FORGE FIRST
ASSET MANAGEMENT INC

February 12, 2026

January 2026 Commentary

The Class F Lead Series of the Multi Strategy LP returned 1.31% in January, while the Class F Lead Series of the Long Short LP returned 0.74% over the same time period, 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 79% in the Multi Strategy LP and 69% in the Long Short LP at month-end. Net credit exposure was 44% in the Multi Strategy LP and remained at 0% for our Long Short LP. Beta-adjusted net equity exposure was approximately 26% and 25% higher in each respective fund since December month-end, driven by increases in the Consumer and Industrials sectors. Performance in January was led by attribution from the Industrials, Energy and Communications sectors. The Consumer Non-Cyclical sector detracted from performance, as did equity index hedges. We discuss updates on key attribution drivers in the month of January below.

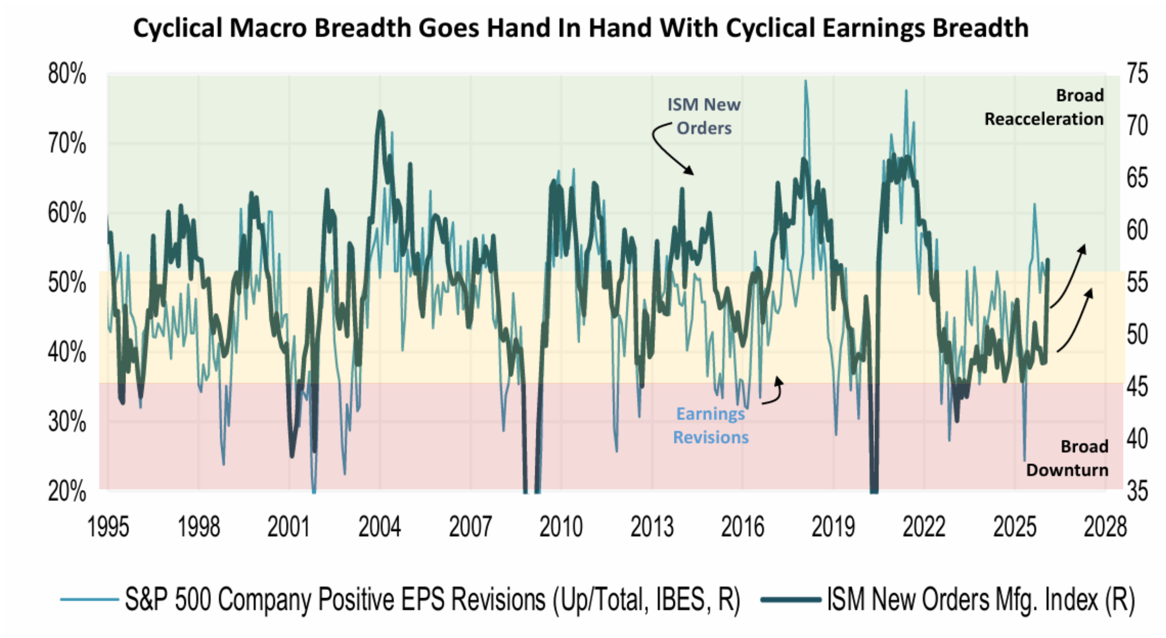
						-----------------Annualized-----------------			
As of January 31, 2026	**YTD**	**1-mo**	**3-mo**	**6-mo**	**1-year**	**3-year**	**5-year**	**10-year**	**Inception**
Forge First Long Short LP (Class F Lead Series)*	0.74%	0.74%	2.17%	-0.02%	3.45%	8.07%	7.04%	8.33%	12.39%
Forge First Multi Strategy LP (Class F Lead Series)**	1.31%	1.31%	3.40%	0.42%	5.72%	10.41%	8.37%	8.02%	10.67%
S&P/TSX Composite Total Return Index	0.84%	0.84%	6.12%	18.53%	28.32%	18.89%	16.36%	12.88%	11.03%
S&P 500 Total Return Index (C$)	0.43%	0.43%	-1.41%	8.03%	9.74%	21.90%	16.36%	15.20%	17.41%

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.

