

BARRANTAGH

Investment Management

Update – Dec. 31, 2020

- Firm Update
- Key Mandate Review
 - Small Cap Canadian Equities
 - Total Equities
- Economic Update

RICHARDSON
Wealth

Small Cap Canadian Equities
Total Equities



Barrantagh

[bare-n-tah] {manx gaelic}

trustworthy adj., dependable adj. originating from the Isle of Man.

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

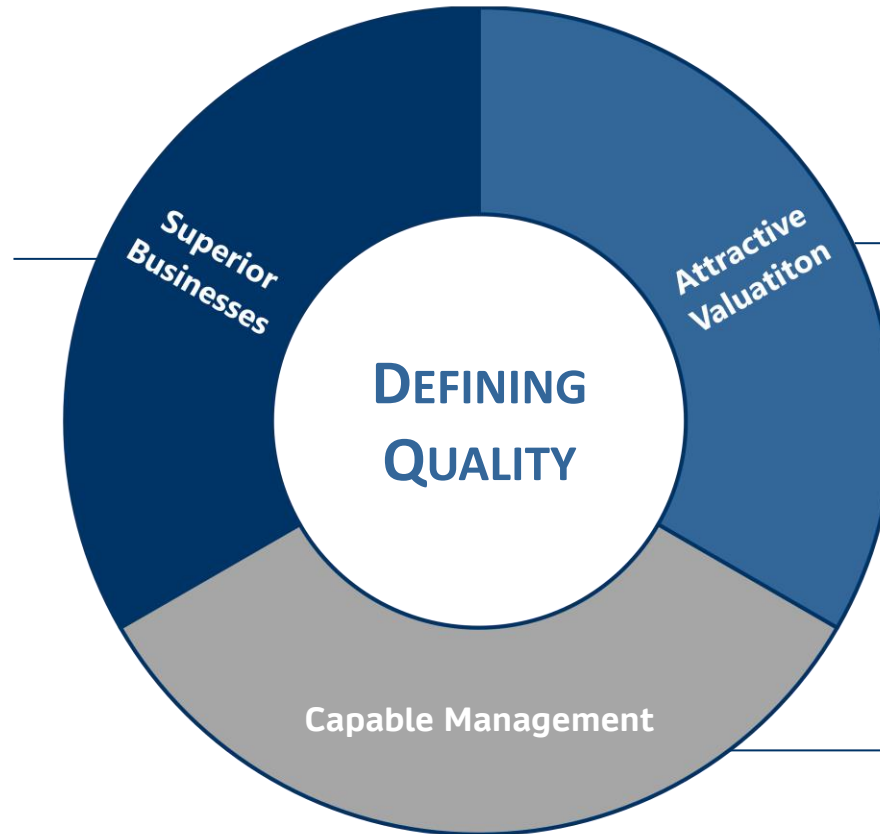
- Focused “Best Idea” portfolios
 - Low portfolio turnover
-

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



OBSERVATIONS:

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
BIM Canadian Small Cap	21.3%	21.3%	20.1%	9.5%	8.6%	10.8%	7.9%	9.2%	11.7%	12.5%	12.8%
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
BIM Canadian Small Cap Equity	21.3%	19.0%	-8.9%	5.9%	19.8%	-5.3%	17.3%	30.9%	18.5%	15.6%	35.0%
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%

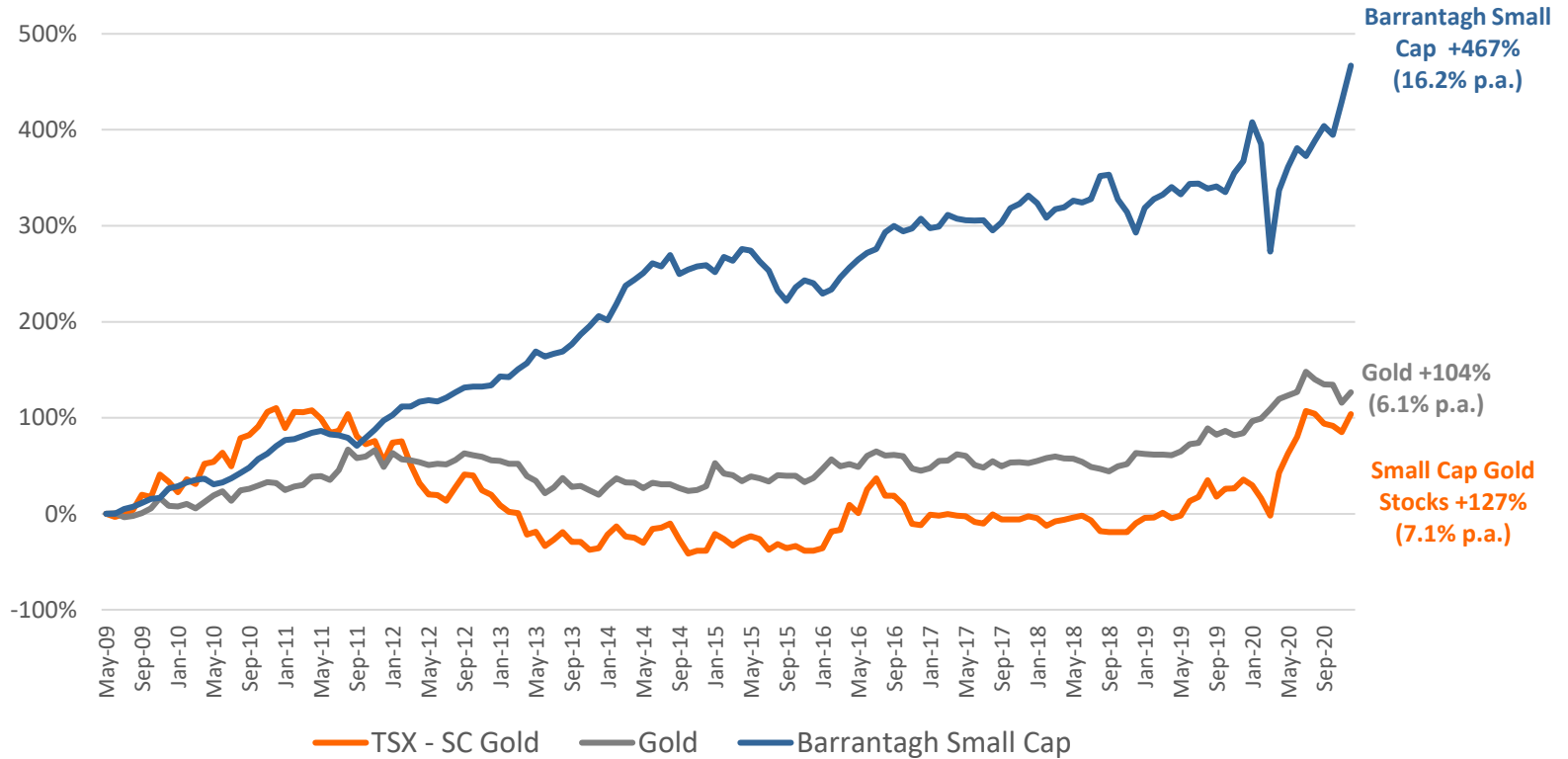
Green indicates periods that Barrantagh Small Cap outperformed

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

Small Cap Canadian Equity Mandate

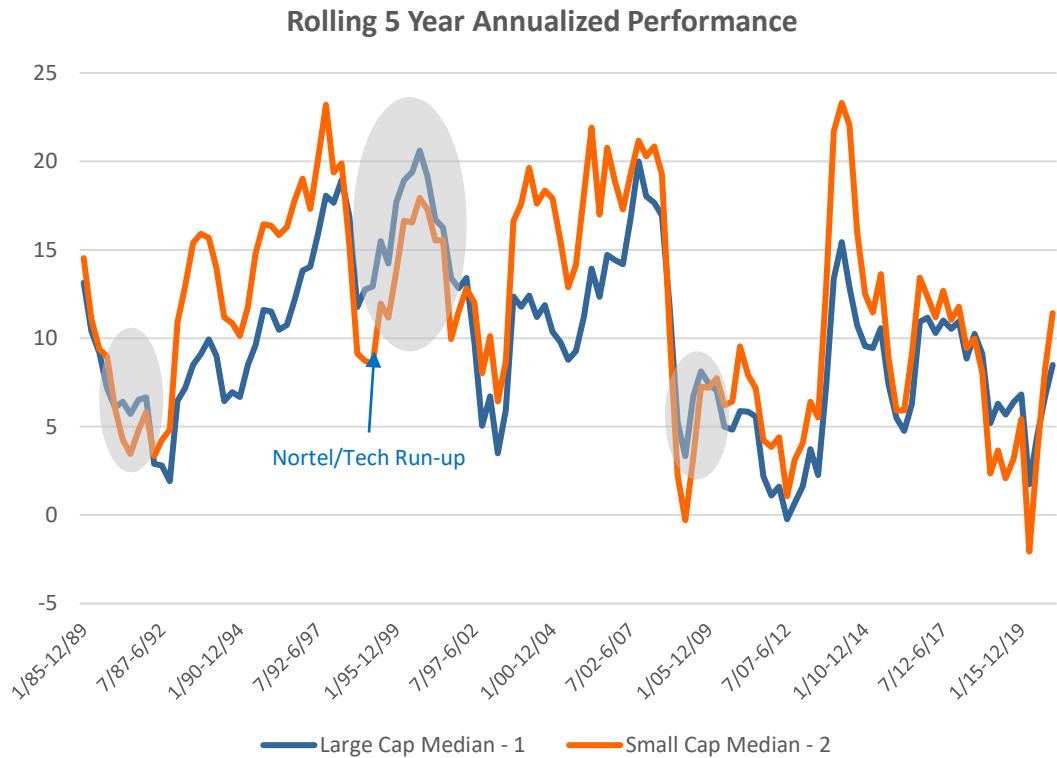
Junior Gold Miners: Underperforming/Volatile & Poor Commodity Tracking

