

MARCH 2026

Q1 report

The first quarter of 2026 was marked by elevated geopolitical tension, shifting policy expectations, and sharp rotations in market leadership, creating a highly dynamic and, at times, unstable investment backdrop. A series of global developments, including U.S. involvement in Venezuela and an escalating conflict with Iran, introduced significant uncertainty into energy markets and the broader economic outlook. These events contributed to volatile commodity prices and rising inflation concerns, particularly as disruptions around the Strait of Hormuz raised fears of sustained supply shocks.

Despite this challenging backdrop, equity markets proved relatively resilient. While drawdowns occurred at various points during the quarter, particularly as oil prices surged and growth concerns intensified, markets were supported by ongoing earnings strength and intermittent optimism around policy responses. Economic data, however, was mixed. Softer labor market indicators and declining job openings suggested that growth may be slowing, adding to uncertainty around the trajectory of monetary policy.

A key driver of market behavior was the continued volatility in interest-rate expectations. The Federal Reserve maintained a cautious stance, balancing inflation risks stemming from higher energy prices with signs of economic softening. This resulted in frequent repricing across asset classes, particularly in long-duration equities and rate-sensitive sectors, contributing to choppy market conditions and increased dispersion.

Sector performance during the quarter reflected a more defensive tone.

Commodity-linked sectors such as Energy and Materials showed relative strength, supported by higher oil prices and continued demand for real assets. In contrast, more cyclical and growth-oriented areas, including Technology, Consumer Discretionary, and Financials, experienced periods of weakness as investors grew more cautious on the outlook for economic growth and capital availability. At the same time, leadership was far from stable, with rotations occurring

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throughout the quarter as sentiment shifted in response to both macro developments and positioning.

International markets delivered mixed but generally constructive performance during the quarter, with commodity-linked and emerging economies outperforming developed markets. Latin America benefited from strength in energy and metals, as higher resource prices and improving capital flows supported equity returns. Japan and parts of Europe were more mixed, with performance influenced by currency movements and varying degrees of economic momentum.

Overall, international equities continued to provide important diversification benefits, particularly as leadership broadened beyond the U.S. and investors sought exposure to regions with more attractive valuations and leverage to real assets.

Against this backdrop, we moved toward a more defensive posture into the end of the quarter, raising cash and adjusting exposures to hedge

against the potential for further volatility. While long-cycle themes such as AI infrastructure and energy demand remain intact, the near-term environment continues to warrant a disciplined and flexible approach to risk management.

Barometer Tactical Equity Pool

The Barometer Tactical Equity Pool saw strength in Energy and Materials offset by weakness in Financials, Consumer Discretionary, and Communication Services. Performance reflected a market environment increasingly sensitive to macro data and shifting growth expectations, with dispersion rising across sectors.

Energy was a key contributor, led by positions in Canadian producers. Strength was driven by continued momentum in the Clearwater play, where low-cost production and strong free cash flow characteristics supported investor demand.

Notably, Canadian energy equities performed well even prior to the escalation in geopolitical tensions,

with crude prices having been near recent lows earlier in the quarter. As the quarter progressed, tightening supply dynamics and heightened geopolitical risk further reinforced the sector's strength.

Materials also added meaningfully, driven by exposure to precious metals producers. The portfolio was well-positioned early in the quarter as gold and silver advanced, benefiting from macro uncertainty and safe-haven demand. As the metals complex corrected, positions were actively reduced, with capital later redeployed into new opportunities toward quarter-end as pricing stabilized, highlighting the tactical approach taken within the sector.

On the detractor side, Financials weighed on performance, particularly U.S. regional banks, which came under pressure as weaker-than-expected economic data, most notably softer employment figures,

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raised concerns around the health of the economy. This weakness extended beyond regional lenders, with larger institutions also experiencing declines as sentiment toward the group deteriorated.

Consumer Discretionary exposure was also negative, driven by weakness in Aritzia (ATZ), which came under selling pressure alongside the broader market.

Finally, Communication Services detracted modestly, as Alphabet (GOOGL) was exited during the quarter after breaking down technically, with proceeds used to raise cash and provide a tactical hedge as market conditions weakened.

