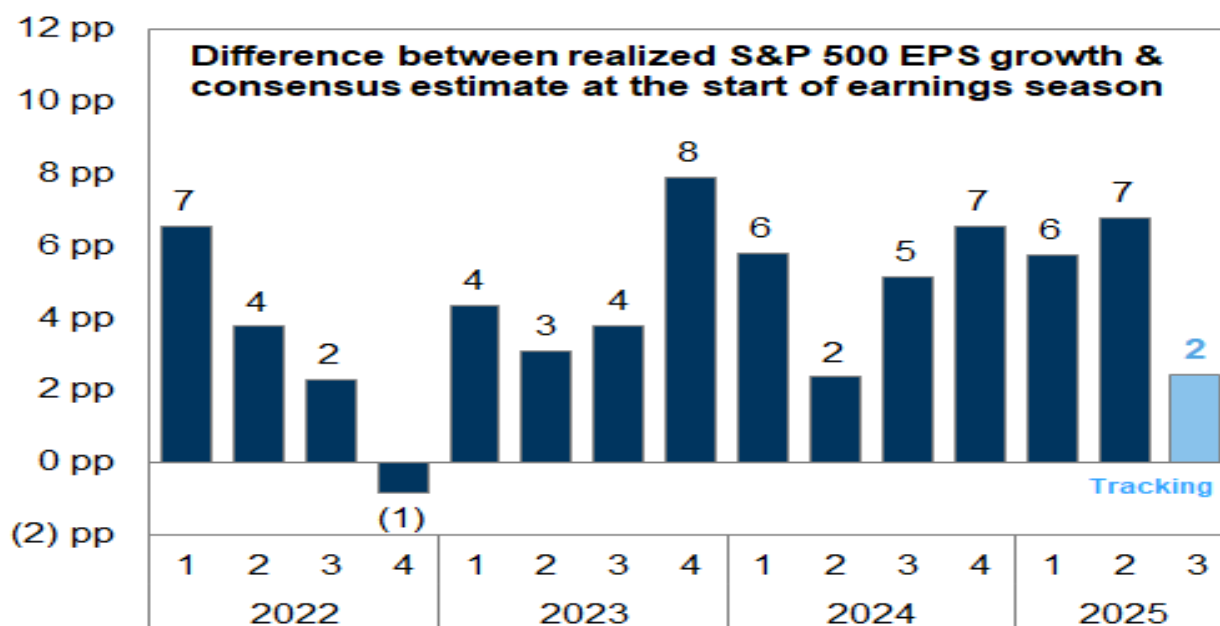


October 2025 Commentary

After a mid-month downdraft in markets, results from the Q3 reporting slate drove stocks higher for the month overall. S&P 500 Q3 EPS growth is tracking at 8% year-over-year (“YoY”) versus consensus expectations of 6% at the start of earnings season. While positive, the outperformance of S&P 500 EPS growth relative to expectations is at the lowest level over the past four quarters. This fact strikes us as notable, given that consensus expects S&P 500 EPS YoY growth to almost double by Q3 2026 to ~15%. Since the start of the earnings season, the consensus estimate for 2026 EPS has been revised higher by 2% and now sits at ~\$308, resulting in a 2026 P/E of 21.9x.



Source: Goldman Sachs

Notwithstanding the positive performance of last month and solid quarterly earnings, the graph below, courtesy of Goldman Sachs, confirms that market internals, including market breadth, are worsening in the early days of November. While last week was a rough one for the M7 names, these heavily-weighted names have continued to dominate market performance, masking the weaker market breadth.



Source: Goldman Sachs

Shifting to our funds, the gains posted during early October were frustratingly retraced in the back half of the month. The Series F of the Conservative Alternative Fund was flat +0.01% in October, while the Series F of the Long Short Alternative Fund declined -0.14%. The difference between the two is largely reflected by positive performance from credit strategies in the Conservative Alternative Fund. Idiosyncratic exposure in the industrials and technology sectors neutralized positive performance in the energy and consumer sectors. Continued negative performance from a small number of the quality compounders that we have owned for a while did not help the cause. Equity options were a positive contributor in October, with many of the strategies we detailed in our September commentary helping performance. Performance in 2025 has fallen short of our expectations. Although recent results have been challenging, we see attractive prospective IRRs in our core holdings at current valuations. Our pipeline of attractively priced securities is expanding, and we see opportunities to add exposure.

