

# **BARRANTAGH**

Investment Management

## Update – Dec. 31, 2020

- Firm Update
- Mandate Review
  - Small Cap Canadian Equities
  - Global Equities
- Economic Update



**ALIGNED**  
capital partners inc.



## FIRM UPDATE

# Firm Update

## FIRM PROFILE

- 100% employee-owned investment managers since 1995
- 17 employees, firm ownership expanded to 6 employee-shareholders
- AUM: \$1.1 Bn (private wealth, institutional, sub-advisory)
- Fundamental quality value style

## STRATEGIES OFFERED

- Balanced Mandates – active asset mix mgmt.
- Fixed Income – Credit barbell + active duration mgmt.
- Equity Strategies – Focus Portfolios (20 – 40 stocks in a strategy):
  - **Small Cap – quality/yield focus**
  - Mid Cap – S&P TSX Completion Index
  - All Cap Cdn Equities
  - Income – yield focus
  - **Global Equities – Global leaders + Special situations**

## FIRM UPDATE

### COVID 19:

- Operating remotely with full trading, portfolio accounting, investment team and client service capability
- Rotating limited office schedule & video conferencing

### Diversification Strategies:

- Small Cap – new prospectus fund launched in Q2/19
  - ‘F’ Class – 1.0% MER, 12-year composite track-record
- Mid Cap – reached 3-year track record end of Q2/20

### ESG Integration Update:

- Completed UN PRI signatory process (2019) & formalized BIM Responsible Investing Policy

### Sub-Advisory News:

- Awarded new SMA mandate at key bank brokerage firm broadening our offerings to 4 leading IIROC firms

### Website Upgrade 2020:

- Launched July, 2020
- Improved navigation, functionality & content
- Advisor Portal

# Barrantagh

## Competitive Advantages

---

### Barrantagh

### Outcomes

#### Investment Boutique

- 100% employee-owned & independent
- Investing in small, mid-size & larger companies with minimal trading impact
- Integrated client-focused team

#### Quality/Value investing style

- Capital preservation/absolute returns
- Low portfolio risk metrics

#### Fundamental bottom-up research

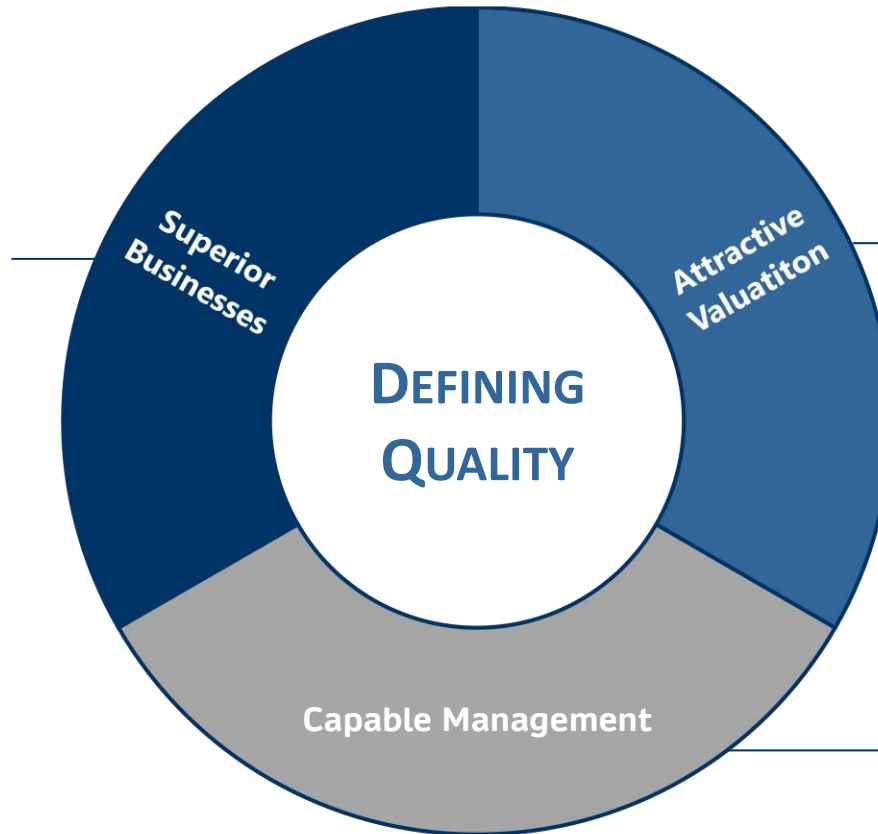
- Focused “Best Idea” portfolios
  - Low portfolio turnover
-

# Investment Philosophy

## Defining Quality

### IDEA GENERATION

- Competitive advantages
- Industry leaders
- Pricing Power
- High return on capital
- Low capital intensity
- **ESG** Profile



### INDEPENDENT VALUATION

- Cashflow analysis
- Independent valuation
- Forecast use of leverage
- Quality reduces risk
- Buy/Sell Targets

### MANAGEMENT INTERVIEWS

- Aligned with shareholders
- Clear business strategy
- Record of value creation
- Low cost operators
- Conservative use of leverage



# MANDATE REVIEW

## Global Equities

# Global Equity Mandate

## Performance at December 31, 2020

For Periods Ending Dec. 31, 2020	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs
<b>BIM Global Equities</b>	<b>8.6%</b>	<b>8.6%</b>	<b>22.2%</b>	<b>14.3%</b>	<b>14.1%</b>	<b>12.7%</b>	<b>12.9%</b>	<b>13.1%</b>	<b>16.1%</b>	<b>16.1%</b>	
MSIC World (Net)	13.9%	13.9%	17.5%	11.2%	11.9%	10.3%	11.7%	12.0%	14.7%	14.5%	

	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>BIM Global Equities</b>	<b>8.6%</b>	<b>37.4%</b>	<b>0.1%</b>	<b>13.7%</b>	<b>7.0%</b>	<b>14.0%</b>	<b>14.0%</b>	<b>39.6%</b>	<b>16.0%</b>
MSIC World (Net)	13.9%	21.2%	-0.5%	14.4%	3.8%	18.9%	14.4%	35.2%	13.3%

