



Barrantagh Small Cap Canadian Equity Fund

Interim Management Report of Fund Performance

Period ended June 30, 2022

Barrantagh Small Cap Canadian Equity Fund

Semi- Annual Management Discussion of Fund Performance

June 30, 2022

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.

Market volatility increased significantly during the first half of 2022. Russia's invasion of Ukraine spiked geopolitical risk, added stress to already burdened global supply chains and intensified rising inflation. In March, the United States Federal Reserve commenced its rate hiking cycle with expectations for both the pace and magnitude of raises moving markedly higher through the period. Sentiment soured further in the second quarter as markets firmly entered "risk off" mode. The probability of a nearer-term recession has risen, while the likelihood of sticking the soft landing (dampening inflation without causing economic contraction) has become more challenged. Commodity markets, which had been driving one of the few areas of positive gains through the first part of the year have begun to roll over to price in this elevated risk. On the positive side, this will help combat future inflation and potentially give central banks more flexibility for an off-ramp to more accommodative policy.

In these types of markets small-caps typically bear an outsized impact from the selling as traders move up cap and de-risk. Though these periods are never fun, this is precisely when we have delivered most value to clients over the years. Since strategy inception in 2008 there have been 41 different rolling three-month periods where the S&P/TSX Small Cap index was off more than 5%. We have outperformed in all 41 of these periods, on average by 9%. Even against the larger cap bellwether S&P/TSX Composite index, when it has been off more than 5% over three months (24 instances since strategy inception), our small cap has outperformed 75% of the time. These historical outcomes are an indication of one of the key tenants of our investment philosophy: capital preservation matters! Our focus on both quality and value seeks to "overexpose" the portfolio to superior businesses, not overly burdened by investor exuberance. These entities tend to weather the business disruptions from economic pullbacks better than their more cyclical peers, while not having the excess valuation risk from unreasonable expectations carried by the pure growth peers. When this lens is applied to the small-cap equities sphere, we believe a wonderful asymmetric opportunity presents itself: upside from exposure to smaller entities with long runways of outsized growth potential and downside protection from our quality value investment framework.

Also in this environment, the tendency for "the baby to be thrown out with the bathwater" can be rampant and lead to fundamentals detaching from market action. When these diverge strongly enough, sometimes external value creation catalysts can emerge. During the period, TELUS Health (subsidiary of TELUS, TSX: T) announced the planned acquisition of LifeWorks (TSX: LWRK) at an ~80-90% premium to the recent trading. LWRK is a leading provider of digital and in-person services related to employee wellbeing. Shares had been hit hard in 2022 as concerns around margins and competition that emerged last year accelerated. As a long-time holding, we performed a comprehensive review and felt comfortable holding given a) the short-term margin squeeze was driven by strong secular demand for mental health services (a long-term positive); and, b) LWRK multi-modal approach (virtual and in-person offering) remained a key competitive

advantage versus new virtual-only competitors. Clearly T shared our views, seeing the strategic benefit to the platform and stepping in at a material premium to the public market quote. This is the second announced takeout of a portfolio holding this year at material premiums to market valuation after another long-term holding Intertape Polymer (TSX: ITP) was bought out in Q1 and has offered a buffer against otherwise challenging markets.

Macro risks have undoubtedly increased over the last number of months with the market repricing equities lower. Every market pullback follows its own unique path and like everyone else we do not have a crystal ball. As always, our first line of defense in risk management is security selection: identifying outstanding businesses trading at a discount to their intrinsic value. We will stay focused on what we can control – our investment process – and strive to preserve capital in market drawdowns, while staying exposed to the inevitable rally off the bottom.

Key Contributors/Detractors

The key driver of the relative outperformance to the benchmark was the materials sector as both security selection and allocation away from mining contributed to positive absolute and relative returns. This was partially offset by energy, consumer staples, real estate and information technology where selection was a detractor during the period.

Assets

The Fund experienced a decrease in assets due to negative returns during the first half of the year.

Recent Developments

In addition to the two previously discussed take-outs the Fund remained active during 2022. The increased volatility allowed us to add exposure to some quality defensive growers, primarily in the consumer and industrial sectors at increasingly attractive prices, while paring back more cyclical exposure elsewhere in the portfolio.

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 services, 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**Summary of investment portfolio**

As at June 30, 2022

The summary of investment portfolio may have changed since June 30, 2022 due to ongoing portfolio transactions of the Fund.

