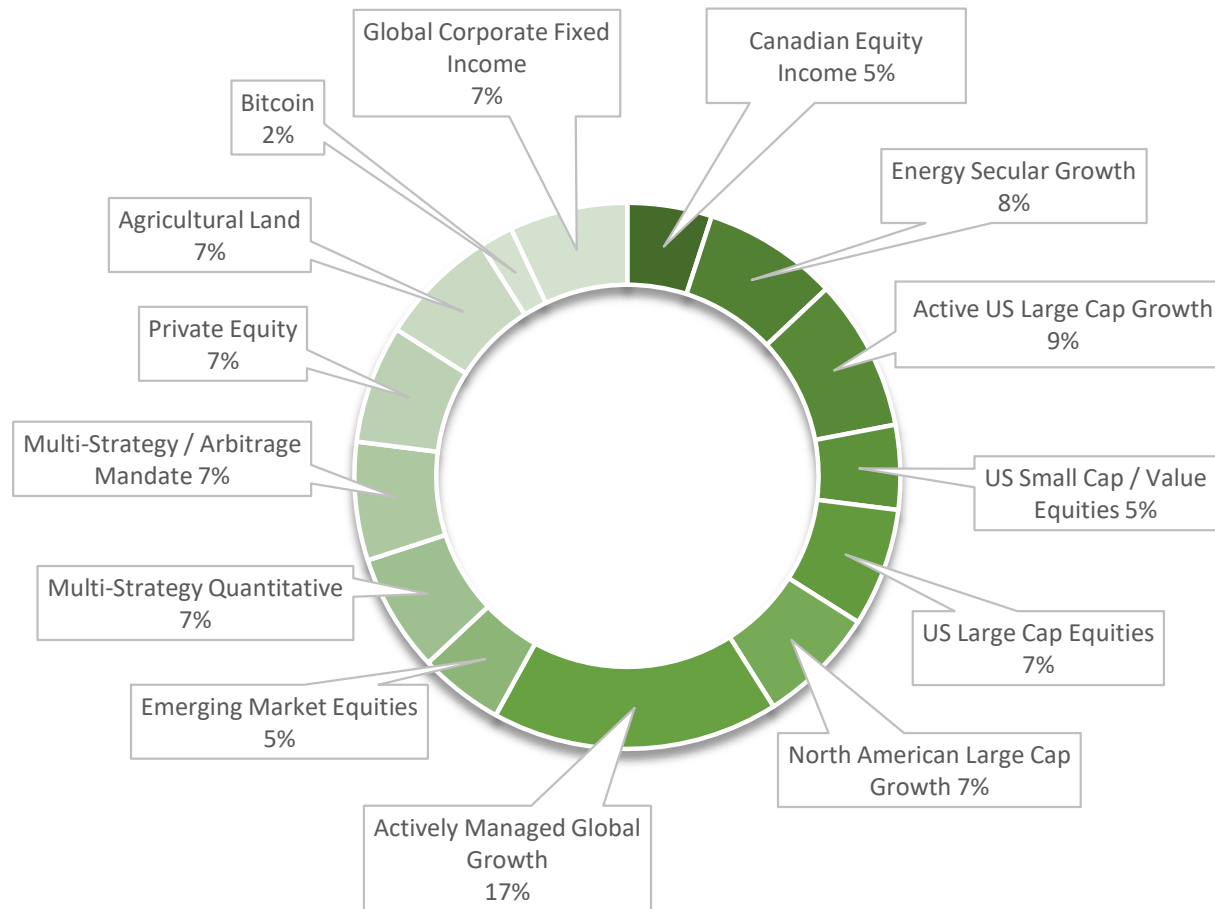
We offer a selection of portfolios to fit our clients' needs depending upon their objectives and risk tolerance

<b>Growth+</b>	Long-term capital growth with volatility mitigation
<b>Inflation+</b>	Low volatility growth with inflation protection
<b>Income+</b>	Regular income with moderate capital growth
<b>Preservation+</b>	Capital preservation while maintaining the potential for growth over time
<b>Alternative+</b>	Uncorrelated equity-like growth with capital protection
<b>Enhanced Growth</b>	Enhanced capital appreciation
<b>PC Target Performance</b>	Tax efficient growth for corporate entities

