

December 2025 Commentary

The Class F Lead Series of the Multi Strategy LP returned 0.32% in December, while the Class F Lead Series of the Long Short LP returned 0.20%, both net of fees. The difference between the two is largely reflected by higher relative exposure levels in the Long Short LP, offset by positive performance from credit strategies in the Multi Strategy LP. Beta-adjusted net equity exposure was 53% in the Multi Strategy LP and 44% in the Long Short LP. Net credit exposure was 48% in the Multi Strategy LP and remained at 0% for our Long Short LP. Beta-adjusted net equity exposure was approximately 11% and 8% lower in each respective fund since November month-end. Exposure increases in the Consumer, Energy and Industrials sectors drove increases in equity exposure month-over-month, while higher deltas on equity index hedges drove reductions to exposure. We will discuss our favourable outlook for these sectors later in the commentary. Net equity exposure was highest in the Technology, Industrials and Consumer sectors at year-end.

As of December 31, 2025	-----Annualized-----								
	YTD	1-mo	3-mo	6-mo	1-year	3-year	5-year	10-year	Inception
Forge First Long Short LP (Class F Lead Series)*	2.44%	0.20%	1.24%	0.66%	2.44%	8.42%	6.99%	8.02%	12.41%
Forge First Multi Strategy LP (Class F Lead Series)**	4.32%	0.32%	1.80%	1.34%	4.32%	10.21%	8.39%	7.72%	10.63%
S&P/TSX Composite Total Return Index	31.68%	1.32%	6.25%	19.53%	31.68%	21.42%	16.09%	12.66%	11.03%
S&P 500 Total Return Index (C\$)	12.40%	-1.76%	1.17%	11.77%	12.40%	23.58%	16.08%	14.73%	17.49%

Note: Returns for the Forge First funds are based on the August 2012 Class F Lead Series and are net of all fees and expenses. In a year, up to 12 series can be created within a Class of units. Unitholders are advised to refer to their monthly statement for the net return of their respective Class and Series. All returns are in local currencies. *Inception date: August 31, 2012. **Inception date: August 1, 2012.

Performance across the funds was positive in December, with relatively balanced attribution from the Communications, Consumer, Energy, Financials and Materials sectors. The Technology sector was the largest drag on attribution during the month. 2025 was a challenging year for our low volatility, risk-adjusted return focused strategies. We spent considerable time in December reviewing learnings from the past year. Protecting the funds from further downside in April, short-selling losses and negative attribution from the Technology sector were the primary pain points. Performance improved in the last months of the year against a modestly tougher equity backdrop and the Forge First team is highly motivated to deliver on its objectives in 2026. We discuss updates on key attribution drivers in the month of December below.

Skeena Resources Ltd. ("Skeena") led equity attribution in the month, following a positive referendum vote by the Tahltan Nation in support of an Impact Benefit Agreement, which is an important milestone in the permitting process for Skeena's 100%-owned Eskay Creek Gold-Silver Project. We expect Skeena to receive final permits in the first half of 2026 and to achieve first production in 2027. We estimate that Skeena can generate >C\$1.5B of annual free cash flow at run-rate production, assuming US\$4,300 per oz gold prices and US\$50 per oz silver prices on a current market capitalization of approximately C\$4B. We see future upside to net asset value from a potential life-of-mine extension and upside to valuation from Skeena's silver production and silver resource size. With a strong management team capable of constructing the mine and achieving commercial production, we view Skeena as attractive exposure to gold and silver prices. In the near-term, the funds have reduced net equity exposure to the precious metals sector, as realized performance in the sector appears extended to us and the month of January has historically witnessed momentum factor reversals and consequences from tax-deferred trading.