Barometer Tactical Income Pool

For the Barometer Tactical Income Pool, Energy was a primary contributor, driven by positions in Tamarack Valley (TVE), Imperial Oil (IMO), and Suncor (SU). Strength was supported by continued momentum in the Clearwater play, in Tamarack Valley's case, with producers benefiting from low-cost production

and strong free cash flow profiles. Importantly, Canadian energy equities were already performing well earlier in the quarter, even with crude near recent lows, before geopolitical developments further supported sentiment. Additional contributions came from integrated producers, which continued to demonstrate disciplined capital allocation and shareholder return frameworks.

Materials also added meaningfully, with gains from both precious metals and base metals exposure. Holdings in Agnico Eagle (AEM), Wheaton Precious Metals (WPM), and Kinross (K) benefited from ongoing macro uncertainty and demand for real assets. At the same time, copper and diversified mining exposure through Hudbay Minerals (HBM) and Rio Tinto (RIO) contributed as sentiment toward base metals improved alongside continued investment in electrification and infrastructure.

Industrials contributed positively, led by Caterpillar (CAT).

Demand remained supported by a favorable point in the resource cycle, with well-capitalized mining companies continuing to invest. In addition, Caterpillar's natural gas turbine business continued to see demand tied to power generation for data centers and AI infrastructure, reinforcing longer-term growth visibility.

On the detractor side, Financials weighed on performance, with weakness across both U.S. and international bank exposures. Positions in Power Corporation (POW) and Manulife (MFC) also detracted, as insurance companies faced pressure from higher claims costs and elevated reinsurance expenses, while interest-rate volatility weighed on valuations.

Communication Services exposure was also negative, as Alphabet (GOOGL) weakened during the quarter and was exited as part of a broader effort to raise cash and manage risk in response to deteriorating technical conditions and a more uncertain market environment.

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Barometer Tactical Balanced Pool

During the first quarter, Energy was a meaningful contributor to the Barometer Tactical Balanced Pool, led by Tamarack Valley (TVE), Imperial Oil (IMO), and Suncor (SU). Strength was supported by solid underlying fundamentals across Canadian producers, including disciplined capital allocation, strong free cash flow generation, and improving balance sheets. Tamarack Valley specifically benefited from its exposure to the Clearwater play, which offers attractive economics and repeatable drilling inventory. More broadly, the group demonstrated strength even before geopolitical tensions escalated, with sentiment improving off relatively low crude price levels earlier in the quarter.

Materials also added to performance, with contributions from both precious metals and base metals. Holdings in Agnico Eagle (AEM), Wheaton Precious Metals (WPM), and Kinross (K) benefited from continued demand for real assets amid

macro uncertainty. At the same time, exposure to copper and diversified miners through Hudbay (HBM) and Rio Tinto (RIO) was supported by improving expectations for global growth and sustained investment in electrification and infrastructure.

Industrials contributed positively, driven by Caterpillar (CAT) and GE Vernova (GEV). Caterpillar benefited from strong demand tied to the current phase of the resource cycle, as well-capitalized mining companies continued to invest. In parallel, its exposure to power generation, particularly natural gas turbines used in data centers, remained a key area of growth. GE Vernova also added value as its backlog expanded, reflecting increasing demand for gas turbines and grid infrastructure linked to rising global electricity needs.

On the detractor side, Financials weighed on results, as both U.S. and international bank exposures weakened amid growing concerns around economic momentum and credit conditions.

Insurance holdings, like Power Corporation (POW), also lagged, pressured by higher claims costs and reinsurance expenses, alongside sensitivity to interest-rate volatility.

Information Technology exposure was modestly negative, with NVIDIA (NVDA) and Broadcom (AVGO) experiencing periods of consolidation following strong prior performance. Weakness reflected valuation sensitivity and profit-taking rather than any meaningful change in underlying demand trends tied to AI infrastructure.

Barometer Global Macro Pool

The Barometer Global Macro Pool delivered strong performance during the quarter, with gains driven by precious metals, broader materials exposure, targeted short positions in technology, and emerging market equities, particularly in Latin America. Results reflected a macro environment characterized

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by rising uncertainty around growth and policy, alongside continued strength in real assets and select international markets.

Precious metals exposure was a primary contributor, with positions in the Global X Silver Miners ETF (SIL), Amplify Junior Silver Miners ETF (SILJ), Sprott Gold Miners ETF (SGDM), VanEck Junior Gold Miners ETF (GDXJ), and the Sprott Physical Gold Trust (PHYS) benefiting from renewed investor demand for hard assets. Gold and silver performed well as markets responded to softer economic data, shifting rate expectations, and ongoing geopolitical risks. The group also saw increased participation from equities, particularly junior miners, as leverage to underlying metals prices amplified returns.

