JUNE 2026

Q2 report

The second quarter was defined by elevated volatility and a steady stream of macro and headline risk. The outbreak of war involving Iran dominated sentiment, injecting geopolitical uncertainty into energy markets and risk assets alike. At the same time, an impending leadership transition at the Federal Reserve added a layer of policy uncertainty, while signs that inflation was creeping higher reintroduced a risk that markets had largely set aside. The combination kept price action choppy and headline-driven for much of the period.

At various points during the quarter, we moved to a more defensive posture as these risks mounted. The market, however, proved resilient, absorbing each shock and reversing higher rather than following through to the downside. This kind of environment, one that lacks a sustained trend and instead chops back and forth, is the most challenging backdrop for our strategy, which is built to identify and follow durable trends. Several of the defensive moves we made were tested as the market mean-reverted.

As the quarter drew to a close, the Iran situation showed signs of normalizing, though the peace remains tenuous. The de-escalation rests on a fragile footing, and the situation is fluid enough that a renewed flare-up cannot be ruled out. Even as tensions ease, the dislocations associated with the closure of the Strait of Hormuz are likely to persist, leaving a lingering imprint on energy supply chains, shipping routes, and freight costs that will take time to fully resolve. We expect this to remain a source of headline risk for some time.

Beneath the index-level noise, leadership was uneven. The precious metals complex, gold and silver in particular, gave back ground after a strong start to the year and was a consistent detractor across the Pools.

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Positioning had become extended following that advance, and the metals stopped behaving as the inflation and geopolitical hedge they had been, holding back even as inflation crept higher; as the situation in Iran began to normalize, the safe-haven premium that had supported the group unwound. Encouragingly, gold's pullback brought it back into a zone of long-term technical support, leaving its longer-term uptrend intact despite the near-term weakness. Semiconductors, by contrast, were a clear source of strength, with renewed leadership tied to ongoing demand for computing and artificial intelligence infrastructure. Financials, led by the Canadian banks, broke out and rallied strongly, while energy equities softened alongside crude. Industrials were another standout, supported by capital spending tied to the resource cycle, the build-out of power generation and grid infrastructure to meet surging electricity demand from data centers and artificial intelligence, and a strong commercial aerospace cycle.

Taken together, it was a quarter that tested patience more than conviction. The volatility and absence of a clear trend made for a difficult backdrop, yet the market's resilience and the emergence of genuine leadership in semiconductors, financials, and industrials are encouraging signs. We have kept our exposures aligned with these strongest areas while staying patient where the picture is less clear, and with our models leaning modestly positive, we believe our positioning leaves us well placed to lean into a more durable trend as one takes hold. We move into the second half of the year mindful of the risks but constructive on the opportunities ahead.

Barometer Tactical Equity Pool

The Barometer Tactical Equity Pool saw strength in Industrials, Information Technology, and Financials, offset by weakness in Materials and Energy.

Industrials were a key contributor, led by Caterpillar (CAT), which was added to, alongside Howmet Aerospace (HWM), Bombardier (BBD.B), and a new position in CSX (CSX). GE Vernova (GEV) also contributed. Caterpillar benefited from broad-based demand across construction and mining tied to the resource cycle, as well as a growing contribution from its energy and transportation business, where engines and gensets used for data center power have become an important source of growth. Howmet Aerospace leveraged the strong commercial aerospace cycle, and in particular a robust aftermarket for engine parts, where high utilization of the global fleet continues to drive demand for spares and maintenance. Bombardier advanced on healthy business jet demand and a growing, higher-margin services franchise, with continued progress on debt reduction strengthening the equity story.

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CSX participated as freight rail benefited from steady volumes, firm pricing, and ongoing operating efficiency gains. GE Vernova added value on the strength of its gas turbine and grid backlog, supported by the multi-year build-out in electricity infrastructure as power demand from data centers and broader electrification continues to grow.

Information Technology exposure contributed positively, and the weighting was increased substantially over the quarter. New positions in SiTime (SITM) and Lam Research (LRCX) led, and NVIDIA (NVDA) continued to contribute positively. SiTime is the leader in precision timing, supplying the silicon-based timing devices that are increasingly replacing legacy quartz components; as data rates climb across AI data centers and high-speed networking, the need for more precise and reliable timing has driven rising chip content and strong demand for its products.

Lam Research provided exposure to the strong run in memory semiconductors through its position as a leading supplier of the equipment used to manufacture memory chips, benefiting as memory makers ramped capacity to meet demand for the high-bandwidth memory that AI accelerators require. NVIDIA remained the dominant compute platform for artificial intelligence and continued to benefit from heavy investment by hyperscalers and enterprises building out data center capacity.