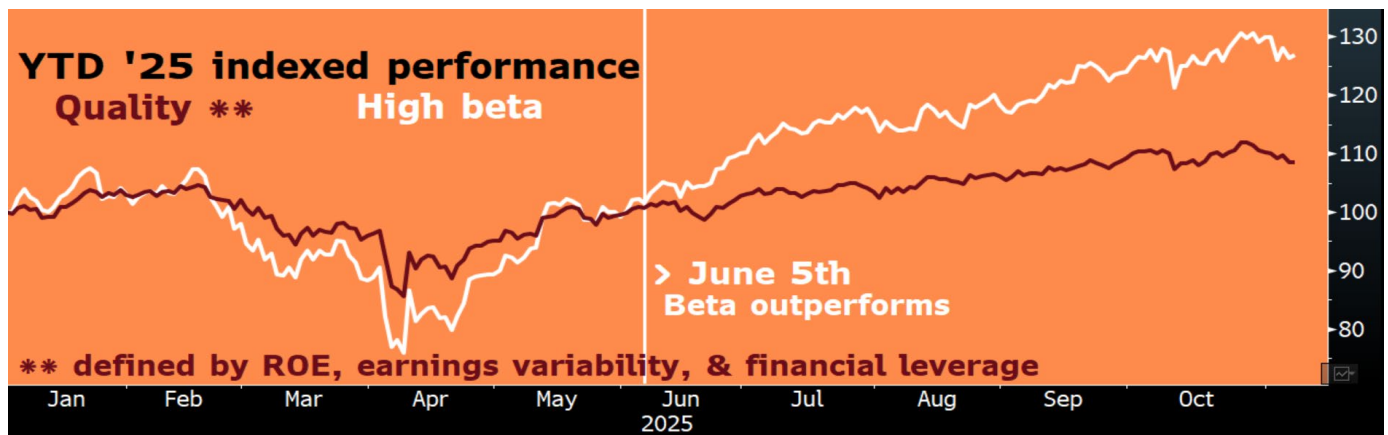
As of October 31, 2025	YTD	1-mo	3-mo	6-mo	1-year	2-year*	3-year*	5-year*	Since Inception*
Forge First Long Short Alternative Fund Series A	0.07%	-0.21%	-2.05%	4.95%	1.92%	8.31%	5.19%	6.64%	6.25%
Forge First Long Short Alternative Fund Series F	0.79%	-0.14%	-1.83%	5.32%	2.81%	9.05%	6.05%	7.56%	7.17%
Forge First Conservative Alternative Fund Series A	1.00%	-0.07%	-1.22%	4.00%	4.27%	8.01%	6.48%	7.18%	6.65%
Forge First Conservative Alternative Fund Series AT**	1.01%	-0.07%	-1.22%	4.01%	4.35%	8.05%	6.54%	N/A	4.26%
Forge First Conservative Alternative Fund Series F	1.79%	0.01%	-0.98%	4.42%	5.25%	9.03%	7.46%	8.17%	7.62%
Forge First Conservative Alternative Fund Series FT**	1.78%	0.01%	-0.98%	4.41%	5.24%	9.03%	7.50%	N/A	5.23%
S&P/TSX Composite Total Return Index	25.13%	0.97%	11.70%	23.39%	28.75%	30.39%	19.52%	17.64%	12.83%
S&P 500 Total Return Index (C\$)	14.50%	3.06%	9.57%	25.48%	22.30%	30.12%	23.81%	18.82%	16.28%

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

Net equity exposure was 19% in the Conservative Alternative Fund and 34% in the Long Short Alternative Fund. Net credit exposure was 34% in the Conservative Alternative Fund and 0% in the Long Short Alternative Fund. Net equity exposure is ~7% and 8% lower in each fund, respectively, since September month-end. The reduction in net equity exposure has been driven by higher short exposure on our equity index hedges, reduced exposure to the industrials and materials sectors and an increase in single security short positions.

Itron Inc. (ITRI.US), a leading provider of grid-edge intelligence solutions to global utilities, is a high-conviction position in the funds that declined ~19% in the month of October, after Q3 order bookings and forward bookings guidance disappointed investors. We mitigated the impact on the funds by using options to hedge the post-earnings decline, though the combined stock and options impact contributed to erasing gains in the month. While it may take some time for Itron's bookings to positively inflect, this is now more than priced-in, given that Itron is trading at its lowest P/E ratio in the last five years and at 14X depressed 2026 FCF versus 20X plus during the past five years.

