



CYMBRIA®

Cymbria.com

This image shows a display aisle at a Dollar Tree store in Inglewood, California. Dollar Tree, Inc., one of the equity holdings in the EdgePoint Portfolios, is a discount variety store operator with locations in the U.S. and Canada. Our original thesis focused on management’s willingness to “break the buck” or charge more than a dollar for products. Customers have accepted the change, giving Dollar Tree more flexibility if costs go up due to tariffs or supply-chain issues. Additionally, the switch to a multi-price point model has allowed the company to sell higher-priced items and expand its demographics to include wealthier customers.

As at March 31, 2026, Dollar Tree, Inc. securities were held in Cymbria, EdgePoint Global Portfolio, EdgePoint Canadian Portfolio, EdgePoint Global Growth & Income Portfolio and EdgePoint Canadian Growth & Income Portfolio. Information on the above securities is solely to illustrate the application of the EdgePoint investment approach and not intended as investment advice. It is not representative of the entire portfolio, nor is it a guarantee of future performance. EdgePoint Investment Group Inc. may be buying or selling positions in the above securities.

Photo credit
Partner at EdgePoint Wealth Management Inc.

Q1 2026 Cymbria commentary

IT'S BEEN EMOTIONAL

By Sydney Van Vierzen

It seems almost quaint now, but the original reason for stock markets was allocating capital to companies. Investors could direct their money towards businesses with the strongest prospects, those that give a better opportunity for their capital to grow alongside the company. Over time, businesses with the greatest potential to generate free cashflow tend to trade at higher valuations than those with worse prospects because of buyers' willingness to pay more for that growth. The second derivative of this idea is that the most popular stocks trade at higher valuations than those ignored by the market.

At their core, markets are social constructs driven by human psychology. While the investment industry often wraps them in complex language, many of the largest market moves still come down to a familiar pair of emotions – greed and fear.

Markets have gone through countless periods that can only really be explained by human emotion, no matter how convincing the narrative of the day may have seemed. Here are some of the biggest examples of investor excitement that drove share prices upwards from the last 50 years:

- **Late 1960s/early 1970s** – the Nifty Fifty, a group of “one-decision” growth stocks thought to be so exceptional that price no longer mattered
- **Late 1980s** – Japanese assets became wildly overpriced as investors believed that the island nation would dominate the global economy
- **Late 1990s** – the Dot-com bubble
- **Late 2010s** – the era of compounders
- **2020/2021** – the work-from-home winners.

In each case, the narrative was a version of the same story – something's changed and this time's different. And because it's different, investors convince themselves that there's no reason to anchor to past measures of profitability or valuation.

This doesn't just happen on the way up. History has shown that periods of exuberance are often followed by periods of despair. In those moments, the story simply flips – conditions are so unusually bad that, once again, investors conclude there's no reason to anchor to past measures of profitability or valuation. The examples are just as familiar:

- **Mid-1970s** – stagflation and the post-Nifty Fifty unwind
- **Early 1990s** – banks and cyclicals following the savings and loan crisis
- **Mid-2000s** – technology stocks after the dot-com crash
- **2008/2009** – housing and financials in the aftermath of the Global Financial Crisis.

You might think that professional investors shouldn't succumb to these recurring periods of irrationality and yet they're often the most responsible. The reason is that they're incentivized to manage career risk as much as their investors' capital.