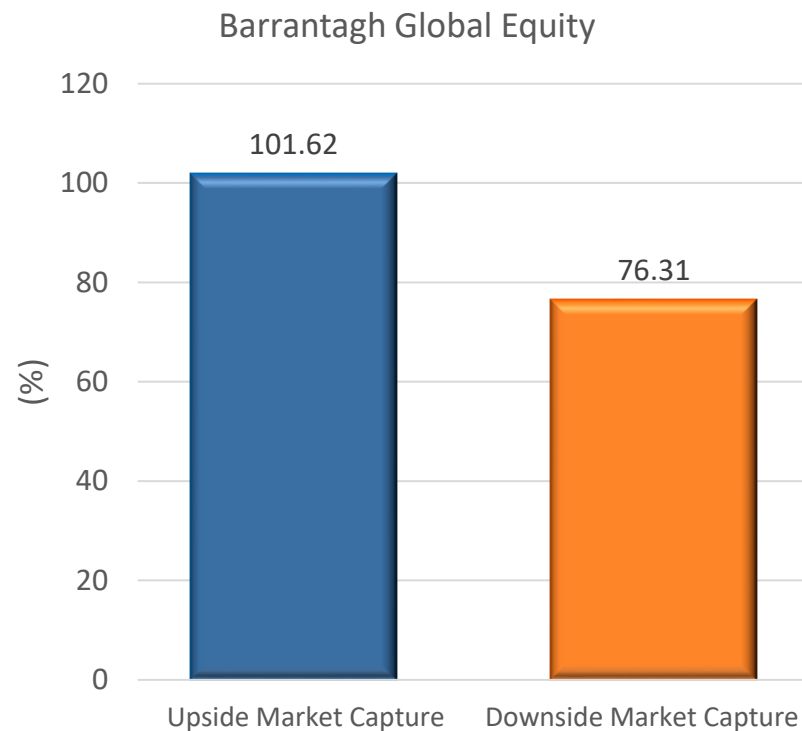
Green indicates periods that Barrantagh Small Cap outperformed

Returns are gross of fees. Composites include actual accounts managed by Barrantagh. Past performance is no guarantee of future returns.

# Global Equities

## Risk Statistics vs. *Global* Canadian Equity (for Periods Ending December 31, 2020)

	Barrantagh Global Equities <sup>1</sup>	Percentile Rank <sup>2</sup>	
<b>Annualized Return</b>	<b>16.1</b>	<b>6</b>	<b>1<sup>st</sup> Percentile</b>
Standard Deviation	10.64	17	Lower Volatility than Median
<i>Sharpe Ratio</i>	<i>1.42</i>	<i>2</i>	<i>High risk-adjusted return</i>
Beta	0.84	19	Very Low risk vs. market
<i>Treynor Ratio</i>	<i>18.12</i>	<i>4</i>	<i>High risk-adjusted return</i>



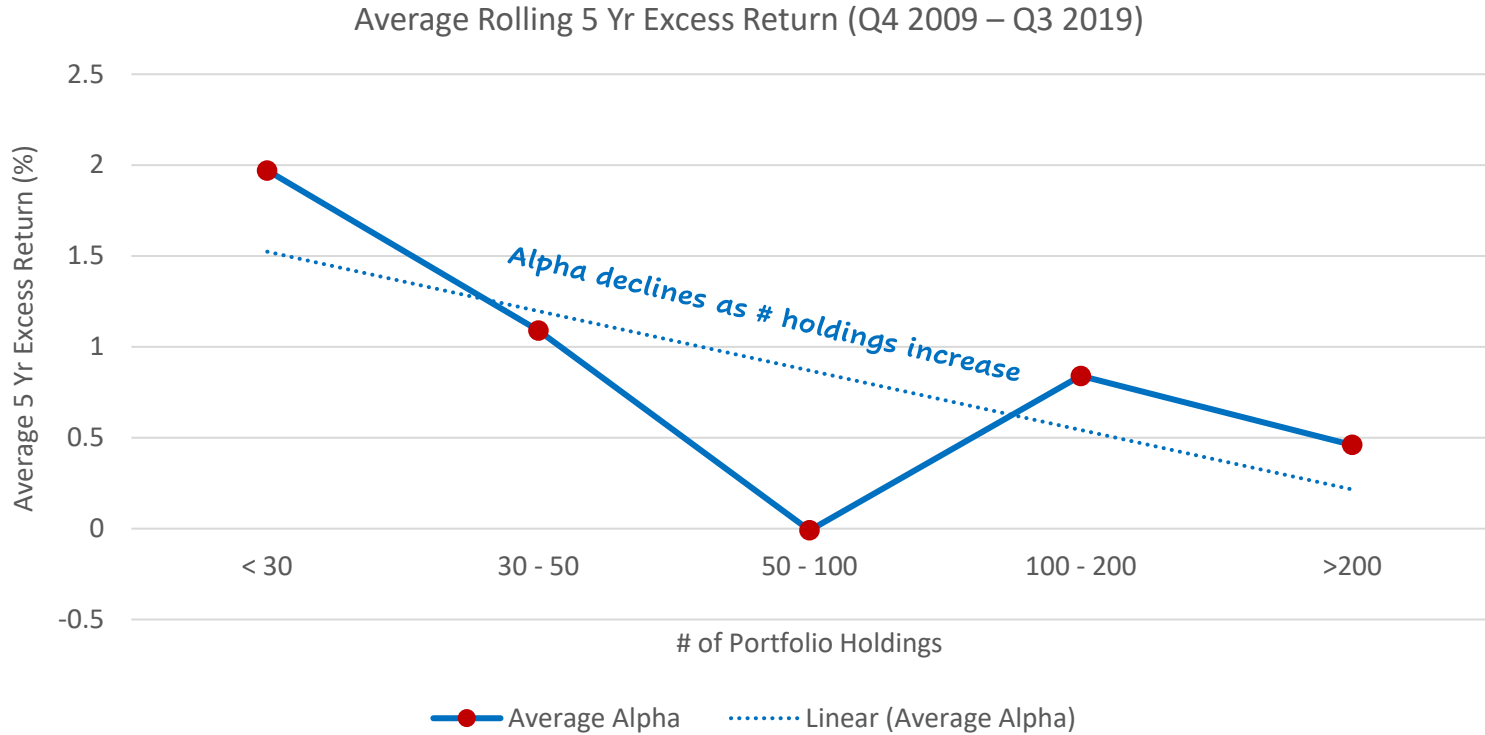
<sup>1</sup> Since Inception Jan. 1, 2012

