

BARRANTAGH

Investment Management

Update – Sept. 30, 2022

- Firm Update
- Small Cap Canadian Equities
- Canadian Equities Income
- Economic Update

BMO  Wealth Management
BMO Nesbitt Burns

Architect Program



FIRM UPDATE

Firm Update

FIRM PROFILE

- 100% employee-owned investment managers since 1995
- 17 employees, firm ownership expanded to 7 employee-shareholders
- AUM: \$1.2 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, 14-year composite track-record
 - ‘A’ Class – 2.0% MER launched in Q2/2021
- Mid Cap – reached 5-year track record end of Q2/21

ESG Integration Update:

- Completed UN PRI signatory process (2019) & formalized BIM Responsible Investing Policy
- 2021 – subscribed to ISS ESG Global database (ESG company data, Controversies, Portfolio Analysis)

Sub-Advisory News:

- Awarded new SMA mandate (Global Equities) continuing to broaden our offerings with 5 leading IIROC firms

Website Upgrade 2020:

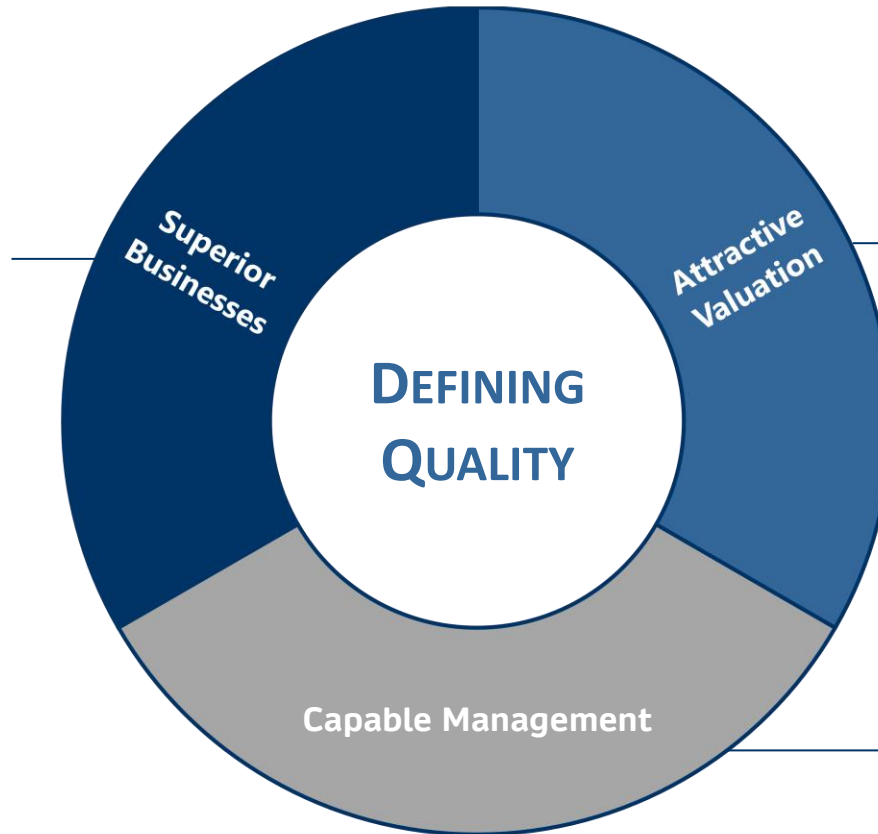
- Launched July, 2020
- Advisor Portal

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

Performance at September 30, 2022

For Periods Ending Sept. 30, 2022	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	-13.6%	-12.9%	7.5%	9.7%	6.4%	7.6%	6.4%	8.8%	6.6%	8.6%	9.7%
S&P/TSX Small Cap Index	-16.3%	-13.8%	11.5%	6.5%	3.0%	2.4%	2.2%	6.5%	2.4%	3.7%	3.2%
S&P/TSX Composite Index	-11.1	-5.4%	10.1%	6.6%	6.7%	6.5%	7.0%	8.0%	5.8%	7.3%	7.3%

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
BIM Canadian Small Cap	18.8%¹	21.3%	19.0%	-8.9%	5.9%	19.8%¹	-5.3%	17.3%	30.9%	18.5%	15.6%	35.0%	43.8%¹	-22.9%
S&P/TSX Small Cap Index	20.3%	12.9%	15.8%	-18.2%	2.7%	38.5%	-13.4%	-2.4%	7.6%	-2.2%	-16.4%	35.1%	62.3%	-45.5%

