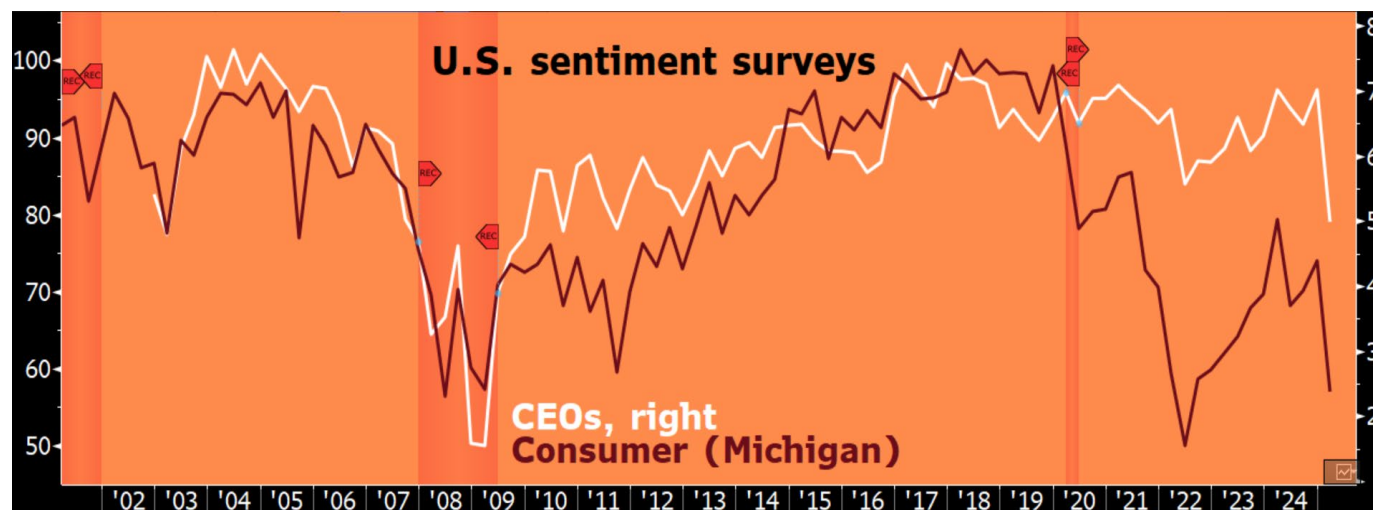


### March 2025 Commentary

This commentary was written prior to the release of the tariff news of the U.S. Yet, as the numbers equated to a 'left tail risk' event, we'll start with this addendum to our monthly note below this paragraph. Given the irrational formula for these announced tariffs of America's trade deficit with a country divided by its total imports from that country then, get this, divided by two, it's clear that President Trump merely assesses tariffs as a blunt instrument enabling him to force other countries to do whatever he wants them to do. Who knows what the future will bring, be it Trump walking them back or reciprocal tariffs by targeted countries on areas that could include the service revenue of the M7. Yet, two things are clear. First, these actions were expected to cause the U.S. dollar to go up versus the significant decline it's experienced. Second, using average P:E multiples and the expected reduction in EPS, the retention of the announced tariffs could drive a >20% SPX equity correction. The SPX bottomed at mid-teens or lower P:E multiples in each of 2018, 2020 and 2022.

Shifting back to the original commentary, it's an understatement that the uncertainty catalyzed by Trump's dictatorial shenanigans began to impact the global economy prior to last Wednesday's news. As can be seen in the roughly 25-year graph below, CEO and consumer sentiment have both taken decided turns to the negative, as tariffs are widely viewed as being harmful to the global economy, inflation and profits. Being written ahead of so-called 'liberation day's' big announcement, the initial impact and expected mega headlines will add to the uncertainty. Hence, even before the details are known, the hope of the investment community is that the higher-level numbers (and policies) can be worked out by June. At that point, hopefully companies could start to plan their actions (manufacturing and employment levels, changes to capital expenditures, supply chain adjustments). Until then, the market may continue to react to pieces of the puzzle, as volume and volatility remain high.