<sup>2</sup> vs. Evestment All Cap Value Universe



# Concentrated Global Equity Advantages

## # Holdings & Alpha Generation

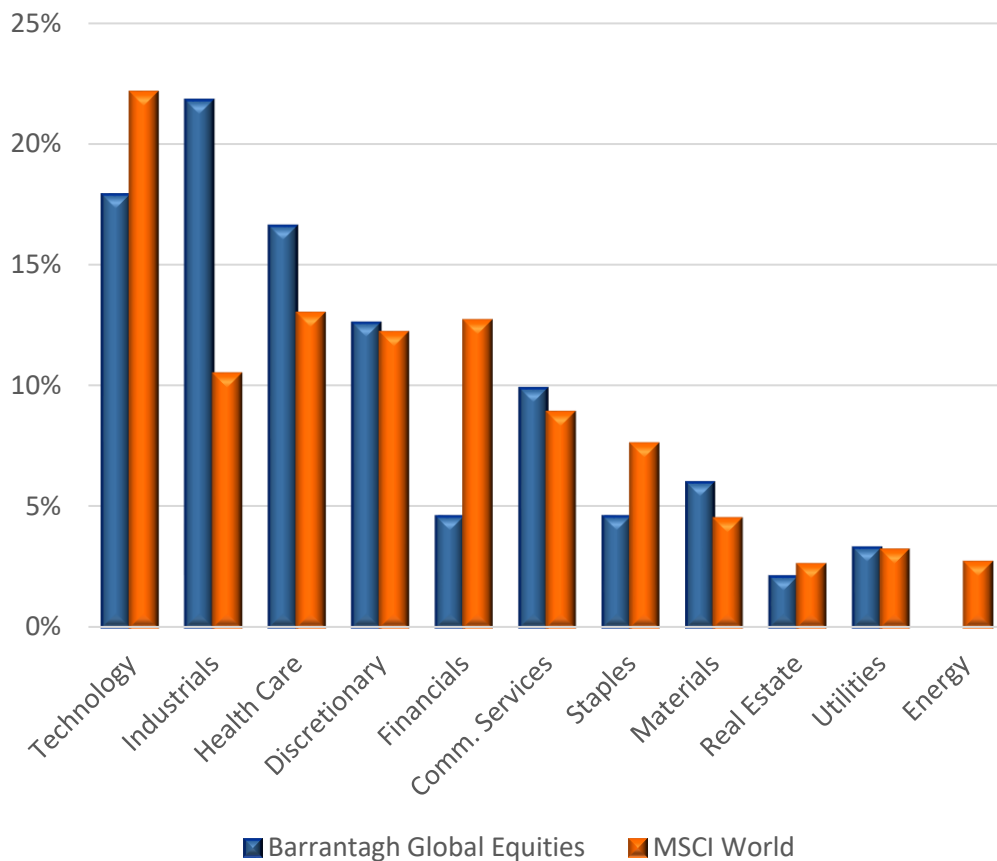


Excess Returns (CAD) vs. MSCI World Index (Net)

# Global Equities

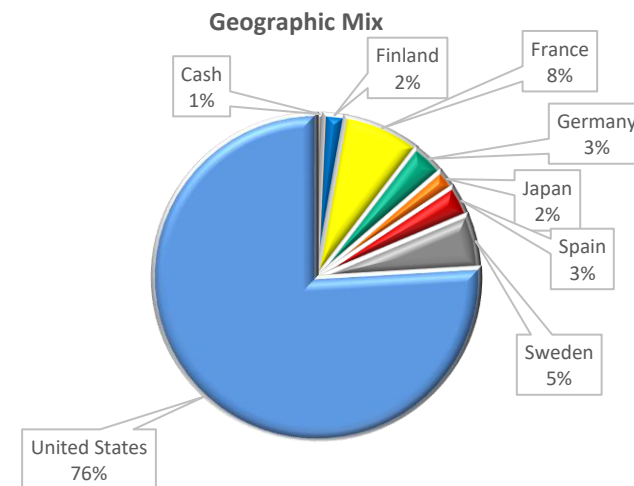
at December 31, 2020

Barrantagh Global Equities Industry Weight vs Index



## CHARACTERISTICS

Number of Holdings	29
# Industry Sectors	10
Average Market Cap	\$259.0Bn
P/CF	16.6X
Dividend Yield	1.2%



# Global Equities

## Portfolio at December 31, 2020 | Q4 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>Consumer Discretionary</b>		<b>Industrials</b>		<b>Financials</b>	
Dollar General	3.9%	Metso Outotec (NEW)	2.1%	JP Morgan Chase	4.6%
Hasbro	3.7%	Kubota (NEW)	2.0%		4.6%
McDonalds	3.0%	Ferrovial (-)	3.0%	<b>Information Technology</b>	
Terminix (NEW)	2.0%	Illinois Tool Works	2.8%	Ericsson	5.3%
	12.6%	Quanta Services	3.2%	Mastercard	3.8%
<b>Consumer Staples</b>		Schneider Electric	4.3%	Microsoft	4.8%
Mondelez	4.7%	Union Pacific	4.3%	Global Payments	3.8%
	4.7%		21.6%		17.7%
<b>Materials</b>		<b>Health Care</b>		<b>Communication Services</b>	
Air Liquide	3.3%	Becton Dickinson	2.5%	T-Mobile	5.4%
International Flavours & Frag.	2.8%	Boston Scientific (+)	3.8%	Alphabet	4.5%
	6.1%	Thermo Fisher Scientific	3.6%		9.9%
<b>Utilities</b>		United Health Group	3.2%		
RWE Aktiengesellschaft (NEW)	3.3%	Cooper Companies	3.5%		
	3.3%		16.6%	Cash & Equivalents	0.7%
		<b>Real Estate</b>		Total	100.0%
<b>SOLD</b>		American Tower	2.2%		
<b>Allegion</b>			2.2%		
<b>Leidos Holdings</b>					
<b>Philips</b>					



# MANDATE REVIEW

Small Cap Canadian Equities

# Small Cap Canadian Equity Mandate

Performance at December 31, 2020

For Periods Ending Dec. 31, 2020	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs
<b>BIM Canadian Small Cap</b>	<b>21.3%</b>	<b>21.3%</b>	<b>20.1%</b>	<b>9.5%</b>	<b>8.6%</b>	<b>10.8%</b>	<b>7.9%</b>	<b>9.2%</b>	<b>11.7%</b>	<b>12.5%</b>	<b>12.8%</b>
S&P/TSX Small Cap Index	12.9%	12.9%	14.3%	2.3%	2.4%	8.7%	4.7%	3.7%	4.1%	3.4%	1.2%
S&P/TSX Composite Index	5.6%	5.6%	13.9%	5.7%	6.6%	9.3%	6.2%	6.8%	7.5%	7.5%	5.8%

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>BIM Canadian Small Cap Equity</b>	<b>21.3%</b>	<b>19.0%</b>	<b>-8.9%</b>	<b>5.9%</b>	<b>19.8%</b>	<b>-5.3%</b>	<b>17.3%</b>	<b>30.9%</b>	<b>18.5%</b>	<b>15.6%</b>	<b>35.0%</b>
S&P/TSX Small Cap Index	12.9%	15.8%	-18.2%	2.7%	38.5%	-13.4%	-2.4%	7.6%	-2.2%	-16.4%	35.1%