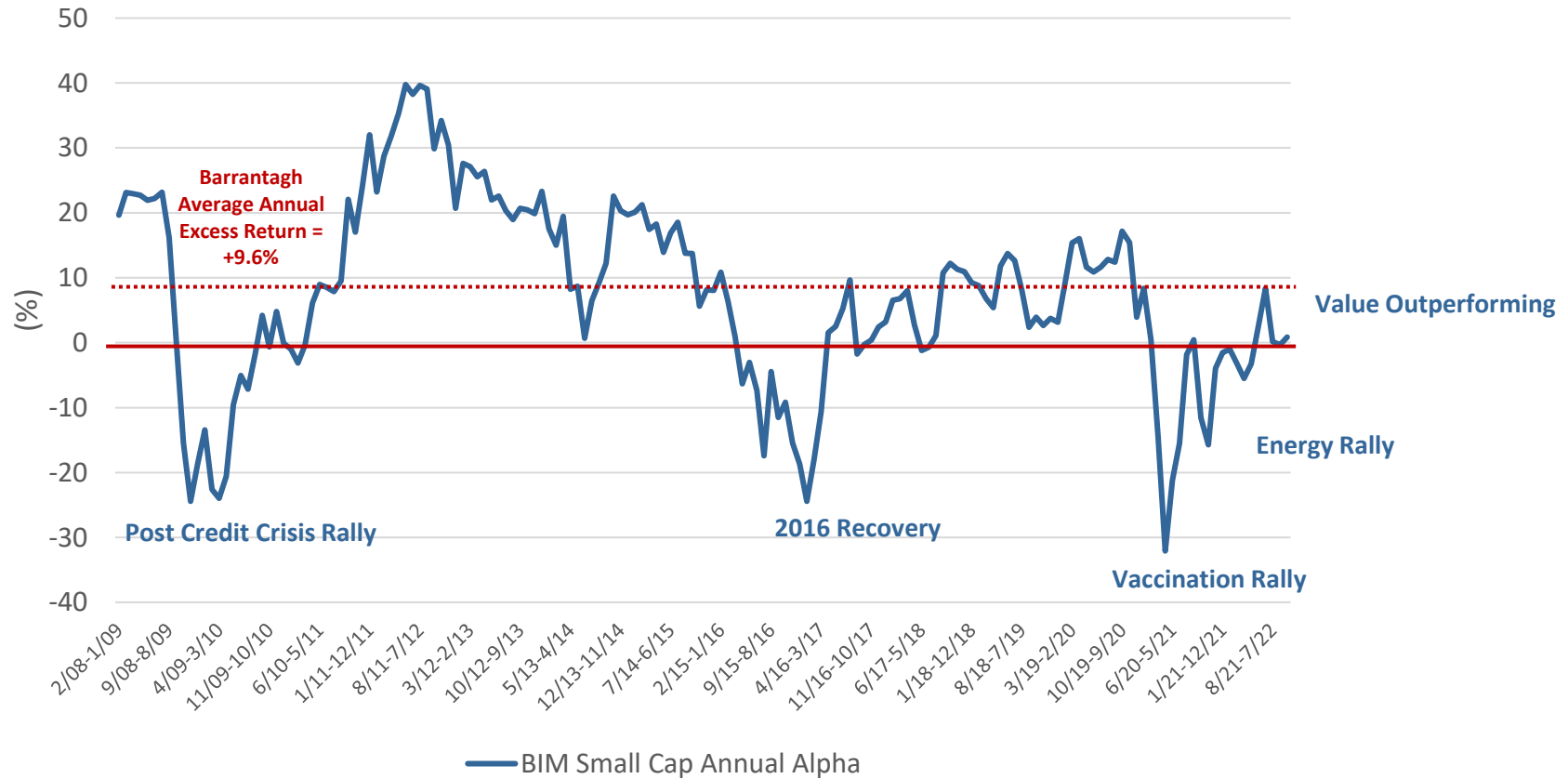
¹ Periods where index performance was driven by commodity rallies (Mining & Oil Exploration & Production)
 Green indicates periods that Barrantagh Small Cap outperformed

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

Small Cap Canadian Equity

Excess Returns: Substantial Commodity Rallies are Infrequent & Short-Lived

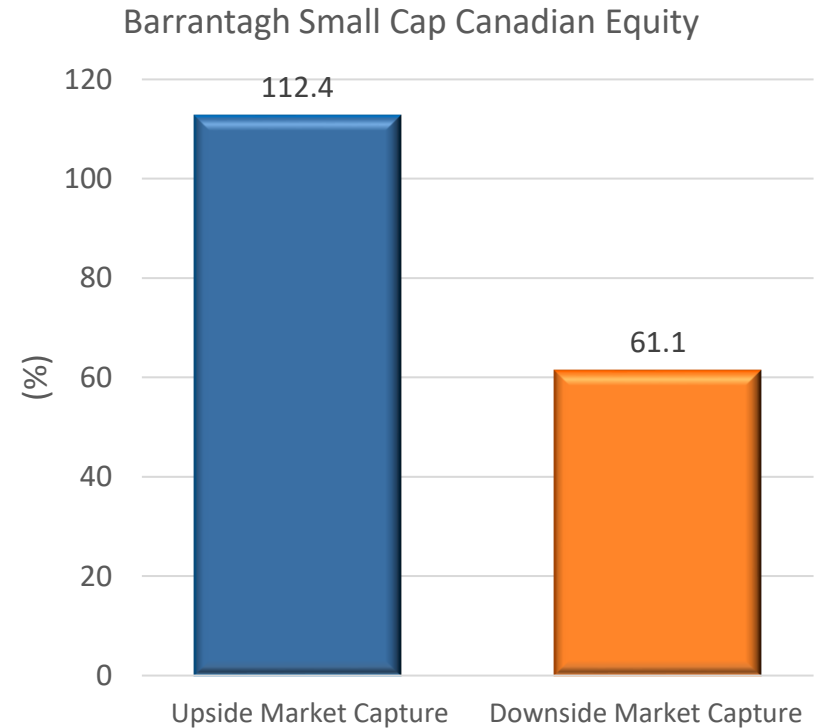
Rolling 1 Yr Excess Returns: Barrantagh Small Cap Annual Alpha vs. TSX Small Cap



Small Cap Canadian Equity

Conservative Exposure to Commodities Delivers Much Lower Portfolio Risk vs. Market

Sept. 30, 2022	Barrantagh Small Cap Cdn. Equites ¹	TSX Small Cap	Median
Annualized Return	11.7%	2.1%	6.4%
Standard Deviation	13.8%	21.2%	16.7%
<i>Sharpe Ratio</i>	<i>0.78</i>	<i>0.1</i>	<i>0.3</i>

