



Barrantagh Small Cap Canadian Equity Fund

Annual Management Report of Fund Performance

Period ended December 31, 2021

This Annual Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements by visiting our website at www.barrantagh.com.

Barrantagh Small Cap Canadian Equity Fund

Annual Management Discussion of Fund Performance

December 31, 2021

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. In February 2022, Russian forces entered the Ukraine and armed conflict commenced. Economic sanctions have been placed on Russia and certain of its citizens, including the exclusion of Russia from the SWIFT global payments network. Price volatility has increased substantially since December 31, 2021. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether they will escalate further. These current geopolitical tensions, together with international sanctions being imposed by many countries, may have a significant economic impact, not only on exposures within Russia and Ukraine, but may affect global market risk and could result in greater volatility and uncertainty globally and across sectors. The ultimate impact at this time is unknown. The manager will continue to monitor these events.

Results of Operations

Market Update:

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

Equities posted another strong year of performance in 2021. Major themes for the year included strength in Energy, cyclicals, and rising inflation expectations. Some trends from earlier in the pandemic reversed with high-multiple, non-profitable tech companies and other such COVID "winners" selling off strongly. In Canada, small caps lagged as risk-off themes like supply chain constraints and Omicron spread emerged to finish off the year.

With the reset in certain areas of the market and underperformance across some quality-value names, we are increasingly constructive heading into 2022. Current headwinds look manageable, and we expect the global economy will continue to expand and earnings growth in our universe to continue. Overall Canadian small caps screen as attractive given the large cap outperformance to finish the year. We continue to high-grade our small cap holdings, searching for mispriced risk-reward in quality businesses at attractive valuations.

Key Contributors/Detractors

Relative performance was mixed during the year, which proved a challenging period for some quality-value names versus more levered cyclical businesses. Overall, the Fund met or outperformed in eight of eleven GICS sectors but one large area of lag (Energy) hurt performance. Outside of energy the Fund was roughly ~10% ahead of the benchmark.

Assets

The Fund experienced an increase in assets due to positive returns and investor contribution activity.

Recent Developments

The finish to 2021 proved very active for the portfolio, as we looked to take advantage of the increased market volatility. Some existing positions were added to, as well as three new names purchased

- Propel Holdings (PRL) – an online alternative lender focused on bringing financial solutions to the growing “underbanked” population in the United States. PRL has seen strong profitable growth with its mobile-first offering and proprietary underwriting algorithms. This has driven strong loan book expansion and financial returns, while being priced very attractively at IPO.
- Definity Financial (DFY) – long standing P&C insurer in Canada coming to the public markets through a demutualization. DFY refocused the strategy and brought on new management over the last number of years to emphasize profitability and position itself to take advantage of very strong industry conditions as a public company. Valuation was very attractive at IPO given the favourable outlook and latent balance sheet capacity to drive equity returns.
- Tamarack Valley Energy (TVE) – Canadian oil-focused E&P with exposure to the highly economic Charlie Lake and burgeoning Clearwater plays. TVE is generating substantial cash flow in the current commodity environment with sustainability to much lower prices. An improved focus on capital returns to shareholders (dividend and buyback) and increasing focus on ESG disclosures and considerations screened as highly attractive.

To fund these additions, the Fund exited positions in Altius Minerals, Badger Infrastructure, TransAlta Renewables and Mullen Group where we saw inferior upside to our internal valuation targets.

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 A-Series and 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 Inestory & 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 A-Series and F-Series, 100% of investment advisory, trustee, marketing services and others are rendered.

BARRANTAGH SMALL CAP CANADIAN EQUITY FUND

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

Series A

	2021 ⁽⁹⁾
Net assets attributable to holders of redeemable units, beginning of period	\$ 10.00
Increase (decrease) from operations:	
Total Revenue	0.17
Total Expenses	(0.21)
Realized gains (losses) for the period	0.11
Unrealized gains (losses) for the period	0.47
Total increase (decrease) from operations²	0.54
Distributions:	
From income (excluding dividends)	(0.03)
From dividends	-
From capital gains	(0.02)
Return of Capital	-
Total Annual Distributions	(0.05)
Net assets attributable to holders of redeemable units, end of period	\$ 10.81

Ratios and Supplemental Data:

Total net asset value	\$ 636,482
Number of units outstanding	58,863
Management expense ratio ⁵	2.69%
Management expense ratio before waivers or absorptions	2.69%
Trading expense ratio ⁶	0.13%
Portfolio turnover rate ⁷	27.77%
Net asset value per unit	\$ 10.81