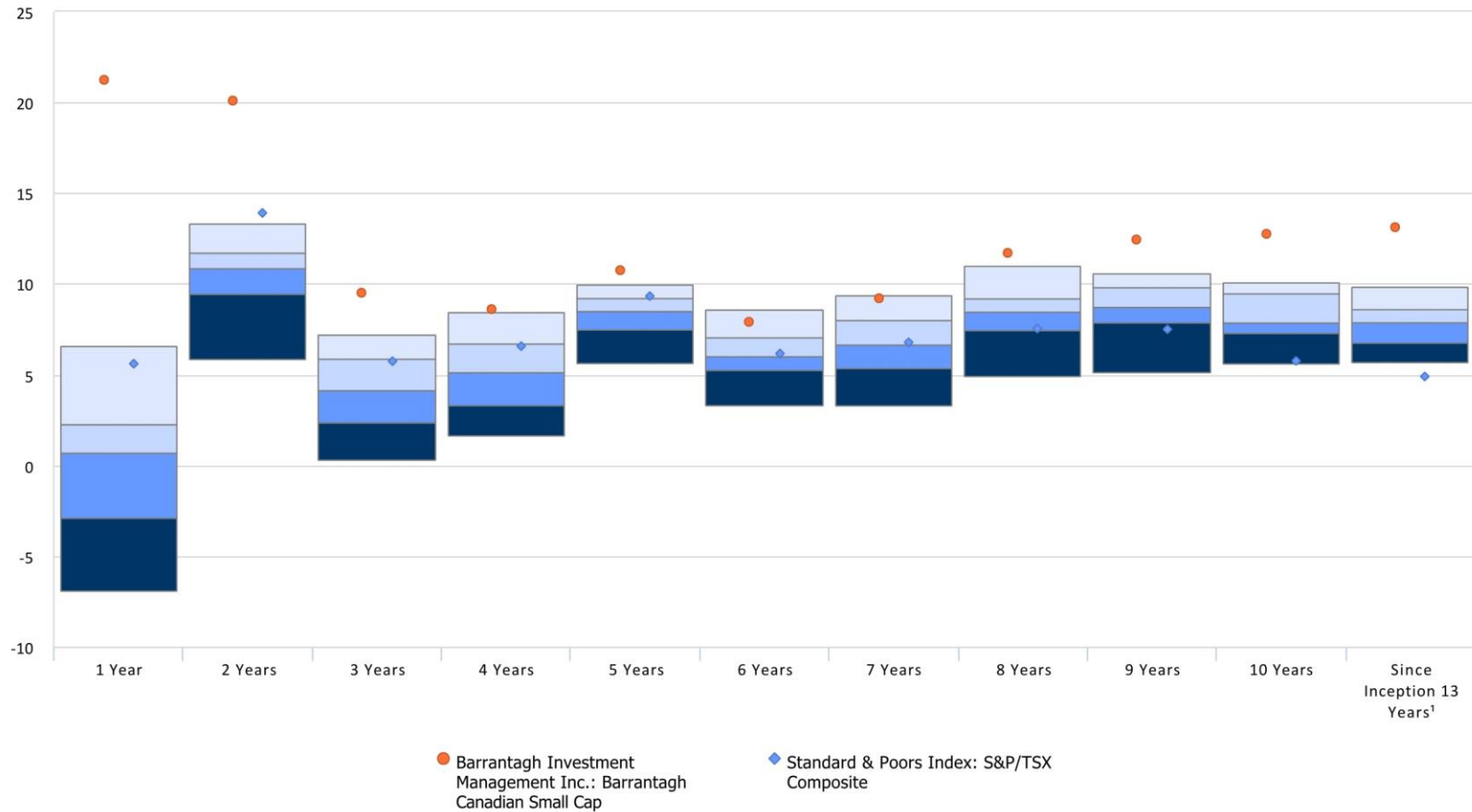
Green indicates periods that Barrantagh Small Cap outperformed

Returns are gross of fees. Composites include actual accounts managed by Barrantagh. Past performance is no guarantee of future returns.

# RETURNS: Small Cap Canadian Equities

Strong Performance vs. Large Cap Core & Cdn Dividend Strategies (for Periods Ending Dec. 31, 2020)

Returns as of: December 31, 2020

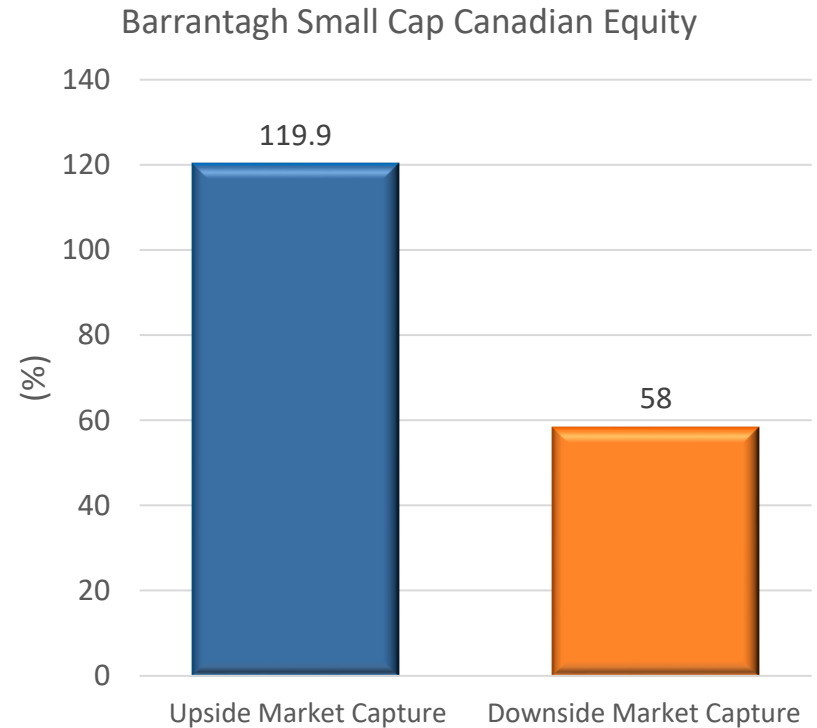


Universe: eVestment Canadian Dividend Focus Equity

# Small Cap Canadian Equities

Risk Statistics vs. *Small Cap* Canadian Equity (for Periods Ending December 31, 2020)

	Barrantagh Small Cap Cdn. Equities <sup>1</sup>	Percentile Rank <sup>2</sup>	
<b>Annualized Return</b>	<b>13.1</b>	<b>1</b>	<b>1<sup>st</sup> Percentile</b>
Standard Deviation	13.9	1	Lower Volatility than Median
<i>Sharpe Ratio</i>	<i>.87</i>	<i>1</i>	<i>Highest risk-adjusted return</i>
Beta	0.53	1	Very Low risk vs. market
<i>Treynor Ratio</i>	<i>22.9</i>	<i>1</i>	<i>Highest risk-adjusted return</i>