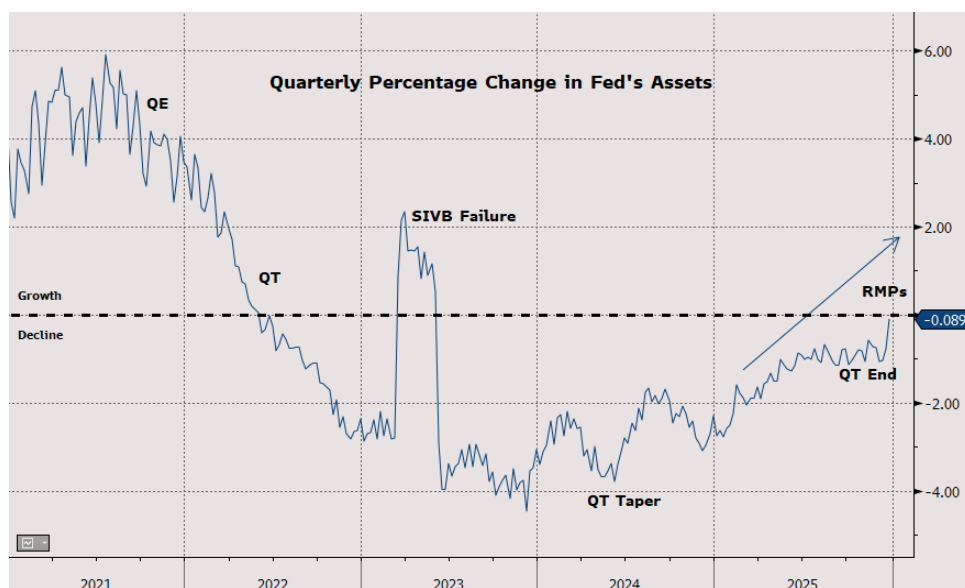
Long-held conviction positions in Premium Brands Holdings Corp. ("Premium Brands") and Gildan Activewear Inc. ("Gildan") contributed positively to performance in December. During the month, Premium Brands announced the US\$663M acquisition of Stampede Culinary Partners Inc. and an associated equity financing. We view the acquisition as accretive to organic growth, low-double-digit accretive to earnings per share with synergies, accretive to free cash flow conversion, while the equity financing is positive for leverage metrics. Pro forma the acquisition, we expect Premium Brands to almost double earnings per share over the next two years, putting the shares at a low-double-digit multiple of earnings and low-teens multiple of free cash flow. When thinking about the outlook 12 months from now, we continue to see Premium Brands improving free cash flow conversion, return on equity and leverage metrics, which should improve the valuation of the stock. Gildan closed the acquisition of Hanesbrands Inc. ("Hanesbrands") in early December. Gildan guided to 20% compound annual earnings per share growth through 2028 following the acquisition and we see additional upside from synergies after accounting for potential near-term restructuring charges. We believe

that Gildan will be successful at consolidating and optimizing the combined entity's manufacturing assets and leveraging its low cost of production to improve the strategic positioning and value proposition of Hanesbrands' products. We believe Gildan represents attractive exposure to positive earnings revisions, value factor, growth and economic beta to higher U.S. consumer income tax refunds in 2026.

Following the theme of transformative acquisitions in December, WSP Global Inc. ("WSP") announced the acquisition of TRC Companies ("TRC") for US\$3.3B and an associated equity financing. We participated in the financing and WSP contributed positively to results in December. Pro forma the acquisition, WSP's revenue mix from the high-growth power and energy sector will rise to 19% from 13%. We see the acquisition as strategic, accretive to organic growth and low-double-digit accretive to earnings per share with full synergy realization after accounting for two years of realized growth. The price of the equity financing looked asymmetric to us. We purchased shares at approximately 17.5x our estimate of 2027 earnings, which is 20% below WSP's five-year trough P/E ratio, for 15%+ earnings per share compound annual growth through 2027 and 100%+ earnings to free cash flow conversion.