# PALISADE GROWTH+ PORTFOLIO

## Diversified Exposure Focusing on Long Term Growth

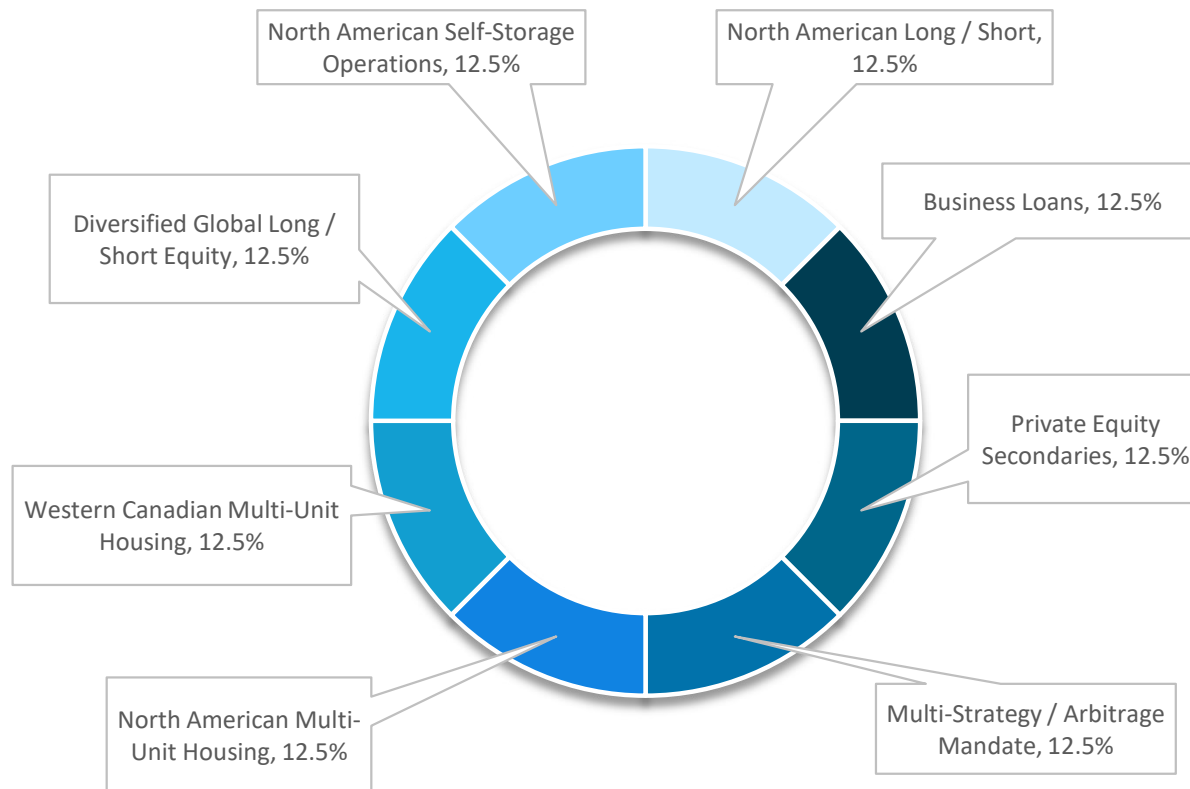
The Palisade Growth+ Portfolio provides investors with well diversified and unique exposure to global investing themes with an eye towards long term capital appreciation. True growth orientation with flexibility, diversification and downside protection.