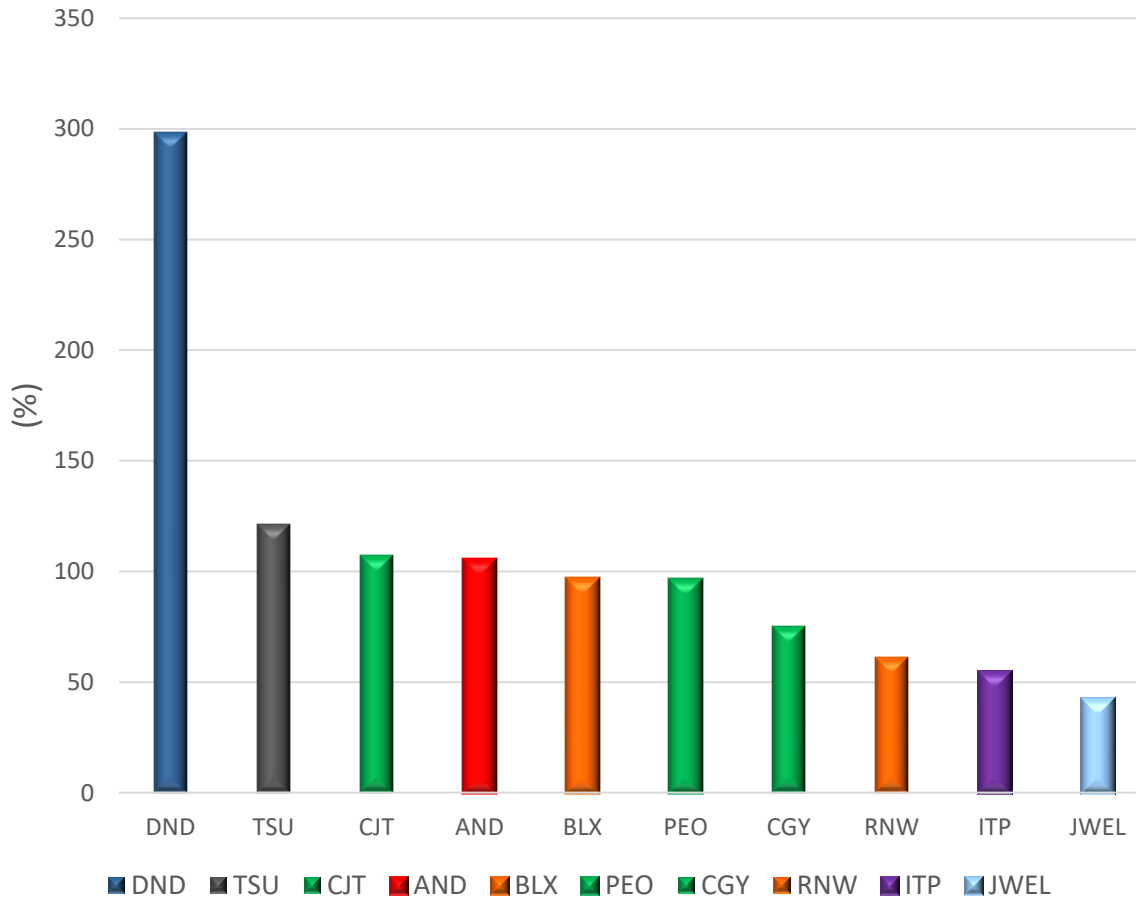
<sup>1</sup> Since Inception Jan. 1, 2008

<sup>2</sup> vs. Evestment Small Cap Universe

# TSX Small Cap Canadian Equity

## Diversified Contributions by Sector to Total Return

Top 10 Stock Performers: 2020 Return



### Top 10 - Broad Alpha sources:

- Industrials (3)
- Utilities (2)
- Staples (1)
- Technology (1)
- Health Care (1)
- Financials (1)
- Materials (1)



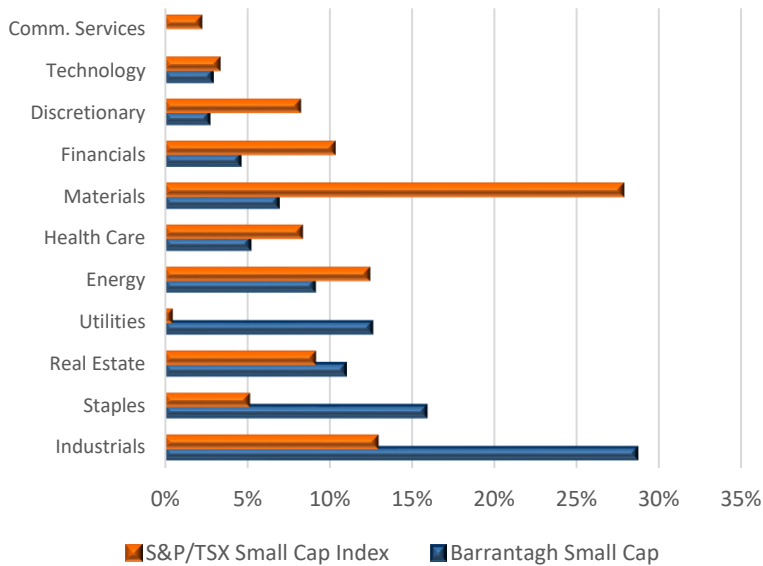
# Profile: Small Cap Canadian Equities

Portfolio at December 31, 2020

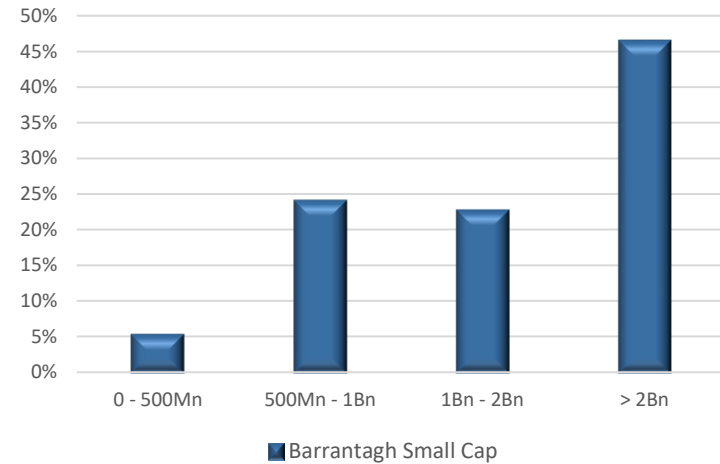
## CHARACTERISTICS

Number of Holdings	27
Avg. Market Cap	\$2.3 Bn
# Industry Sectors	10
Dividend Yield	2.2%