A newly established Financials position contributed, built from the ground up over the quarter and anchored by Citigroup (C) and National Bank of Canada (NA), as the Pool leaned into the sector's emerging leadership. Citigroup was the standout, as its multi-year turnaround continued to gain traction.

The ongoing simplification of the franchise, the exit from non-core consumer markets, steadily improving profitability, and a growing return of capital to shareholders have driven a re-rating of a stock that had long traded at a discount to both its peers and its book value. National Bank of Canada contributed as well, supported by a strong capital markets and wealth franchise and the broader footprint that followed its recent acquisition activity.

On the detractor side, Materials was the largest drag, driven by the correction in precious metals. Gold producers Alamos Gold (AGI) and Kinross (K) were exited and exposure to the sector was reduced. Newer base metals positions also weighed on results, most notably copper exposure through Hudbay Minerals (HBM).

While copper carries a compelling structural demand story tied to electrification, the grid, and data centers, the metal is economically sensitive, and it came under near-term pressure as concerns about the durability of global growth resurfaced amid the quarter's macro and geopolitical uncertainty, which in turn weighed on the position.

Barometer Tactical Balance Pool

During the second quarter, Industrials and Financials were the leading contributors to the Barometer Tactical Balanced Pool, while Materials and Energy detracted.

Industrials were the strongest contributor, and exposure was increased over the quarter. Caterpillar (CAT) led, supported by demand tied to the resource cycle and to power generation for data centers, while GE Vernova (GEV) added value on continued strength in its gas turbine and grid backlog. The company sits at the center of a multi-year build-out in electricity infrastructure, as surging power demand from data centers and artificial intelligence, together with broader electrification and the need to modernize aging grids, has driven a deep and growing order book for its turbines and grid equipment. The long lead times on this equipment lend strong visibility to future revenue and reinforce the durability of the trend.

Financials also added meaningfully, as exposure was expanded substantially over the quarter. The sector broke out and assumed market leadership, supported by resilient credit and solid capital markets activity. Bank of Montreal (BMO) and Canadian Imperial Bank of Commerce (CM) were among the strongest contributors within the Pool. Exposure was broadened beyond the Canadian banks through new positions in Citigroup (C), Morgan Stanley (MS), Banco Santander (SAN), M&T Bank (MTB), and JPMorgan (JPM), reflecting a deliberate decision to lean into the sector as it took on leadership.

Information Technology contributed, driven by a new position in Lam Research (LRCX) and an addition to NVIDIA (NVDA) as semiconductors reasserted leadership. Lam Research gave the Pool exposure to the strong run in memory semiconductors through its position as a leading supplier of the equipment used to manufacture memory chips; as memory makers ramped capacity to meet demand for the high-bandwidth memory that AI accelerators require, orders for Lam's etch and deposition tools strengthened. NVIDIA, for its part, remained the dominant compute platform for artificial intelligence and benefited from continued heavy investment by hyperscalers and enterprises building out data center capacity. Between them, the two positions captured both the chips at the center of the AI build-out and the equipment that makes them.

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On the detractor side, Materials weighed on results as precious metals corrected. Gold had run hard into the start of the year, and positioning across the complex had become stretched. Tellingly, the metal failed to respond to a backdrop that would normally support it, holding back even as inflation crept higher and geopolitical tensions flared, a sign that the move had become overextended. As the quarter progressed and the Iran situation began to normalize, the safe-haven premium that had underpinned the metal started to unwind, and the complex sold off. Wheaton Precious Metals (WPM), Alamos Gold (AGI), and Agnico Eagle (AEM) were exited and overall exposure was reduced sharply.

Energy also detracted as crude weakened, and exposure was reduced over the quarter. Suncor (SU) and Peyto (PEY) were exited, while Tamarack Valley (TVE) and Imperial Oil (IMO) were trimmed. Tamarack remained a positive contributor on the strength of its Clearwater assets.

Barometer Global Macro Pool

The Barometer Global Macro Pool had a difficult quarter, as the choppy, non-trending environment proved the most challenging of the four Pools for a strategy built to follow sustained trends. Gains in international equity exposure were more than offset by losses in the precious metals complex and in the Pool's short positioning.

The largest source of strength was the Pool's exposure to international developed-market equities, where Asia led the way. The standout was Taiwan, held through the iShares MSCI Taiwan ETF (EWT), which rallied sharply as the market's heavy concentration in the global semiconductor and AI hardware supply chain drew strong inflows; the same forces driving semiconductor leadership across the Pools were felt most acutely in Taiwan.

