

QUARTERLY MARKET UPDATE

AS AT MARCH 31, 2026

The following information is being provided as an overview of Vestcor Inc.'s (Vestcor) investment activities and the general financial market conditions experienced during the noted reporting period.

Please note that the following material is specific to Vestcor activities and is presented for information purposes only. It does not constitute investment advice in any way, and no guarantee is provided as to its completeness or appropriateness. We recommend that readers consult a professional advisor with respect to their own specific financial matters.

Look for terms with a dotted underline in this Quarterly Market Update. You can find definitions of these terms and others by visiting vestcor.org/glossary.

Market Environment & Outlook

Legal ruling eases trade fears briefly, but policy uncertainty persists



A primary driver of volatility this quarter was the U.S. Supreme Court's February decision, which ruled that the use of emergency powers to enact the Liberation Day tariffs would need to be revisited. While this provided a temporary boost to sentiment for importers and global supply chain participants, the administration has signaled its intent to reimpose similar reciprocal measures under different legal frameworks, keeping trade policy uncertainty near record highs.

Fed Leadership Uncertainty Complicates Monetary Policy Outlook



The monetary policy outlook continues to be complicated by the ongoing drama surrounding legal investigations into the current Fed chair's handling of building renovations as well as the related uncertainty about the timeline for the transition to new leadership. Overall, the Justice Department's investigation has provoked a strong defense of Fed independence from the financial community as well as a potential delay in the ability of the Senate Banking Committee to vote on the next Chair's appointment. Currently, market prices imply relatively stable short-term rates in the U.S., with a small potential for modest rate cuts over the next 12-18 months, while in Canada, interest rates remain lower than the U.S. across the yield curve, a trend that may persist as domestic growth continues to struggle relative to the American economy.



Market Environment & Outlook

Trade agreement review: negotiations likely, but uncertainty weighs on Canada

The looming Canada, U.S., Mexico Agreement (CUSMA/USMCA) 16-year review is likely a critical fundamental risk domestically. Formal talks between the U.S. and Mexico began on March 16, and U.S. Trade Representative Greer has indicated that formal U.S.-Canada discussions are slated for May. While the U.S. administration may formally signal an “intent to withdraw” as a procedural tactic to extend the negotiating timeline, the consensus among trade experts is that a trilateral agreement—perhaps supplemented by bilateral protocols—remains the most likely outcome. Despite this, trade uncertainty is likely to weigh on both markets and the Canadian economy, as industry-specific concerns spill over into economy-wide impacts.



Outlook

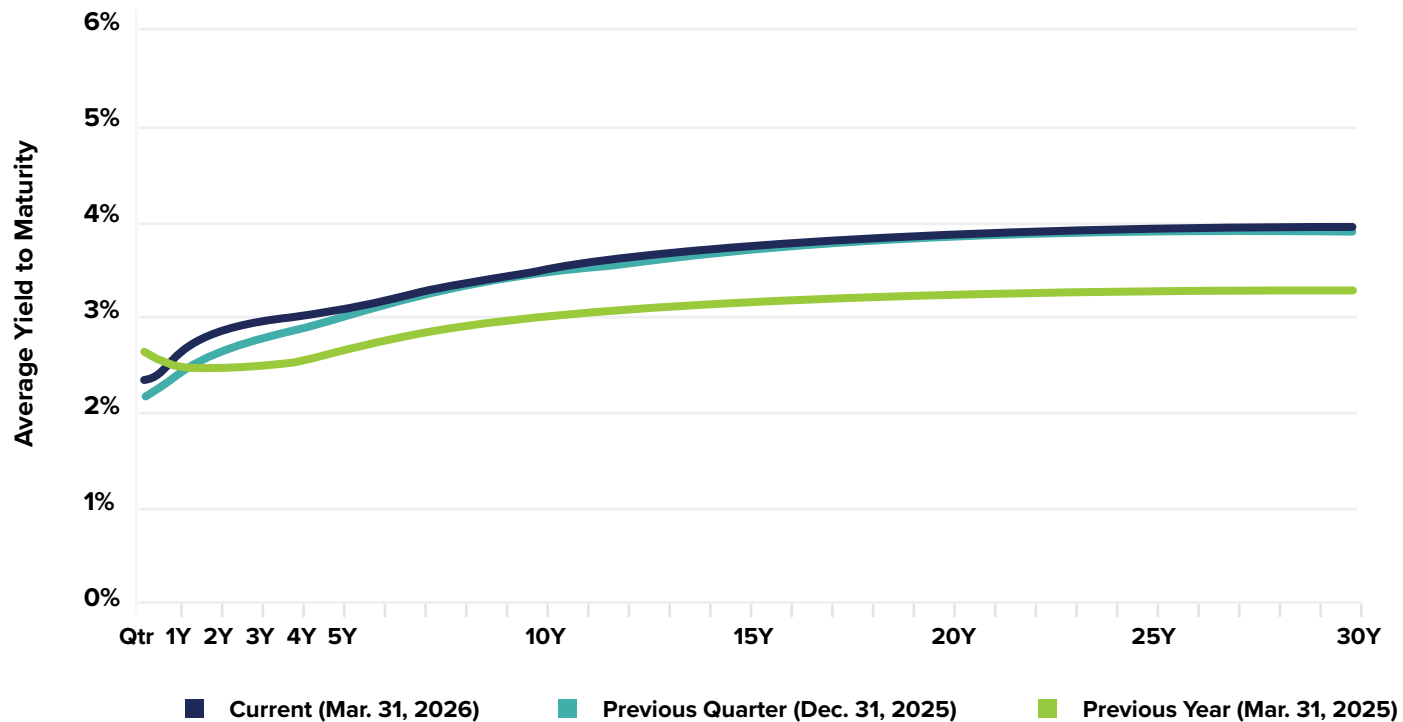
While economic fundamentals in North America remain generally solid (particularly the U.S. economy, where productivity and employment remain strong), the combination of global geopolitical risk, monetary policy uncertainty, and ongoing trade renegotiations creates an environment with strong potential for short-term dislocations.