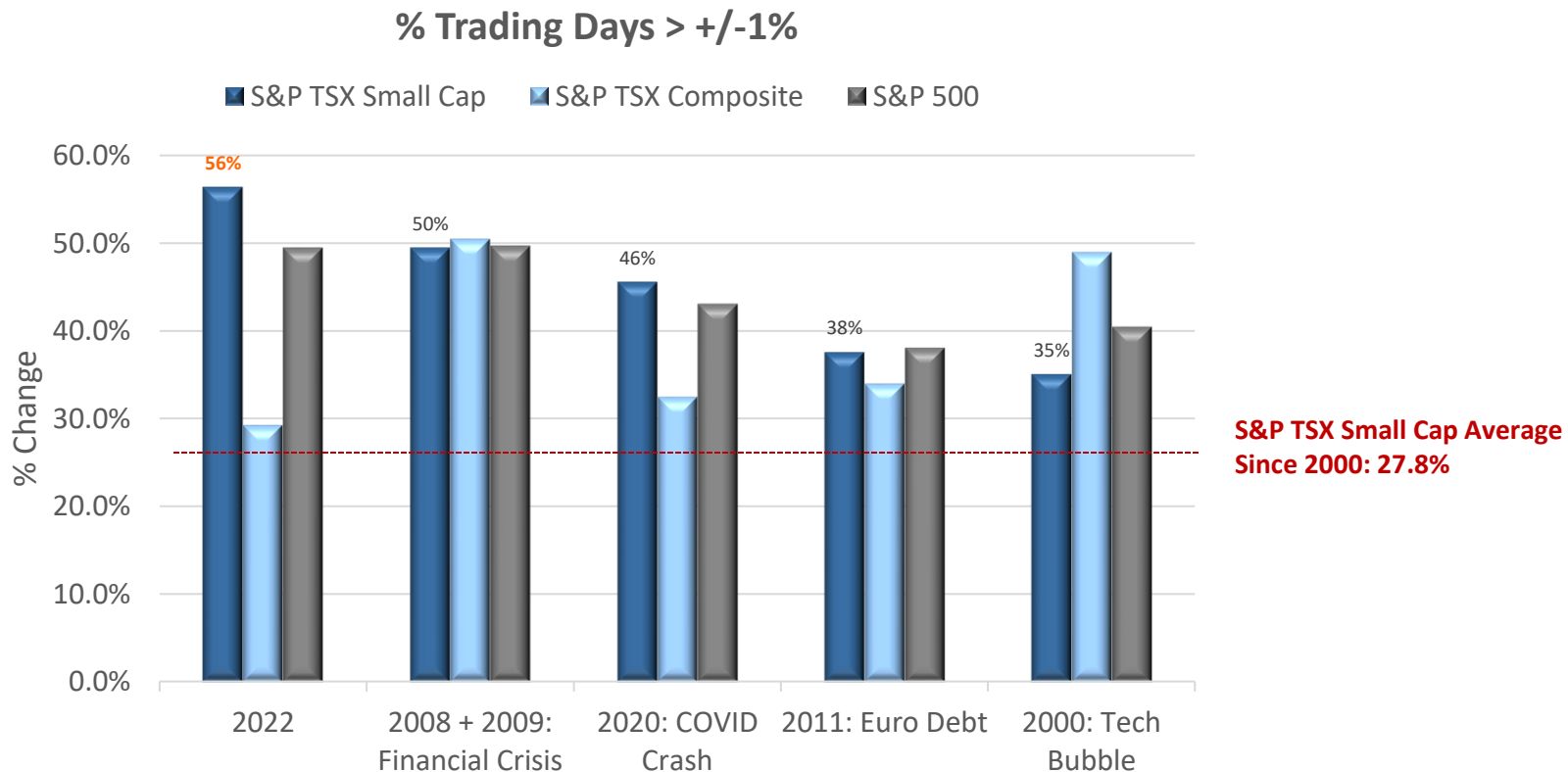


¹ Since Inception Jan. 1, 2008

² vs. Evestment Small Cap Universe

Small Cap Canadian Equity

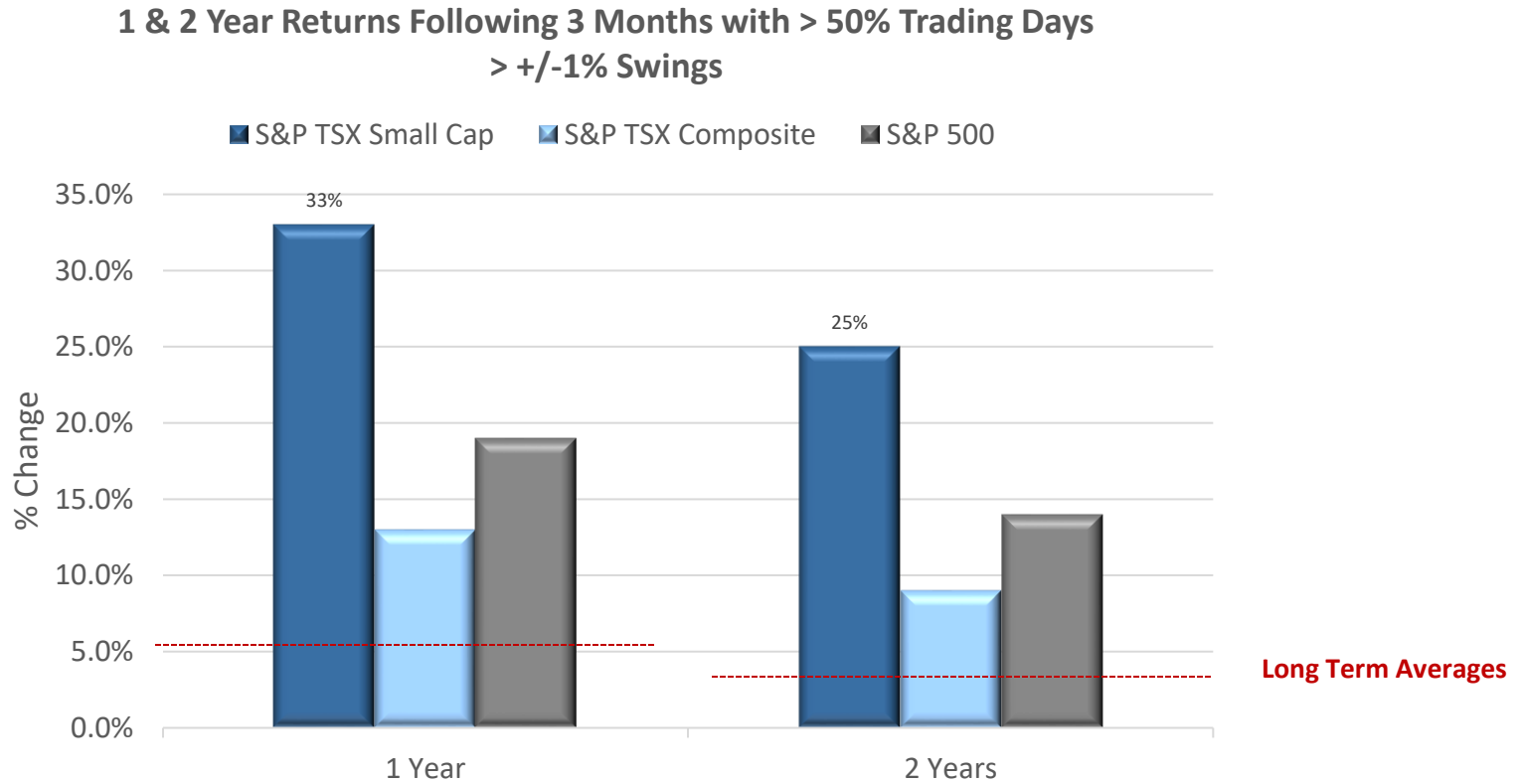
2022 Daily Volatility: Measuring Investor Fear