# PALISADE INFLATION+ PORTFOLIO

Protecting Against and Benefiting From Inflation, Targeting Low Volatility Growth

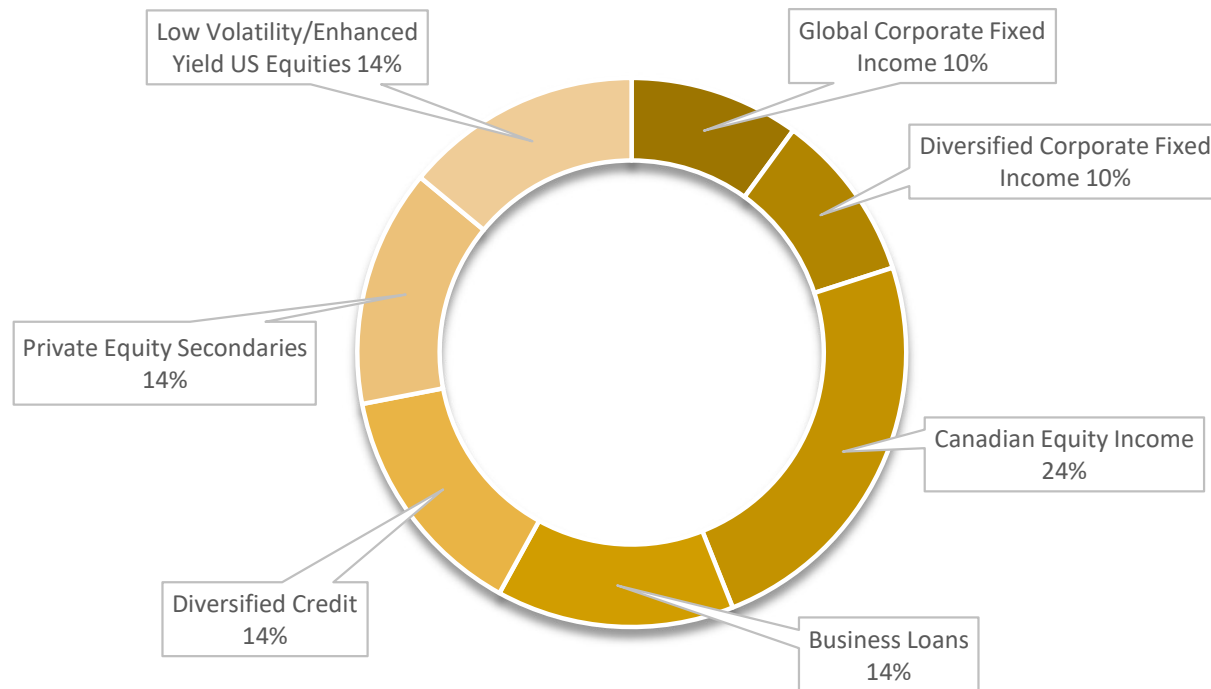
The Palisade Inflation+ Portfolio provides investors with diversified exposure to alternative investment strategies that target low volatility growth with inflation protection. The portfolio focuses on providing downside mitigation and acting as an inflation hedge. The current portfolio yields approximately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



# PALISADE INCOME+ PORTFOLIO

Regular Distributions From Multiple Strategies With Lower Correlation to Interest Rates