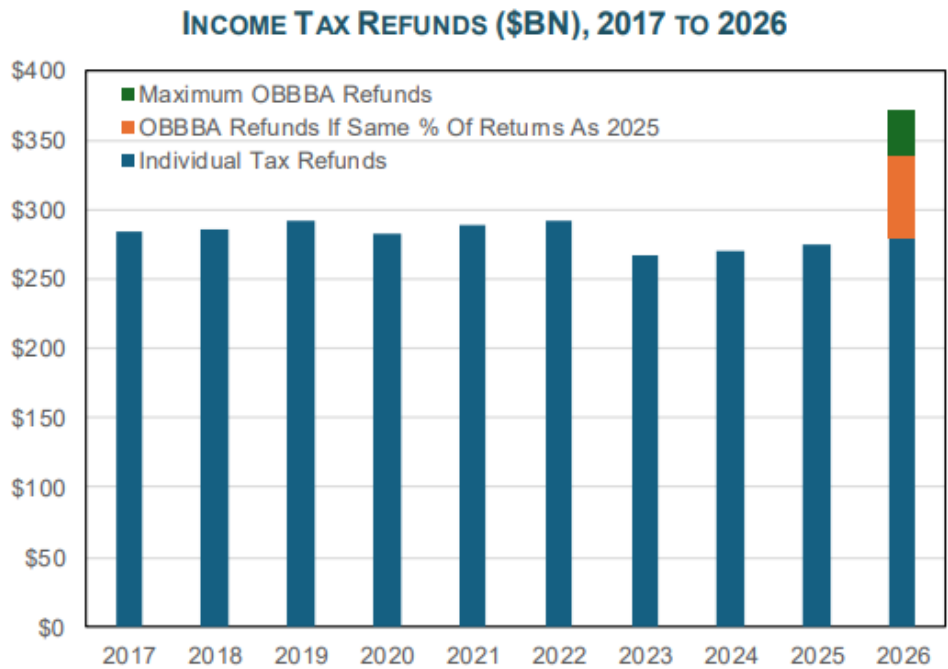
Long equity option exposure to Broadcom Inc. ("Broadcom") detracted from performance in December after shares declined on above consensus fourth quarter results and first quarter guidance. As discussed in [our November commentary](#), Broadcom had been an outperformer in the semis complex in prior months due to its favourable positioning as a co-developer of Alphabet Inc.'s ("Google") TPU custom silicon and a positive contributor to performance in the funds. Elevated positioning and concerns about new development partners on Google's next generation TPUv8 drove a decline in the share price despite strong quarterly results. We continue to expect positive revisions to Broadcom's 2026 and 2027 earnings and have used December weakness to rotate exposure from equity options to stock.

The Forge First investment team recently held our annual outlook meeting to align positioning with high-conviction views entering 2026. We see coordinated monetary and fiscal policy easing in the first half of this year as supportive for financial conditions and corporate earnings growth. The funds have increased net equity exposure in recent months and will further increase exposure on market weakness. We thought that the most important macro development during the fourth quarter occurred at the December FOMC meeting where the Fed announced temporary reserve management purchases ("RMPs") to ensure policy rate effectiveness and smooth functioning of funding markets. We discussed the likelihood of temporary open market operations in the October and November commentaries, as declines in U.S. reserve balances with Federal Reserve banks started to cause minor pressures in overnight funding markets. We expect the Fed to purchase between US\$200B and \$250B of U.S. Treasury Bills by the end of the second quarter, marking a notable and positive rate of change from Fed balance sheet declines of approximately US\$300B in 2025 and US\$830B in 2024. While the Fed stresses that RMPs are not the same as quantitative easing ("QE") asset purchases, the resulting net liquidity creation is very similar to QE although RMPs are focused on the front-end of the U.S Treasury curve. We see the resulting liquidity creation as supportive for financial conditions as U.S. bank reserves increase and the Fed effectively monetizes U.S. Treasury issuance by reducing the funding burden on private markets. In the post-2008 QE-era, the S&P 500 Index has never had a negative year when the Fed's balance sheet has grown. The chart below shows the quarterly percentage change in assets held on the Fed's balance sheet. We expect RMPs to drive quarterly growth, approaching 2% in the first quarter, which is just below the quarterly growth rate experienced in the QE-era post-COVID. We also see the Federal Funds rate as asynchronously favouring more easing versus current expectations for approximately two cuts in 2026.



