



Barrantagh Small Cap Canadian Equity Fund

Interim Management Report of Fund Performance

Period ended June 30, 2020

Barrantagh Small Cap Canadian Equity Fund

Semi-Annual Management Discussion of Fund Performance

June 30, 2020

Investment Objectives and Strategies

The Fund's investment objective is to outperform the S&P/TSX Small Cap Canadian equity index over market cycles. The Fund primarily invests in common shares within the small cap area of the Canadian market. The Manager pursues a disciplined fundamental approach that seeks to identify companies that can combine a dominant business profile with proven management and a financial profile that can be independently analyzed.

Risk

The risks of investing in the Fund remain as outlined in the simplified prospectus.

Results of Operations

Market Update:

The Fund outperformed its benchmark, the S&P/TSX Small Cap Index.

After the steep market sell off at the outset of the COVID-19 pandemic, markets snapped back during the second quarter in one of the strongest periods for global markets in decades. This strong performance from financial markets in many ways ran counter to the immediate economic realities as lock-down measures around the world stifled business activity. Nevertheless, the sweeping monetary and fiscal support from governments cushioned the blow for many and worst-case scenario outcomes were averted. As the period progressed and economic lows in April gave way to incrementally better data, investors grew more comfortable in looking past the current turmoil and focusing on what normalized activity could look like coming out the other side of the pandemic.

Looking back historically, smaller cap stocks tend to outperform in market recoveries (offsetting the declines of the market sell off). This is what took place with Canadian equities as the S&P/TSX Small Cap Index more than doubled the +17% of the S&P/TSX Composite during the second quarter of 2020. The Fund's positioning in quality businesses cushioned the downside versus the small cap index during the sell-off and outpaced the recovery of larger cap stocks during the market rebound. This has resulted in the Fund outperforming both small-cap and large-cap indices through a tumultuous 2020.

After a roller-coaster first half of 2020, the key question becomes where do we go from here? It is widely accepted that the economy faces a potential flat period. Monetary and fiscal stimulus continue to be the bridge to get businesses and consumers to the other side, though some level of permanent job loss in the medium term is expected. Absolute valuations on current earnings seem expensive (large impacts from sweeping lock downs) with varying levels of economic rebound being priced in and uncertainty remains regarding what shape the recovery will ultimately take. However, extremely low bond yields tend to lift the valuations of other securities and continues to highlight the relative attractiveness of equities versus other alternatives. Our view remains constructive given our focus on individual company valuations and the Fund's exposure to a focused portfolio balancing long-term cashflow growth with near-term capital preservation

Key Contributors/Detractors

The Fund outperformed the benchmark significantly during the period given the quality of the portfolio holdings, meeting or beating the relative contribution in ten of eleven GICS sectors. The best performing individual stocks were found in health care, financials, industrials, and consumer staples. The only material detractor versus the benchmark was no exposure to junior golds, which performed strongly during the period.

Assets

The Fund experienced an increase in assets due to investor contribution activity in its first year.

Recent Developments

Calian Group (CGY), a diversified services provider across defence and health care verticals (ground communication systems, health care clinic operations, outsourced training/learning, and IT consulting) and is a key government contractor (~60% of revenues) under long-term contracts was added early in the Q1/20 market sell-off. CGY has delivered strong historical organic growth from rising spending in these areas. Importantly, the balance sheet features no debt (net cash position) and CGY is well positioned to earn stable cash flow through this challenging economic period and grow the business through opportunistic and accretive M&A.

People Corp (PEO), a Canadian group benefits administrator and consultant with sticky recurring revenues and an asset-light, high-return business was also added. PEO has delivered strong historical organic growth and continues to execute on attractive and accretive consolidation opportunities in the fragmented group benefits space. The March sell-off created a valuation opportunity to gain exposure to a high-quality name with attractive secular growth prospects.

Similarly, Summit Industrial REIT is a Canadian-focused Industrial REIT with over 50% of the portfolio in the highly attractive Ontario market and ~80% of rents focused on warehousing/ distribution. Industrial landlords are benefitting from e-commerce tailwinds that have accelerated substantially with changing consumer buying behavior in a post-COVID world. Management has an excellent track record, delivering strong returns for unit holder in a previous "Summit" entity that grew into Canada's largest pure-play industrial portfolio before being sold in 2006. The underperformance in the REIT space in 2020 generated an opportunity to add this advantaged business at an attractive price.

The Fund exited positions in TORC Oil & Gas and CES Energy Solutions after OPEC+ fell apart, seeing challenges with cash flow generation and dividend sustainability in an extremely low-price environment (dividends were subsequently cut at both companies).

Related Party Transactions

Manager, Trustee and Portfolio Adviser:

Barrantagh Investment Management Inc. ("BIM") is the manager, trustee and portfolio adviser of the Fund. The Fund pays BIM an annual management fee of 1% for F-Series calculated, accrued and paid monthly as a percentage of the net asset value of the Fund. Unitholders in the O-Series pay a negotiated fee directly to BIM.

Registrar and Transfer Agent:

RBC Investory & Treasury Services is the registrar and transfer agent of the Fund, and as such maintains all unitholder records, processes purchase and redemption orders, issues investor statements and prepares annual tax reporting information on behalf of the Fund.

Buying and Selling Securities:

BIM has established an independent review committee ("IRC") which acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approval respecting any conflict of interest matters referred to it by BIM. The IRC prepares, at least annually, a report of its activities for securityholders of the Fund. The report is available on the BIM website.

There are no other related party transactions; as such, there are no relevant standing instructions requirements that securities transactions with related parties conducted by BIM (i) are free from any influence by an entity related to BIM and without taking into account any consideration relevant to an entity related to BIM; (ii) represent the business judgment of BIM uninfluenced by considerations other than the best interests of the Fund; (iii) comply with the applicable policies and procedures of BIM; and (iv) achieve a fair and reasonable result for the Fund.

