TRADE UPDATE

Tactical Portfolio Adjustment

November 20th, 2026

Model Portfolio

On November 19th, 2026, we made the following changes in our Model Portfolios:

- **Sell** PICTON Market Neutral Equity Alternative ETF
- **Buy** PICTON Long / Short Equity Alternative ETF

On November 20th, 2026, we made the following changes in our Model Portfolios:

- **Trimmed** The Select Global Income Fund
- **Trimmed** CIBC Core Fixed Income Pool ETF
- **Buy** Fidelity Long/Short Alternative ETF

- **Sold** RBC QUBE Market Neutral World Equity Fund
- **Increased** Fidelity Global Innovators Class

This week has been particularly eventful for financial markets, as investors closely monitored the highly anticipated Anthropic IPO alongside growing concerns about equity market valuations and the broader economic outlook.

Selling pressure intensified throughout today's trading session, with the **S&P 500 declining 3.70% today and now sitting 11.91% below its recent peak.** This represents a meaningful pullback from recent highs and reflects the growing caution among investors.

Source: Morningstar Direct

The Canadian equity market has also come under considerable pressure, particularly from weakness in the banking sector. Over the past five trading sessions, Canadian bank stocks have experienced a sharp pullback, weighing heavily on the broader market. As a result, the **S&P/TSX Composite Index declined 2.47% today and is now 10.46% below its recent peak.**

The simultaneous weakness across Canadian and U.S. equity markets reflects a broader deterioration in investor sentiment and highlights the elevated volatility currently affecting global financial markets.

Source: Morningstar Direct

Against this backdrop, we have been actively monitoring market conditions and taking advantage of the increased volatility to make tactical adjustments to our model portfolio.

We sold our position in the **PICTON Market Neutral Equity ETF** and reallocated the proceeds to the **PICTON Long / Short Equity Strategy**.

The Market Neutral strategy has very limited sensitivity to the overall direction of the stock market, with a market beta close to zero. In practical terms, this means the strategy is designed to generate returns primarily through its stock-selection process rather than relying on the broader equity market rising. This defensive characteristic was particularly evident during the recent sell-off. Over the past five trading sessions, the strategy generated a positive return of **0.25%**, while the S&P/TSX Composite Index declined **7.84%**.

Source: Yahoo Finance

While this defensive positioning provided valuable downside protection during the recent market turbulence, we believe it is an appropriate time to gradually increase our exposure to potential equity market recoveries.

PICTON's Long / Short Equity Strategy maintains greater net exposure to the equity market and is therefore more sensitive to movements in stock prices. By making this transition, we are shifting a portion of the portfolio away from an almost entirely market-neutral position toward a strategy that offers greater participation when equity markets recover, while still retaining the flexibility of a long/short investment approach.

We have also reduced selected fixed income positions and reallocated the proceeds toward the **Fidelity Long / Short Alternative ETF**.

Fixed income has played an important role in our portfolio over the past several months, providing stability and helping cushion the impact of declining equity markets. This defensive allocation has served its intended purpose during the recent market volatility.

However, portfolio positioning needs to evolve as market conditions change. Following the recent equity market correction, we believe it is appropriate to gradually redeploy some of our defensive capital toward strategies with greater potential to participate in an eventual market recovery.

The Fidelity Long / Short Alternative ETF provides an additional source of equity-related exposure through its long and short investment positions. This allows us to increase our participation in equity market opportunities without simply moving the entire allocation back into traditional long-only equities.

At the beginning of the year, we proactively reduced our U.S. equity exposure and redirected a portion of the allocation to **RBC QUBE Market Neutral World Equity Fund** as a defensive measure. The objective was to reduce the portfolio's sensitivity to broad equity market movements and provide additional downside protection amid our concerns about elevated valuations, market concentration and the potential for increased volatility.

With the S&P 500 now having declined **11.91% from its recent peak**, we believe the market correction has created a more attractive opportunity to gradually increase our U.S. equity exposure. Rather than maintaining the defensive positioning for too long and potentially missing the opportunity to participate in a market recovery, we believe it is appropriate to begin unwinding part of our market-neutral exposure and redeploy capital into equities at more favourable valuations.

Source: Morningstar Direct

We sold our position in **RBC QUBE Market Neutral World Equity Fund** and increased our allocation to **Fidelity Global Innovators Class**.

This adjustment allows us to shift from a more defensive positioning toward greater growth participation, taking advantage of the improved entry point following the market pullback. While market volatility may persist in the near term, we believe this repositioning offers a more favourable balance between risk and return over our investment horizon, while maintaining our conviction in the long-term growth potential of innovative global companies.

These adjustments reflect our intention to remain disciplined and opportunistic rather than attempting to predict the exact bottom of the market. During the earlier stages of market weakness, our emphasis was on capital preservation, downside protection and reducing overall portfolio volatility. As equity markets have experienced a more meaningful correction, we are gradually shifting some of that defensive positioning toward investments with greater upside participation.

We are not abandoning our defensive positioning or making an aggressive bet on an immediate market rebound. Instead, we are taking a measured approach to redeploying capital, allowing the portfolio to maintain diversification and risk management while improving its ability to participate in a potential recovery.

Our objective remains the same: **preserve capital during periods of market weakness while maintaining sufficient flexibility to take advantage of opportunities when they arise.**

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