Snakebitten

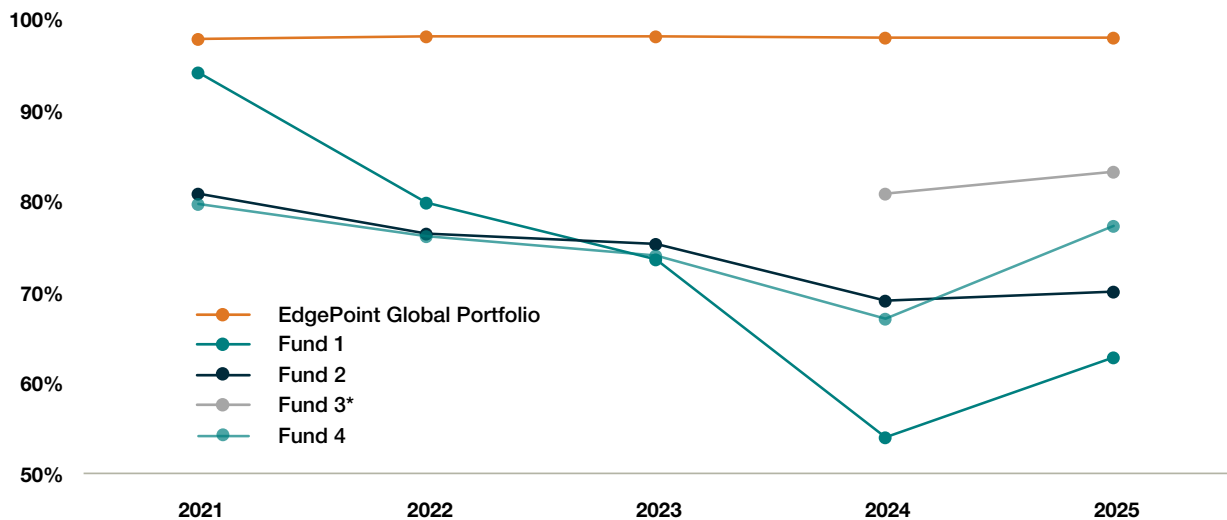
Let's begin with a thought experiment. Imagine you're writing an exam graded on a curve, and your objective is finishing near the top of the class. One strategy would be to give answers that look like everyone else's. You can't stand out, negatively or positively, but it'll keep you close enough to your peers to have a chance at being a top performer. To noticeably do better than the crowd, you have to think differently from it and, more importantly, be right.

That's what makes modern professional investing so curious. Active managers are hired to beat the market, yet many portfolios look only modestly different from both the benchmark and each other. We've spoken in [past commentaries](#) about the perverse incentives that dominate the industry and how they can lead to what economists refer to as the “cobra effect”.

As a quick summary, the cobra effect is an anecdote that illustrates the unintended consequences of perverse incentives. It takes place in India during British rule. The British government, wanting to control the cobra population, offered a bounty for every dead cobra. Enterprising locals began farming cobras to make more money. Eventually the government realized what was happening and scrapped the program. This led to the locals releasing their farmed cobras and ultimately increasing the wild cobra population.

The punchline is that perverse incentives lead to the opposite of the intended outcome. The asset management industry has its own version of the cobra effect; we could call it the benchmark effect. In this version of the story, the active managers are told they have to beat the index and so their compensation is based on their performance relative to that benchmark. The result is that many of these managers end up looking the same as their benchmark. While we can't directly compare Cymbria with other funds since it isn't categorized into a fund category, the same investment approach is applied with the EdgePoint Portfolios.[†] We can see that by looking at the historical active share for EdgePoint Global Portfolio and its four largest Global Equity category peers today:

Five largest Global Equity category funds by AUM – year-end active share
As at December 31, 2025



* Fund 3 – no active share data prior to December 31, 2024.

Source: FactSet Research Systems Inc. AUM ranking as at March 31, 2026. Active share uses the most updated reported data for December 31, 2025. The funds used either the MSCI World Index or the MSCI ACWI Index as its benchmark. EdgePoint Global Portfolio uses the MSCI World Index as its benchmark. We manage our Portfolios independently of the indexes we use as long-term performance comparisons. Differences including security holdings and geographic/sector allocations may impact comparability and could result in periods when our performance differs materially from the index. The indexes are not investible. See *Important information – Global Equity category funds* and *Important information – Indexes* for additional details.

Active management isn't always synonymous with active share, which measures the difference between a fund and its comparison index. A 100% active share means there's no overlap, while 0% means they're a perfect match. CRM3 is fast approaching and it will raise the question with clients – are they really paying active fees for active management?

[†] Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. This is not an offer to purchase. Mutual funds can only be purchased through a registered dealer and are available only in those jurisdictions where they may be lawfully offered for sale.

