

Davos Bravos

Mark Carney’s recent speech at the World Economic Forum in Davos bluntly articulated a reality investors have been grappling with in recent years: the post-Cold War economic order is fragmenting, and the institutions that once underpinned globalization are struggling to keep pace. Carney framed the moment as a transition toward a “new world order” defined by strategic competition, economic security, and a diminished role for universal rules-based coordination. While Western governments may have previously hoped to “wait out” US policy tremors, the speech represented an acknowledgement that these shifts are becoming increasingly entrenched. What once passed as abstract geopolitical risk is now central to the investment landscape.

Carney’s speech noted that global institutions (which were built when economic leadership was more concentrated and political alignment was relatively stable) are misaligned with today’s balance of power. Interests are now more contested, power is more diffuse, and economic policy is increasingly weaponized. Donald Trump’s skepticism toward multilateral institutions reflects a broader shift in US policy thinking; one that prioritizes domestic resilience, bilateral leverage, and transactional outcomes over collective governance. The implication is not the collapse of global institutions, but their gradual loss of authority and relevance.

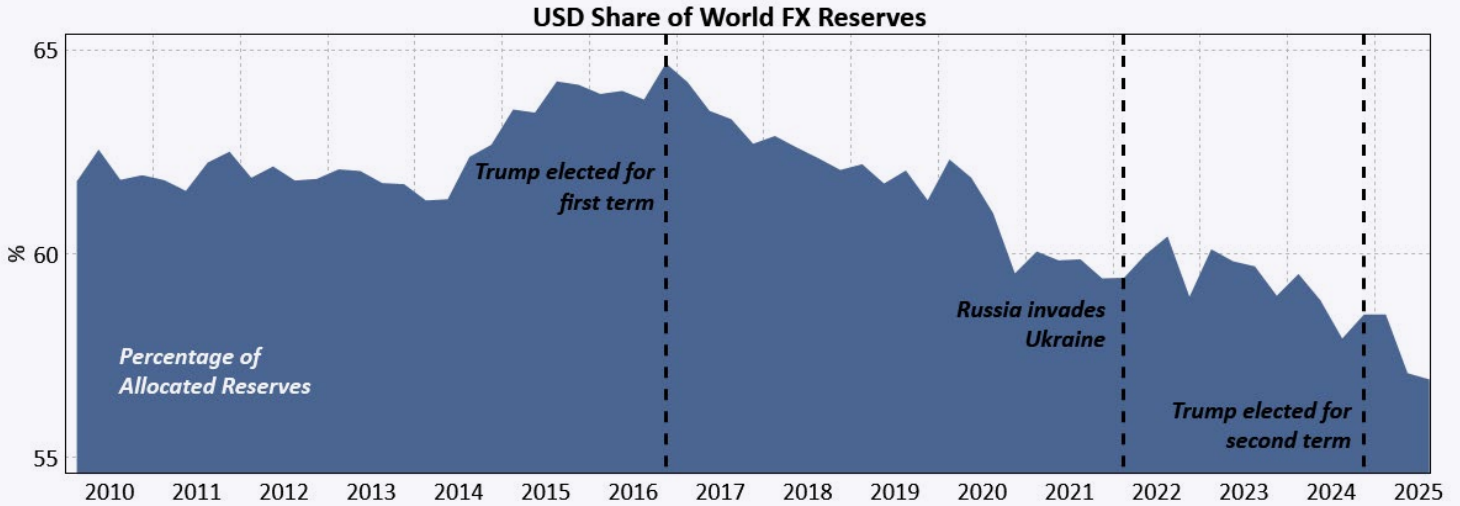
This institutional drift has real consequences for financial markets. A world with weaker global coordination is one with greater policy dispersion, more frequent shocks, and higher volatility. Trade rules are less predictable, capital flows more politically sensitive, and supply chains more exposed to intervention. Investors can no longer assume that efficiency will dominate policy choices.

Redundancy, security, and domestic capacity now matter. This environment challenges traditional portfolio construction assumptions, particularly those built on stable correlations between regions and asset classes.