Materials exposure also added meaningfully,

including positions in the Global X Copper Miners ETF (COPX) and the SPDR S&P Metals & Mining ETF (XME), as base metals strengthened alongside improving sentiment toward global growth and continued demand tied to electrification and infrastructure investment. Copper remained supported by structural supply constraints and its central role in energy transition themes.

On the positioning side, short exposure to technology contributed positively, with positions in the iShares Expanded Tech-Software Sector ETF (IGV), the Global X Social Media ETF (SOCL), and the ETFMG Prime Cyber Security ETF (HACK). These areas of the market came under pressure as investors rotated away from higher-multiple growth segments amid increased volatility in rate expectations and broader risk sentiment.

The shorts provided effective downside protection as parts of the technology complex consolidated following strong prior performance.

Finally, emerging markets exposure, specifically in Latin America, added to returns, with positions in the iShares MSCI Peru ETF (EPU), the iShares Latin America 40 ETF (ILF), and the iShares MSCI Brazil ETF (EWZ) benefiting from strength in commodity-linked economies. These markets were supported by firm resource prices, improving domestic fundamentals, and capital flows seeking diversification away from developed markets.

Looking Forward

As we move into the next quarter, we remain cautiously positioned with a defensive bias, reflecting the elevated level of macro and geopolitical uncertainty.

The logo for Barometer Capital Management Inc. features the word "barometer" in a lowercase, sans-serif font. A blue diagonal line with a small circle at its tip is positioned above the letter 'o'.

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While markets have shown resilience, the combination of fluctuating interest-rate expectations, mixed economic data, and ongoing global tensions suggests that volatility is likely to persist.

We have therefore maintained higher cash levels and more selective exposure, allowing us to preserve capital and retain flexibility to act as opportunities emerge. Although long-cycle themes such as AI infrastructure, energy demand, and commodities remain intact, near-term price action continues to be driven by sentiment and positioning rather than fundamentals alone. Importantly, with market leadership continuing to rotate, we believe a disciplined approach is warranted.

Our current positioning reflects a balance between maintaining exposure to areas of strength while ensuring the portfolio is well protected should conditions deteriorate further.

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The information, opinions and any forward-looking statements contained in this commentary have been compiled or arrived at from research sources believed to be reliable, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Opinions expressed are subject to change without notice, as are any statistical, price or yield data. A portfolio manager's assessment of a particular security, investment or strategy is not intended as an investment recommendation; it is intended only to provide insight into portfolio selection process. Additional information is available on request regarding the performance of the Barometer Private Pools, Barometer Group of Funds or the Barometer Mandates. Barometer disclaims any obligation to publicly update or revise any views or forward-looking statements.

Q1 benchmarks

We hope this message finds you well. Enclosed, you'll find your most recent portfolio statement. As always, we truly appreciate the trust you've placed in us to manage your investments.

We understand that one of the first things investors often look at in their statements is the performance for the period. It's natural to compare these returns to well-known indices such as the S&P 500, given its frequent media coverage. However, it's important to ensure that any comparisons are made to a benchmark that aligns with your specific investment strategy.

For instance, a portfolio designed for income generation should be compared to an income-focused benchmark, while a balanced portfolio should be evaluated against a blended equity and fixed-income benchmark. Comparing a diversified portfolio to a purely equity index, like the S&P 500, could sometimes create a misleading picture of performance.

To provide more context, we've included a table of relevant benchmarks for your reference:

Benchmark	2026 Return
Income Mandate 50% S&P/TSX Equity Income Index/ 50% FTSE TMX Canada Universe Bond Index	6.99%
Balanced Mandate 25% S&P/TSX Composite TR Index / 25% MSCI World TR Index / 50% FTSE TMX Canada Universe Bond Index	0.60%
TAA Mandate 30% S&P/TSX TR Index / 20% S&P 500 (CAD) / 20% S&P/TSX Equity Income Index/ 30% FTSE TMX Canada Universe Bond Index	3.43%

*TR = Total Return

If you have any questions about your statement, your portfolio's performance, or how your investments align with your long-term objectives, we would be happy to discuss them with you. Please don't hesitate to reach out to me directly or to either Cynthia or Shivana.

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Report Definitions:

% Assets – The percentage that each individual security represents for the account.