Long exposure to Enerflex Ltd. (“Enerflex”) led equity attribution in the month. Enerflex designs, manufactures and operates natural gas compression, processing and power-generation infrastructure. Enerflex earns revenues from equipment sales, as well as recurring revenues from contracted assets and services that support global gas production and energy demand. We believe Enerflex is well positioned to capitalize on strong forecasted growth in North American natural gas production volumes through the end of the decade driven by LNG offtake capacity and power demand. We are particularly bullish on the potential for Enerflex to book orders for modularized power generation solutions, assisting with the data center-driven power bottleneck, while trading at ~10x our estimate of free cash flow. We see potential upside to order bookings and earnings estimates in 2026 and expect sizeable growth in free cash flow year-over-year. Enerflex fits well within our growth-at-a-reasonable price and revisions framework.

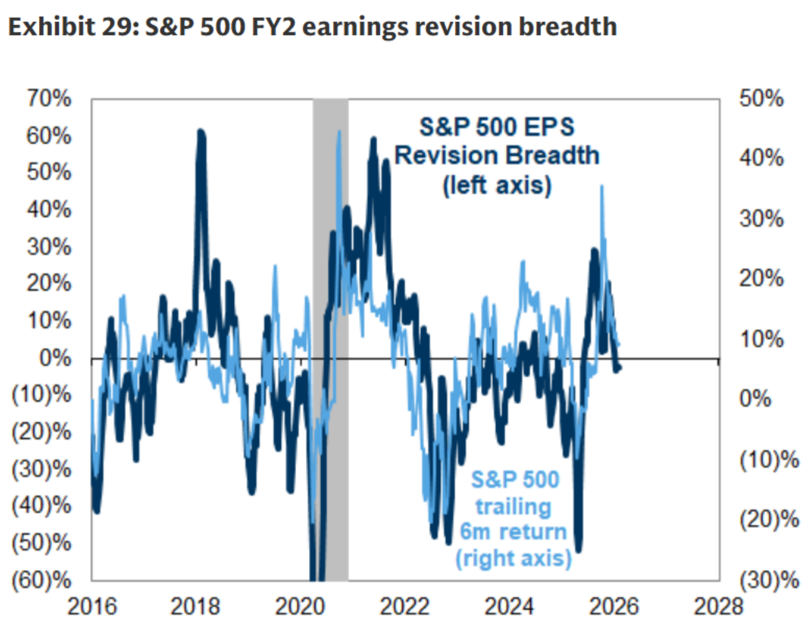
Long exposure in the Industrials sector led sector-based attribution during the month. Positive contributions were balanced across freight, equipment dealers, power-focused engineering and construction firms, and data center-exposed construction and manufacturing firms. We continue to highlight the Industrials sector as well-positioned alongside our expectations for an economic reacceleration in 2026.

As discussed in our December commentary, net equity exposure in the funds continues to reflect idiosyncratic idea generation, along with constructive views on the policy trajectory into 2026. The funds continue to focus on GARP equities with positive earnings revision potential. We believe that we are in a stimulus-driven cyclical reacceleration in the first half of 2026. This is driven by increases in the Federal Reserve’s assets via reserve management purchases, sizeable growth in income tax refunds from the U.S. Treasury and the potential for large increases in mortgage-backed security purchases by Government-Sponsored Enterprises (“GSEs”), Fannie Mae and Freddie Mac. In addition to the above, AI hyperscaler capex is expected to approach US$700B in 2026, up approximately 70% over 2025 levels. As hyperscalers leverage their balance sheets, capital will flow from financial assets into the real economy, which should further support a cyclical reacceleration while posing potential challenges to credit markets. We have increased exposure to the value factor and cyclical sectors consistent with our outlook as discussed in the December commentary and our conviction in this theme is growing. The January ISM Manufacturing PMI showed early indications of a cyclical re-acceleration in the U.S. economy. The new orders component of the ISM Manufacturing PMI rose 9.7 points month-over-month to the highest levels since early 2022. Courtesy of Piper Sandler, the chart below shows a strong relationship between increasing new orders and positive S&P 500 earnings revisions. As stated in our 2026 outlook, we see coordinated U.S. policy stimulus driving strength and breadth in next-twelve-month EPS estimates.