Even worse is that many of these funds look not only like their benchmark, but one another as well. Here are the top 10 holdings for the largest Global Equity category funds compared to EdgePoint Global Portfolio:

Five largest Global Equity category funds by AUM – top 10 holdings
As at March 31, 2026

Fund 1	Fund 2	Fund 3	Fund 4	EdgePoint
Taiwan Semi	Taiwan Semi	Google	Nvidia	Restaurant Brands
Google	Broadcom	Taiwan Semi	Microsoft	Roche
Microsoft	Microsoft	Microsoft	Google	Thermo Fisher
Nvidia	Nvidia	Couche-Tard	Apple	Dollar Tree
AppLovin	Google	Brit. Am. Tobacco	Amazon	Fairfax
Tesla	SK Hynix	Nvidia	Johnson & Johnson	Mattel
Amazon	Amazon	Agnico Eagle	Philip Morris	Revvity
Roblox	Eli Lilly	Metro	Taiwan Semi	Franco-Nevada
Agnico Eagle	Philip Morris	Teledyne	JP Morgan	RB Global
Apple	BAE Systems	BCE	CME Group	Jones Lang LaSalle

Source: FactSet Research Systems Inc. AUM rankings as at March 31, 2026. Portfolio holdings are the most recent holdings available as at April 9, 2026. The above example is for illustrative purposes only and not intended as investment advice. See *Important information – EdgePoint holdings and Important information – Global Equity category funds* for additional details.

Peer pressure

While perverse incentives are a major contributor to the tendency for professional managers to look alike, psychology also helps explain why markets can often descend into herd behaviour. One of the most famous demonstrations of this is Solomon Asch's conformity experiment.

Asch, an American psychologist, studied conformity in the 1950s. In one of his best-known experiments, a group of eight college students was asked to compare the length of lines. Unbeknownst to the true participant, the other seven were confederates instructed to give predetermined answers. The objective was to observe how the group's behaviour influenced the judgment of the lone real subject.

The exercise itself was simple. Participants were shown a target line and asked to identify which of three comparison lines matched it. In one part of the experiment, the confederates gave the correct answer. In another, they deliberately gave the same incorrect answer before the true participant responded.

The results were striking. When no social pressure was applied, error rates were negligible. But when the group unanimously gave the wrong answer, participants conformed far more often and the error rate rising to roughly 35%.¹ In other words, even in a task as simple as matching lines, the pull of the crowd was powerful enough to cause people to deny what was plainly in front of them.

Markets are, of course, far more complex than line diagrams (even if some investors still insist on investing based solely on the direction of lines on a stock chart). But that only strengthens the point. From the Nifty Fifty or the post-Covid work-from-home winners, every period of exuberance or despair has been accompanied by many people publicly reinforcing the same narrative. Those narratives shape behaviour – influencing what investors feel comfortable buying, what they're afraid to question and what they convince themselves is obvious. If people can be swayed on something as simple as the length of a line, it is not hard to imagine what happens when money, fear and greed are added to the equation.