Thanks to Metals and Energy stocks, the decline in Canada's TSX in March was much less than that experienced by the S&P 500, let alone NASDAQ or the Russell 2000. The YTD graph below illustrates that equities outside of North America continue to trump U.S. indices (ranked 40th of 48 markets on a YTD basis). The impact of an average -15.8% Q1 decline in the components of the M7 (Tesla Inc. being the worst performer and Meta Platforms, Inc. the best) was the principal reason for this outperformance. Beyond DeepSeek, rich valuations and the shift in forward-relative profit growth, the belief that reduced confidence will hurt spending amongst consumers, businesses and the U.S. government also played a role. Excluding these stocks, the Q1 total return for the S&P 500 was a positive +0.50%. Despite their weak Q1, these cash flow machines still represent 54% of the total return generated by the S&P 500 since the close of 2022.



Source: Bloomberg

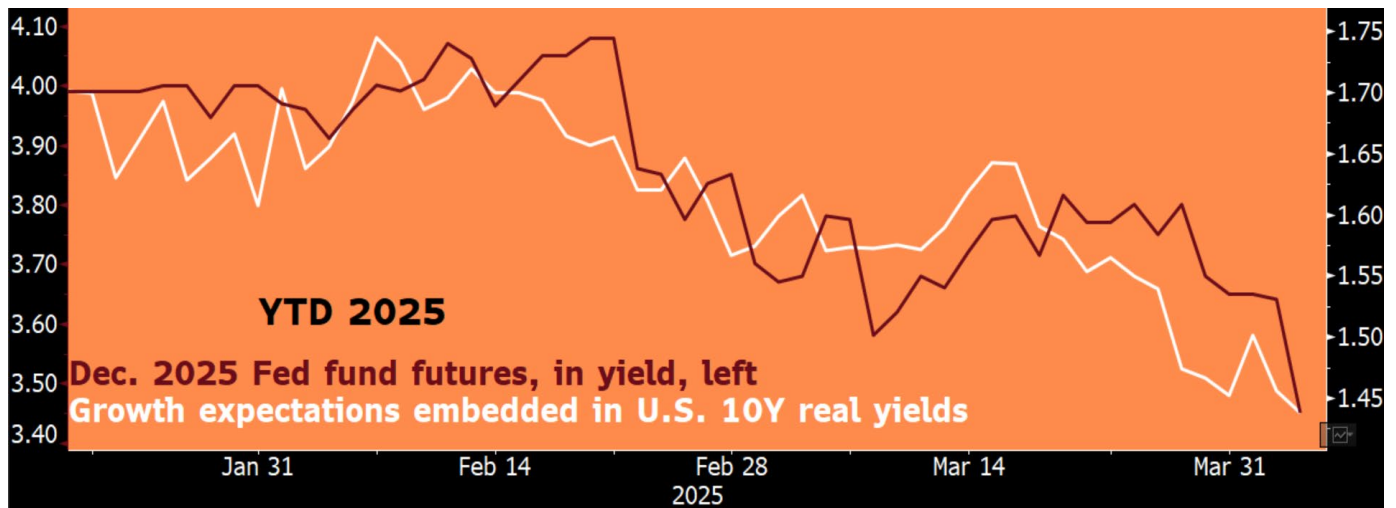
Each of our funds performed admirably during March, exhibiting far less volatility than the market and good relative performance, with one fund making money and the other fund losing. The Series F of our Conservative Alternative Fund delivered a positive net return of +0.17%, such that its YTD loss sits at -0.55% net of fees. The listed options book of the fund generated just less than a 1% positive return, while equities shaved roughly 50 basis points from this number and fixed income also posted a modest decline. Hedges, Materials, Energy and Utilities each delivered positive returns, while positions in Consumer Cyclical, Technology and Industrials mainly detracted from performance. As at the end of March, the fund held delta-adjusted gross and net exposure of 106% and 42%, respectively, with the net exposure split between multi-assets (27%) and common equities (15%).