- 2022: **56%** of the trading days YTD were large swings of greater than +/- 1%
- 2022 Daily volatility has been greater in Canadian small caps than U.S. stocks and Cdn. Large caps
- High daily volatility peaks in “risk-off” markets as emotion overtakes fundamentals & **creates valuation opportunities (SEE NEXT SLIDE)**

Small Cap Canadian Equity

Index Returns Rebound Post Heightened Daily Volatility

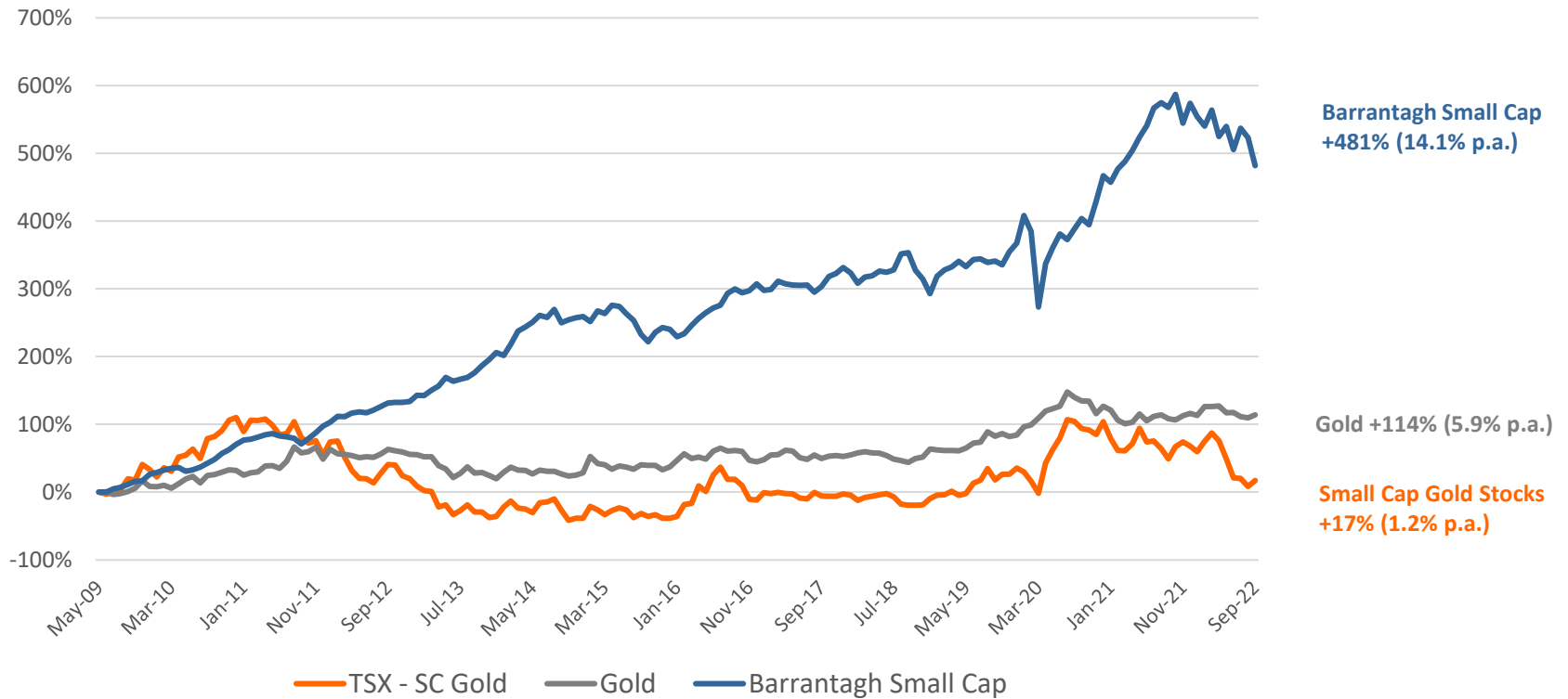