Example – Solomon Asch reference line vs. comparison lines



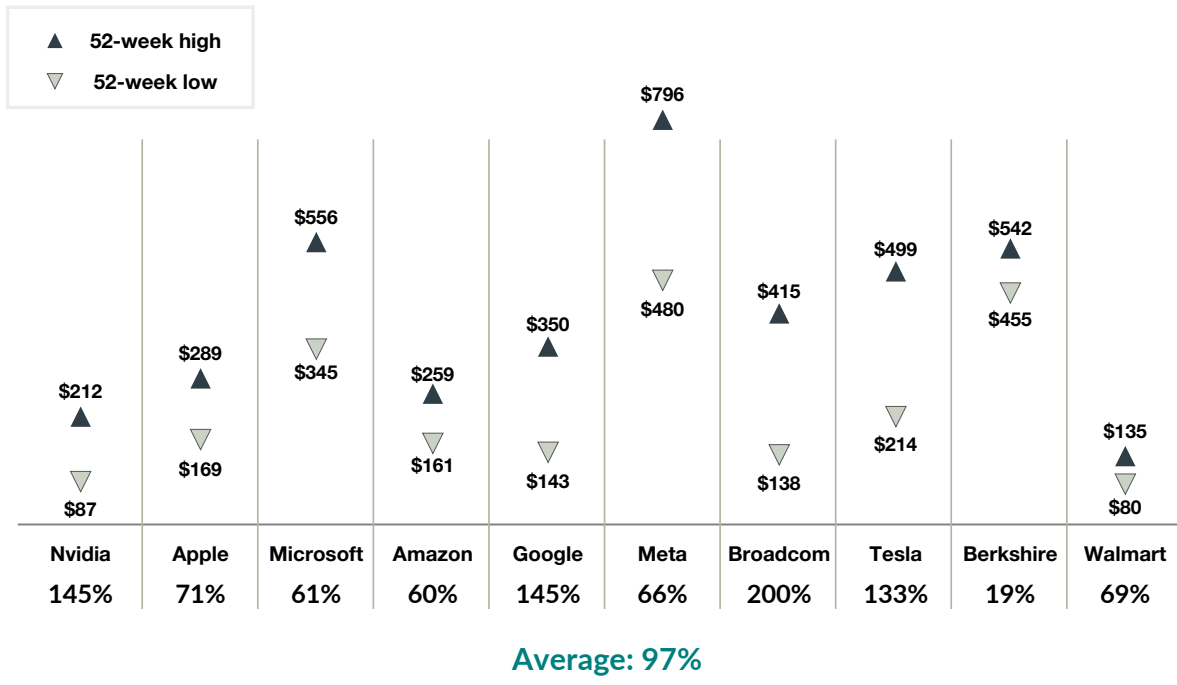


For professional managers, the incentive to conform can be even stronger because herd behaviour offers a strange kind of career protection. Losing money in a way that looks different from everyone else often ends careers. Losing money doing what all the other smart people were doing is often far easier to explain. It's the market equivalent of the old phrase, "Nobody ever got fired for buying IBM."

The hidden drivers behind the market

We can see the same patterns of fear and greed driving stock prices. Nine of the 10 largest U.S. companies have a market cap in excess of US\$1 trillion. These are the most well-followed companies in the world and yet in any given year there's a huge divergence between the 52-week high and low.

Top 10 U.S. companies by market capitalization – 52-week high and low share prices (US\$)
Mar. 31, 2025 to Mar. 31, 2026



High vs. Low (% change)

Source: FactSet Research Systems Inc. As at March 31, 2026. All figures in US\$.

The average difference across those 10 companies for the past year was almost 100%! The intrinsic value of these businesses almost certainly didn't change by anything close to that amount. Instead, we're seeing the market's recurring tendency to swing between fear and greed. There are a number of human biases that can help explain this kind of volatility:

- **Recency bias** – Investors generally give more weight to what's happened most recently and assume current trends will continue. A few strong quarters can make growth feel permanent; a few weak quarters can make temporary issues feel structural.
- **Overreaction bias** – Investors often respond to new information too aggressively, especially when it confirms an existing narrative. Short-term developments get extrapolated far beyond what's reasonable.
- **Confirmation bias** – Once investors form a view, they tend to seek out evidence that supports it and discount evidence that challenges it. Bullish narratives become self-reinforcing on the way up, while bearish ones do the same on the way down.
- **Narrative fallacy** – Investors like coherent stories. When a simple explanation emerges for why a stock should keep rising or falling, the story often becomes more influential than the underlying economics.

Managing behavioural risk at EdgePoint

The EdgePoint Investment Team isn't immune to the forces of human psychology, but we have tried to structure it in a way that reduces both their frequency and their impact. Here are a few examples:

- **Approach**

The investment approach at EdgePoint is centred on finding change. We often talk about the importance of having a proprietary insight and the idea of getting growth for free. When we say proprietary insight, we simply mean that we have a view on a business that differs from the rest of the market. In other words, we're trying to think independently of the crowd.

That doesn't necessarily mean being contrarian for its own sake. We're perfectly happy to own a business that's already well liked. What matters is whether we see a positive variant view on the future of that business that isn't yet fully reflected in its share price.