Cumulative Returns ~ 10 Years



Canadian Equity Markets

Small Cap Median Beats the Large Cap Median 72% of the time Since 1985



- Periods of small cap *active manager* underperformance are not persistent and as the shaded areas indicate the difference in performance for those periods was only 2-3%

← 5 year medians at Dec. 31/2020:

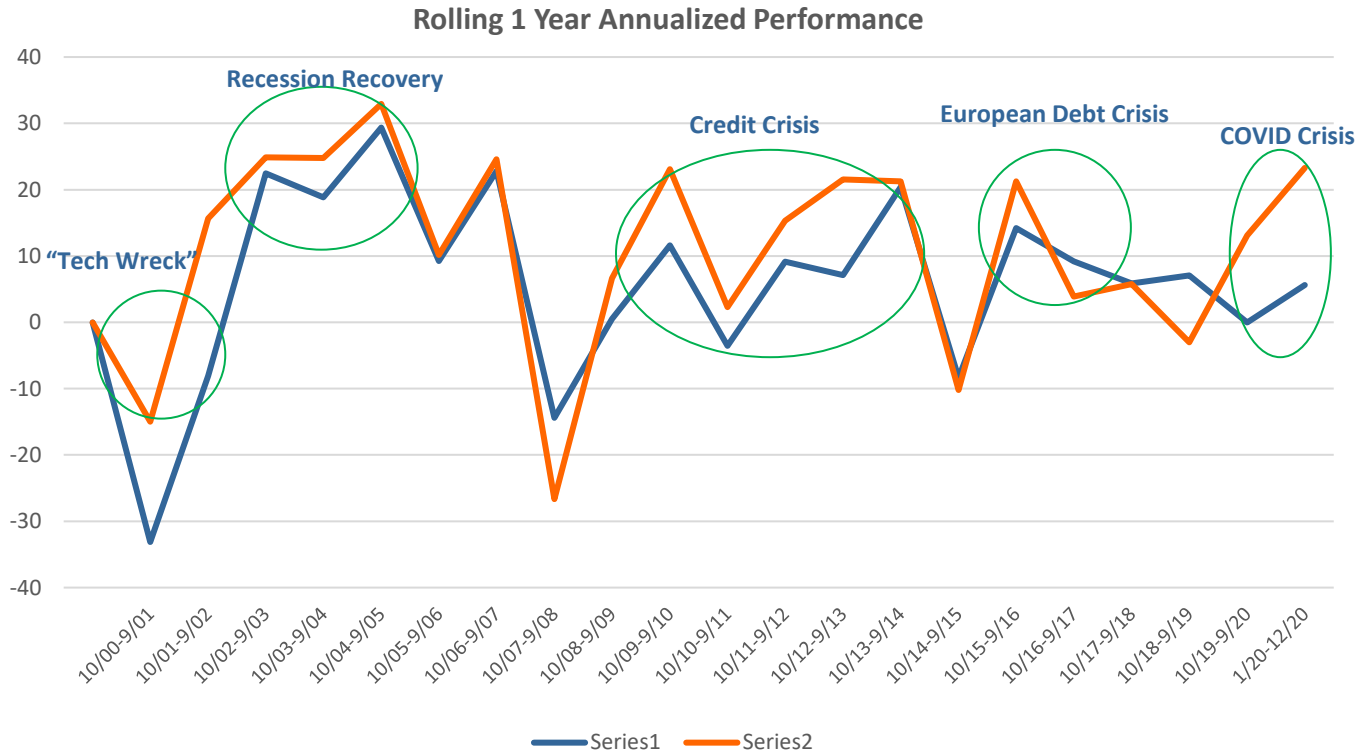
- Small Cap 11.4%
- Large Cap 8.5%

¹Evestment Large Cap Canadian Equity

²Evestment Small Cap Canadian Equity

Small Cap Median Manager Outperforms on Rebounds

Beats the Large Cap TSX Composite on Market Recoveries

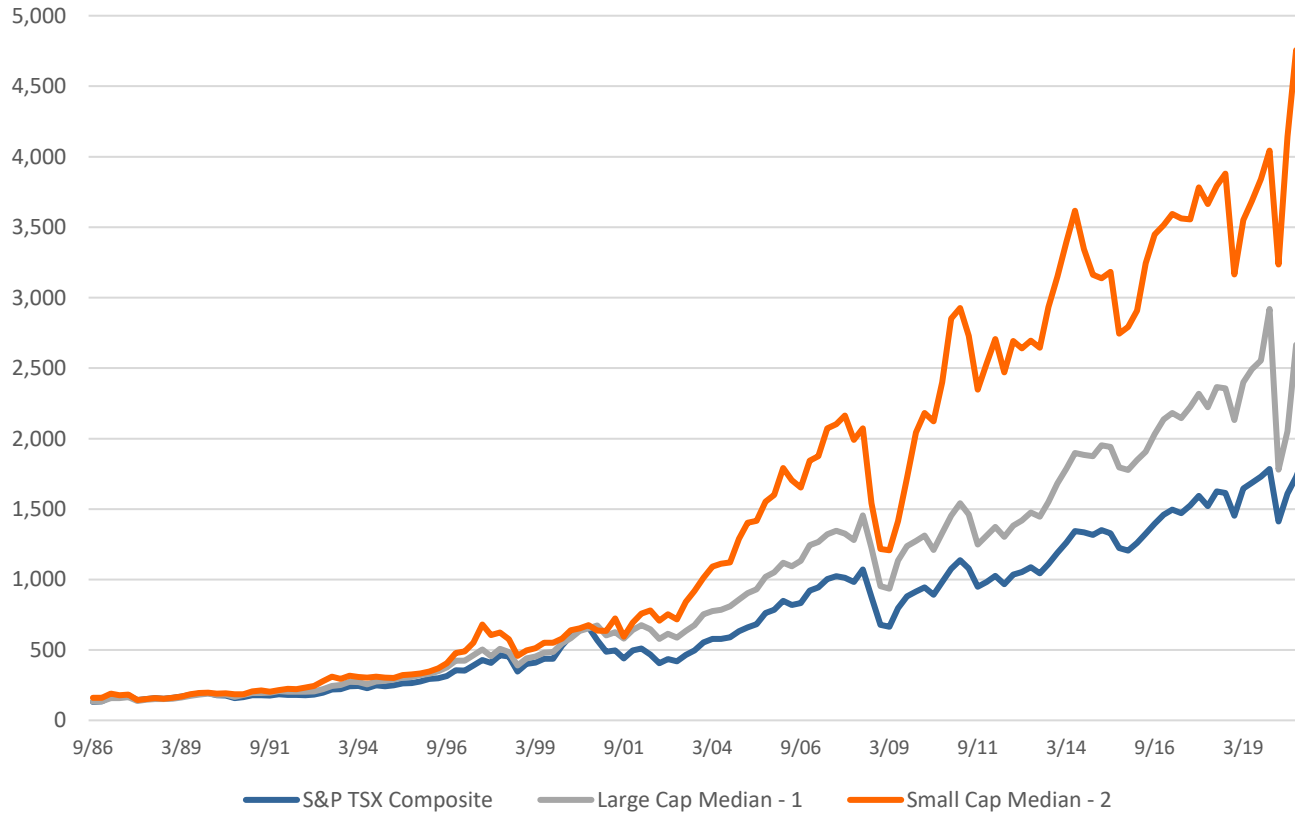


1 Yr Ended Dec. 2020
Small Cap Median +23.3%
TSX Comp. +5.6%

Canadian Equity Markets

Growth of \$100 since Jan/1985

Growth of \$100 Invested From Jan/1985 to Dec/2020



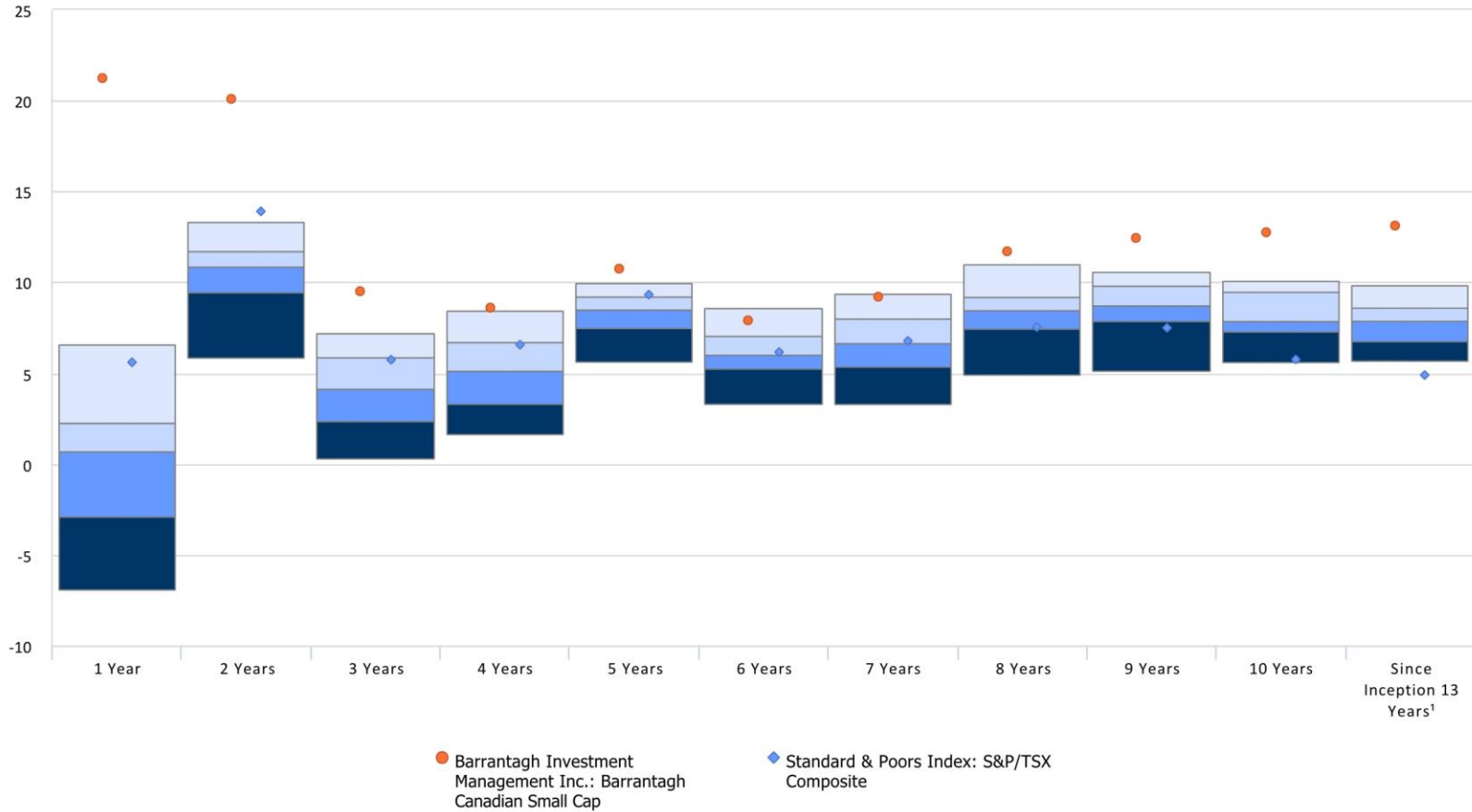