Financial markets are already responding. Currency fluctuations, in recent years dominated by interest rate differentials, now increasingly factor in policy risk. The US dollar remains dominant, but these new geopolitical realities have prompted gradual diversification by central banks and reserve managers. Per the chart below, the US dollar has seen its proportion of global reserves fall steadily since the start of Trump’s first term in office. “Real economy” asset classes including commodities, infrastructure, and defense-related industries are benefiting from governments’ renewed focus on strategic autonomy. Industrial policy, more commonly used by emerging markets in recent years, is now firmly entrenched in advanced economies, reshaping relative winners and losers across sectors.

Equities, too, are being repriced through this lens. Companies more exposed to global trade and frictionless supply chains face higher uncertainty, while firms aligned with reshoring, energy security and infrastructure investment enjoy structural tailwinds. Bond investors must contend with a world where fiscal slippage concerns are increasingly impacting yield dynamics, particularly as governments spend to reinforce economic sovereignty.

For investors, the implication is not to retreat from global markets, but to recalibrate expectations. More than ever, global diversification and an informed worldview are critical to manage this shifting landscape.



Global Strategy Overview

Cash

With a reflationary environment likely to exert upwards pressure on long-term bond yields, other sources of diversification and ballast are necessary to offset equity risk. Cash, cash equivalents (including short-term bonds) and gold bullion are thus critical portfolio “shock absorbers” tasked to help smooth out volatility. Cash levels remain neutral this quarter, while balanced and growth-oriented strategies continue to hold gold bullion exposure.

Bonds

Global fixed income markets are light on attractive opportunities, as relatively flat yield curves caution against taking duration risk, while tight credit spreads weigh on corporate bond upside potential. Widening fiscal deficits will likely not help matters, from both a quality and net issuance perspective. Fixed income exposure remains modestly underweight in client portfolios.

Equities

US bank equities have been the beneficiaries of a resilient US economy, reduced regulatory uncertainty following the Silicon Valley Bank collapse and a pivot towards deregulation under the Trump administration. However, following 2 years of strong performance, valuations have deteriorated, a shaky labour market has raised questions about US consumer health and warning signs are emerging from private credit exposure. We have elected to take profits on US bank equities and invest the proceeds back into “core” broad market US equity positions this quarter.

Opportunities

Copper prices should be supported by a multitude of factors including a weakening US dollar, electrical grid enhancements, data center demand, electric vehicle proliferation and a reflationary environment underpinned by fiscal expansion in major nations worldwide. Accordingly, copper mining companies should be the beneficiaries of continued M&A activity, rising earnings and increasing flexibility in deploying free cash flow (capex, buybacks, dividends, etc.) We have initiated a position in global copper miner equities in balanced and growth-oriented strategies this quarter.

Forstrong Strategies	Inception Date	1 Month	YTD	1 Year	3 Year	5 Year	10 Years	Since Inception
Balanced								
Global Income	30/06/08	-0.57%	9.78%	9.78%	9.03%	4.74%	5.00%	7.34%
Global Balanced	30/06/03	-0.05%	14.60%	14.60%	11.32%	6.34%	6.73%	7.34%
Global Growth	30/06/03	0.32%	19.35%	19.35%	14.63%	8.96%	8.78%	8.72%
Canadian Income	30/06/08	-0.14%	10.61%	10.61%	9.09%	5.02%	5.07%	6.46%
Canadian Balanced	30/06/03	0.21%	16.43%	16.43%	11.76%	7.39%	7.18%	7.47%
Canadian Growth	30/06/03	0.70%	22.91%	22.91%	15.32%	10.26%	9.18%	8.71%
Global Equity								
Emerging Markets Equity	31/01/19	-0.45%	22.88%	22.88%	10.76%	4.49%	NA	5.50%
Global Ex-North America Equity	31/12/19	0.65%	27.80%	27.80%	15.50%	8.21%	NA	8.47%
Alternative Income								
High Income Opportunities	30/06/22	-0.06%	20.33%	20.33%	12.19%	NA	NA	13.23%

* Performance as of December 31st, 2025
Please read the important disclosures under disclaimers.