Following this approach means that we don't need to get immediate external validation. Ideas often take years to play out, and during that time there can be a great deal of public discourse around a business. Much of that short-term noise has little bearing on our original rationale for owning it and the willingness to give the market time to recognize our viewpoint is an advantage other asset managers might not have. Our goal isn't to be different for the sake of being different, but to act when we believe our work gives us a reason to differ from consensus.

- **Compensation**

We spoke earlier about the role of perverse incentives and how the holdings of many asset managers can often be explained, at least partially, by the way they're compensated. In many cases, compensation is based on performance relative to the very benchmark that a manager's supposed to beat. Under that arrangement, a self-preserving manager may choose to manage career risk by looking as similar to the benchmark as possible. Doing so reduces the chance of large deviations, and with that, the likelihood of a difficult year-end conversation.

Another problem with other compensation structures is that they're too short term in nature, placing too much emphasis on one- and three-year performance. That naturally encourages short-term thinking and higher portfolio turnover.

We have taken a different approach at EdgePoint. Investment Team members are compensated based on performance relative to the relevant peer group over three- and five-year periods, with compensation heavily weighted toward the five-year number. It also declines steeply to zero as performance approaches the fourth quartile (i.e., we only get rewarded for adding value). Under this structure, there's little incentive to mirror the index. Our compensation is maximized by producing the best possible returns over longer periods, something we believe aligns more closely with our end clients' financial timelines.

- **Product offering**

One of the founding principles of the firm was to avoid the product proliferation that many of our peers have embraced. There were several reasons for that decision, but one of them was that a narrower product set between Cymbria and the EdgePoint Portfolios allows a greater concentration of investment talent on the portfolios we do have.

An important implication of that concentration is that everyone is responsible for only a small number of new ideas each year. That gives the team more time to understand each opportunity thoroughly and there's less pressure to act on lower-quality ideas – we add businesses to Cymbria and the Portfolios because they're our highest-conviction ideas and not because we have to invest in something that fits a theme.

It also fits with the philosophy of being different mentioned earlier. We don't think of ourselves as contrarian because, truthfully, the market is often very good at what it does. But there are a small number of situations each year where we believe we have a different view. Sometimes that means being more positive than the market. In many other cases, it simply means identifying an aspect of a business or industry change that the market hasn't yet placed enough weight on.

If one believes that truly differentiated opportunities are relatively rare, then a more focused product lineup gives those opportunities greater impact when they do arise.

- **Team structure**

One of the best ways to manage bias is to bring multiple perspectives to the same problem. EdgePoint is somewhat unusual in that it doesn't operate in the traditional silos found at many firms. Members of the Investment Team are business analysts first, regardless of where in the capital structure they tend to focus. Members of the credit team have been responsible for many equity ideas, and the reverse is also true, with equity team members helping to source credit opportunities.

One implication of this investment lattice is that new ideas are tested across a wide range of personalities and perspectives. Because the entire team is compensated on the same funds, there is a strong alignment of interest across the organization. Every equity investment has at least two people involved, and most ideas have three or four contributors. Making it a team effort helps temper the natural pull of individual biases by ensuring that each idea is challenged from multiple angles. All of this is only possible because of the tight product offering.

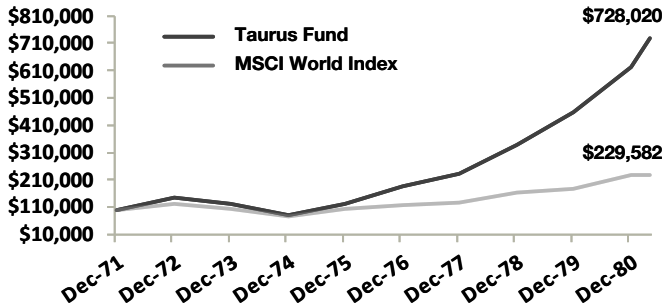
In summary, when you invest with Cymbria, you aren't just investing in an approach; you're investing in a structure and organization built by investors for investors. Our goal is to help get investors to their Point B, wherever that may be. Markets will remain as unpredictable as the range of human emotions, but our approach will remain the same, just as it has for more than 50 years. Through countless cycles of fear and greed, that approach has delivered pleasing long-term results.