Amount – The dollar value of the transaction.

Annual Income – The annual dividend per unit multiplied by the number of units held or the total interest to be paid by the fixed income security.

Average Cost – Equal to the total cost divided by the number of units.

Current Yield – Current yield is an investment's annual income (interest or dividends) divided by the current price of the security.

Ex-Date – Security holder is eligible to receive the declared dividend payment if the security was held before the date.

Gain/Loss – The gain or loss resulting from the disposition of a security.

Market Value – The current value of your investments at the close of the reporting period. the close of the reporting period for that particular account.

Pay-Date – The date the company pays the dividend to the holder of record.

Price – The market price of the security as at the reporting date.

Proceeds – The amount received when a security is sold.

Quantity – The number of units held at the end of the reporting period.

Security – The details about the securities held in the account, which are sorted by product category (e.g. cash and equivalents, common stocks, mutual funds, barometer pools, warrants, etc.)

Settle Date – The date on which a trade settles, and the transfer of cash or securities is completed.

Symbol – A code used to identify the particular security for transaction purposes.

Total Cost – The amount paid for the security, including commissions and fees if applicable, and excluding accrued interest on fixed income securities. (Please see next page for more detailed explanation)

Unit Cost – The amount paid for each unit of the security, including commissions and fees if applicable, and excluding accrued interest on fixed income securities.

Unit Income – A unit of a security that makes regular dividend payments to its holder.

Unit Price – The market price of the security as at the transaction date.

Unrealized Gain/Loss (%) – The percentage change in value (Gain or Loss) of an asset relative to its adjusted cost base, before selling the asset.

Unrealized Gain/Loss (\$) – The difference in dollar value between the current market value of an asset and its adjusted cost base, before the asset is sold.

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Report Definitions:

- QTD – Quarter-to-date: Reflects activity in your account during the most recent quarter.
- YTD – Year-to-date: Reflects activity in your account during the most recent calendar year.
- Receipts - Include cash and securities contributed and/or transferred to your account.
- Disbursements - Include cash and securities withdrawn and/or transferred from your account.
- Change in Account Value – The total dollar amount your account value has increased or decreased by taking into consideration receipts/disbursements, interest, dividends, cash and re-invested distributions, fees, and market fluctuations.

Additional Information About Your Quarterly Report:

- The annualized internal rate of return (“IRR”) chart presents the compound total rate of return of your investments. This includes income from interest and dividend sources, as well as capital gains.
- The IRR growth chart displays the growth of your investment achieved in each calendar year.
- The investment holdings pie chart illustrates the quarter-end allocation of your investments.

Total Cost:

Total cost of a long security position is the total amount paid for the security, including any transaction charges related to the purchase, adjusted for reinvested distributions, returns of capital (“ROC”) and corporate reorganizations.

The total cost information, displayed on the Portfolio Appraisal and Transaction Summary pages, has been prepared based on available records; it is not guaranteed to be accurate or complete. Please consult with your personal tax advisor on any tax-related matters. Barometer is not liable for any errors or omissions in the information or for any loss or damage suffered.

For third-party securities, any ROC distributions are not reflected in your Barometer quarterly reports. Please consult with your tax professional for more information.

Market Value:

The market values are obtained from sources we consider to be reliable.

For securities where we are not able to obtain a value, a value of \$0 is applied.

Deferred Sales Charge:

If you chose a deferred sales charge (“DSC”) option when you purchased the security, a sales charge may be payable when you sell your security. The sales charge is deducted from the amount you receive for the security. It is usually based on what you paid when you purchased the security. This sales charge declines to zero after you have owned the security for a specific number of years.

General Disclaimers

Barometer is the trustee, portfolio manager and investment fund manager of the Barometer Private Pools (individually a “Pool”, together the “Pools”), which are offered on an exempt basis to accredited investors, and the Barometer Group of Funds (individually a “Fund”, together the “Funds”). Both the Pools and the Funds are connected issuers of Barometer Capital Management Inc.

The information contained in this report was obtained from the custodian of the assets; however, timing differences may occur in recording various transactions, resulting in differences from the statement you receive from the custodian of your assets. Reliance should be placed on the custodian statement for tax reporting purposes. If this statement is not in accordance with your records, please notify us in writing within 45 days of the statement date. We reserve the right to adjust this statement for errors and omissions.

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same, even if the value of the securities declines.

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