South Korea, held through the iShares MSCI South Korea ETF (EWY), also performed exceptionally well, benefiting both from the memory upcycle, given the dominance of its large memory chipmakers in the high-bandwidth memory used for AI, and from the continued progress of corporate governance reforms aimed at closing the long-standing valuation discount on Korean equities. Broader Asian exposure through the iShares Asia 50 ETF (AIA) and a position in the iShares MSCI Singapore ETF (EWS) added as well.

Japan was another solid contributor, held through the WisdomTree Japan Hedged Equity Fund (DXJ) and the iShares MSCI Japan ETF (EWJ). Japanese equities continued to be supported by ongoing corporate governance reform, which is improving capital efficiency and shareholder returns, alongside a steady reflationary backdrop. The currency-hedged DXJ position captured the additional benefit of a weaker yen, which lifted the country's large base of exporters.

Elsewhere across developed markets, the Pool held smaller positions that added modestly. The iShares MSCI Spain ETF (EWP) was supported by the strength in European financials, the iShares S&P/TSX 60 Index ETF (XIU) provided Canadian exposure, and the iShares MSCI Mexico ETF (EWW) participated in the nearshoring theme.

Set against these gains, the precious metals complex was the principal detractor over the quarter. The Pool carried exposure across both the physical metals and the miners, held through the Sprott Physical Gold Trust (PHYS) and the Sprott Physical Silver Trust (PSLV), producer exposure via the Sprott Gold Miners ETF (SGDM), the VanEck Junior Gold Miners ETF (GDXJ), and the Global X Silver Miners ETF (SIL), and a position in physical platinum through the abrdn Physical Platinum Shares ETF (PPLT).

Following a strong advance earlier in the year, positioning across the complex had become extended, and the metals were no longer behaving as the inflation and geopolitical hedge they had been; as the situation in Iran began to normalize and that safe-haven premium eased, gold and silver retraced a portion of their earlier gains. Notably, gold's pullback brought it back into a zone of long-term technical support, a constructive development that leaves the longer-term uptrend intact even as the exposure weighed on results for the period.

The Pool's short exposure to fixed income was the other principal source of weakness . Consistent with a view that yields would press higher against a backdrop of firmer inflation, the Pool carried short positions concentrated in long-duration U.S. government bonds, held through the iShares 20+ Year Treasury Bond ETF (TLT) and the PIMCO 25+ Year Zero Coupon U.S. Treasury Index ETF (ZROZ), alongside smaller short positions in credit through the VanEck BDC Income ETF (BIZD) and the SPDR Bloomberg High Yield Bond ETF (JNK). Over the quarter, however, government bonds firmed as yields eased, supported by periodic flights to quality amid the geopolitical and policy uncertainty and by expectations surrounding the incoming Federal Reserve leadership. This counter-trend move worked against the Pool, given that the positions were held short.

The effect was most pronounced in the zero-coupon Treasury exposure, where the heightened interest-rate sensitivity of the longest-dated bonds made ZROZ the largest single detractor, with the long-duration TLT position adding to the drag. The more modest short positions in higher-yielding credit also detracted as those instruments held firm in a resilient market.

Looking Forward

As we enter the second half of the year, we are staying patient, keeping positioning aligned with the strongest names and the clearest areas of leadership, and preserving the flexibility to lean in as a more durable trend takes hold. The choppy, non-trending action that made the quarter challenging tends not to last indefinitely, and our process is built to capitalize once direction reasserts itself.

There is much to be constructive about beneath the surface. The leadership we saw in semiconductors, financials, and industrials appears well supported by durable, multi-year drivers, from the build-out of computing and artificial intelligence infrastructure, to the strength and quality of the banks, to the capital investment underpinning power generation, the grid, and aerospace. We continue to favor these areas. In precious metals, gold's pullback into long-term technical support has left its longer-term uptrend intact, and we remain attentive to the point at which the complex resumes its trend. International equities, particularly across Asia, have shown real strength, and we retain exposure to those opportunities.

Risks remain, and we are mindful of them: inflation that has been creeping higher, a leadership transition at the Federal Reserve, and a peace in the Middle East that is still tenuous, with the dislocations from the Strait of Hormuz likely to linger. We see these as reasons for discipline rather than pessimism. With exposures aligned to the strongest names and ample flexibility to adjust, we are well positioned to lean in as a clearer trend emerges, and we look ahead with measured optimism.

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Q2 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	4.91%
Balanced Mandate 25% S&P/TSX Composite TR Index / 25% MSCI World TR Index / 50% FTSE TMX Canada Universe Bond Index	6.66%
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	7.68%

*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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Q2 report

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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Q2 report

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.

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