- S&P TSX Small Cap leads Canadian large cap and U.S. stocks on recovery

Small Cap Canadian Equity Mandate

Junior Gold Miners: Underperforming/Volatile & Poor Commodity Tracking

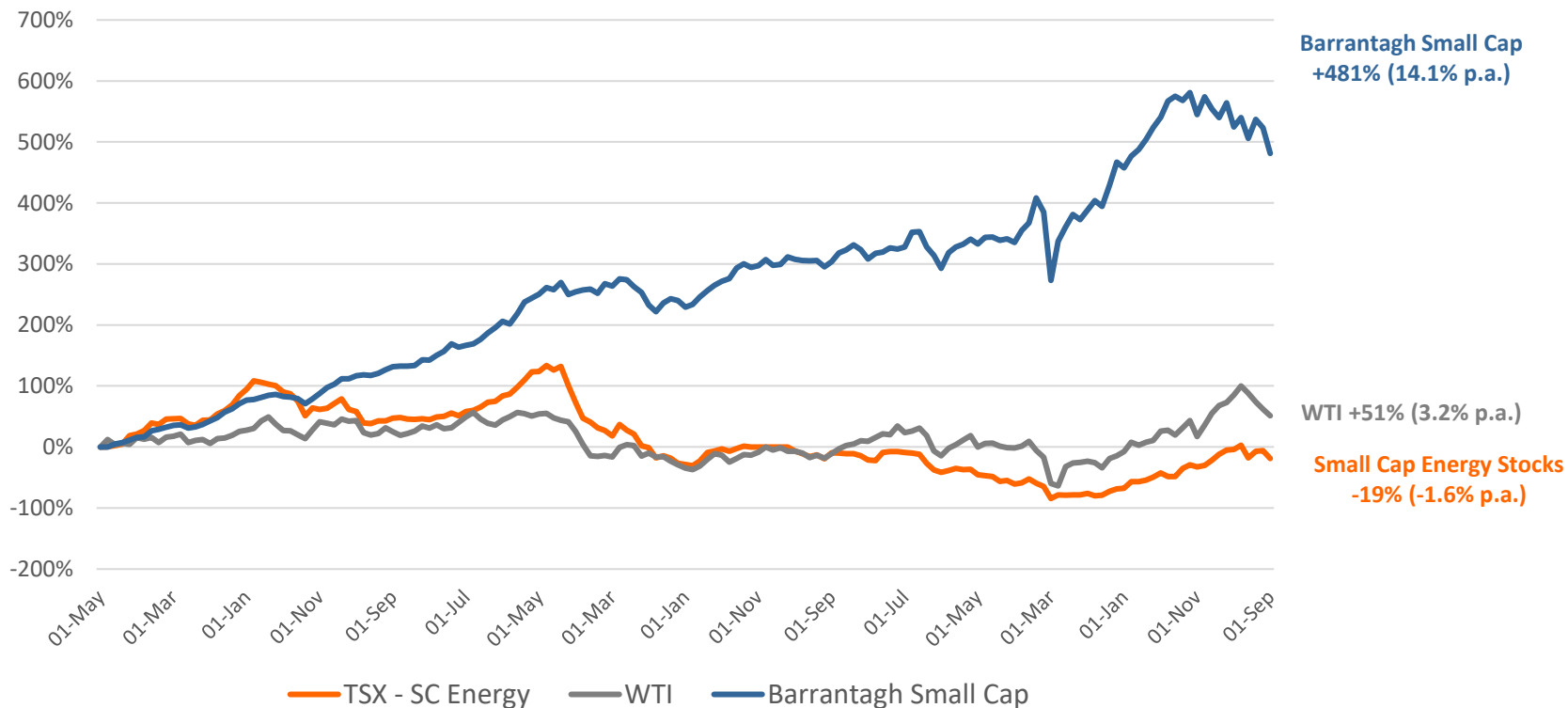
Cumulative Returns ~ 13 Years to Sept. 30 2022



Small Cap Canadian Equity Mandate

Small Cap Energy: Underperforming/Volatile & Poor Commodity Tracking

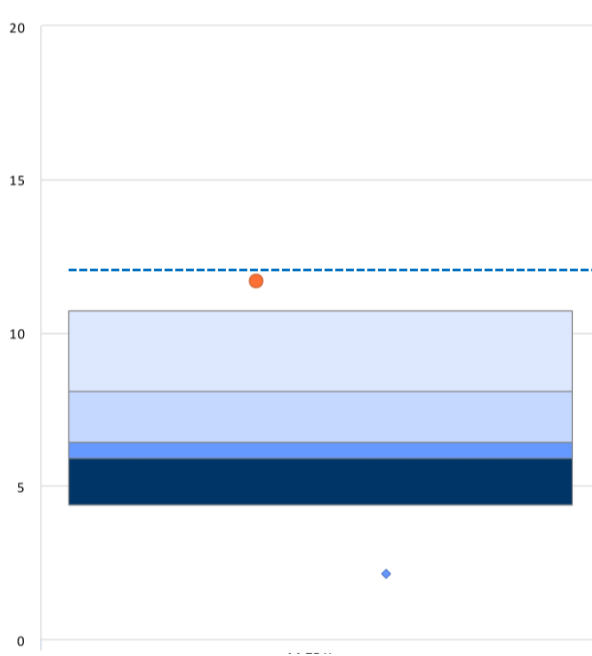
Cumulative Returns ~ 13 Years to Sept. 30 2022