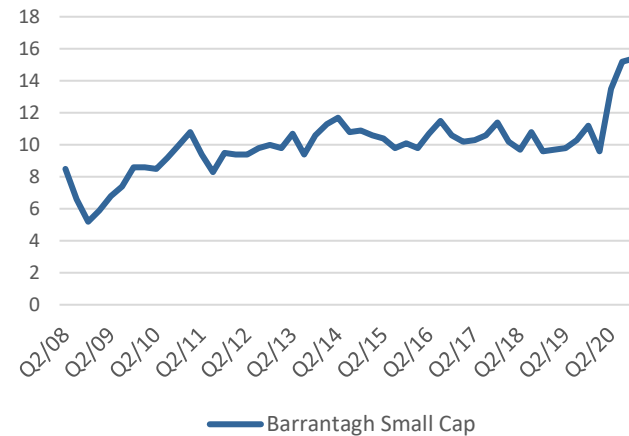
Barrantagh Small Cap Industry Weight vs. Index



Market Cap Exposure



Historic P/CF



# Canadian Small Cap Equity Portfolio

Portfolio at December 31, 2020 | Q4 2020 Transactions

	Portfolio Weight		Portfolio Weight	
<b>Consumer Discretionary</b>		<b>Industrials</b>		<b>SOLD</b>
Diversified Royal	2.7%	Aecon Group	3.0%	<b>None</b>
	2.7%	Badger Daylighting	3.0%	
<b>Consumer Staples</b>		Boyd Group	4.7%	
Primo Water (-)	3.8%	Cargojet	6.1%	
Jamieson Wellness	4.7%	Calian Group	3.1%	
North West Co.	3.7%	People Corp	3.2%	
Premium Brands	3.4%	Savaria . (NEW)	0.5%	<b>TRIM = (-)</b>
	15.6%	Morneau Shepell (+)	4.5%	<b>ADD = (+)</b>
			28.1%	
<b>Energy</b>		<b>Real Estate</b>		
Gibson Energy	3.1%	Minto Apartment REIT	3.6%	
Parkland Fuel	3.3%	Storagevault Canada	4.2%	
Tidewater Midstream	2.5%	Summit Industrial REIT	3.0%	
	8.9%		10.8%	
<b>Financials</b>		<b>Utilities</b>		
Trisura Group	4.5%	Boralex	5.1%	
	4.5%	Superior Plus	3.6%	
<b>Health Care</b>		Transalta Renewables	3.8%	
Andlauer Healthcare	5.2%		12.5%	
	5.2%	<b>Materials</b>		
<b>Information Technology</b>		Altius Minerals	2.7%	
Dye & Durham	2.9%	Intertape Polymer (-)	4.1%	
	2.9%		6.8%	
		Cash & Equivalent	2.0%	
		Total	100.0%	

# Canadian Small Cap Equity Portfolio

## Select Holdings – Brand Recognition

### JAMIESON WELLNESS (JWEL)



### CARGOJET (CJT)



Amazon optional ownership stake ~15%



### BORALEX (BLX)



### AECON (AEC)



### PARKLAND FUEL (PKI)



### BADGER DAYLIGHTING (BAD)





## ECONOMIC REVIEW

# Outlook

---

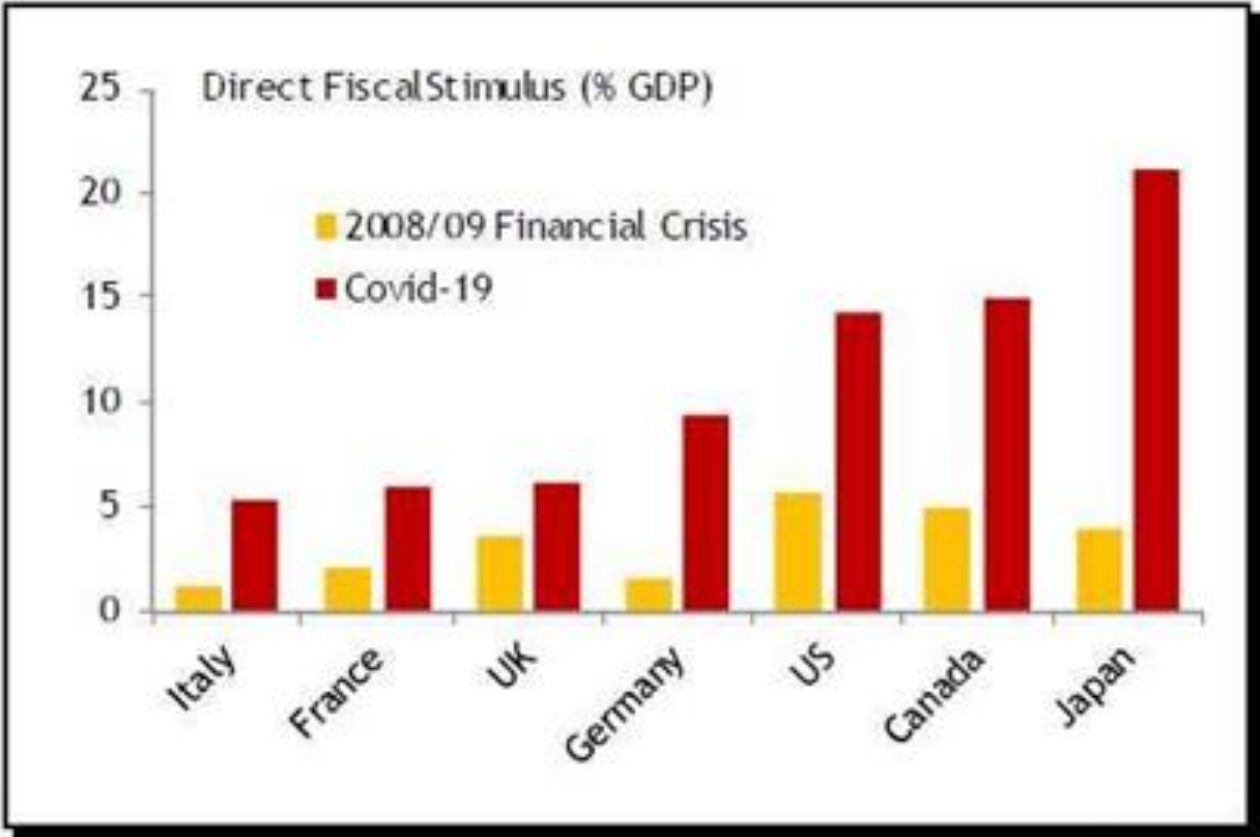
## World:

- Response has been quick
- Rate cuts, fiscal stimulus, monetary support, credit supports, regulatory burden relief
- Fiscal policy response expected to add 1.3% to global GDP
- U.S. Example – fiscal policy between \$850bn to \$1.2tn
  - The U.S. response is about 5% of current GDP
  - In 2008 the response was \$830bn or 6% of GDP