Itron assists utilities in improving power distribution efficiency and better overall management of their assets, a long-tailed growing thematic. We have seen this pattern many times in US-listed mid-cap equities, where the pain from earnings underperformance is extremely acute in a short time period, often overshooting fundamental revisions. For example, Itron's -19% monthly decline in October far outpaces the ~5% decline in 2026 EPS estimates. This is reminiscent of a former holding, MYR Group Inc. (MYRG.US), which declined ~22% after a sizeable earnings miss in Q2 2024. The stock went on to more than double in the next 12 months and was a positive contributor to the funds' results in 2024. Our biggest mistake during the MYRG decline was not purchasing more stock amidst the heightened volatility. We will increase exposure to Itron as the shares stabilize and time passes.



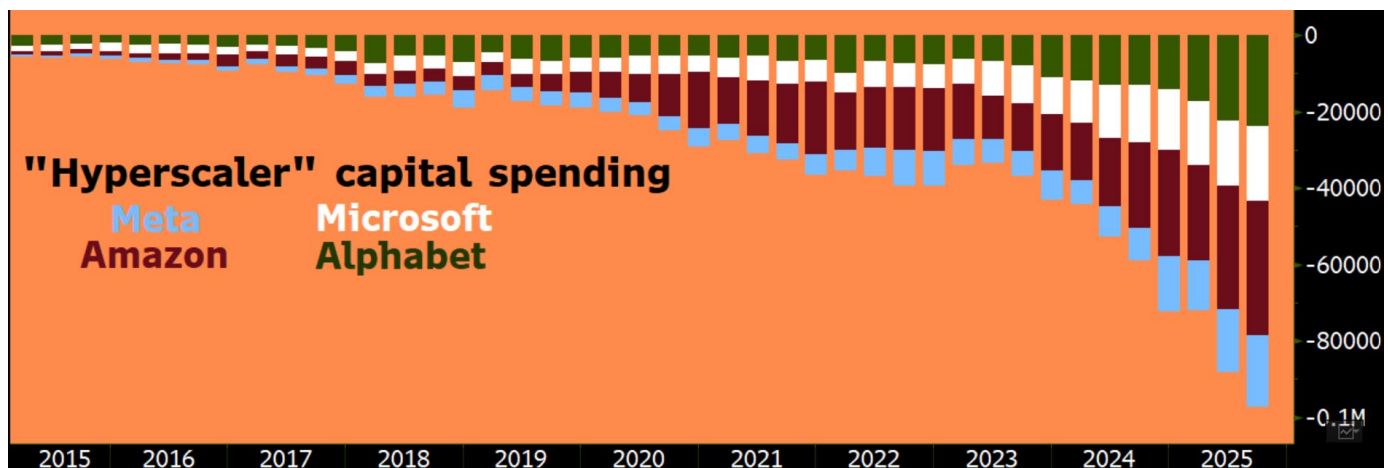
Source: Bloomberg

We have written about the underperformance of quality compounders in previous commentaries and that negative price action has accelerated in recent weeks alongside deteriorating breadth in the overall market. This impacted the performance of the funds during October. We have reduced long exposure to underperforming positions and increased short exposure to stocks with similar quality factors or compounder characteristics, yet in our view are too richly priced. Only two of the top 15 equity positions in the funds are trading below their 200-day moving averages. Our homework suggests quality stocks are being used as a source of funds to chase outperforming factors in the market such as high beta, high short interest and momentum. This trade is bound to revert, as quality has historically outperformed, likely when we witness a deflating of the AI thematic or increased concerns about employment.

The U.S. consumer continues to be highly bifurcated, with the top 10% of household income driving growth, while the bottom 90% increasingly struggles. This is a consistent theme in earnings results. American Express Co. (AXP.US), which has relatively high exposure to high-income consumer cohorts, saw accelerated growth in billed business to 9% in Q3. Contrasted with results from Synchrony Financial (SYF.US), which has relatively more exposure to the lower-FICO consumer, saw purchase volume growth of just 2% in Q3 and reduced full-year guidance as repayments are higher and spend is lower. We think it is likely the low-income consumer and increasingly the Gen-Z consumer will remain under pressure, and the funds have short exposure to these themes.