Source: Bloomberg Finance L.P. As of December 24, 2025.

Alongside Fed asset purchases, the One Big Beautiful Bill Act (“OBBBA”) is expected to provide “two years of tax cuts in one”. The U.S. Treasury is expected to refund an estimated US\$91B of retroactive tax cuts in the months of January to April, while lower withholding tax rates across 2026 will provide an estimated US\$100B of tax cuts. U.S. policy strategists at Piper Sandler expect income tax refunds to grow 20-30% year-over-year, providing as much as a US\$1,000 refund per tax return in the first half of 2026. The chart below contextualizes the magnitude of the tax cuts.

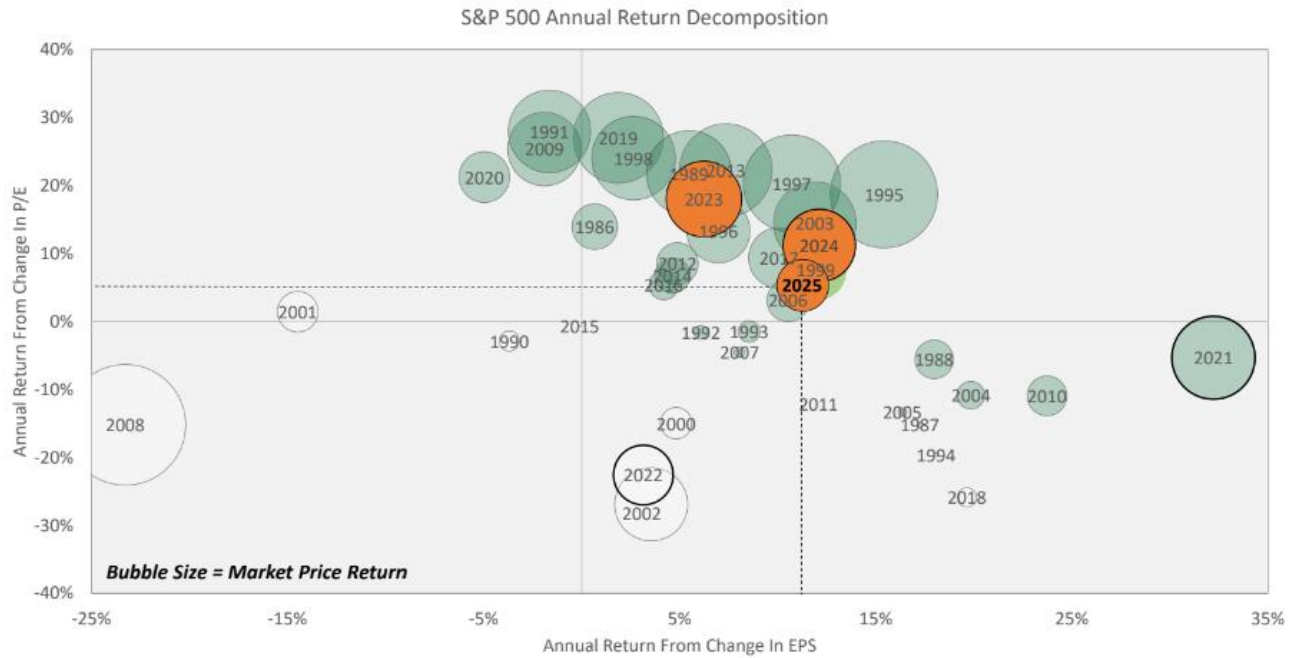


Source: Piper Sandler, as of December 12, 2025.