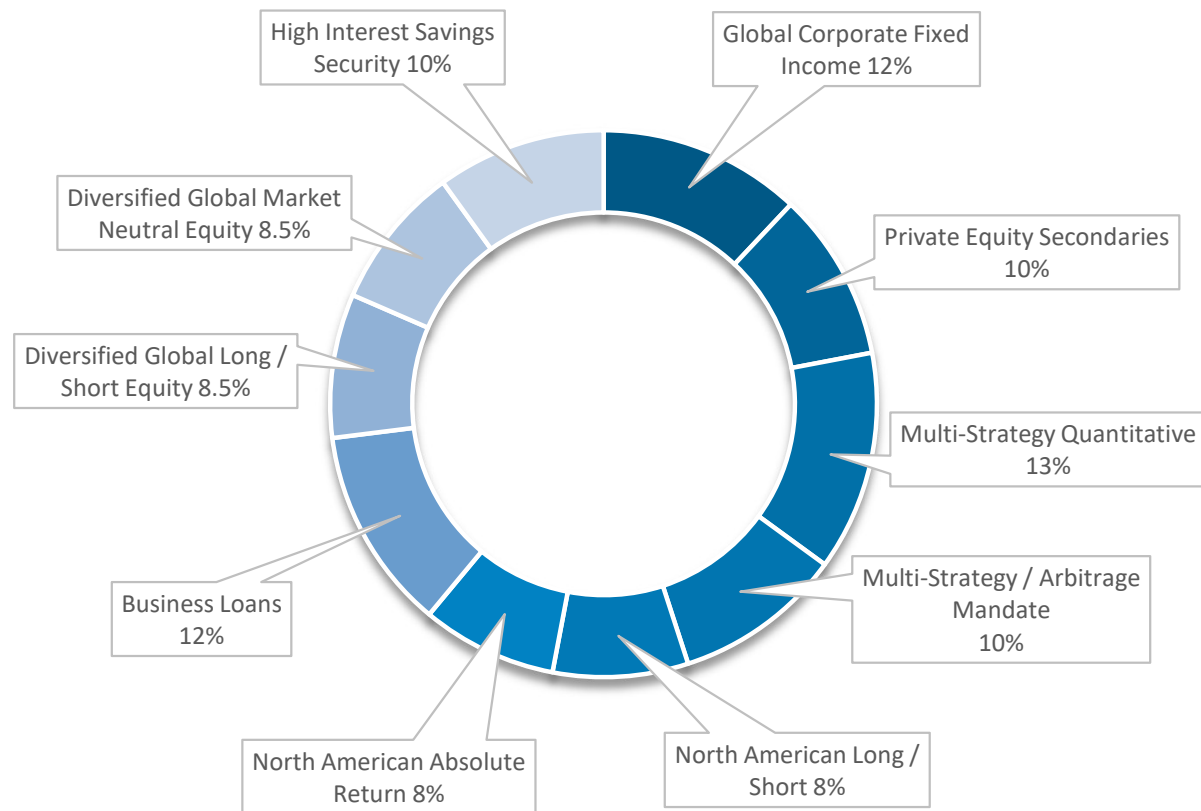
The Palisade Income+ Portfolio provides investors with a well-diversified source of monthly/quarterly distributions from a portfolio of equities, fixed income and alternative strategies. The current portfolio yields approximately 6% annually while maintaining flexibility and providing diversification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



# PALISADE PRESERVATION+ PORTFOLIO

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

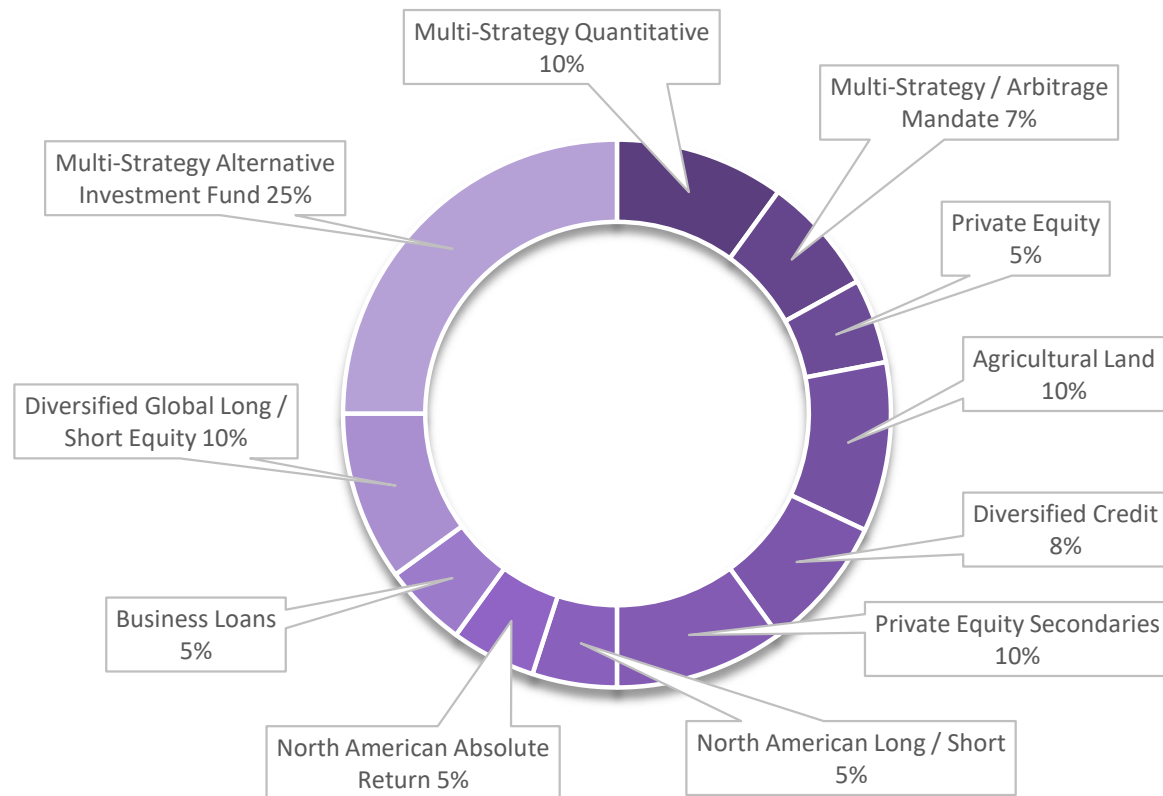
The Palisade Preservation+ Portfolio allocates to a well-diversified portfolio of alternatives and fixed income products that generally produce positive returns on a calendar year basis, regardless of market conditions. The portfolio focuses on capital preservation while seeking to provide low correlation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