We thank you for your trust and work hard everyday to be worthy of that trust.

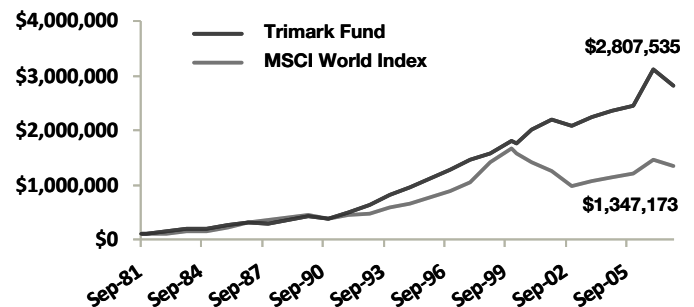
CYMBRIA®

Portfolios applying the same investment approach applied at Cymbria today – Growth of \$100,000 (C\$)

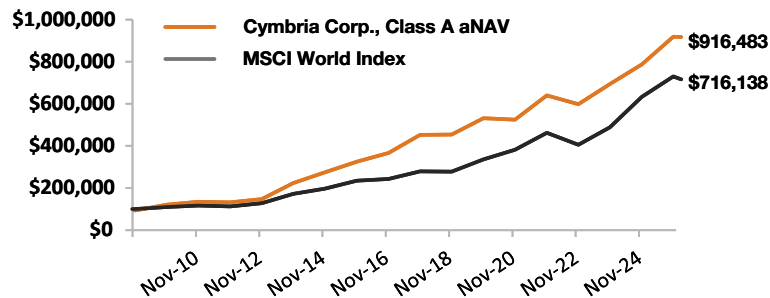
Taurus Fund, Series FE vs MSCI World Index
Dec. 31, 1971 to Apr. 30, 1981



Trimark Fund, Series SC vs MSCI World Index
Sep. 1, 1981 to Dec. 31, 2007



Cymbria Corp., Class A aNAV vs MSCI World Index
Nov. 17, 2008 to Mar. 31, 2026



Past performance is not indicative of future returns. See below for additional details.*

* Source, MSCI and Trimark returns: Morningstar Direct. Source, Taurus: Bolton Tremblay Funds Inc. 1982 Annual Report. The above values are for illustrative purposes only and do not represent an actual client's results. Total annual returns, net of fees, measured in C\$. Historical performance is not indicative of future returns. The Taurus Fund, Trimark Fund and Cymbria are used for illustrative purposes only to demonstrate the history of the investment approach. All of the funds applied the same investment approach across different companies, investment teams and members. The MSCI World Index is a market-capitalization-weighted index comprising equity securities available in developed markets globally. The MSCI World Index was used for comparison purposes as it represents a broad global equity universe across several developed market countries. The index is not investible. The three Funds were managed independently of the index used for comparison purposes. Differences for all three Funds including security holdings, geographic/sector allocations and market cap size may impact comparability. See *Important information – fund, index and bubble definitions* for additional details.

Annualized total returns, net of fees, (excluding advisory fees), in C\$. As at March 31, 2026

Cymbria Corp., Class A aNAV – Since inception (Nov. 3, 2008): 13.57%, 15-year: 13.18%, 10-year: 11.18%, 5-year: 9.50%, 3-year: 13.36%, 1-year: 13.64%, YTD: -0.21%. Invesco Global Companies Fund, Series F – Since inception (Feb. 11, 2000): 7.49%, 15-year: 10.76%, 10-year: 8.80%, 5-year: 8.38%, 3-year: 14.05%, 1-year: 9.65%, YTD: -2.27%. Invesco Global Companies Fund, Series SC – Since inception (Sep. 1, 1981): 10.86%, 15-year: 10.14%, 10-year: 8.15%, 5-year: 7.60%, 3-year: 13.24%, 1-year: 8.86%, YTD: -2.45%. MSCI World Index – Since Cymbria inception (Nov. 3, 2008): 11.98%, 15-year: 12.69%, 10-year: 12.66%, 5-year: 12.60%, 3-year: 17.97%, 1-year: 15.29%, YTD: -1.83%.