¹Evestment Large Cap Canadian Equity

²Evestment Small Cap Canadian Equity

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

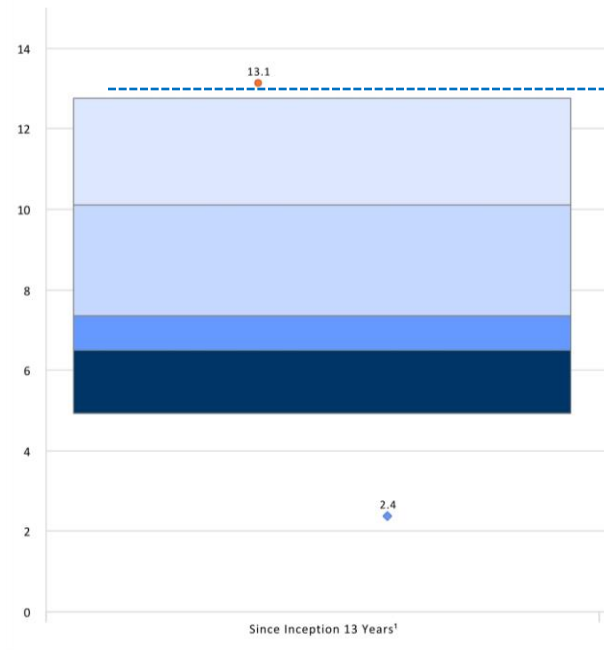


Universe: eVestment Canadian Dividend Focus Equity

RETURNS: Small Cap Canadian Equities

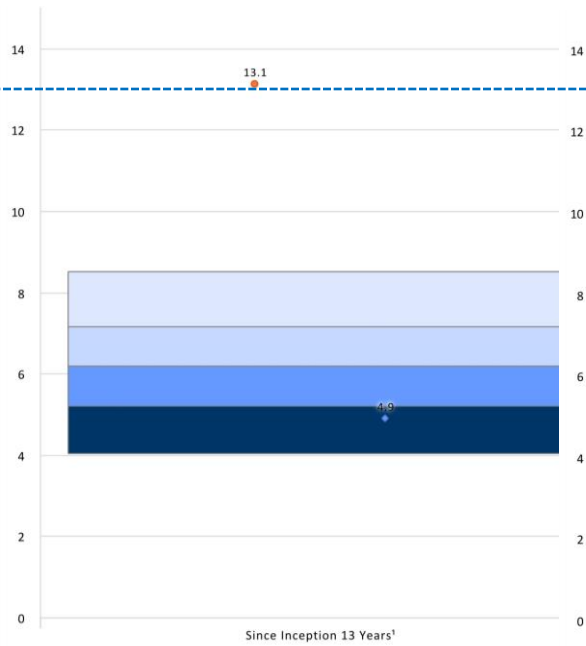
Strong Performance vs. Large Cap Cdn & Global Equities (for Periods Ending Dec. 31, 2020)

Canadian Small Cap Universe



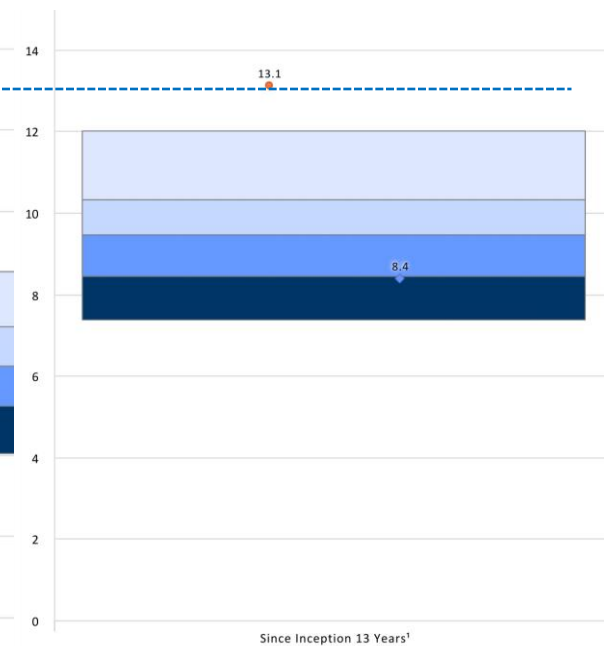
- Barrantagh Small Cap
- ◆ TSX Small Cap Index

Canadian Large Cap Universe



- Barrantagh Small Cap
- ◆ TSX Composite Index

Global Equity Universe (\$C)

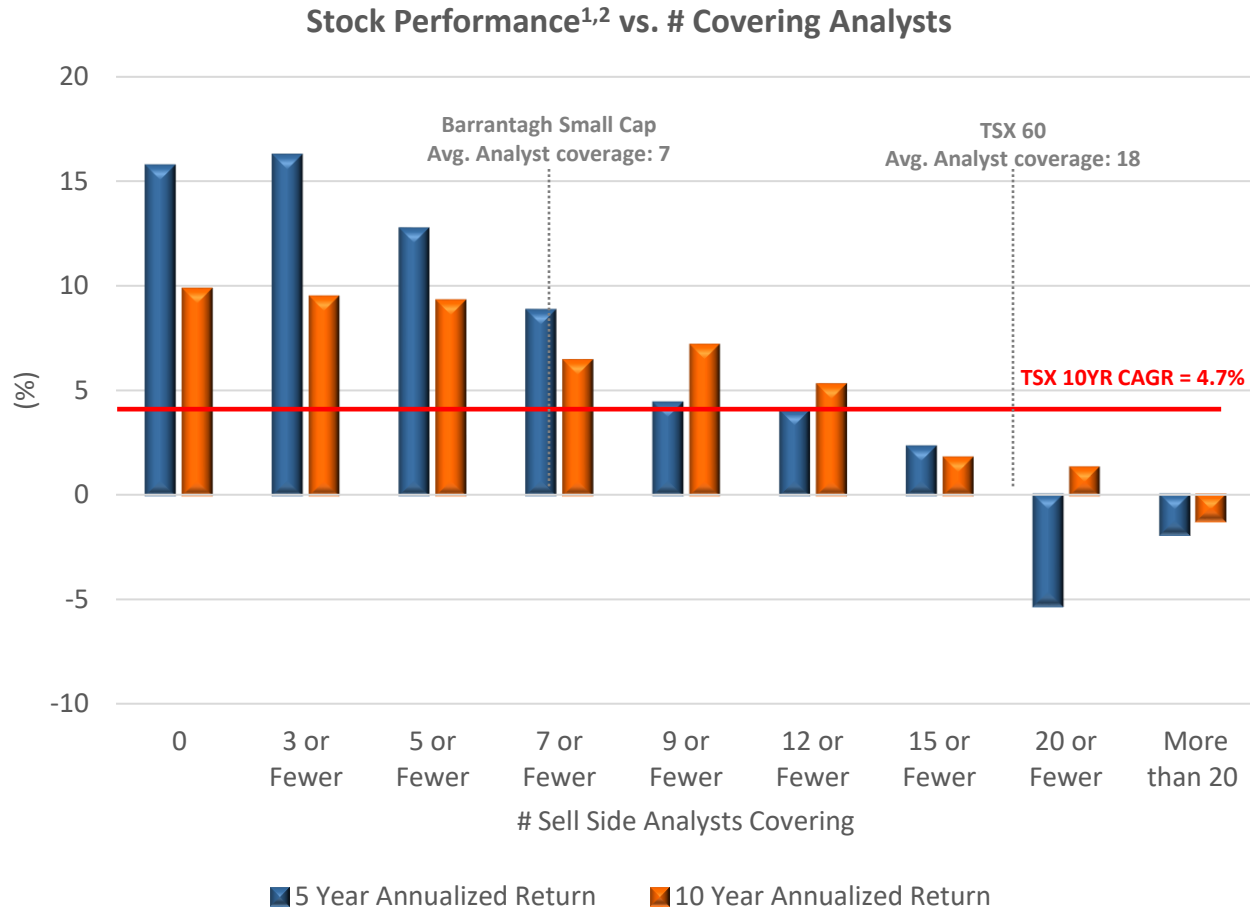


- Barrantagh Small Cap
- ◆ MSCI World Net (\$C)

Strategy Inception Date: Jan. 1, 2008

Small Cap Canadian Equities

Information Advantage: Lack of Research Coverage Creates Opportunities in Small Cap