| As of March 31, 2025                                  | YTD    | 1-mo   | 3-mo   | 6-mo  | 1-year | 2-year* | 3-year* | 5-year* | Since Inception* |
|-------------------------------------------------------|--------|--------|--------|-------|--------|---------|---------|---------|------------------|
| Forge First Long Short Alternative Fund Series A      | -1.09% | -1.00% | -1.09% | 0.68% | 6.16%  | 8.62%   | 2.16%   | 9.58%   | 6.68%            |
| Forge First Long Short Alternative Fund Series F      | -0.82% | -0.88% | -0.82% | 1.19% | 7.19%  | 9.47%   | 3.05%   | 10.54%  | 7.61%            |
| Forge First Conservative Alternative Fund Series A    | -0.83% | 0.07%  | -0.83% | 3.12% | 6.38%  | 7.82%   | 5.15%   | 9.81%   | 6.99%            |
| Forge First Conservative Alternative Fund Series AT** | -0.83% | 0.07%  | -0.83% | 3.18% | 6.45%  | 7.86%   | 5.13%   | N/A     | 2.80%            |
| Forge First Conservative Alternative Fund Series F    | -0.55% | 0.17%  | -0.55% | 3.65% | 7.45%  | 8.86%   | 6.14%   | 10.82%  | 7.98%            |
| Forge First Conservative Alternative Fund Series FT** | -0.55% | 0.17%  | -0.55% | 3.65% | 7.45%  | 8.86%   | 6.14%   | N/A     | 3.42%            |
| S&P/TSX Composite Total Return Index                  | 1.51%  | -1.51% | 1.51%  | 5.33% | 15.81% | 14.88%  | 7.77%   | 16.76%  | 10.25%           |
| S&P 500 Total Return Index (C\$)                      | -4.37% | -6.05% | -4.37% | 4.34% | 14.96% | 22.25%  | 14.32%  | 18.91%  | 14.51%           |

\*Annualized | Inception date: April 24, 2019 | \*\*Inception date: June 10, 2021

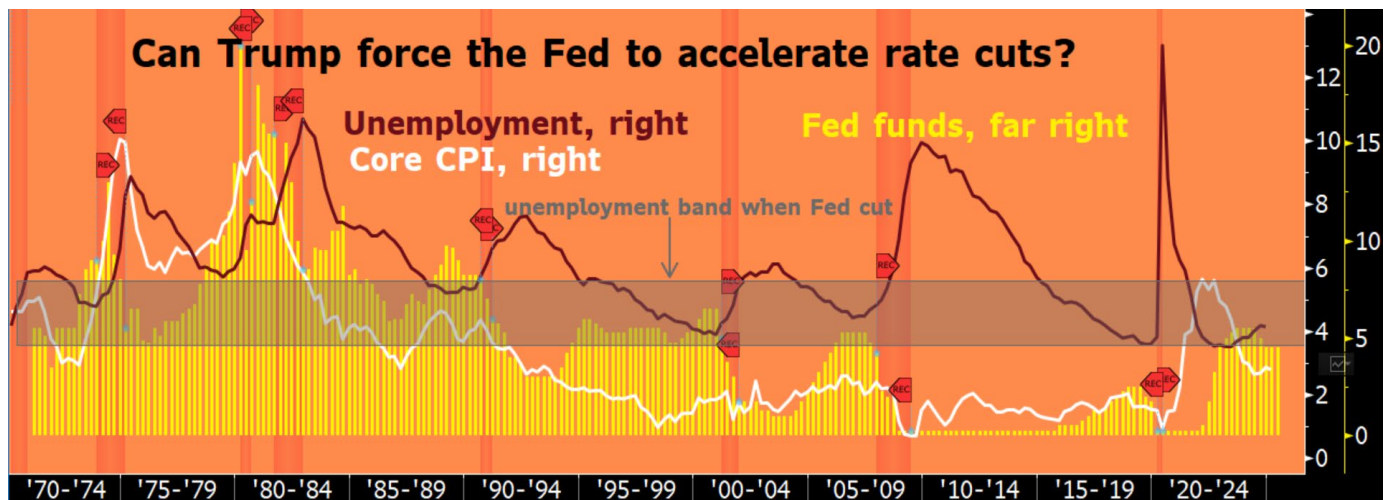
The Series F of our Long Short Alternative Fund fell -0.88% during the month of March, such that its YTD net loss sits at -0.82%. The start of the month was rough, with the fund absorbing a portion of the market's decline. This was then followed by a successful navigation of the mid-month bounce, then trimming exposure prior to the retracement boosted the fund. Weights in the M7 stocks hurt performance, while REITs and Gold helped the fund. Similar to the Conservative Alternative Fund, Hedges, Materials and Energy also contributed positively for the month. As at the end of March, the fund held delta-adjusted gross and net exposure of 138% and 41%, respectively.