We expect coordinated policy easing to support continued growth in next-twelve-month (“NTM”) S&P 500 EPS, with breadth likely to improve beyond a narrow handful of leaders as revisions disperse more evenly across sectors. Against expectations of continued positive earnings growth and policy easing, the S&P 500 Index is historically expensive, with the NTM P/E ratio in the high 90th percentile on a 20-year lookback. Elevated valuations are a function of easy financial conditions including stable-to-falling interest rates, tight corporate credit spreads and declining oil prices. It is well known that valuation alone offers limited predictive value in near-term returns; however, we can observe that (i) valuations are asynchronous to the downside using historical context and (ii) the best annual returns for the S&P 500 Index have been driven by valuation expansion versus earnings growth.

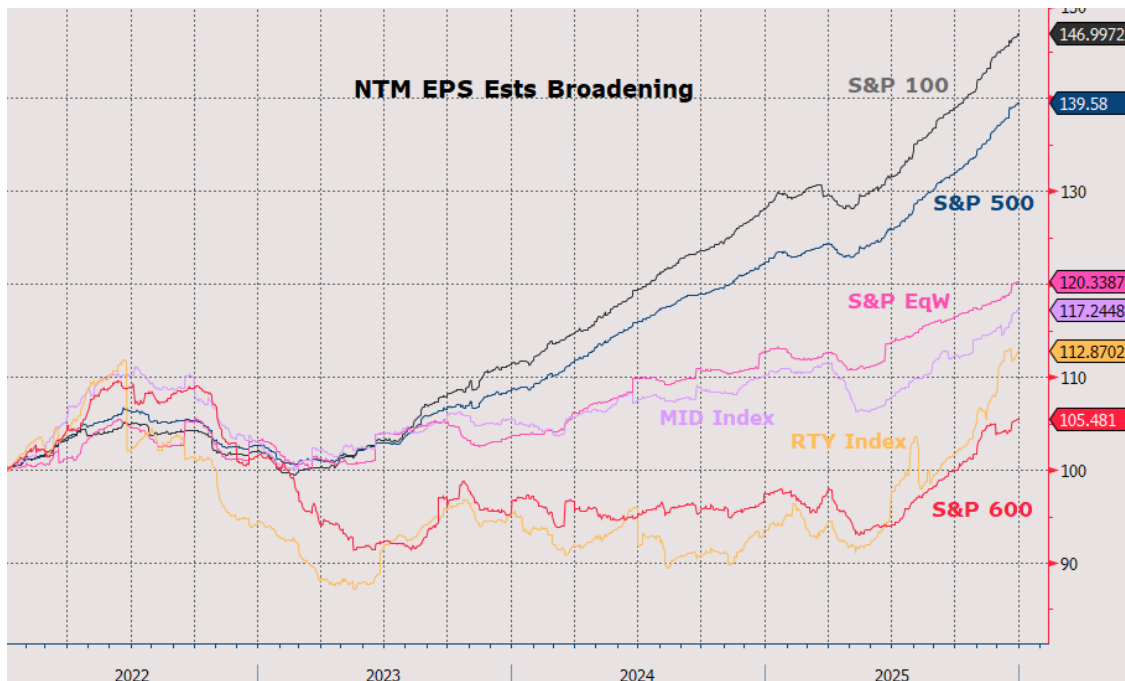
The latter point is illustrated in the following chart from the investment strategy team at Piper Sandler. The Y-axis measures the annual percentage return of the S&P 500 from changes in the P/E ratio and the X-axis measures the annual percentage return attributable to NTM EPS growth. The green bubbles represent positive returns, the empty bubbles are negative returns and the size of the overall bubble represents the magnitude of returns. As you can see, the largest green bubbles, or annual S&P 500 returns, occur in years with positive NTM EPS growth, but much larger growth in the S&P 500’s P/E ratio. We see earnings-driven upside in 2026 with market valuations governing returns and posing asynchronous downside risks to any left-tail deviations from consensus expectations.