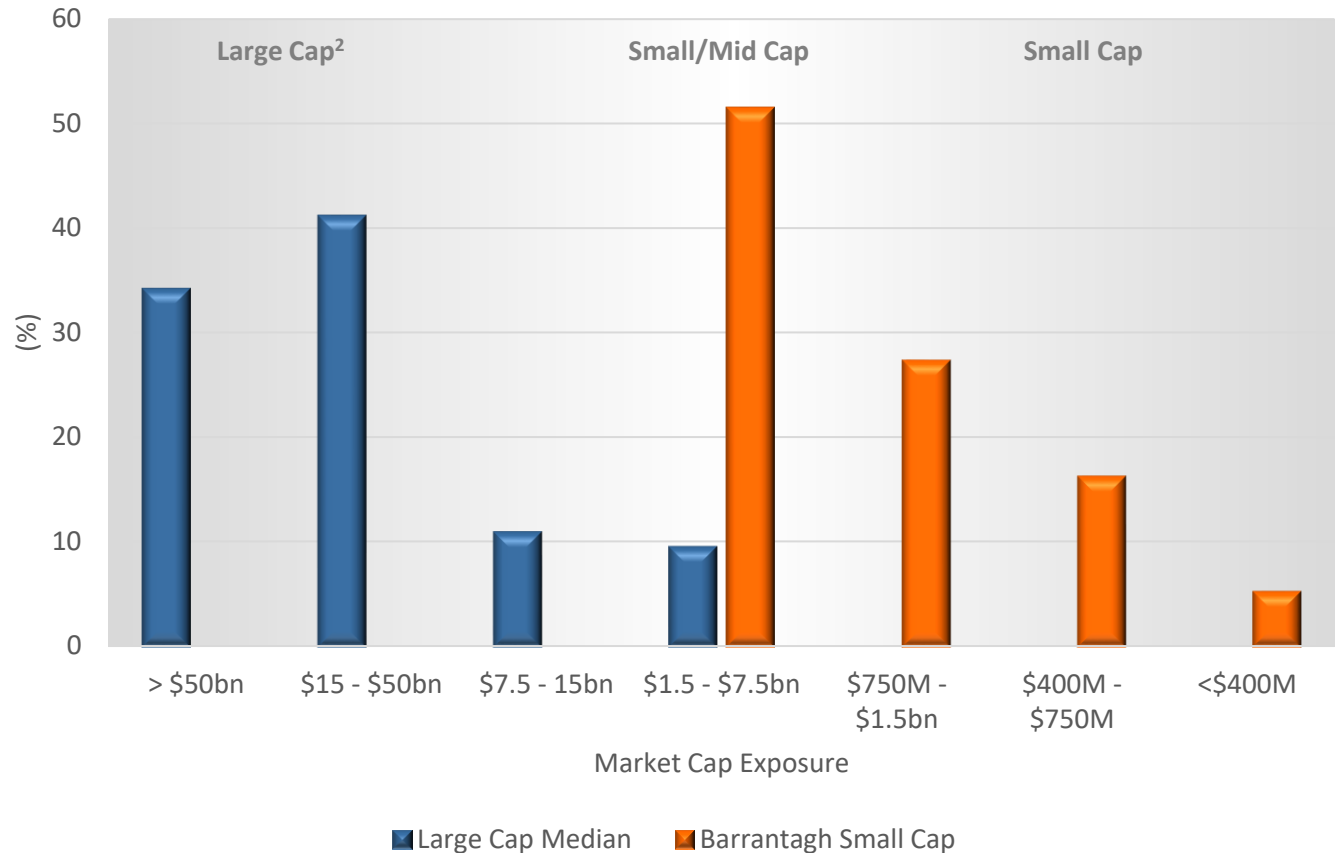
¹ Study universe includes all members of the TSX Composite & TSX Small Cap Indices with 5 & 10-year track records

² Returns are for periods ending Aug. 31, 2018

Small Cap Canadian Equities

Large Cap Managers Ignore Small Cap Opportunities

Market Cap Distribution (%) (Dec. 31, 2020)



Small Cap & Large Cap universes are mutually exclusive – Large Cap managers don't own below \$1.5bn. Overlap exists in the Small/Mid bucket - \$1.5bn - \$7.5bn.

¹ Large Cap Median = Evestment Large Cap Canadian Universe

² Market Cap buckets as defined by Evestment



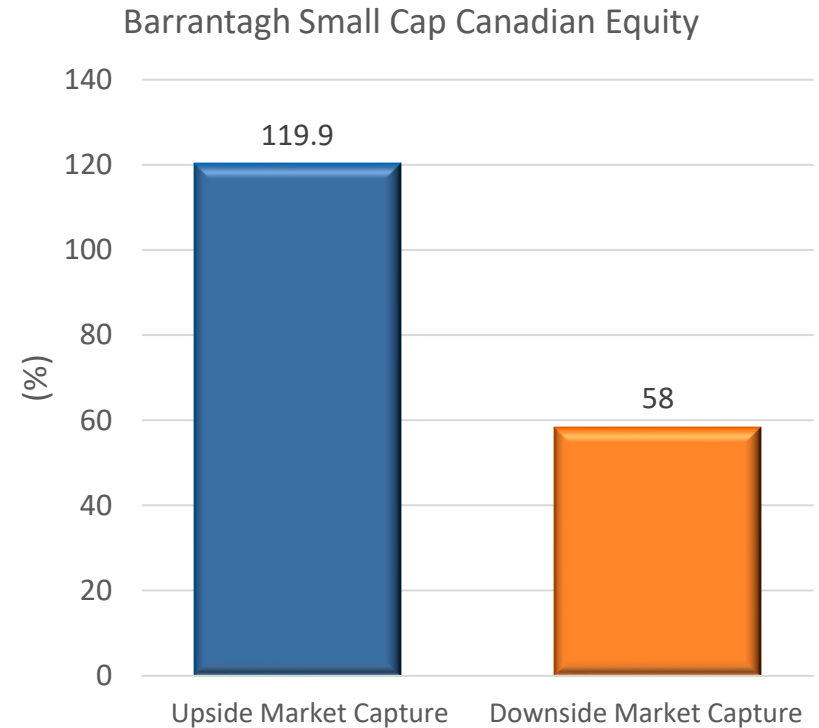
DIVERSIFICATION:

With Small Cap Canadian Equities

Small Cap Canadian Equities

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

	Barrantagh Small Cap Cdn. Equities ¹	Percentile Rank ²	
Annualized Return	13.1	1	1st Percentile
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>



¹ Since Inception Jan. 1, 2008

² vs. Evestment Small Cap Universe

Creating Minimum Risk (Optimal) Portfolios

Combining Barrantagh Small Cap with Cdn. Large Cap Managers

Canadian Equity Allocation

Since Inception (Jan./08) Risk Return
For Periods Ending Dec. 31 2020



Most large-cap Cdn. Equity managers are **highly correlated (>0.9)** – with each other and the index

Barrantagh small cap offers **very low correlation with large cap (0.6)** and indices

- Allocation can *reduce overall portfolio risk* + increase return

Total Portfolio Risk a function of:

1. Weights (ω) of underlying components
2. Risk (σ) of underlying components
3. Correlation (ρ) of components

Portfolio Standard Deviation(σ_p)

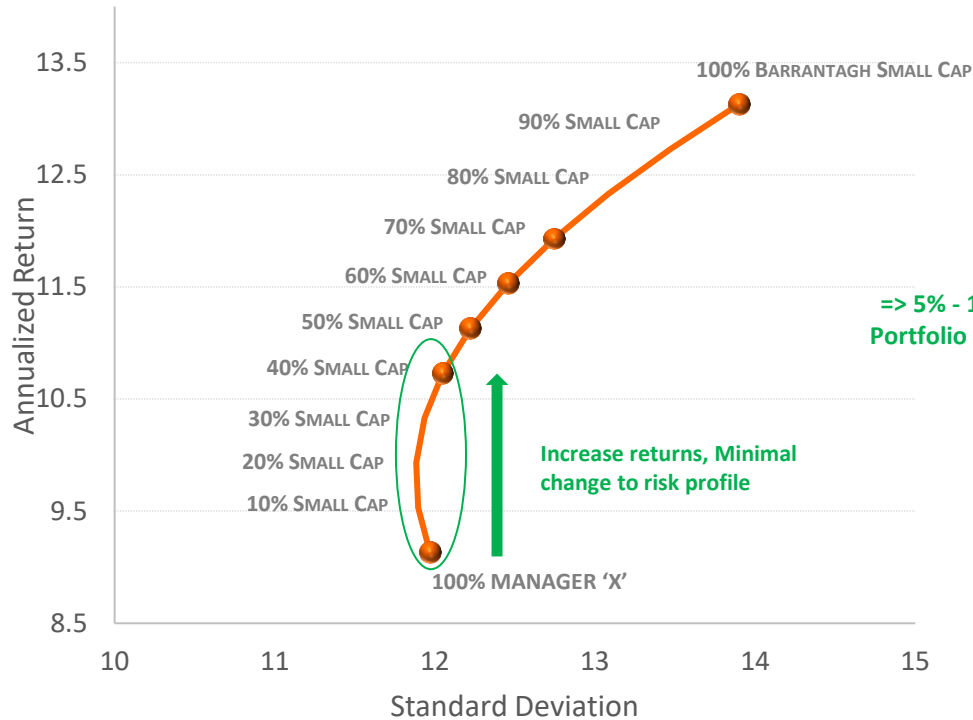
$$= \sqrt{\omega_A^2 \sigma_A^2 + \omega_B^2 \sigma_B^2 + 2\omega_A \omega_B \sigma_A \sigma_B \cdot \rho_{AB}}$$