Currently, each of our funds holds its lowest net equity exposure in many months, as the expected stagflationary influence from meaningful tariffs and its resulting impact on inflation and EPS has forced a reduction in risk appetite. While our team presumes the administration will eventually be forced to be sensitive to a declining economy, unlike Wall Street that believes the 'Trump Put' resides in the 5,000 – 5,300 range for the SPX, we believe it better correlates with Trump's approval ratings, which currently remain higher than they were at this point in his first term.



Source: Bloomberg

In our last commentary, we pondered whether Trump had determined that the only way to get the lower interest rates he wants from the Fed was to hurt the economy. Whether or not such a suggestion is correct, the above graph illustrates there's little question that growth expectations (white line, right axis) for the U.S. economy are falling, while the odds of rate cuts from the Fed (red line, left axis) are rising. Arguably, one way to test that view, per the below graph, is to look historically at the level of core CPI (white line, right axis) against the rate of U.S. unemployment (red line, same right axis) versus the Fed Funds rate (yellow vertical bars, far right axis). The horizontal rectangle that runs across the graph (shaded grey) denotes the range of unemployment rates when the Fed began to cut interest rates. Last, please remember the shaded vertical bars mark recessions. True, the Fed has already begun its rate-cutting cycle but given the up-until-recent above average strength in the U.S. economy, arguably, the Fed has been correct in taking a significant pause in further rate cuts.



Source: Bloomberg

It's true the Fed has cut interest rates on several occasions with the unemployment at or below current levels. With respect to core CPI, only in the late 1980s and mid-1970s has the Fed cut rates with inflation as high or higher than it is today. Consequently, fundamentally the Fed's rationale for its prolonged hold has been logical, yet, if Trump's actions serve to tank the economy, history shows the Fed has cut rates with inflation at higher rates than today. Coincidentally, at those times, unemployment was just below (mid-1970s) and just above 5%, a logical level for unemployment to climb to if in fact the economy gets worse (notwithstanding the decline we are seeing in net immigration). Speaking of the Fed, it gifted U.S. Treasury Secretary Bessent with its decision to cut the Treasury portion of QT to essentially nothing, at \$5B per month, down

from \$25B. Powell told us not to take any signal from it, that it was due to issues with money markets, yet we note there are no issues in money markets outside of expected quarterly transitions and it's clear that we should take a signal from it.

Amidst all this noise, please remain assured that the team at Forge First will stick to its discipline of holding market hedges, a good-sized short book and a quality GARP/value-bias among our long positions. In closing, we have chosen to include the below shocking but true excerpt from a recent report written by Richard Koo, Chief Economist of the Nomura Research Institute.

"President Trump's decision to halt U.S. aid to Ukraine and implement protectionist trade policies scarily evokes the scenario that led to WWII. First, Koo suggests Hitler was only able to emerge due to the ultimate outcome of the unilaterally U.S.-imposed Smoot-Hawley tariffs in 1930, which caused global trade to plummet by 66%. Unlike other countries that pursued balanced budgets in response to the Great Depression, Hitler did the reverse. Elected in 1933 when German unemployment was 28%, his largely fiscal stimulus-based economic recovery plan (including sizeable spending on the military) reduced unemployment to 2% over the following five years whereas unemployment remained high, 19% in the U.S., for example, and tax revenues were weak. In addition, Koo opines that a land deal signed by Hitler and then U.K. PM Chamberlain at the Munich Conference in 1938 is potentially analogous to what Trump may be orchestrating with Russian President Putin. Prior to signing this deal, which enabled Germany to incorporate land that had been ceded to Czechoslovakia, Hitler promised this to be his last territorial demand. When taken together, in the opinion of Koo, these two items enabled Hitler to have the land and cash flow he needed whereas the west was vulnerable. According to Koo, Trump was completely oblivious to the lessons of the Smoot-Hawley tariffs".

Please let us know if you have any questions and thank you for your business!

Andrew McCreath  
CEO

Keenan Murray  
CIO, Portfolio Manager

Richard Roth  
Associate Portfolio Manager

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