Periods greater than one year are annualized.

Notes: The Taurus Fund is no longer in existence. As at July 27, 2018, the Trimark Fund changed its name to Invesco Global Companies Fund. Invesco Global Companies Fund, Series F inception date was February 11, 2000.

Important information – Global Equity category funds

Morningstar classifies EdgePoint Global Portfolio within the Global Equity peer group, which are open-end mutual funds that invest in securities domiciled anywhere around the world with an average market capitalization greater than the small/mid-cap level. These funds must invest between 10% and 90% of equity holdings in Canadian or U.S. companies. Funds without strict investment restrictions and don't qualify for other geographic categories are assigned to this category.

Important information – Portfolio holdings

As at March 31, 2026, the following securities were held in EdgePoint Portfolios: Restaurant Brands International Inc., Roche Holding AG, Thermo Fisher Scientific, Inc., Dollar Tree, Inc., Fairfax Financial Holdings Ltd., Mattel, Inc., Revvity Inc., Franco-Nevada Corp. and RB Global Inc. (EdgePoint Global Portfolio, EdgePoint Canadian Portfolio, EdgePoint Global Growth & Income Portfolio and EdgePoint Canadian Growth & Income Portfolio); Jones Lang LaSalle Inc. (EdgePoint Global Portfolio and EdgePoint Global Growth & Income Portfolio). Information on the above securities is solely to illustrate the application of the EdgePoint investment approach and not intended as investment advice. It is not representative of the entire portfolio, nor is it a guarantee of future performance. EdgePoint Investment Group Inc. may be buying or selling positions in the above securities.

Important information – Indexes

The indexes are not investible.

MSCI World Index – a broad-based, market capitalization-weighted index comprising equity securities available in developed markets globally.

MSCI ACWI Index – a market capitalization-weighted index comprising large- and mid-cap equity securities available in developed and emerging market countries.

Important information - Fund & index definitions

Trimark Fund: Trimark Fund sought long-term growth by investing in high-quality global stocks with attractive prices relative to projected earnings, cash flow and value.

Cymbria: Cymbria: seeks to provide long-term capital appreciation by investing primarily in a concentrated portfolio of global companies and private companies, significantly EdgePoint Wealth Management.

Taurus Fund: Taurus Fund invested in companies with above average growth possibilities. The fund contained mainly U.S. and Canadian securities although the fund could invest in other parts of the world.

MSCI World Index (benchmark): MSCI World Index is a broad-based, market-capitalization-weighted index comprising equity securities available in developed markets globally. The index was chosen for being a widely used benchmark of the global equity market. The index is not investible.

Why the fund's performance may differ from its benchmark: The funds were managed independently of the index used as a long-term performance comparison. Differences including security holdings and geographic/sector allocations may impact comparability and could result in periods their performance differs materially from the index.

ⁱ Source: Solomon Asch, "Effects of group pressure on the modification and distortion of judgments". *Groups, Leadership and Men: Research in Human Relations*. Carnegie Press. 1951.

Commissions, trailing commissions, management fees and expenses may all be associated with Cymbria Corp. Please read the Annual Information Form before investing. Copies are available at www.cymbria.com. Unless otherwise indicated, rates of return for periods greater than one year are historical annual compound total returns net of fees including changes in share value and reinvestment of all dividends, and do not take into account any sales, redemption, distribution or optional charges, or income taxes payable by any securityholder, which would have reduced returns. Its value is not guaranteed, its value changes frequently and past performance may not be repeated. This is not an offer to purchase. This document is not intended to provide legal, accounting, tax or specific investment advice. Information contained in this document was obtained from sources believed to be reliable; however, EdgePoint does not assume any responsibility for losses, whether direct, special or consequential, that arise out of the use of this information. Portfolio holdings are subject to change. Cymbria is managed by EdgePoint Investment Group Inc., a related party of EdgePoint Wealth Management Inc. EdgePoint® and Business Owners Buying Businesses® are registered trademarks of EdgePoint Investment Group Inc.