Earnings Have Explained 11.3% Of The Market's 16.6% Gain YTD



Source: Piper Sandler, as of December 5, 2025.

Speaking to earnings strength, growth in NTM EPS estimates has broadened across several indices over the last six months. The chart below normalizes NTM EPS estimates across several indices by a factor of 100. Each line on the chart represents the growth in NTM EPS estimates since the beginning of 2022. Over the past six months, growth has become more dispersed across indices. Similarly, 2026 and 2027 S&P 500 EPS estimates have witnessed positive revisions over the past six months. We expect earnings strength to continue through the first half of 2026 with coordinated policy support, and the funds to continue to focus on stocks with earnings upside.

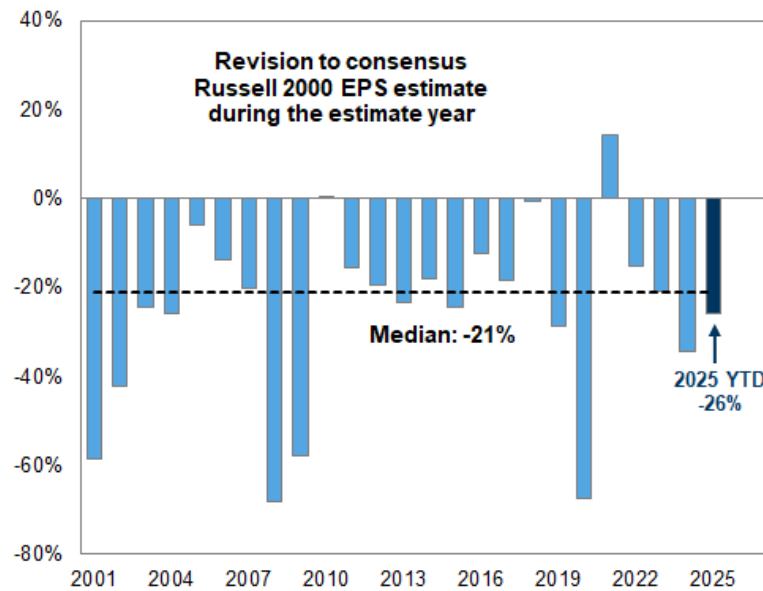


Source: Bloomberg Finance L.P. As of January 1, 2026.

The Russell 2000 ("RTY") Index has seen a notable increase in NTM EPS over the past six months, as consensus estimates are expecting approximately 60% EPS growth for the index in 2026. Expectations for the RTY Index are consistently optimistic. The chart below shows that RTY Index EPS are negatively revised by a median of 21% during the estimate year. This index has seen negative EPS revisions in all but two years over the last 25 years. The funds are balancing higher cyclical exposure by utilizing the high beta