A prudent course for pension fund assets likely includes a commitment to high-quality, liquid allocations, and broad geographic and strategy diversification. Broadly defensive, well-diversified, and non-directional positioning has proven essential in weathering the “uncertainty as policy” environment of the past 18 months, and a disciplined focus on medium-term opportunities, rather than reacting to daily policy “noise”, should continue to be the most prudent policy.

Overview: Fixed Income

The Bank of Canada held the policy interest rate unchanged throughout the quarter, maintaining a cautious, data-dependent stance as inflation remained close to target and economic growth softened. Yields on durations of less than five years increased by 10 to 25 basis points over the quarter while yields on durations longer than five years increased by less than 10 basis points.

Canadian Bond Market Overview

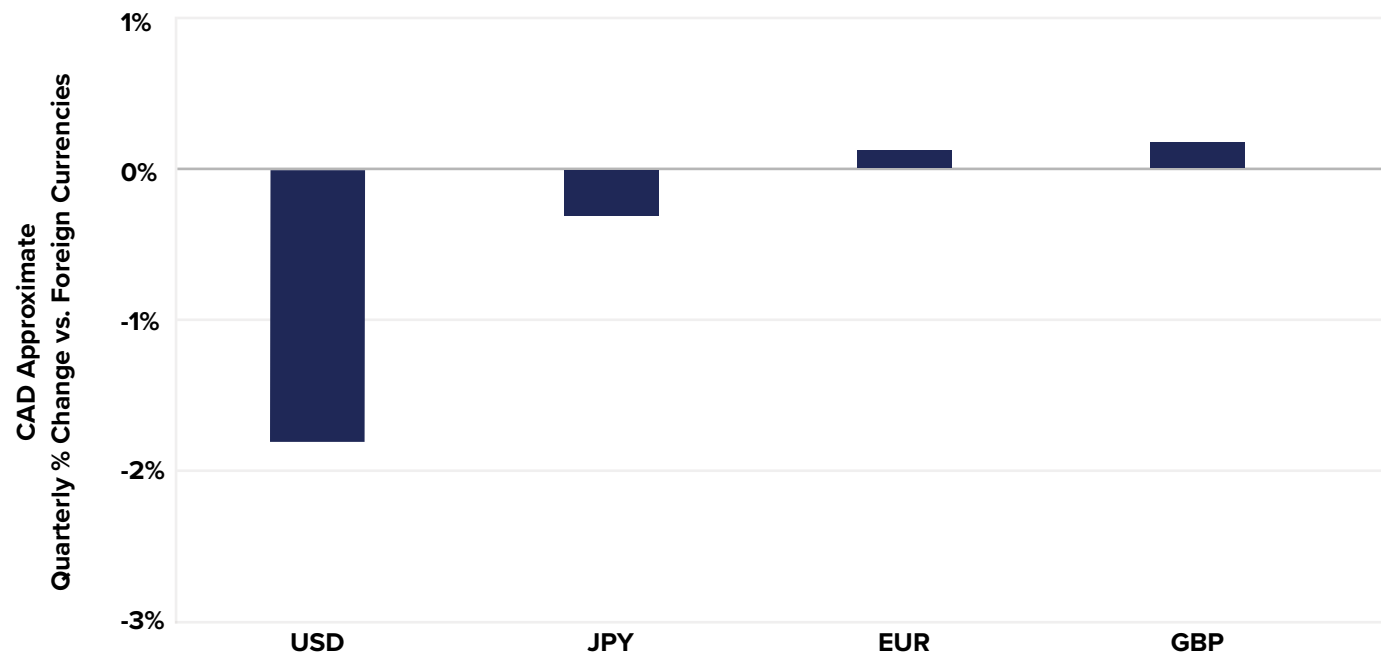


Given this backdrop, the Canadian All Government Bond Index returned 0.26% as yields increased slightly during the quarter. The Canadian Corporate Bond Index underperformed government bonds, earning 0.14% as credit spreads widened.