## Canada:

- Announced \$82bn response package or 3% of GDP

# Fiscal Stimulus Has Been Large Relative to 2008/09



Source: IMF, CIBC

# U.S. & Canada Manufacturing PMI

## U.S. Mfg. PMI

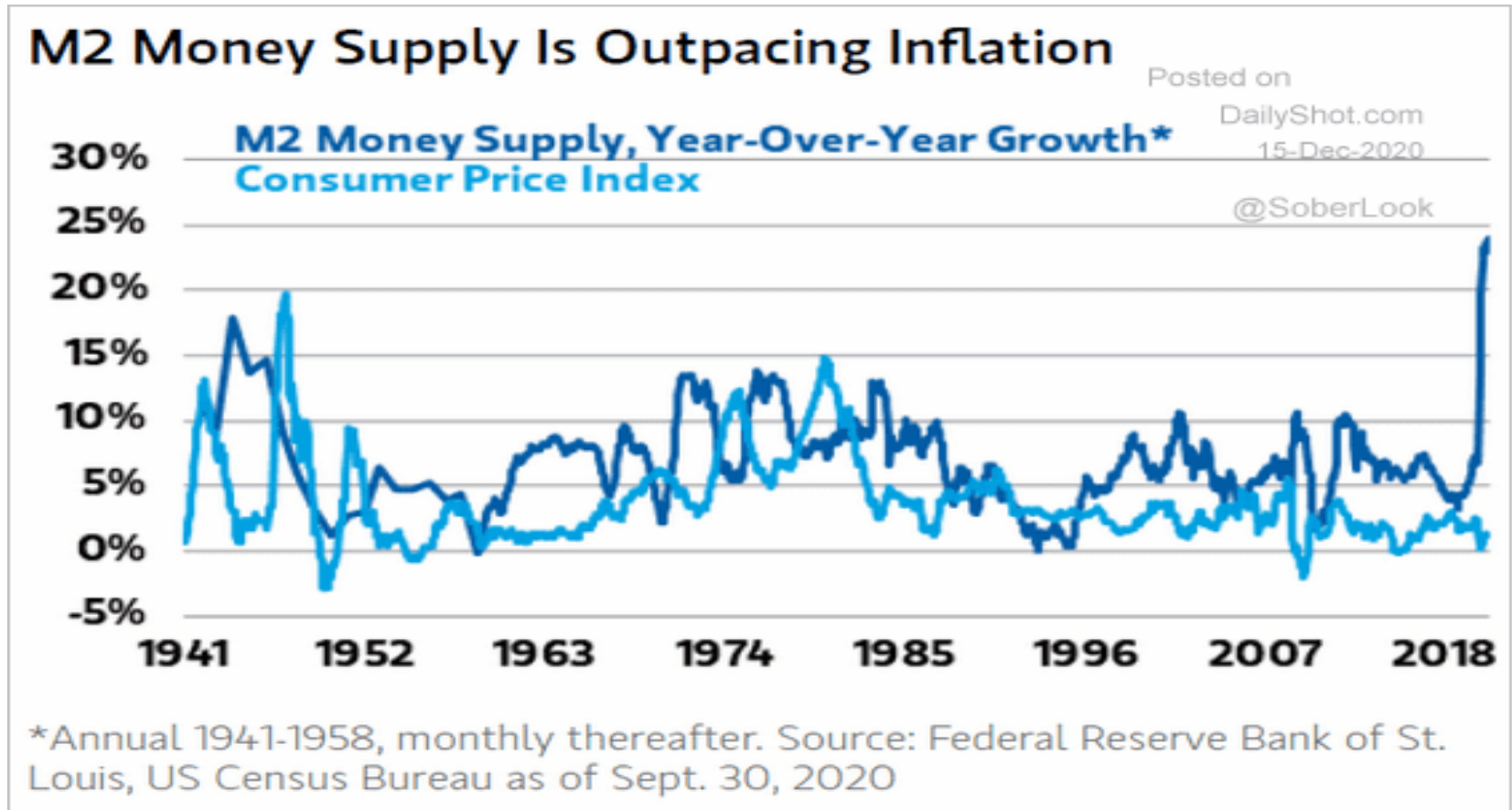


## Canada Mfg. PMI



Source: The Daily Shot

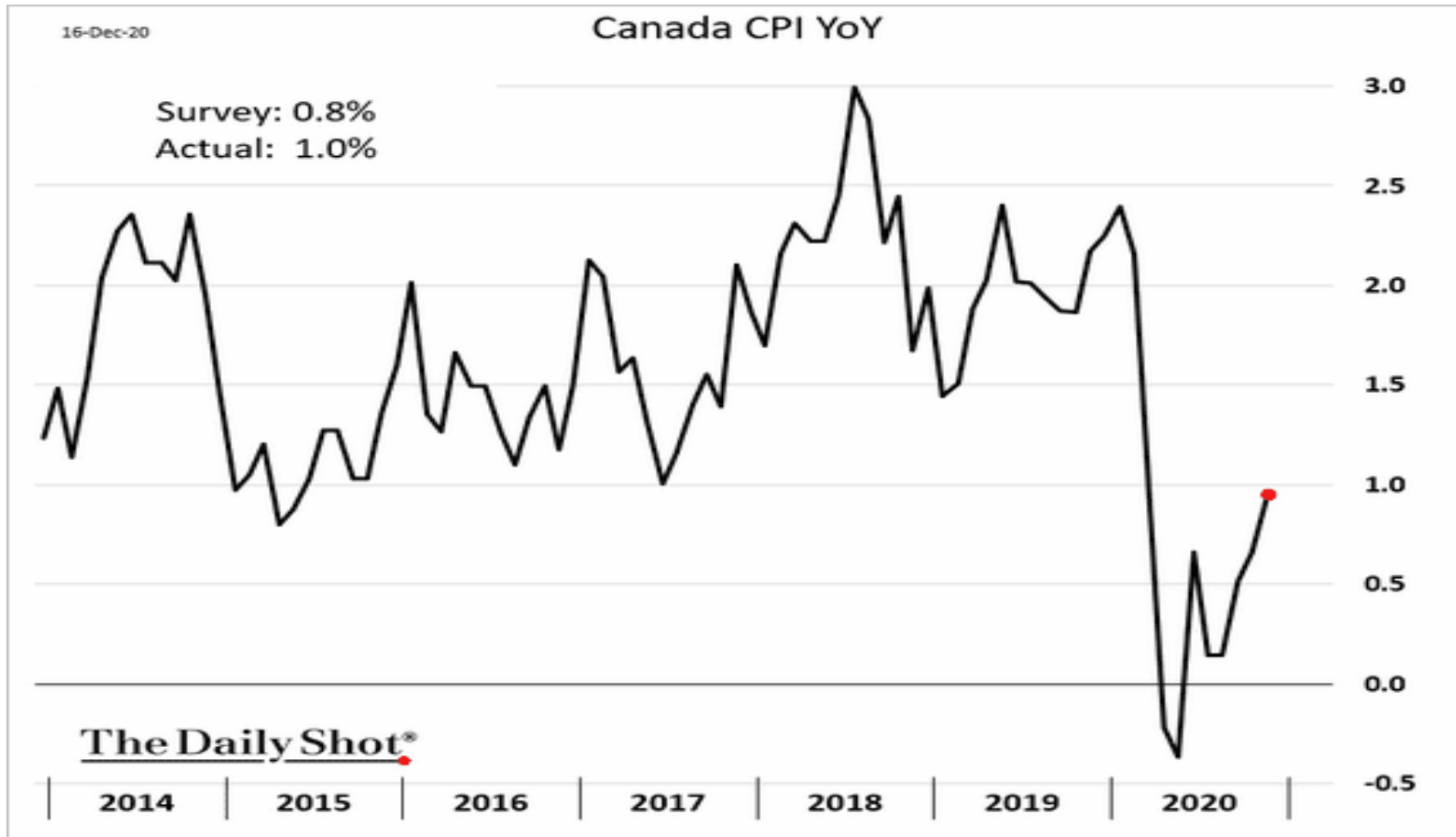
# Money Supply Growth Leads Inflation



Source: The Daily Shot, Federal Reserve



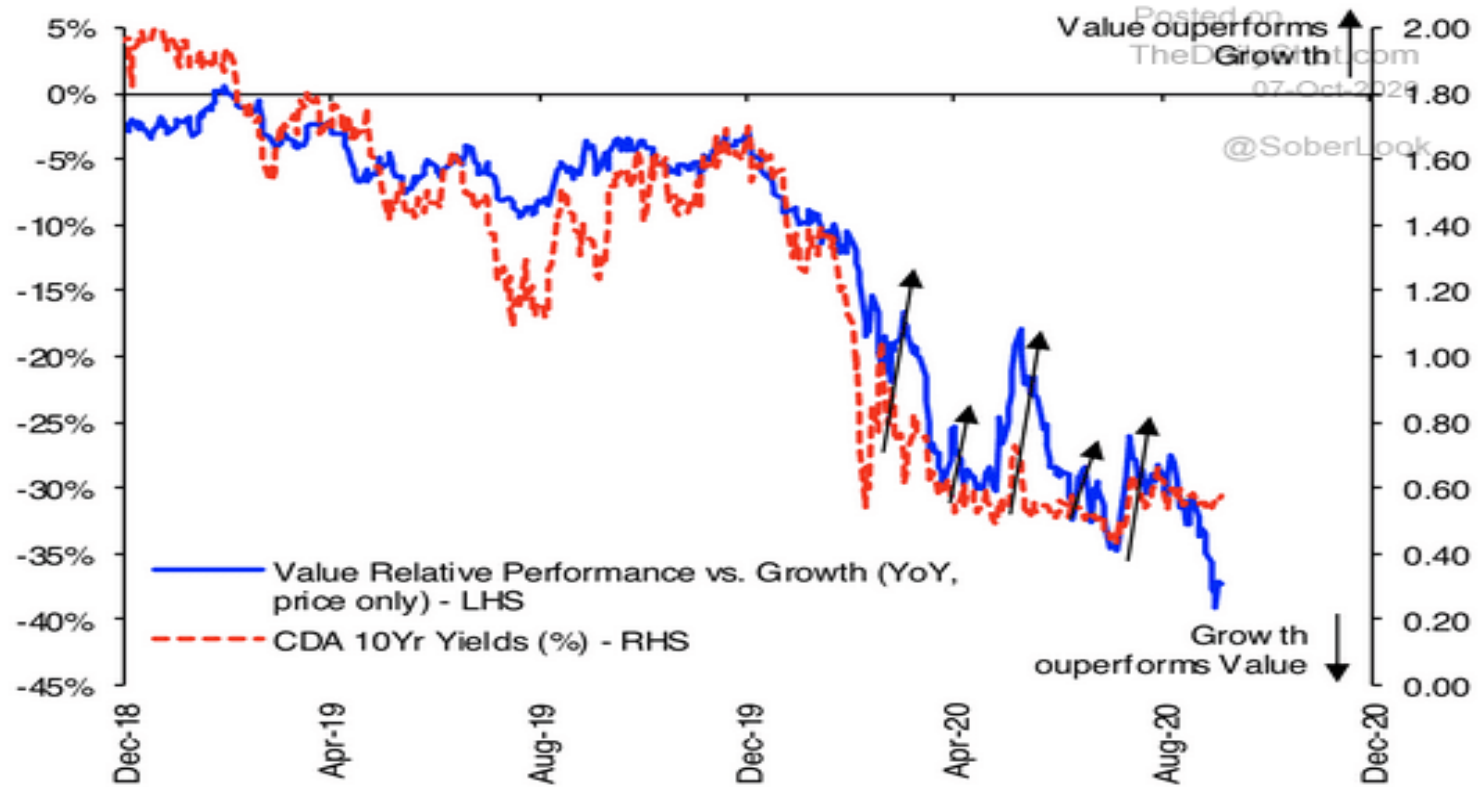
# Canada's Inflation



Source: The Daily Shot

# Canadian Value vs Growth vs Yield

MSCI Canada Value vs. Growth & CDA 10Yr Yields



Source: The Daily Shot, Scotiabank, Bloomberg

# Working with You

---

- Why Small Cap Canadian Equities
  1. Adds **low-risk alpha** & yield to client portfolios
  2. Diversification - **reduce** overall client portfolio **risk** (low correlation)
  3. Exploit the opportunity in small cap stocks (**limited sell-side coverage**)
- Barrantagh Small Cap Canadian Equity Fund (F Class)
  - **Fund Code: BMI105**, 1.0% MER, Min. investment \$1,000 initial, \$200 subsequent
- SMA Min. Investment Small Cap: \$40,000 , Global Equities: \$100,000
- Advisor Portal available [www.barrantagh.com](http://www.barrantagh.com) Password: AC5

## Contact (Toronto):

Alan Daxner, Senior Vice President  
[adaxner@barrantagh.com](mailto:adaxner@barrantagh.com)  
(416) 864-7958

## Contact (Vancouver):

Robin Ferguson, Vice President  
[rferguson@barrantagh.com](mailto:rferguson@barrantagh.com)  
(778) 990-3445

# BARRANTAGH

## Investment Management

100 Yonge Street, Suite 1700  
Toronto, Ontario M5C 2W1  
(416) 868-6295  
[www.barrantagh.com](http://www.barrantagh.com)