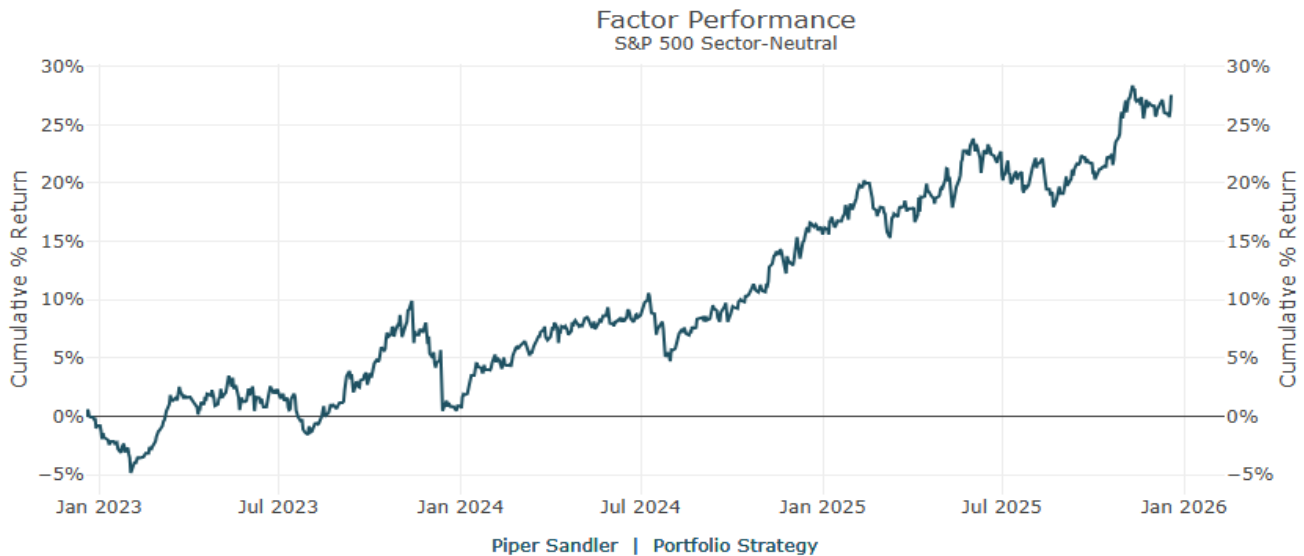
factor profile of the RTY Index as a hedge. We are focused on isolating positive exposure to the differing earnings revision, quality, and valuation profiles between our long positions and this index. North of 40% of the constituents in the RTY Index remain unprofitable.

Exhibit 12: Consensus Russell 2000 EPS estimates are almost always too optimistic



Source: Goldman Sachs Global Investment Research, as of December 19, 2025.

Net equity exposure in the funds continues to reflect idiosyncratic idea generation, as well as constructive views on the policy trajectory into 2026. The funds continue to focus on GARP equities with positive earnings revision potential. We believe that these will be winning factors in 2026. The chart below from the investment strategy team at Piper Sandler highlights the cumulative three-year realized alpha over the S&P 500 from owning stocks with high EPS revisions. Revisions and rate-of-change continue to be core components of our strategy. The funds have recently been increasing exposure to the Consumer sector, freight industry and broader Industrials sector where we see positive revisions looking ahead. Consumer stocks should benefit from the previously mentioned OBBBA stimulus and have asynchronous upside to the potential for a positive U.S. Supreme Court ruling on the legality of tariffs instituted under the International Emergency Economic Powers Act ("IEEPA"). The freight industry is experiencing a regulatory-driven rationalization of capacity, which is boosting spot trucking rates and tender rejections. Freight-related equities have been in a prolonged bear market, and we see early evidence that earnings revisions could inflect positively exiting 2026. Freight stocks also have asynchronous upside to a potential positive IEEPA ruling.



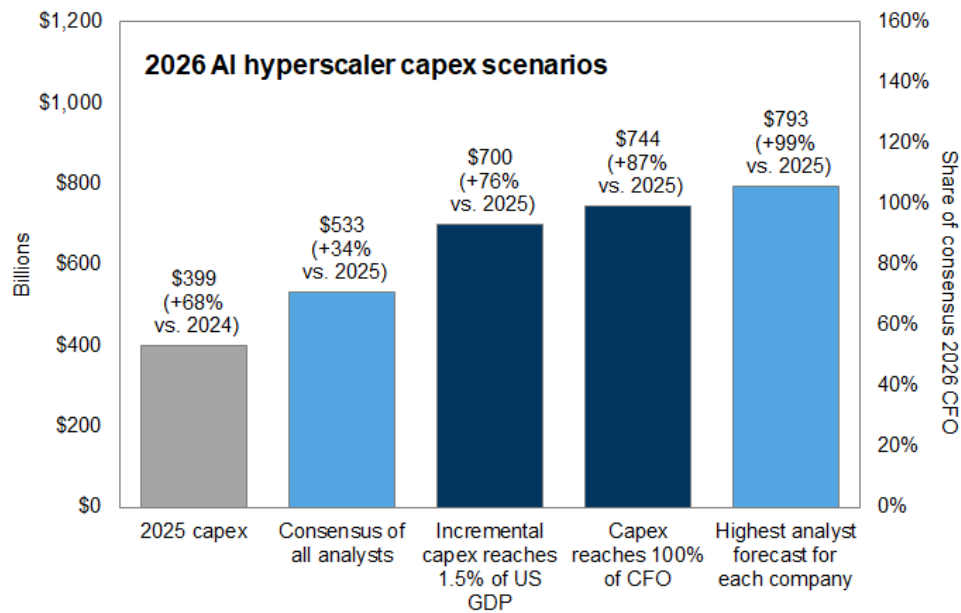
Source: Piper Sandler, as of December 19, 2025.