RETURNS: Small Cap Canadian Equities

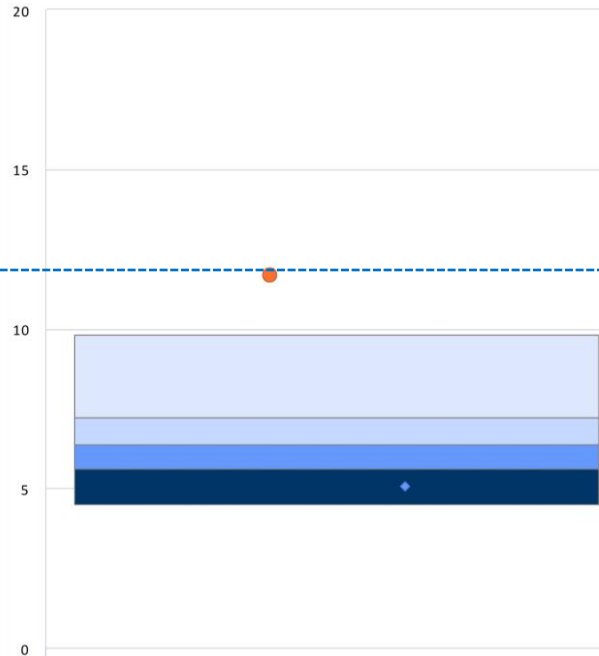
Strong Performance vs. Large Cap Cdn & Global Equities (for Periods Ending Sept. 30, 2022)

Canadian Small Cap Universe



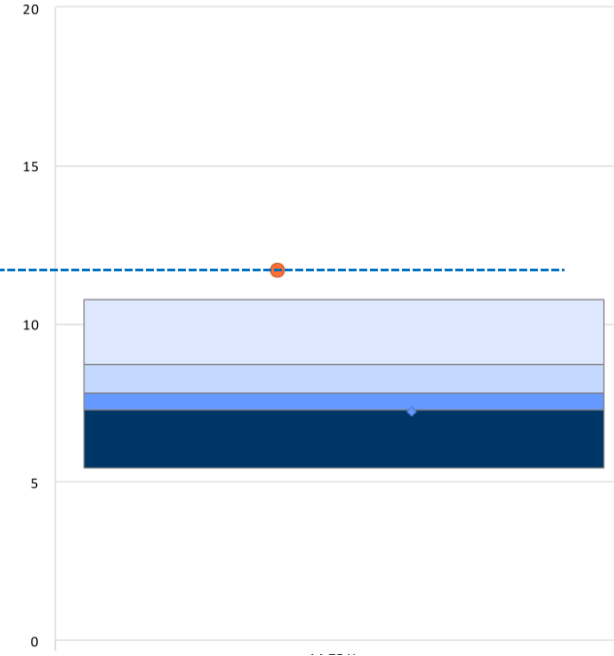
● Barrantagh Small Cap
◆ TSX Small Cap Index

Canadian Large Cap Universe



● Barrantagh Small Cap
◆ TSX Composite Index

Global Equity Universe (\$C)



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

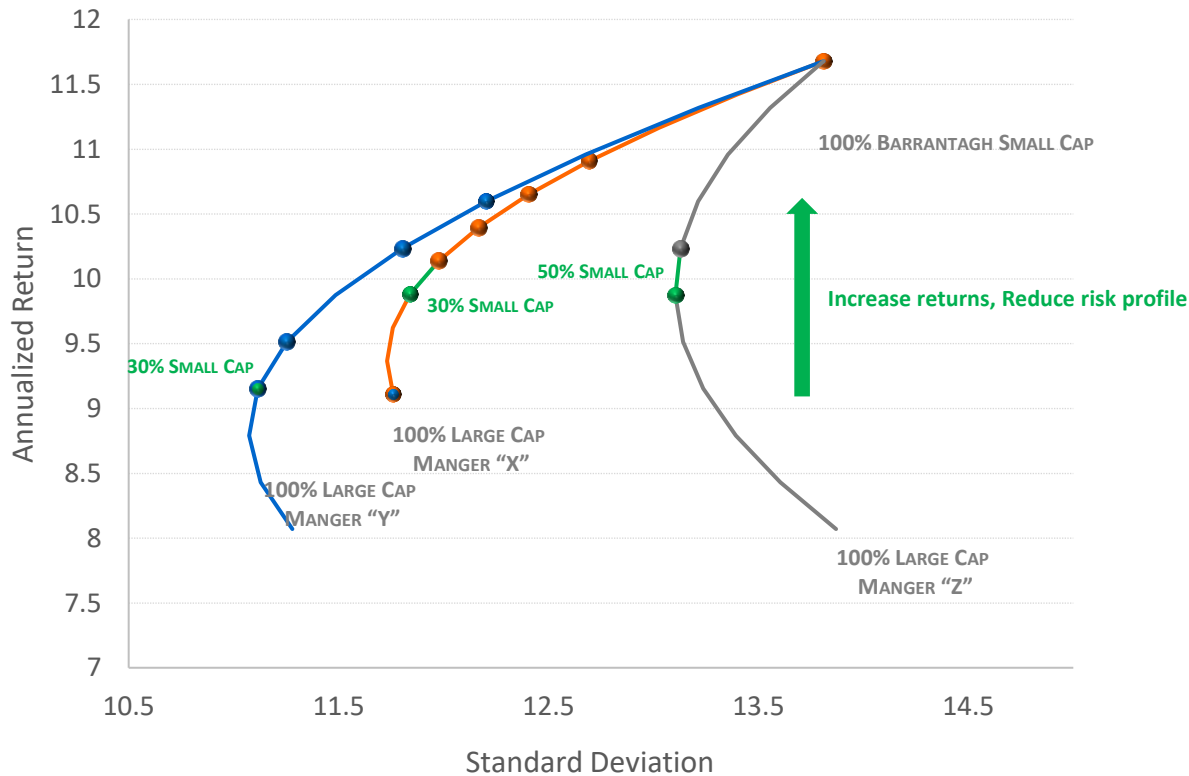
Strategy Inception Date: Jan. 1, 2008

DIVERSIFICATION: Small Cap Canadian Equities

Improve Returns & Lower Risk by Combining with Large Cap Managers

Canadian Equity Allocation

Since Jan/2008 Risk Return
For Periods Ending Sept. 30, 2022



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:

- Weights (ω) of underlying components
- Risk (σ) of underlying components
- Correlation (ρ) of components