Source: Piper Sandler Companies, as of February 6, 2026

The following chart, courtesy of Goldman Sachs Global Investment Research, highlights the power and importance of earnings revisions. As highlighted in the chart, EPS revisions breadth is tightly correlated with realized equity performance. Revisions have always been a core component of our security selection process and looking ahead, we have the most conviction in EPS revisions in economically sensitive sectors like Consumer Cyclicals, Industrials and cyclical parts of Technology.



Source: Goldman Sachs. Global Investment Research, as of January 30, 2026

AI capital expenditure, the implosion of software equities, and factor rotation have been the most topical themes in equity markets over recent weeks. AI disruption risk has driven software equity P/E multiples to decade-low levels on an absolute basis and near 25-year lows relative to the S&P 500. The pace of innovation from frontier AI labs has increased the uncertainty of terminal values and economic moats for almost all software businesses. Performance pain has compounded this uncertainty and has driven a vicious cycle of derisking. There has been limited differentiation between business models during the sell-off. We continue to view long vertical software and cyber security software as relative winners against enterprise and application tools in the space, though believe it will take time for this to be reflected in performance. We added short exposure to software equities in early 2026, pushing net exposure levels between flat and net short. Despite the declines in our preferred long ideas, profit attribution from our combined long and short software positions has been neutral year-to-date. Our positioning is designed to benefit from dispersion within software as winners and losers separate, while controlling factor risk during the de-rating.

At the end of January, President Trump nominated Kevin Warsh to be the next Chairman of the Federal Reserve following the expiration of Jerome Powell's current term in May 2026. In our December commentary, we noted risks to our favourable monetary policy outlook if Warsh was chosen as the next Fed Chairman given his views on the Fed's balance sheet. In a Wall Street Journal op-ed from November 2025 titled "The Federal Reserve's Broken Leadership", Warsh argues the "Fed's bloated balance sheet…can be reduced significantly" which could help reduce policy rates. Reportedly, Warsh resigned from his role as Fed Governor in 2011 due to disagreements over QE, highlighting his longstanding hawkish views on the size of the Fed's balance sheet and its role in implementing monetary policy. Financial markets responded negatively to the nomination with equities and liquidity-sensitive precious metals selling off while the U.S. Treasury yield curve steepened. We have noted Warsh's nomination as a risk to our outlook, though we do not currently expect a regime change at the Fed in 2026 that will lead to sizable QT. First, the growth we expect in the Fed's assets will be complete before Warsh becomes Chair and its resulting effect on markets will continue across 2026. Second, Warsh alone can't enact policy. FOMC decisions require a majority from the twelve voting members and there is currently strong consensus amongst the FOMC for the operative ample reserves framework. Third, Warsh will need support from the FOMC to lower policy rates which, in our opinion, will be easier to accomplish without fighting for a larger regime change. Fourth, the personnel composition of the FOMC is still in flux and dependent upon Powell's decision to serve out his remaining term, as well as the Lisa Cook Supreme Court case. These outcomes will impact Warsh's influence. Lastly, we question how seriously the administration wants to see the Fed's balance sheet reduced when they are pushing the GSEs toward larger balance sheets. Abandoning the ample reserves framework that has been utilized post-2008 by the Fed to control the functioning of funding markets and the implementation of the effective Fed Funds rate would need to be accompanied by financial institution regulatory reform to simultaneously loosen liquidity constraints and reduce the size of reserve liabilities on the Fed's balance sheet. Without a structural reallocation of liabilities, any meaningful reduction in the assets held on the Fed's balance sheet would drain reserves and tighten overnight funding markets, ultimately offsetting the effectiveness of any future rate cuts. We don't see meaningful regulatory reform in 2026. We think the most likely change to the expected monetary policy path favours increased interest rate cuts and we continue to expect that the holdings of U.S. T-Bill assets on the Fed's balance sheet will grow between U$200-205B in the first half of 2026. However, we will maintain the cognitive flexibility to change our positioning if warranted.

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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