

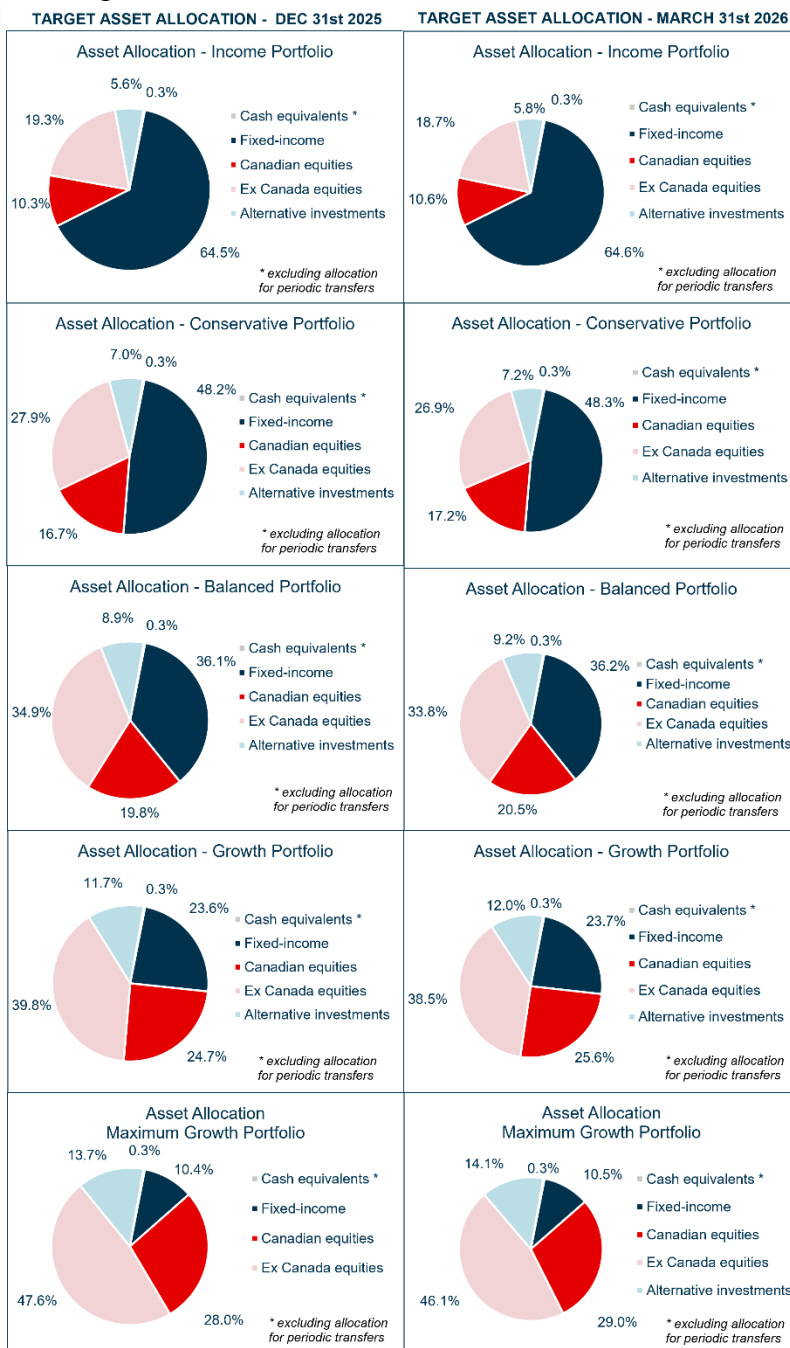
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1ST QUARTER 2026 SUMMARY

Asset Allocation Strategy

We did not make changes to the asset allocation in the portfolio during Q1. Variations result mainly from changes in the relative valuation of investments.



Market Review – First Quarter 2026

The first quarter of 2026 was marked by heightened volatility, mainly driven by significant geopolitical instability. Political, economic, and military developments throughout the period influenced financial market behavior and fostered an environment of uncertainty. Despite this more turbulent backdrop, markets overall demonstrated resilience, and tangible economic impacts remained limited. Several concerns shaped investor sentiment, though these did not translate into a marked deterioration of underlying fundamentals.

In equity markets, a shift in leadership compared with the previous year was observed. Canadian and international equities outperformed U.S. equities, which were more affected by geopolitical risks and by growing questions surrounding the scale of investments in artificial intelligence. The period was also characterized by increased dispersion across sectors and regions, underscoring the importance of proper diversification.

In currency and commodity markets, the U.S. dollar experienced mixed movements over the quarter. After weakening at the start of the year, it returned to 2025 levels by the end of the period. Gold, meanwhile, reached new highs before losing some momentum toward quarter-end, reflecting both geopolitical concerns and evolving investor expectations.

From an **economic standpoint**, the overall picture remains favorable. Inflation stayed well contained, macroeconomic data surprises were generally positive, and corporate earnings continued to show solid resilience. However, the approach of the U.S. midterm elections, combined with ongoing negotiations surrounding the Canada–United States–Mexico Agreement (CUSMA), contributed to sustained political uncertainty, prompting a degree of caution in financial markets.

The quarter was also punctuated by several major geopolitical events, culminating toward the end of the period with an escalation of tensions between the United States and Iran. These tensions disrupted maritime transport in the Strait of Hormuz, a strategic passage through which a significant share of global oil consumption transits. This situation reignited concerns over energy prices and heightened short-term volatility in financial markets.

While history shows that such shocks can sometimes have significant economic consequences, the global economy today is less vulnerable to oil price increases than in the past. This currently limits the risk of a major economic slowdown. Nevertheless, a prolonged disruption could increase risks, particularly in Europe and Asia, where energy issues and supply chains are more sensitive.

In summary, despite a volatile quarter marked by numerous developments, the outlook remains constructive. Major structural transformations are underway within the global economy, and the foundations of the next economic growth cycle are taking shape. In this environment, maintaining a disciplined approach focused on diversification and investment quality remains essential.

Portfolio Model Revisions

During the quarter, we divested our position in Manulife Financial, reflecting less attractive prospects in the life insurance sector. We also reduced our exposure to the NBI Quebec Growth Fund in order to initiate positions in Dollarama and Telus, with the objective of enhancing the overall quality and resilience of the portfolio.

Dollarama aligns fully with our approach focused on strong and proven business models. The company continues to successfully pursue geographic expansion, notably in Australia and Latin America, while further strengthening its dominant position in Canada. This strategy is supported by disciplined operations and a demonstrated ability to generate substantial cash flows.

Telus, meanwhile, provides exposure to a defensive sector characterized by recurring and predictable revenues. The company also stands out for its attractive dividend, which contributes to improving the portfolio's income profile.

Finally, following the redemption of the note linked to the Russell 2000, we reinvested in a **new conditional income note** also tied to the same index, which has shown stable performance recently. The note targets an annual income of 9.06%, paid monthly, provided the reference index remains at or above 75% of its initial level.

These adjustments are intended to better balance growth, stability, and long-term return potential, while maintaining a disciplined, quality-focused investment approach.

“A goal without a plan is just a wish.” – Antoine de Saint-Exupéry

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