Portfolio Standard Deviation(σ_p)

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



MANDATE REVIEW

Small Cap Canadian Equities

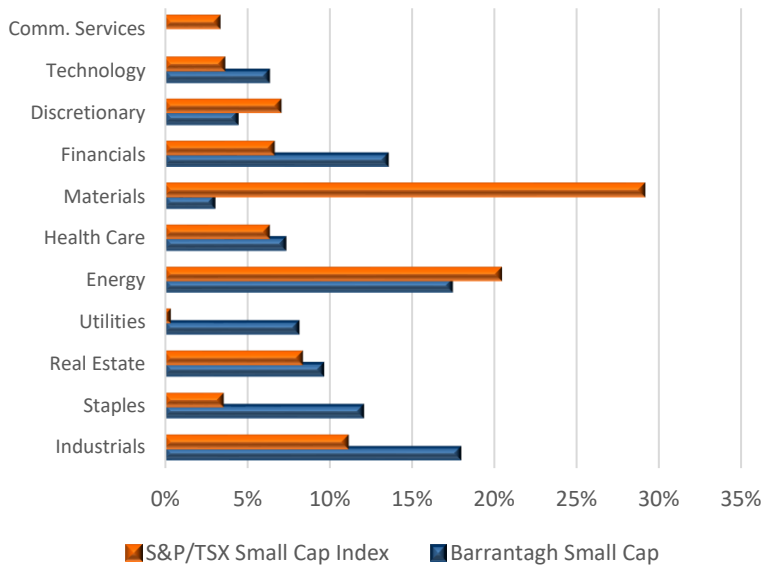
Profile: Small Cap Canadian Equities

Portfolio at September 30, 2022

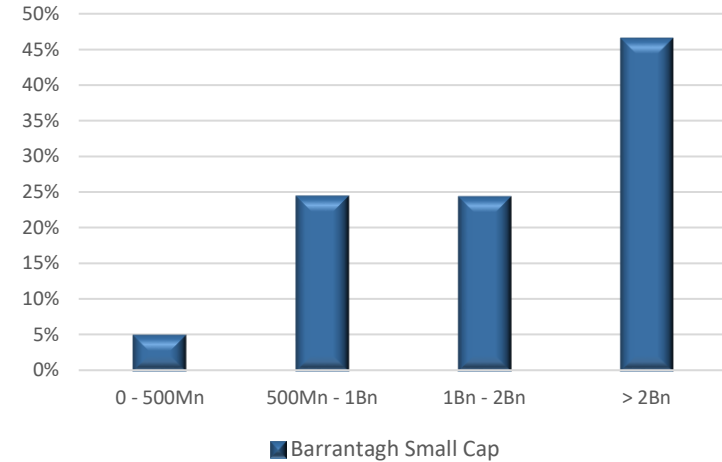
CHARACTERISTICS

Number of Holdings	28
Avg. Market Cap	\$2.4 Bn
# Industry Sectors	10
Dividend Yield	2.1%

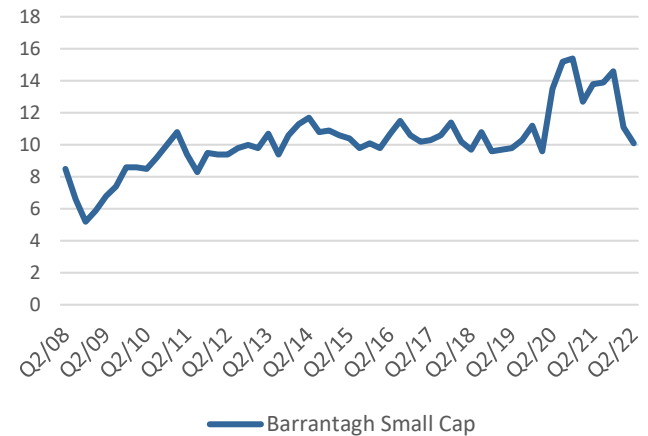
Barrantagh Small Cap Industry Weight vs. Index



Market Cap Exposure



Historic P/CF



Canadian Small Cap Equity Portfolio

Select Holdings – Brand Recognition

JAMIESON WELLNESS (JWEL)



CARGOJET (CJT)



Amazon optional ownership stake ~15%



BORALEX (BLX)



PREMIUM BRANDS (PBH)



BOYD GROUP (BYD)



STORAGEVAULT (SVI)





CANADIAN EQUITIES INCOME

Canadian Equity Income Mandate

Performance at September 30, 2022

For Periods Ending Sept. 30, 2022	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs
BIM Canadian Equity Income*	-5.6%	-0.2%	14.3%	5.5%	5.8%	5.8%	5.6%	6.8%	4.5%	6.9%	7.4%
S&P/TSX Composite	-11.4%	-5.4%	10.0%	6.6%	6.7%	6.5%	7.0%	8.0%	5.8%	7.3%	7.3%