# PALISADE ALTERNATIVE+ PORTFOLIO

Alternative Investment Focus Providing Diversification to Traditional Equities and Fixed Income

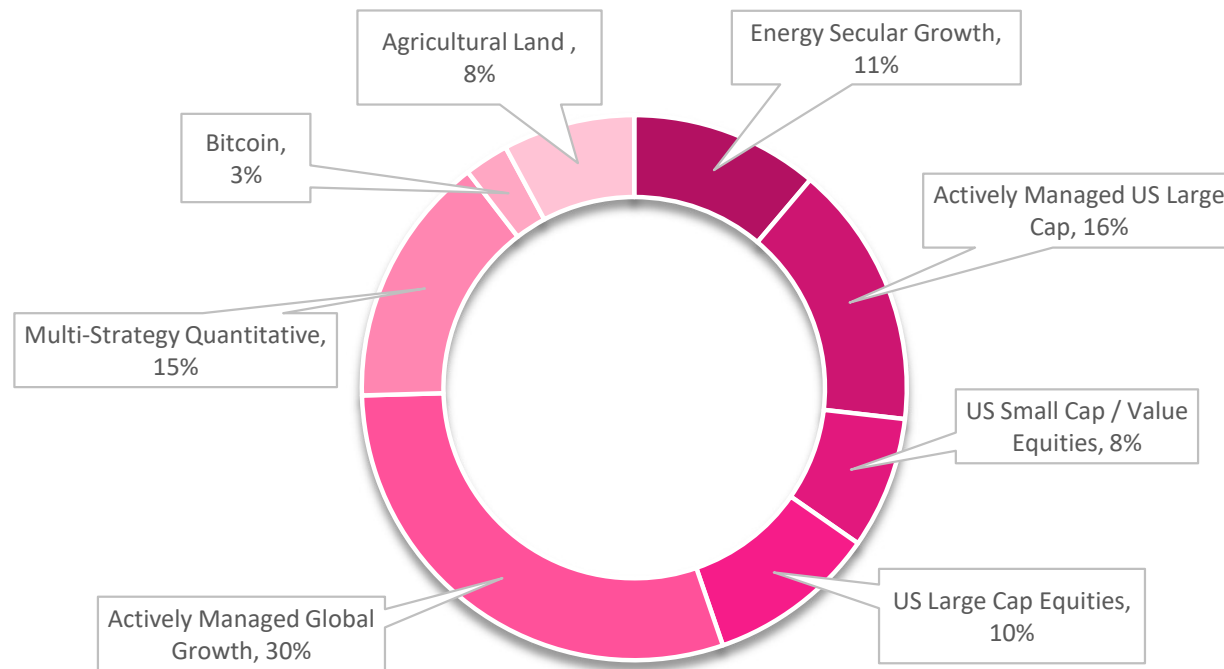
The Palisade Alternative+ Portfolio seeks to provide exposure to best-in-class alternative investment managers while delivering the benefits of diversification to a traditional portfolio of equities and fixed income. The portfolio targets equity-like returns with low correlation to equity and bond markets,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