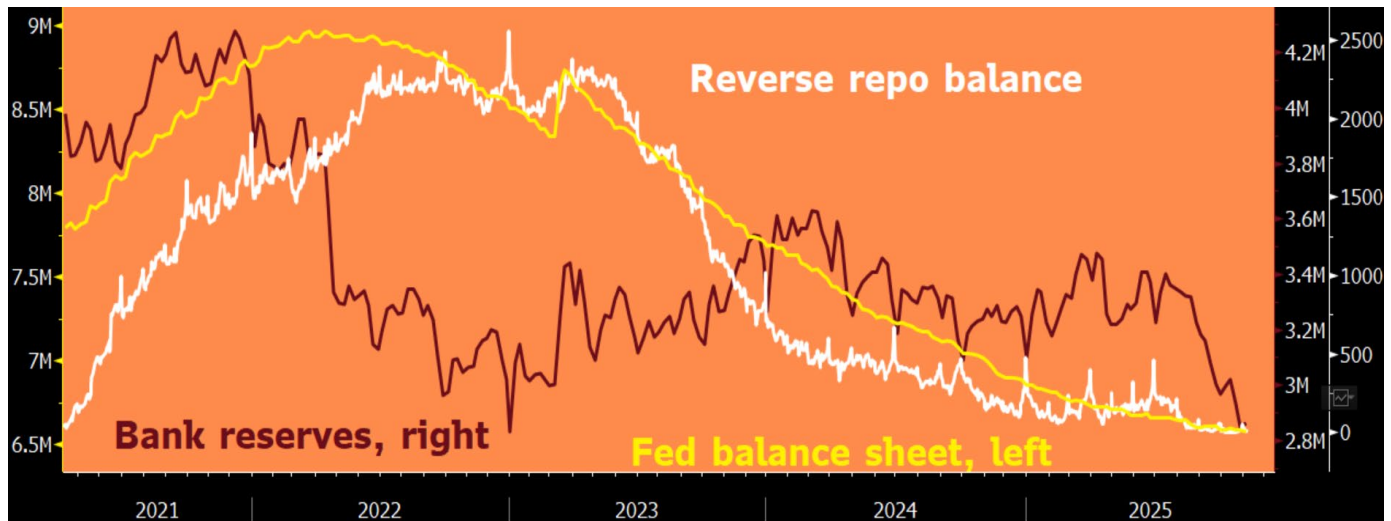
Similarly, while there are exceptions, the stock market is also increasingly bifurcated, with the key point of differentiation being AI beneficiary versus AI loser and non-AI exposed companies. AI beneficiaries or AI infrastructure stocks continue to drive most of the S&P 500 EPS growth. In fact, a Goldman Sachs custom index composed of long positions in AI beneficiaries versus short positions in AI at-risk stocks has gained approximately 75% year-to-date and is by far the best performing long/short custom index or factor we track. Goldman Sachs Research suggests approximately 50% of the composition of the S&P 500 can be directly linked to AI infrastructure spending.

This concentration has the potential to amplify realized volatility in periods of market stress. While the funds continue to maintain positive long exposure to the broader AI thematic, we use equity index put options to hedge the potential for an AI-catalyzed shock or drawdown. Consensus estimates for hyperscaler capex spending in 2026 have risen from \$314 billion at the start of the year to \$458 billion at the start of the Q3 earnings season, to \$518 billion today. This rate of change, which is evident in the graph below, has been the primary driver of positive earnings revisions for equities with exposure to the thematic.



Source: Bloomberg

AI-capex spending in 2026 is estimated to represent ~72% of operating cash flows generated by the hyperscalers. The self-sufficient nature of this spending is one key reason we remain long. However, the magnitude of positive revisions to 2026 capex estimates is not likely to repeat in 2027 as spending would require incremental borrowing and likely be met with heightened scrutiny. On the long list of what could end the strength of the thematic, we will continue to watch revisions to capex and cloud revenue growth. This rate of change deceleration is important to be mindful of but likely 9-12+ months away from being impactful. Preferred names in the fund include Taiwan Semiconductor Manufacturing Co. Ltd. (TSM.US), Alphabet Inc. (GOOG.US) and Amazon.com Inc. (AMZN.US), as we believe shares in these companies are trading at reasonable valuations.



Source: Bloomberg

The most relevant macro news to markets during recent weeks was the news from The Federal Reserve of their intention to end its quantitative tightening program at the FOMC meeting in October, alongside reducing the effective fed funds rate. The Fed will continue to runoff MBS securities while using the proceeds to purchase U.S. Treasury securities to keep the balance sheet neutral (please see above graph). Alongside Federal deficits, this process will likely continue to tighten repo funding markets. We think it is likely that the Fed injects reserves into the banking system via temporary open market operations in 2026. We will discuss that topic in more detail in our year-end commentary. With the cessation of QT to accompany ongoing gargantuan fiscal stimulus and the likelihood of lower overnight rates, notwithstanding many warning signs, we maintain our “buy the dip” mentality. However, having said that, we will remain disciplined in our use of market hedges and short positions.

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

Andrew McCreath
CEO

Keenan Murray
CIO, Portfolio Manager

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