Management Fees

As manager and trustee of the Fund, BIM is responsible for the overall business and affairs of the Fund, including activities related to making units of the Fund available to investors, and providing, or arranging for the provision of, investment advisory services and marketing services to the fund. In consideration for the provision of such series, each series of the Fund pays BIM a management fee.

Management fees are calculated and accrued as a percentage of the net asset value of each series of units of the Fund, as of the close of business on each business day for each series and are paid monthly to BIM.

The simplified prospectus discloses a specified annual management fee rate that BIM can charge for each series of the Fund. Of the annual management fees for F-Series, 100% of investment advisory, trustee, marketing services and others are rendered.

BARRANTAGH SMALL CAP CANADIAN EQUITY FUND

Management Report of Fund Performance

Summary of investment portfolio

As at June 30, 2020

The summary of investment portfolio may have changed since June 30, 2020 due to ongoing portfolio transactions of the Fund.

Top 25 Holdings	Percentage of Net Asset Value (%)
Andlauer Healthcare Group Inc.	5.8
Cargojet Inc.	5.6
Jamieson Wellness Inc.	5.2
Boyd Group Services Inc.	5.0
Primo Water Corp.	4.9
Morneau Shepell Inc.	4.4
Minto Apartment Real Estate Investment Trust	4.3
Boralex Inc.	4.1
North West Co Inc.	4.1
Trisura Group Ltd.	4.1
StorageVault Canada Inc.	4.0
Superior Plus Corp.	4.0
Gibson Energy Inc.	3.9
Calian Group Ltd.	3.8
Premium Brands Holdings Corp.	3.5
Parkland Corp.	3.5
Aecon Group Inc.	3.3
Intertape Polymer Group Inc.	3.2
Badger Daylighting Ltd.	3.1
TransAlta Renewables Inc.	3.1
Summit Industrial Income Real Estate Investment Trust	3.0
Altius Minerals Corp.	2.5
Diversified Royalty Corp.	2.4
People Corp.	2.4
Tidewater Midstream and Infrastructure Ltd.	2.2

Total Net Asset Value	\$32,170,201
------------------------------	---------------------

Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	95.4
Cash	4.1
Other Net Assets (Liabilities)	0.5
	100.0

Sector	Percentage of Net Asset Value (%)
Industrials	33.4
Consumer Staples	17.7
Real Estate	11.3
Utilities	11.2
Energy	9.6
Materials	5.7
Financials	4.1
Consumer Discretionary	2.4
Cash	4.1
Other Net Assets (Liabilities)	0.5
	100.0

BARRANTAGH SMALL CAP CANADIAN EQUITY FUND

The Fund's net assets attributable to holders of redeemable units per unit¹

Series F

	2020 ⁽³⁾	2019 ⁽⁷⁾
Net assets attributable to holders of redeemable units, beginning of period	\$ 10.35	\$ 10.00
Increase (decrease) from operations:		
Total Revenue	0.14	0.23
Total Expenses	(0.09)	(0.21)
Realized gains (losses) for the period	(0.31)	(0.16)
Unrealized gains (losses) for the period	0.58	1.32
Total increase (decrease) from operations²	0.32	1.18
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of Capital	-	-
Total Annual Distributions	-	-
Net assets attributable to holders of redeemable units, end of period	\$ 9.99	\$ 10.35

Ratios and Supplemental Data:

Total net asset value	\$ 11,269,598	\$ 5,120,985
Number of units outstanding	1,128,561	494,676
Management expense ratio ⁴	1.71%	2.51%
Management expense ratio before waivers or absorptions	1.71%	2.51%
Trading expense ratio ⁵	0.14%	0.37%
Portfolio turnover rate ⁶	17.34%	16.54%
Net asset value per unit	\$ 9.99	\$ 10.35

The Fund's net assets attributable to holders of redeemable units per unit¹

Series O

	2020 ⁽³⁾	2019 ⁽⁷⁾
Net assets attributable to holders of redeemable units, beginning of period	\$ 10.42	\$ 10.00
Increase (decrease) from operations:		
Total Revenue	0.13	0.29
Total Expenses	(0.04)	(0.16)
Realized gains (losses) for the period	(0.35)	(0.17)
Unrealized gains (losses) for the period	(0.13)	0.97
Total increase (decrease) from operations²	(0.39)	0.93
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Return of Capital	-	-
Total Annual Distributions	-	-
Net assets attributable to holders of redeemable units, end of period	\$ 10.10	\$ 10.42

Ratios and Supplemental Data:

Total net asset value	\$ 20,900,603	\$ 19,711,322
Number of units outstanding	2,069,646	1,892,241
Management expense ratio ⁴	0.68%	1.90%
Management expense ratio before waivers or absorptions	0.68%	1.90%
Trading expense ratio ⁵	0.14%	0.37%
Portfolio turnover rate ⁶	17.34%	16.54%
Net asset value per unit	\$ 10.10	\$ 10.42

Notes to Financial Highlights

(1) This information is derived from the Fund's unaudited interim financial statements.

(2) Net assets attributable to holders of redeemable units and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year. This table is not intended to be a reconciliation of the net asset value per unit.

Ratios and Supplemental Data

(3) For the period ending in June 30, 2020

(4) The management expense ratio is based on total expenses (excluding commissions and other portfolio costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. It is calculated by dividing the total of operating expenses (excluding commissions and portfolio transaction costs) and management fees, including applicable taxes, by the average net asset value of the Fund for the financial period, then multiplying the result by 100.

(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(6) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(7) For the period from April 15, 2019 (date of commencement of operations) to December 31, 2019.