DIVERSIFICATION: Small Cap Canadian Equities

Perspective on Allocation to Small Cap

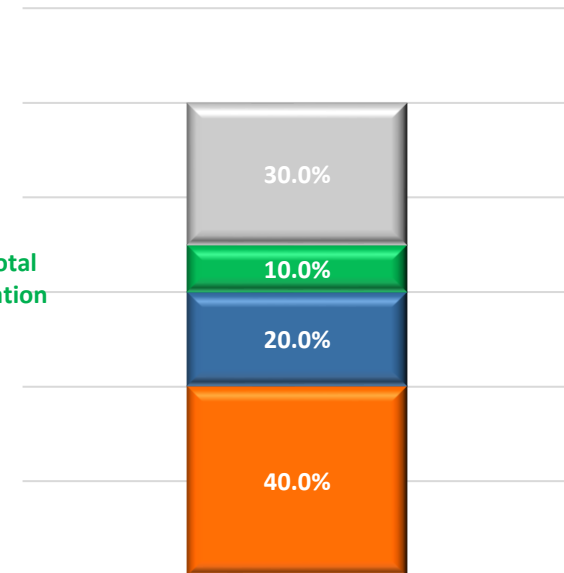
Canadian Equity Allocation

Since Inception (Jan./08) Risk Return
For Periods Ending Dec. 31 2020



Incremental addition of small cap shows optimal (minimum risk) allocations of 20% - 50% which would suggest 5% - 15% of a typical 60% equity/40% fixed client portfolio

"Typical" Client Asset Mix



=> 5% - 15% Total Portfolio Allocation

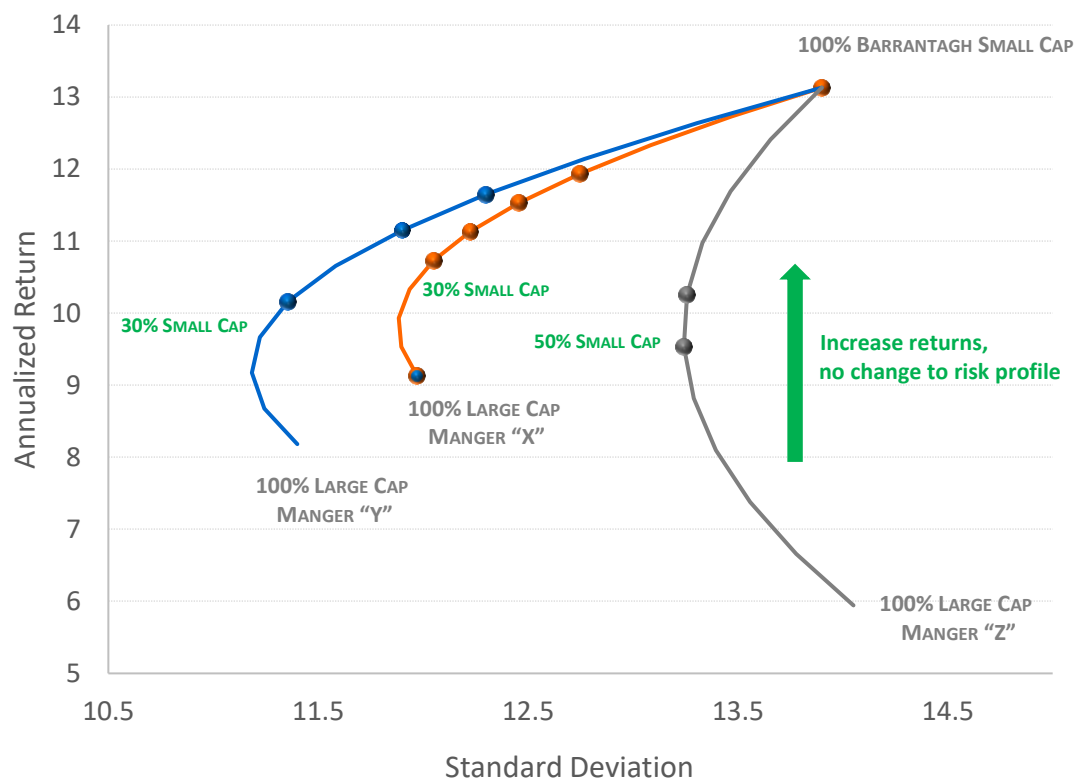
- Fixed Income
- Canadian Equities
- Small Cap
- Global Equities

DIVERSIFICATION: Small Cap Canadian Equities

Results are Similar with Other Large Cap Managers

Canadian Equity Allocation

Since Jan/2008 Risk Return
For Periods Ending Dec. 31, 2020





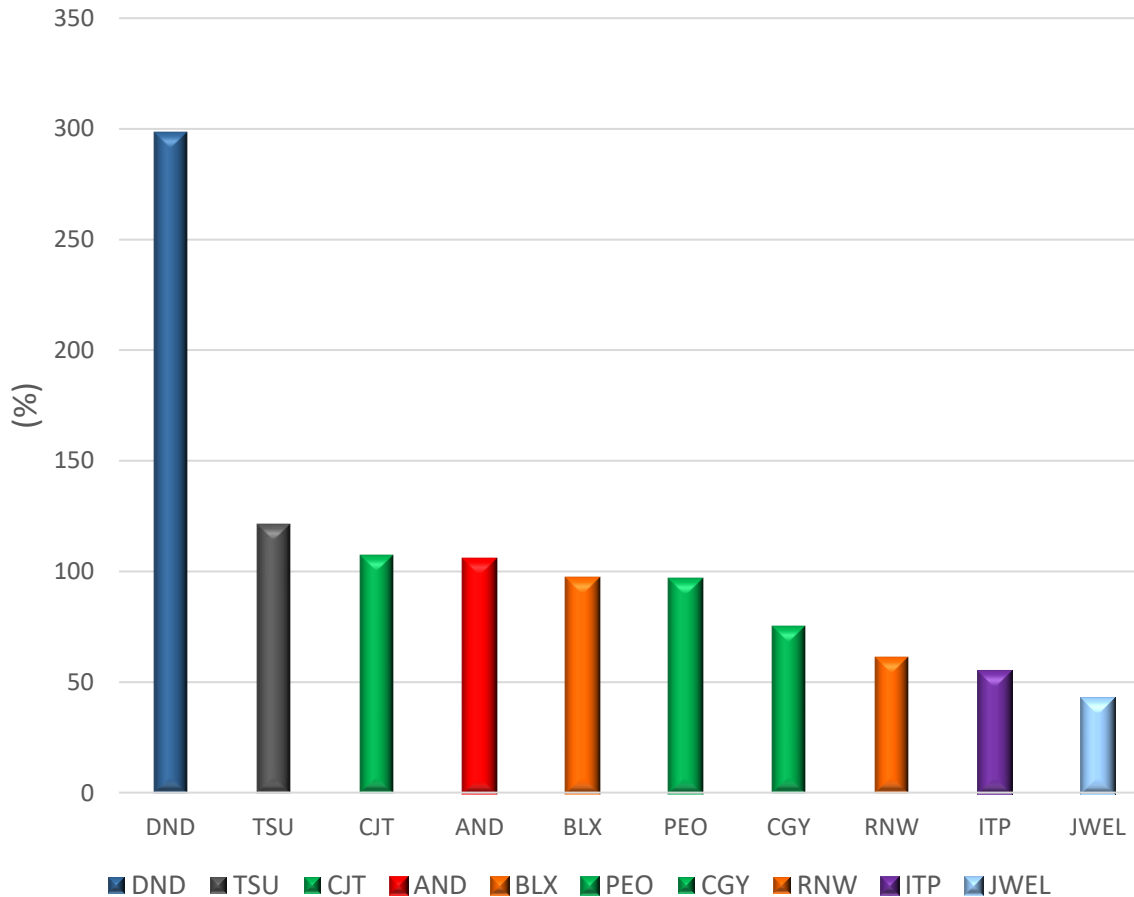
MANDATE REVIEW

Small Cap Canadian Equities

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)

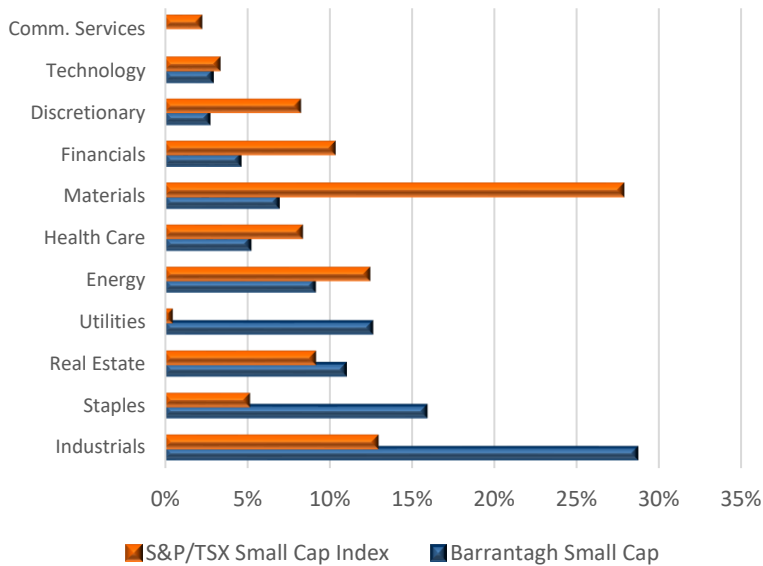
Profile: Small Cap Canadian Equities

Portfolio at December 31, 2020

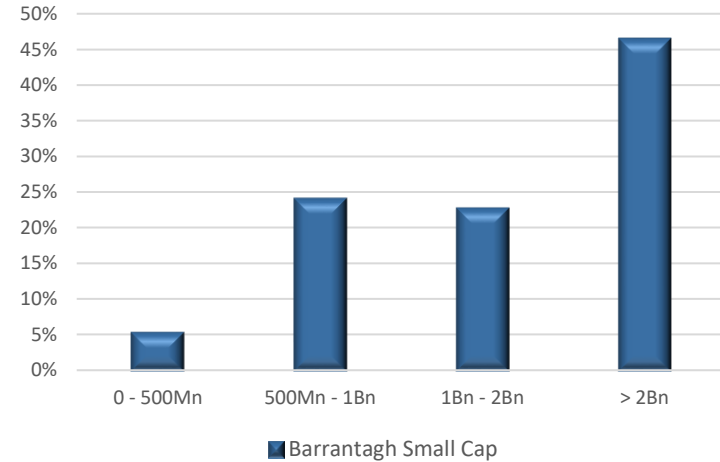
CHARACTERISTICS

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

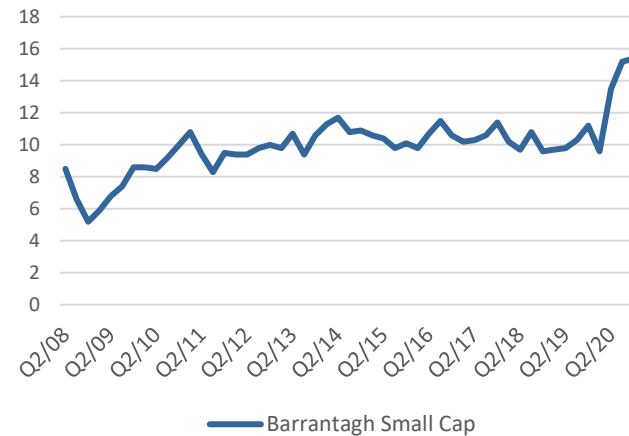
Barrantagh Small Cap Industry Weight vs. Index