Within Industrials and Energy, we have selectively increased exposure to equities that participate in the growth of U.S. power demand and U.S. LNG export capacity – two long-tailed secular themes. We also see a favourable rate of change in global oil production as OPEC pauses production increases and U.S. production is forecasted to decline modestly. We continue to favour Canadian E&Ps with long resource lives and believe it is likely that a U.S. E&P re-enters Canada through an acquisition. While data center-driven power demand is not a new thesis, we still see underappreciated earnings upside across certain ideas and will manage volatility by being disciplined on revisions and valuation.

Lastly, we have discussed the AI infrastructure capex cycle in detail in recent commentaries and continue to see another robust year of capex growth. Like other sectors, we believe in underwriting returns from earnings growth and revisions in 2026, as opposed to valuation expansion. We continue to favour high-quality platforms with attractive risk/reward setups and avoid speculative exposures lacking earnings support or valuation discipline. We expect continued volatility in the thematic in 2026 and would look to use weakness to add to power and data center industrials where we still see further positive earnings revisions. The chart below illustrates potential upside scenarios to 2026 hyperscaler capital expenditures.

AI hyperscaler upside capex scenarios

hyperscalers include AMZN, GOOGL, META, MSFT, ORCL



Source: Goldman Sachs Global Investment Research, as of November 18, 2025.

Equity upside is consensus across Wall Street investment strategists in 2026 and positioning across U.S. equities is slightly above average. We will maintain the cognitive flexibility to change positioning to achieve the objectives of our mandate. With this in mind, it is worth discussing risks that could materially change our outlook. Top of mind is anything that causes a sharp increase in long-end yields. Starting with the announcement of the new Federal Reserve Chairman expected in early 2026, we will be closely watching for commentary that suggests reductions to RMPs or general hawkishness towards the size of the Fed's balance sheet. Among the rumoured favourites for the position, we believe Kevin Hassett would be a more positive outcome than Kevin Warsh, as the latter has been a vocal opponent of QE. We will also be watching inflation, especially in the 2nd half of 2026, as easing policy and the AI data centre build-out could drive a reacceleration in prices that could impact the future Federal Funds policy path exiting 2026. Any changes to the Fed's easing path would impact our positioning. Away from the Fed, the U.S. Treasury's "Stealth QE" issuance strategy which has capped long-duration Treasury issuance, will be important to monitor. Stealth QE has effectively managed duration supply and the resulting impact of high U.S. government deficits on U.S. long-end yields. Policy decisions from the Bank of Japan appear to be asynchronous to the upside and could also exert pressure on global long-end bond yields. Lastly, the left and right tails from the ongoing AI infrastructure capex cycle are very large and now touch many parts of the economy as well as credit markets. Large changes to AI capex would have widespread implications for the pricing of risk assets.

We remain extremely focused on our twin goals of protecting client capital and generating competitive returns as we enter 2026. We are proud of the long-term investment track record we have delivered, including 10.63% since inception annualized return in the Class F Lead Series of the Multi Strategy LP, with <6% annualized volatility, flat downside capture and zero down years. We are motivated to build on this track record in 2026.

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

Keenan Murray
Vice President and Portfolio Manager - Liquid Alternatives

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