# PALISADE ENHANCED GROWTH PORTFOLIO

Equity-focused portfolio targeting higher growth with volatility mitigation

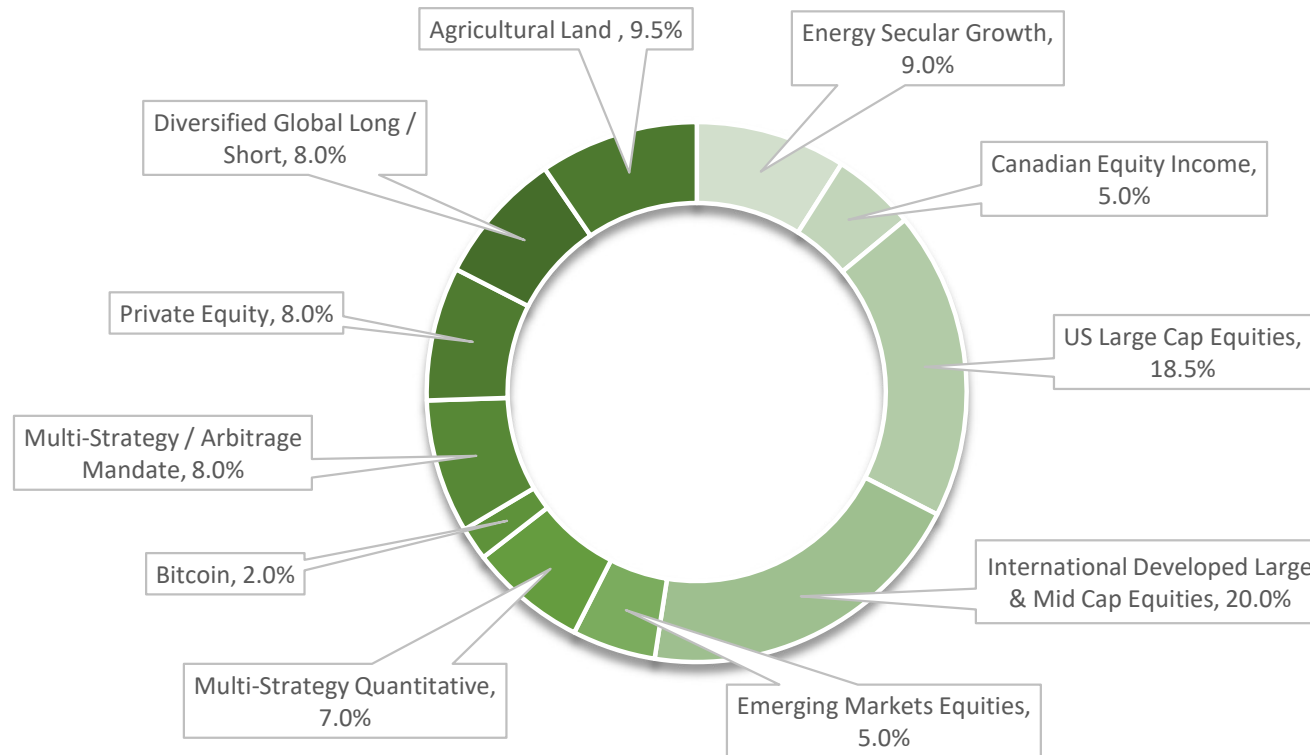
The Palisade Enhanced Growth Portfolio provides investors with a diversified equity-focused portfolio that targets higher long-term capital growth. Equity exposure is complemented by growth-oriented alternative strategies that target downside protection and volatility mitigation. A true focus on higher capital appreciation through diversification and dampened volatility.



# 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.





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*

# IMPORTANT DISCLOSURE

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# CONTACT INFORMATION

A founding principle of Palisade has always been transparency and communication with our clients. We would encourage anyone with questions to reach out at any time.

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