Disclaimers:

Nothing herein is or shall be deemed to constitute investment, research, tax, financial, or legal advice, nor an opinion or recommendation regarding any products, strategies, or any security in particular or the appropriateness of any investment. Nothing contained in these materials is, or should be construed or used as, an offer, a solicitation of an offer, or an invitation to buy or sell any security, investment, fund, or financial product or instrument, or an endorsement, recommendation, or sponsorship of any entity or security cited or to adopt any particular investment or portfolio strategy. This material contains general information only and does not have regard to the specific investment objectives, financial situation, risk profile, or the particular needs of any specific person who may receive these materials. These materials are not intended for distribution in any jurisdiction where such distribution would be contrary to law. It is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of your relevant jurisdiction. Unless we provide express prior written consent, no part of these materials should be reproduced, distributed, or communicated to anyone else. The information herein does not provide a sufficient basis for an investment decision and Forstrong Global Asset Management Inc. (“Forstrong”) makes no representation as to the suitability of any investment described herein. Investors should assess as to whether the information is appropriate in their individual circumstances and should consult with their own investment, tax, financial, and legal advisors before making any investment decisions. Investors should also carefully consider any risks involved. Forstrong does not hold itself out to be an advisor in these circumstances, nor do any of its representatives have the authority to do so. Unless otherwise indicated, all monetary figures are expressed in Canadian dollars. Investing involves risk, including possible loss of principal.

The information contained in these materials is for general informational purposes only and is intended to provide only brief comments on broad market, industry or sector trends, or other general economic or market conditions. It is not intended to provide an overview of the terms applicable to any products or funds managed or sponsored by Forstrong. Views expressed regarding a particular company, security, industry, investment, or market sector are the views only of that individual as of the time expressed and do not necessarily represent the views of Forstrong or any other person in the Forstrong organization. These materials contain information and views as of the date indicated and such information and views are subject to change at any time without notice, based upon market and other conditions, and Forstrong disclaims any and all responsibility to update such information and views. These views are not and may not be relied upon as investment advice and, because investment decisions for a Forstrong fund or product are based on numerous factors, are not and should not be relied upon as an indication of trading intent on behalf of any Forstrong fund or product. Any opinion or assumption may contain elements of subjective judgment and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by Forstrong of any future action or performance. Neither Forstrong nor any of its affiliates, businesses, or representatives make any representation or warranty, express or implied, as to the accuracy, reliability, completeness, appropriateness, or sufficiency for any purpose of any information contained herein. Forstrong and its affiliates and related entities disclaim any and all liability relating to the information herein, including, without limitation, any express or implied representations or warranties for, statements contained in, and omissions from, the information. Forstrong and its affiliates and related entities are not liable for any errors or omissions in any information herein or for any loss or damage suffered, whether direct or consequential, resulting from the use of these materials.

The information contained in these materials is strictly for general illustrative, educational, or informational purposes, and is not intended to provide legal, investment, accounting, or tax advice, and should not be relied upon in that regard. These materials contain information and views as of the date indicated and such information and views are subject to change at any time without notice, based upon market and other conditions, and Forstrong disclaims any and all responsibility to update such information and views. These views are not and may not be relied upon as investment advice. Any opinion or assumption may contain elements of subjective judgment and are not intended to imply, nor should be interpreted as conveying, any form of guarantee or assurance by Forstrong of any future action or performance. Neither Forstrong nor any of its affiliates, businesses, or representatives make any representation or warranty, express or implied, as to the accuracy, reliability, completeness, appropriateness, or sufficiency for any purpose of any information contained herein. Forstrong and its affiliates and related entities disclaim any and all liability relating to the information herein, including, without limitation, any express or implied representations or warranties for, statements contained in, and omissions from, the information. Forstrong and its affiliates and related entities are not liable for any errors or omissions in any information herein or for any loss or damage suffered, whether direct or consequential, resulting from the use of these materials.

Any specific companies, issuers, funds, ETFs, or indices mentioned are for illustrative or educational purposes only and are not and shall not be deemed to be a recommendation to buy or sell any securities. Any companies, issuers, funds, or ETFs mentioned do not necessarily represent current or future holdings of any Forstrong funds or products. Any strategies discussed are strictly for illustrative and educational purposes and are not a recommendation, offer, or solicitation to buy or sell any securities or to adopt any investment strategy. There is no guarantee that any strategies discussed will be effective.