Overview: Currency

In currency markets, the Canadian dollar weakened relative to the U.S. dollar and depreciated against most other major currencies during the quarter.

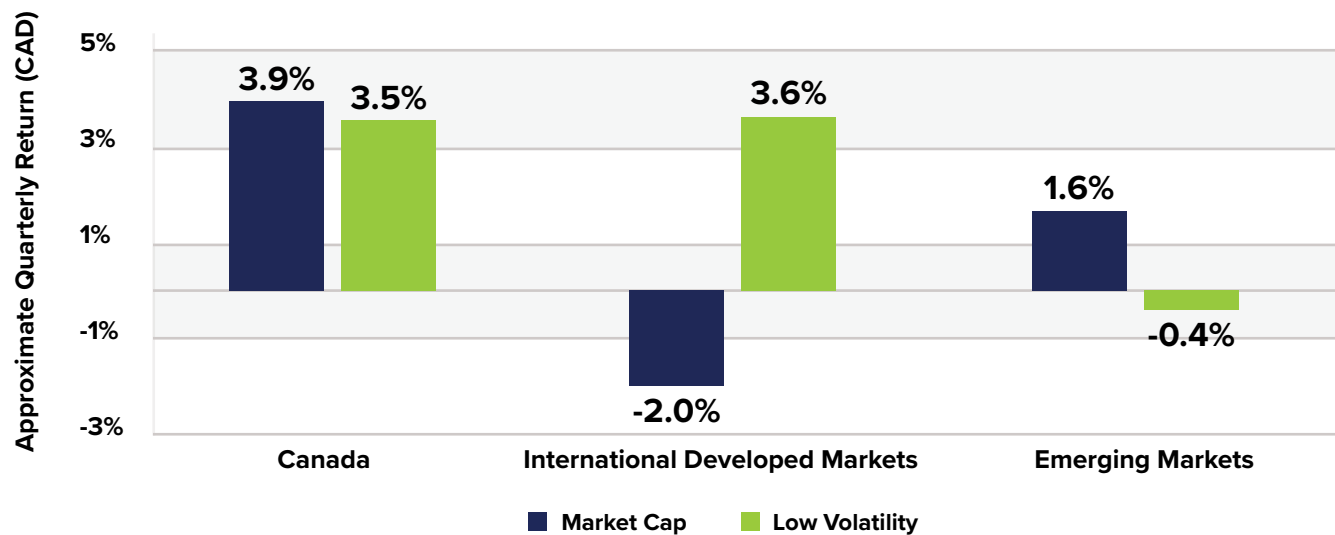
Currency Markets Overview



Overview: Equities

Performance for market-capitalization weighted strategies this quarter was positive domestically and in emerging markets, but generally negative in international developed markets. Low volatility equity indexes outperformed market-capitalization weighted equity indexes in international developed markets but underperformed in Canada and in emerging markets.

Global Equity Markets Overview (Broad Market & Low Volatility Equity Indexes)



Overview: Infrastructure

Overall, infrastructure assets are performing well. Certain GDP-sensitive assets, such as ports, are seeing pressure around earnings which is leading to valuation declines. As well, some assets are seeing increased discount rates due to challenging government policies, leading to valuation declines. The overall need for investment in certain infrastructure segments such as electricity generation and transmission as well as rail transport in the U.K. remains strong.