Top 25 Holdings	Percentage of Net Asset Value (%)
Trisura Group Ltd.	5.0
Boralex Inc.	4.6
ARC Resources Ltd.	4.5
StorageVault Canada Inc.	4.4
Intertape Polymer Group Inc.	4.4
Andlauer Healthcare Group Inc.	4.2
Calian Group Ltd.	4.2
Definity Financial Corp.	4.0
Boyd Group Services Inc.	3.9
Jamieson Wellness Inc.	3.9
Tidewater Midstream and Infrastructure Ltd.	3.9
Premium Brands Holdings Corp.	3.8
Dye & Durham Ltd.	3.7
MTY Food Group Inc.	3.5
Tamarack Valley Energy Ltd.	3.5
Gibson Energy Inc.	3.3
Superior Plus Corp.	3.2
Neighbourly Pharmacy Inc.	3.2
Chemtrade Logistics Income Fund	3.2
Cargojet Inc.	3.2
Summit Industrial Income Real Estate Investment Trust	2.7
EQB Inc.	2.6
Brookfield Business Corp.	2.6
dentalcorp Holdings Ltd.	2.5
Savaria Corp.	2.3
Total Net Asset Value	\$90,119,611

Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	96.5
Cash	1.9
Other Net Assets (Liabilities)	1.6
	100.0

Sector	Percentage of Net Asset Value (%)
Industrials	16.5
Financials	12.6
Energy	17.5
Real Estate	9.3
Health Care	9.9
Consumer Staples	7.7
Utilities	7.8
Materials	7.6
Consumer Discretionary	3.5
Information Technology	4.1
Cash	1.9
Other Net Assets (Liabilities)	1.6
	100.0

BARRANTAGH SMALL CAP CANADIAN EQUITY FUND
The Fund's net assets attributable to holders of redeemable units per unit¹
Series A

	2022 ⁽³⁾	2021 ⁽¹⁰⁾
Net assets attributable to holders of redeemable units, beginning of period	\$ 10.81	\$ 10.00
Increase (decrease) from operations:		
Total Revenue	0.11	0.17
Total Expenses	(0.12)	(0.21)
Realized gains (losses) for the period	0.19	0.11
Unrealized gains (losses) for the period	(1.31)	0.47
Total increase (decrease) from operations²	(1.13)	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	\$ 9.63	\$ 10.81

Ratios and Supplemental Data:

Total net asset value	\$ 850,292	\$ 636,482
Number of units outstanding	88,278	58,863
Management expense ratio ⁵	2.46%	2.69%
Management expense ratio before waivers or absorptions	2.46%	2.69%
Trading expense ratio ⁶	0.09%	0.13%
Portfolio turnover rate ⁷	15.97%	27.77%
Net asset value per unit	\$ 9.63	\$ 10.81

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

	2022 ⁽³⁾	2021 ⁽⁴⁾	2020 ⁽⁵⁾	2019 ⁽⁹⁾
Net assets attributable to holders of redeemable units, beginning of period	\$ 14.42	\$ 12.36	\$ 10.35	\$ 10.00
Increase (decrease) from operations:				
Total Revenue	0.14	0.30	0.29	0.23
Total Expenses	(0.10)	(0.23)	(0.18)	(0.21)
Realized gains (losses) for the period	0.30	0.46	(0.16)	(0.16)
Unrealized gains (losses) for the period	(1.82)	1.46	3.47	1.32
Total increase (decrease) from operations²	(1.48)	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	\$ 12.92	\$ 14.42	\$ 12.36	\$ 10.35

Ratios and Supplemental Data:

Total net asset value	\$ 51,083,449	\$ 54,641,198	\$ 21,444,938	\$ 5,120,985
Number of units outstanding	3,955,205	3,788,129	1,734,420	494,676
Management expense ratio ⁵	1.40%	1.54%	1.61%	2.51%
Management expense ratio before waivers or absorptions	1.40%	1.54%	1.75%	2.51%
Trading expense ratio ⁶	0.09%	0.13%	0.08%	0.37%
Portfolio turnover rate ⁷	15.97%	27.77%	15.97%	16.54%
Net asset value per unit	\$ 12.92	\$ 14.42	\$ 12.36	\$ 10.35

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

	2022 ⁽³⁾	2021 ⁽⁴⁾	2020 ⁽⁵⁾	2019 ⁽⁹⁾
Net assets attributable to holders of redeemable units, beginning of period	\$ 14.61	\$ 12.50	\$ 10.42	\$ 10.00
Increase (decrease) from operations:				
Total Revenue	0.14	0.29	0.26	0.29
Total Expenses	(0.03)	(0.09)	(0.07)	(0.16)
Realized gains (losses) for the period	0.30	0.51	(0.28)	(0.17)
Unrealized gains (losses) for the period	(1.88)	1.49	2.38	0.97
Total increase (decrease) from operations²	(1.47)	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	\$ 13.15	\$ 14.61	\$ 12.50	\$ 10.42

Ratios and Supplemental Data:

Total net asset value	\$ 38,185,870	\$ 43,542,442	\$ 28,553,048	\$ 19,711,322
Number of units outstanding	2,904,090	2,980,627	2,284,366	1,892,241
Management expense ratio ⁶	0.35%	0.49%	0.60%	1.90%
Management expense ratio before waivers or absorptions	0.35%	0.49%	0.69%	1.90%
Trading expense ratio ⁷	0.09%	0.13%	0.08%	0.37%
Portfolio turnover rate ⁸	15.97%	27.77%	15.97%	16.54%
Net asset value per unit	\$ 13.15	\$ 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 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, 2022

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

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

(6) 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.

(7) 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.

(8) 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

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

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