Commissions, fees, and expenses may be associated with investments in Forstrong funds, ETFs, and/or other investment products. Please read a fund’s offering memorandum or ETF’s prospectus, as applicable, which contains detailed information, and speak to an advisor before investing. Funds and ETFs are not guaranteed, their values change frequently, and investors may experience a gain or loss. Past performance may not be repeated.

Certain statements in these materials may contain forward-looking statements or forward-looking information that are predictive in nature and may include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, and similar forward-looking expressions or negative versions thereof. Such forward-looking statements are based on current expectations and projections about future general economic, political, and other relevant market factors, such as interest, and assuming no changes to applicable tax or other laws or regulations. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable and, accordingly, may prove to be incorrect at a future date. Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements. A number of important factors can contribute to these differences, including, but not limited to, general economic, political, and market factors in Canada and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, and catastrophic events. You should avoid placing any undue reliance on forward-looking statements. Past performance is no indicator of future performance and the materials are not intended to forecast or predict future events. Forstrong disclaims any and all responsibility to update any forward-looking statements, whether as a result of new information, future events, or otherwise, except as specifically required by law.

The index returns are shown for illustrative or informational purposes only. Indexes are unmanaged, and index performance does not include the impact of fees, commissions, and transaction costs and expenses that would be payable by investors in investment products that seek to track an index. Such costs would lower performance. It is not possible to invest directly in an index. Past performance does not guarantee future results. Index performance does not represent actual fund performance.

These performance statistics represent the results of Forstrong’s hypothetical model performance data for the relevant time period, which are calculated from the application of proprietary investment strategies as set by Forstrong’s Investment Committee. These performance statistics do NOT reflect the performance of any actual Forstrong fund, product, or account. Model performance results have inherent risks and limitations because they are hypothetical and do not represent actual trading and do not reflect the deduction of any fees or expenses except as specifically noted below. As a result, the performance results reflected herein are estimates only and may be based on incomplete information. Actual performance of any portfolio, fund, or account following similar strategies may vary materially from the performance shown herein, including, but not limited to, due to client-specific portfolio differences with respect to size, inflow/outflow history, inception dates, market conditions, and/or other factors. Performance numbers do not reflect any trading or transaction costs, taxes, and management and advisor fees that would be associated with actual management

of and trades made for a fund or account. Such costs would lower performance, including as a result of compounding. The performance data of the underlying portfolio investments, comprised of third party ETFs, are net of the total expense ratios of such ETFs. The performance returns assume reinvestment of all dividends and/or other earnings. The trading prices for securities in the model may differ from trading prices in actual clients' portfolios. Forstrong may not have been actually able to trade at the price used for a given security in the model portfolio. Any expenses deducted are estimates only and may or may not be the same as those attained in an actual portfolio.

Performance results assume model portfolios to be fully invested in securities, while actual client accounts may hold excess cash for liquidity purposes. Therefore, the model may have better results than actual results in rising markets and poorer results in falling markets. All statistics and results presented are unaudited. Past investment results provide no indication of future performance. Future returns are dependent on the general financial investment environment, the nature of the strategy mandate, and active investment strategies and risks. Returns for periods over one year are annualized. The data used to calculate model performance was obtained from sources deemed reliable and then organized and presented by Forstrong. However, such information has not been independently verified by Forstrong (and Forstrong disclaims any obligation to verify) and Forstrong does not guarantee its accuracy or completeness and accepts no liability for any loss or damage suffered, whether direct or consequential, resulting from its use. Unless otherwise indicated, all performance data is calculated and presented in Canadian dollars.

The information contained herein is presented solely for illustrative purposes and should not be construed as a forecast or projection. While some information used herein has been obtained from various published and unpublished third-party sources considered to be reliable, such information has not been independently verified by Forstrong (and Forstrong disclaims any obligation to verify) and Forstrong does not guarantee its accuracy or completeness and accepts no liability for any loss or damage suffered, whether direct or consequential, resulting from its use. It should be noted that data provided may be approximate numbers.

Forstrong Global® and the Forstrong Global® logo are trademarks or registered trademarks of Forstrong Global Asset Management Inc. in Canada.

© 2026 Forstrong Global Asset Management Inc. All rights reserved.