Market Cap Exposure



Historic P/CF



Canadian Small Cap Equity Portfolio

Portfolio at December 31, 2020 | Q4 2020 Transactions

	Portfolio Weight		Portfolio Weight	
Consumer Discretionary		Industrials		SOLD
Diversified Royal	2.7%	Aecon Group	3.0%	None
	2.7%	Badger Daylighting	3.0%	
Consumer Staples		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%	TRIM = (-)
	15.6%	Morneau Shepell (+)	4.5%	ADD = (+)
			28.1%	
Energy		Real Estate		
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%	
Financials		Utilities		
Trisura Group	4.5%	Boralex	5.1%	
	4.5%	Superior Plus	3.6%	
Health Care		Transalta Renewables	3.8%	
Andlauer Healthcare	5.2%		12.5%	
	5.2%	Materials		
Information Technology		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)





TOTAL EQUITIES

Total 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
Total Equity	2.3%	2.3%	16.0%	8.2%	8.8%	9.3%	8.9%	9.4%	12.0%	11.7%	9.6%
Benchmark	10.2%	10.2%	16.3%	8.8%	9.6%	10.3%	9.3%	9.8%	11.5%	11.4%	9.6%

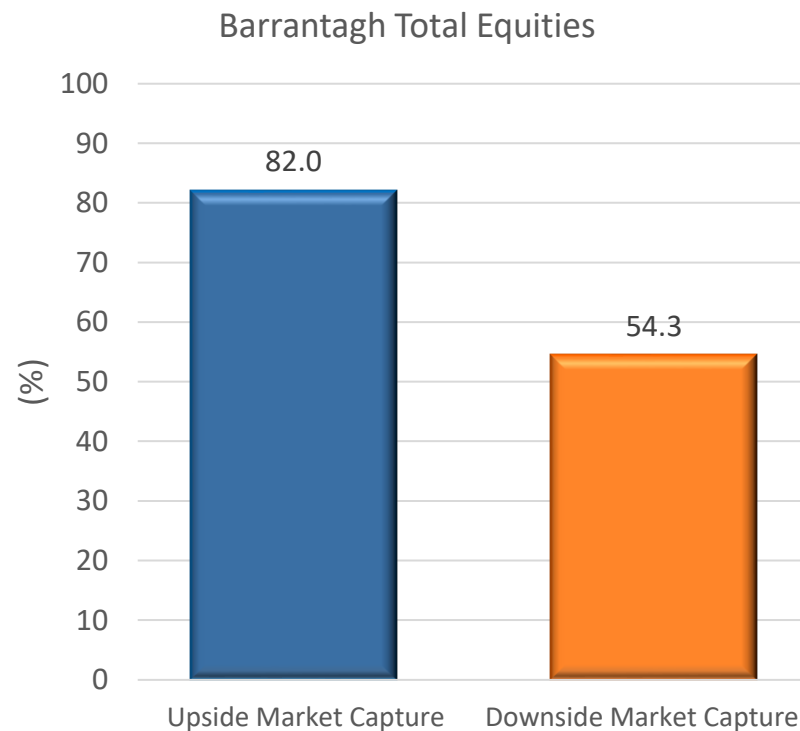
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Equity	2.3%	31.6%	-6.1%	10.9%	11.2%	7.2%	12.0%	31.8%	10.1%	-8.3%
Benchmark	10.2%	22.1%	-4.7%	11.8%	12.2%	4.6%	12.5%	23.7%	10.2%	-5.9%

- Benchmark: 50% S&P TSX Composite Index / 50% MSCI World (Net)

Total Equities

Market Cycle Statistics vs. *Pure* Canadian Equity (for Periods Ending December 31, 2020)

	Barrantagh Total Equites	Percentile Rank ¹	
Annualized Return	7.7	13	1st Quartile
Standard Deviation	10.71	1	Very Low Volatility
<i>Sharpe Ratio</i>	<i>0.62</i>	<i>3</i>	<i>High risk-adjusted return</i>
Beta	0.62	1	Very Low risk vs. the market
<i>Treynor Ratio</i>	<i>10.73</i>	<i>2</i>	<i>High risk-adjusted return</i>

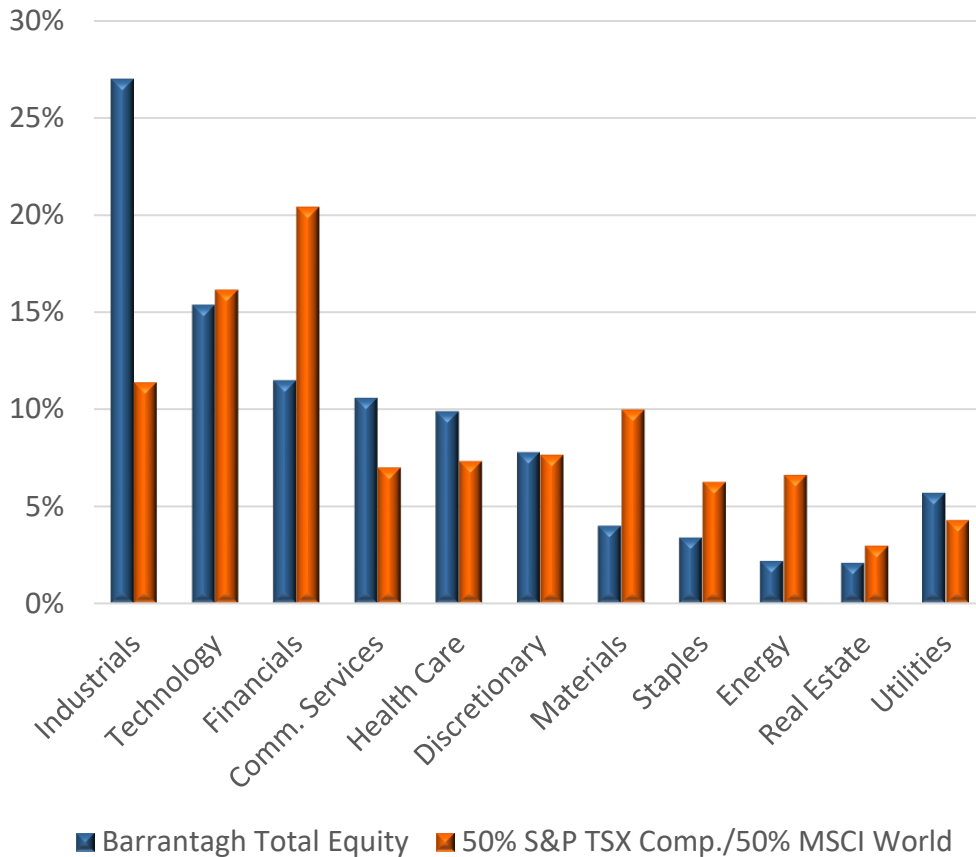


¹ Since Jan. 1, 2008 Versus Evestment Pure Canadian Equity Universe

Total Equity

Portfolio at December 31, 2020

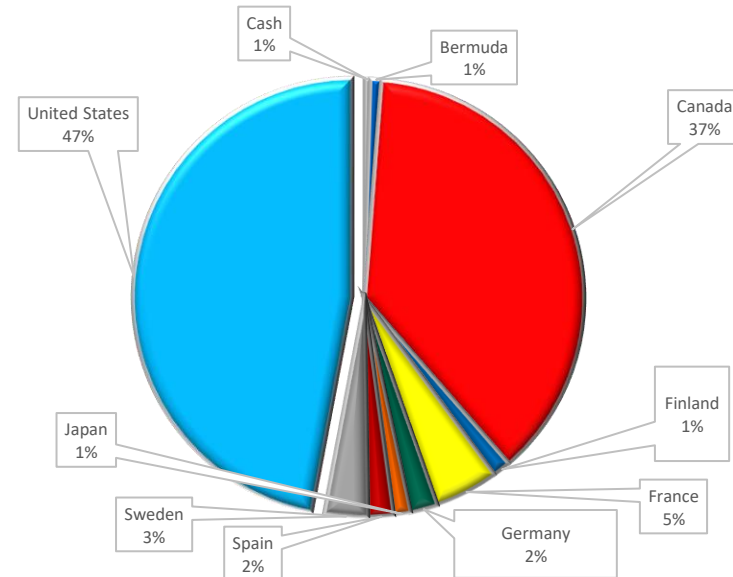
Barrantagh Total Equity Industry Weight vs. Benchmark