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

Series F

	2021 ⁽³⁾	2020 ⁽⁴⁾	2019 ⁽⁸⁾
Net assets attributable to holders of redeemable units, beginning of year	\$ 12.36	\$ 10.35	\$ 10.00
Increase (decrease) from operations:			
Total Revenue	0.30	0.29	0.23
Total Expenses	(0.23)	(0.18)	(0.21)
Realized gains (losses) for the period	0.46	(0.16)	(0.16)
Unrealized gains (losses) for the period	1.46	3.47	1.32
Total increase (decrease) from operations²	1.99	3.42	1.18
Distributions:			
From income (excluding dividends)	(0.02)	(0.06)	-
From dividends	-	-	-
From capital gains	(0.02)	-	-
Return of Capital	-	-	-
Total Annual Distributions	(0.04)	(0.06)	-
Net assets attributable to holders of redeemable units, end of year	\$ 14.42	\$ 12.36	\$ 10.35

Ratios and Supplemental Data:

Total net asset value	\$ 54,641,198	\$ 21,444,938	\$ 5,120,985
Number of units outstanding	3,788,129	1,734,420	494,676
Management expense ratio ⁵	1.54%	1.61%	2.51%
Management expense ratio before waivers or absorptions	1.54%	1.75%	2.51%
Trading expense ratio ⁶	0.13%	0.08%	0.37%
Portfolio turnover rate ⁷	27.77%	15.97%	16.54%
Net asset value per unit	\$ 14.42	\$ 12.36	\$ 10.35

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

Series O

	2021 ⁽³⁾	2020 ⁽⁴⁾	2019 ⁽⁸⁾
Net assets attributable to holders of redeemable units, beginning of year	\$ 12.50	\$ 10.42	\$ 10.00
Increase (decrease) from operations:			
Total Revenue	0.29	0.26	0.29
Total Expenses	(0.09)	(0.07)	(0.16)
Realized gains (losses) for the period	0.51	(0.28)	(0.17)
Unrealized gains (losses) for the period	1.49	2.38	0.97
Total increase (decrease) from operations²	2.20	2.29	0.93
Distributions:			
From income (excluding dividends)	(0.14)	(0.13)	-
From dividends	-	-	-
From capital gains	(0.02)	-	-
Return of Capital	-	-	-
Total Annual Distributions	(0.16)	(0.13)	-
Net assets attributable to holders of redeemable units, end of year	\$ 14.61	\$ 12.50	\$ 10.42

Ratios and Supplemental Data:

Total net asset value	\$ 43,542,442	\$ 28,553,048	\$ 19,711,322
Number of units outstanding	2,980,627	2,284,366	1,892,241
Management expense ratio ⁵	0.49%	0.60%	1.90%
Management expense ratio before waivers or absorptions	0.49%	0.69%	1.90%
Trading expense ratio ⁶	0.13%	0.08%	0.37%
Portfolio turnover rate ⁷	27.77%	15.97%	16.54%
Net asset value per unit	\$ 14.61	\$ 12.50	\$ 10.42

Notes to Financial Highlights

(1) This information is derived from the Fund's audited annual 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

Ratios and Supplemental Data

(3) For the period ending in December 31, 2021

(4) For the period ending in December 31, 2020.

(5) 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 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.

(6) 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.

(7) 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.

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

(9) For the period from April 30, 2021 (date of commencement of operations) to December 31, 2021.

BARRANTAGH SMALL CAP CANADIAN EQUITY FUND

Management Report of Fund Performance

Summary of investment portfolio

As at December 31, 2021

The summary of investment portfolio may have changed since December 31, 2021 due to ongoing portfolio transactions of the Fund.

Top 25 Holdings	Percentage of Net Asset Value (%)
Trisura Group Ltd.	6.5
Andlauer Healthcare Group Inc.	5.6
StorageVault Canada Inc.	4.8
Dye & Durham Ltd.	4.8
Jamieson Wellness Inc.	4.0
Calian Group Ltd.	3.6
ARC Resources Ltd.	3.6
Boralex Inc.	3.4
Tidewater Midstream and Infrastructure Ltd.	3.4
Summit Industrial Income Real Estate Investment Trust	3.3
Boyd Group Services Inc.	3.3
Neighbourly Pharmacy Inc.	3.2
Definity Financial Corp.	3.2
LifeWorks Inc.	3.2
Intertape Polymer Group Inc.	3.2
Aecon Group Inc.	3.1
Superior Plus Corp.	3.1
Savaria Corp.	3.1
Cargojet Inc.	3.1
Equitable Group Inc.	3.0
Minto Apartment Real Estate Investment Trust	2.9
Premium Brands Holdings Corp.	2.8
Gibson Energy Inc.	2.8
Chemtrade Logistics Income Fund	2.6
Enerflex Ltd.	2.6
Total Net Asset Value	\$98,820,122

Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	97.3
Cash	2.1
Other Net Assets (Liabilities)	0.6
	100.0

Sector	Percentage of Net Asset Value (%)
Industrials	19.4
Financials	14.6
Energy	14.5
Real Estate	11.0
Health Care	8.9
Consumer Staples	6.8
Utilities	6.5
Materials	5.8
Consumer Discretionary	5.0
Information Technology	4.8
Cash	2.1
Other Net Assets (Liabilities)	0.6
	100.0