CHARACTERISTICS

Number of Holdings	54
# Industry Sectors	11
Dividend Yield	1.9%
P/CF	14.8X

Geographic Mix



Total Equity

Portfolio at December 31, 2020 | Canadian / Global | Q4 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
Consumer Discretionary					
McDonalds	1.9%				
Dollar General	2.5%				
Terminix (NEW)	1.2%				
Hasbro	2.2%				
	<hr/>				
	7.8%				
Consumer Staples					
Mondelez International	2.8%				
Jamieson Wellness (NEW)	0.6%				
	<hr/>				
	3.4%				
Energy					
Gibson Energy	1.1%				
TC Energy	1.1%				
	<hr/>				
	2.2%				
Real Estate					
American Tower	1.3%				
Canadian Apartment REIT	0.8%				
	<hr/>				
	2.1%				
Utilities					
Brookfield Infrastructure Partners	0.8%				
Fortis	1.1%				
Superior Plus	1.9%				
RWE Aktiengesellschaft (+)	2.0%				
	<hr/>				
	5.8%				
SOLD					
Enbridge		TRIM = (-)			
Leidos Holdings		ADD = (+)			
Allegion					
Philips					
WSP Global					
Industrials					
CP Rail (-)	2.0%				
CN Rail (-)	2.6%				
Kubota (NEW)	1.2%				
Metso Outotec (NEW)	1.3%				
Illinois Tool Works (-)	1.7%				
Ferrovial (-)	1.8%				
Schneider Electric	2.7%				
Union Pacific	2.7%				
Quanta Services	2.0%				
Morneau Shepell (+)	1.1%				
Waste Connections (+)	2.2%				
Savaria (NEW)	0.8%				
Stantec (+)	2.1%				
Toromont Industries	2.7%				
	<hr/>				
	26.7%				
Financials					
Brookfield Asset Mgmt.	0.8%				
Bank of Nova Scotia	1.4%				
Intact Financial (+)	2.7%				
Royal Bank (-)	1.4%				
TD Bank (-)	1.6%				
TMX Group (NEW)	0.8%				
J.P. Morgan	2.8%				
	<hr/>				
	11.5%				
Materials					
Int'l Flavours & Fragrances	1.7%				
Nutrien	0.4%				
Air Liquide	2.0%				
	<hr/>				
	4.1%				
Health Care					
Becton Dickinson	1.5%				
Boston Scientific (+)	2.2%				
Cooper Companies	2.1%				
Thermo Fisher Scientific	2.2%				
Unitedhealth Group	1.9%				
	<hr/>				
	9.9%				
Information Technology					
CGI Group	2.4%				
Ericsson	3.2%				
Mastercard	2.3%				
Microsoft	2.9%				
Open Text	2.3%				
Global Payments	2.3%				
	<hr/>				
	15.4%				
Communication Services					
T-Mobile	3.3%				
BCE	1.6%				
Alphabet	2.8%				
Rogers Comm. (-)	0.8%				
Telus	2.2%				
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	10.7%				
Cash & Equivalents					
Cash & Equivalents	0.4%				
Total	100.0%				



ECONOMIC REVIEW

Outlook

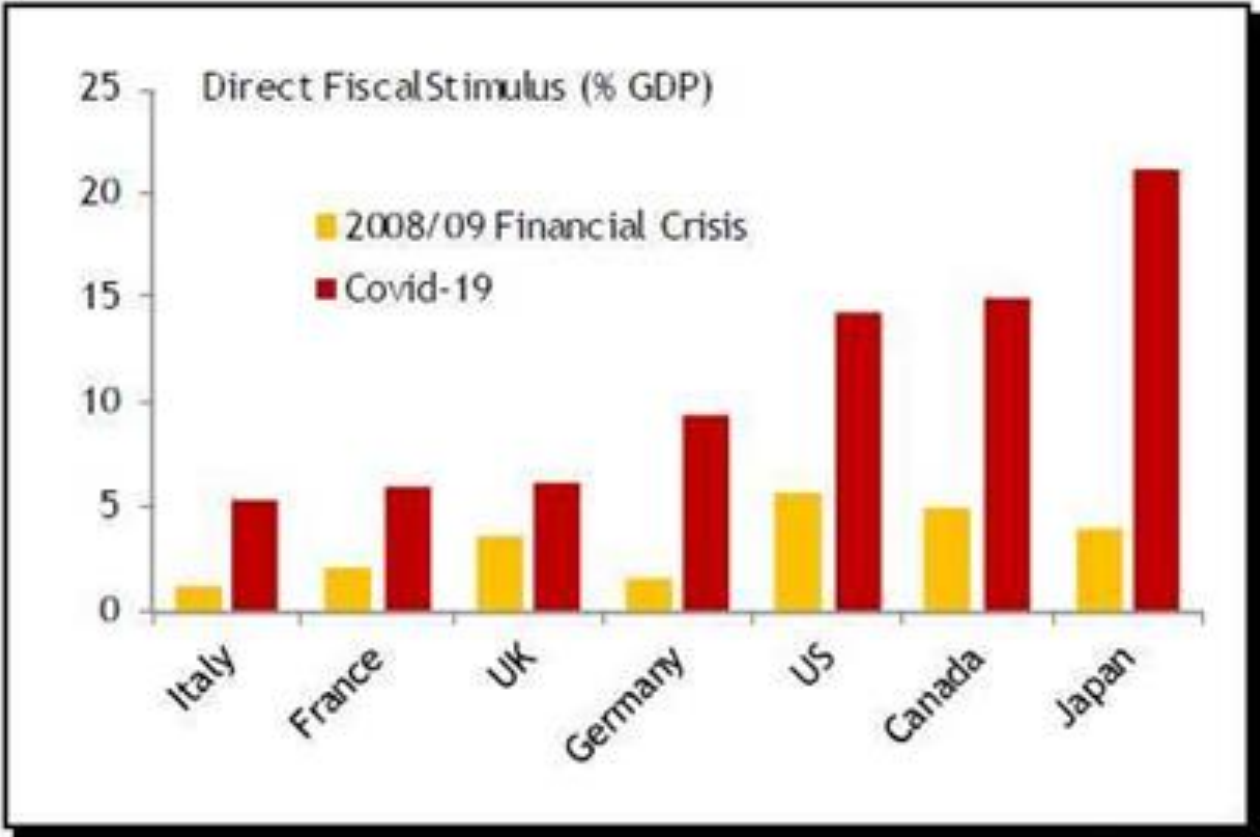
World:

- 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



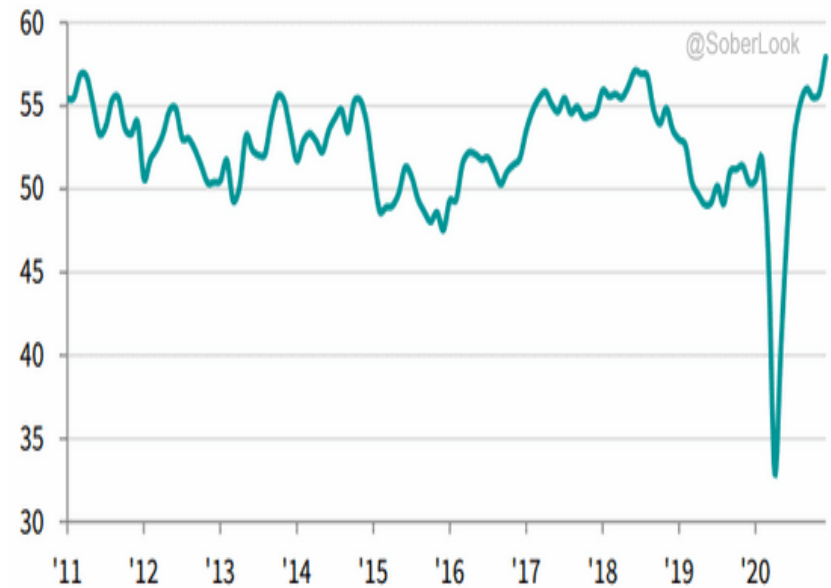
Source: IMF, CIBC

U.S. & Canada Manufacturing PMI

U.S. Mfg. PMI

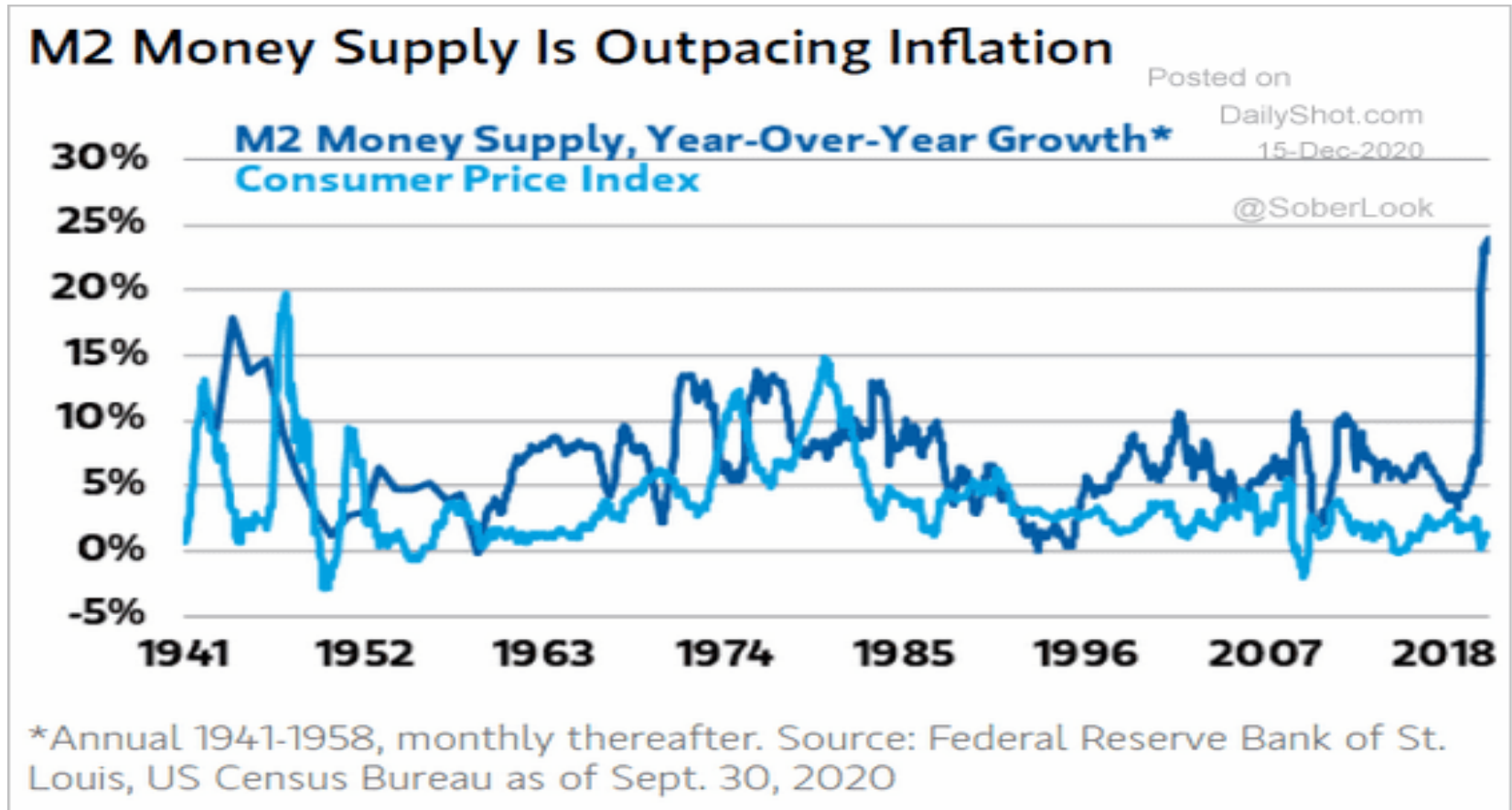


Canada Mfg. PMI



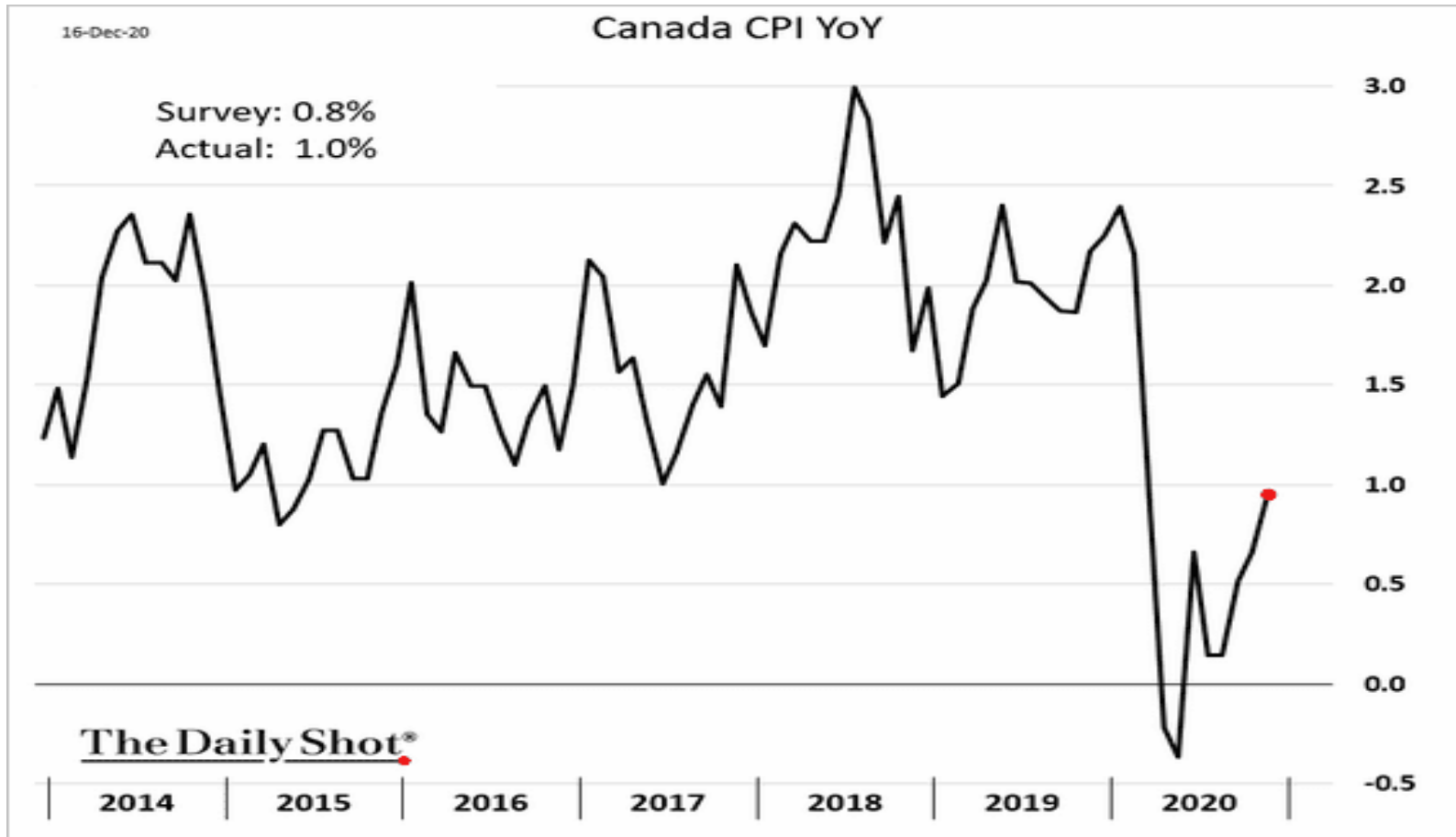
Source: The Daily Shot

Money Supply Growth Leads Inflation



Source: The Daily Shot, Federal Reserve

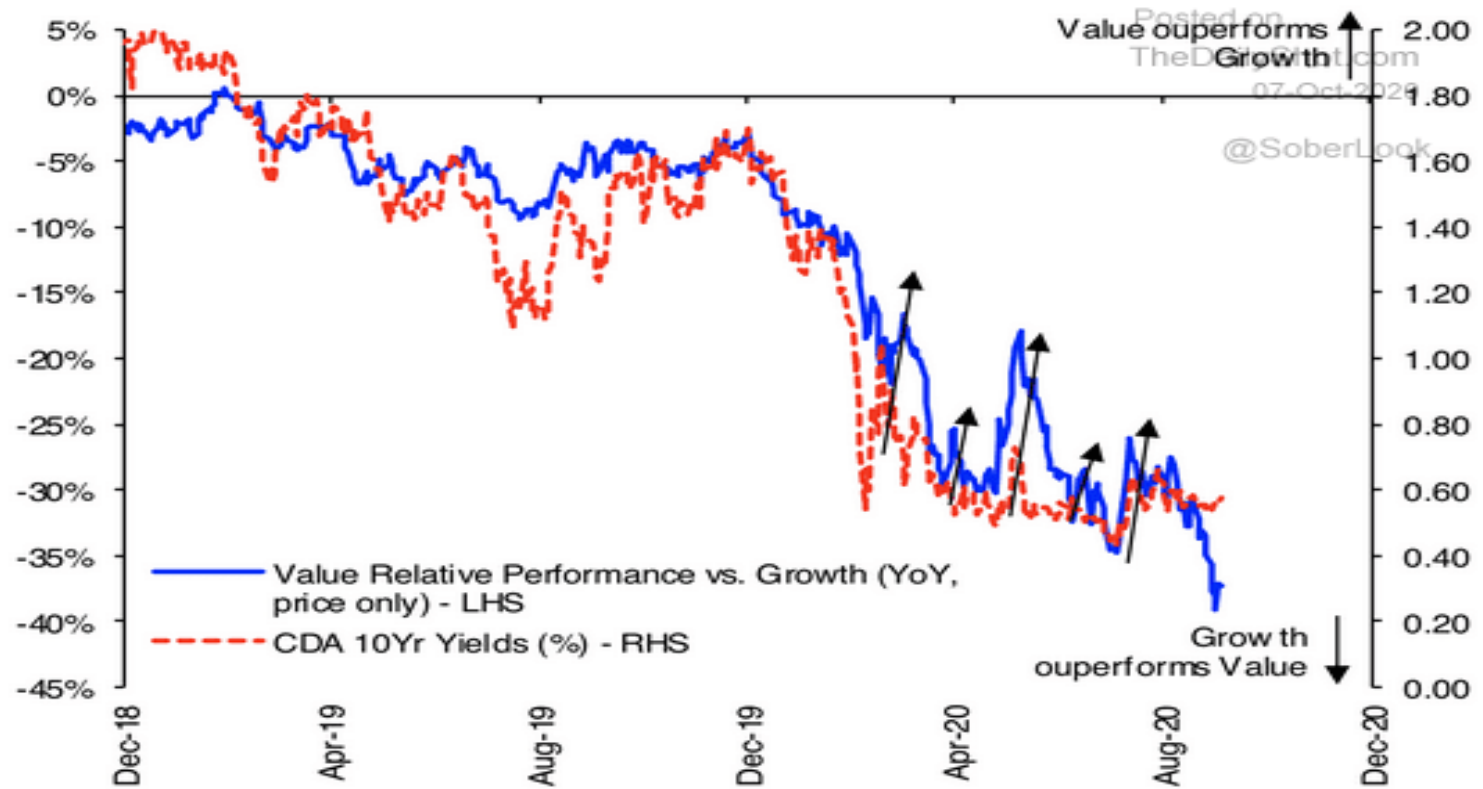
Canada's Inflation



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
- SMA Minimum Account: \$100K(Small Cap), \$150K (Total Equities)
- Advisor Portal (barrantagh.com) password: RGMP4

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