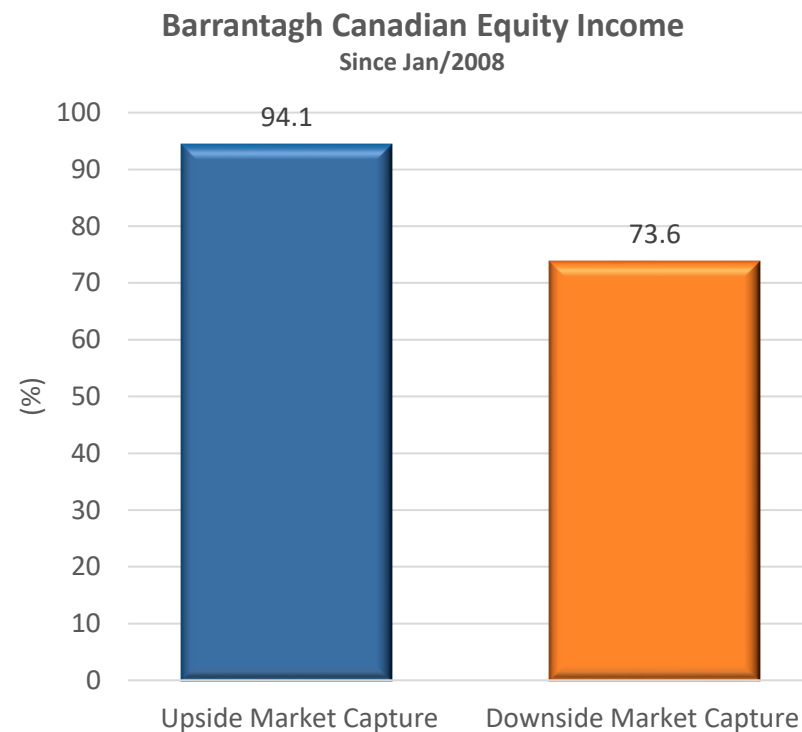
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
BIM Canadian Equity Income*	26.3%	-4.8%	24.4%	-9.6%	5.0%	16.4%	-7.8%	15.1%	20.7%	11.5%	12.7%
S&P/TSX Composite	25.1%	5.6%	22.9%	-8.9%	9.1%	21.1%	-8.3%	10.6%	13.0%	7.2%	-8.7%

- Canadian Equity Income annualized returns for periods longer than eight years are an ex-cash carve out of our long-term balanced income composite.

Canadian Equities Income

Risk Statistics vs. Canadian Equity (for Periods Ending September 30, 2022)

	Barrantagh Cdn. Equities Income ¹	TSX Composite	Median ²
Annualized Return	7.6%	5.1%	7.1%
Standard Deviation	12.6%	13.9%	11.6%
<i>Sharpe Ratio</i>	<i>0.5</i>	<i>0.3</i>	<i>0.5</i>
Beta	0.77	1.0	0.7
<i>Treynor Ratio</i>	<i>8.7</i>	<i>4.1</i>	<i>7.8</i>



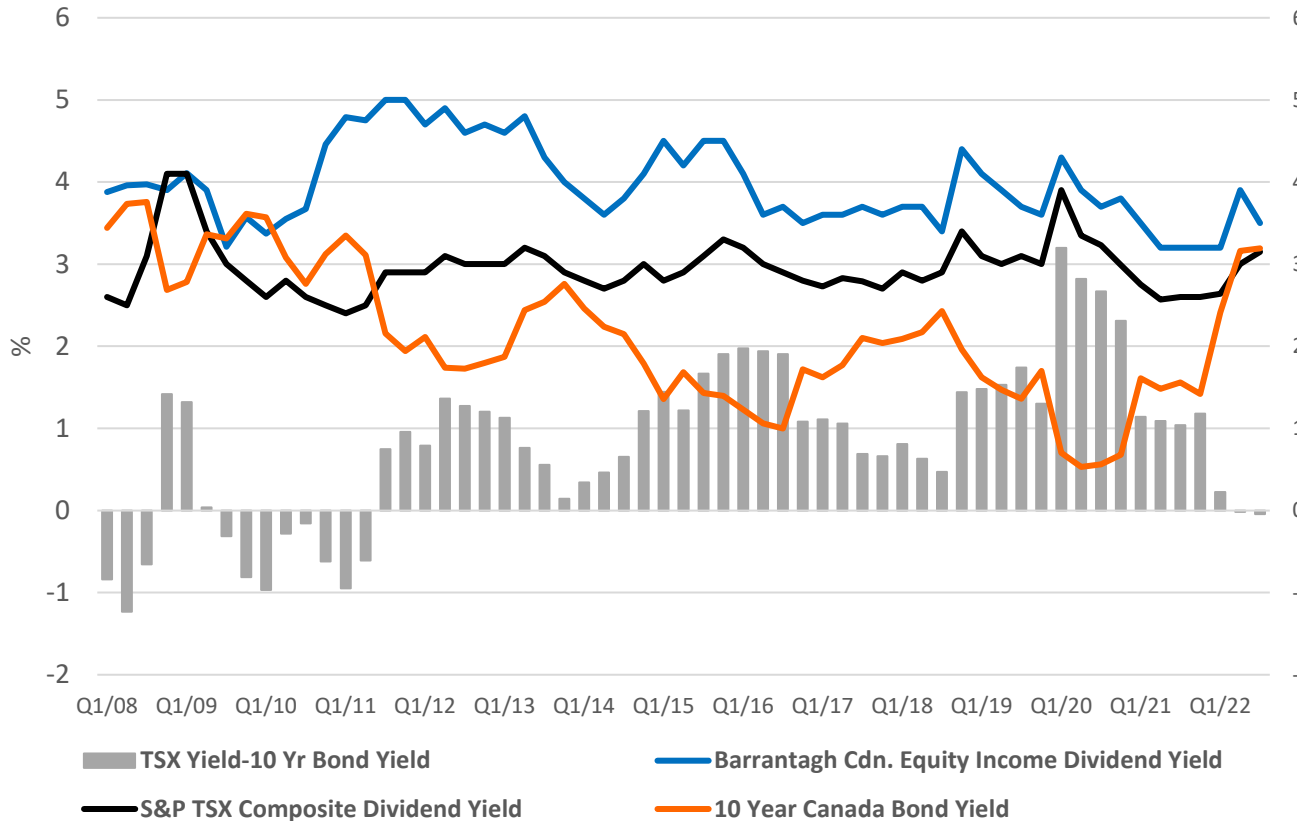
¹ Since Jan./2008

² Versus Evestment Canadian Dividend Focus Universe

Canadian Equity Market

Equities Yields are Attractive vs. Bonds

Canadian Equity Yield vs. 10 Year Bonds



Despite recent rise in bond yields, equity dividend yields remain attractive

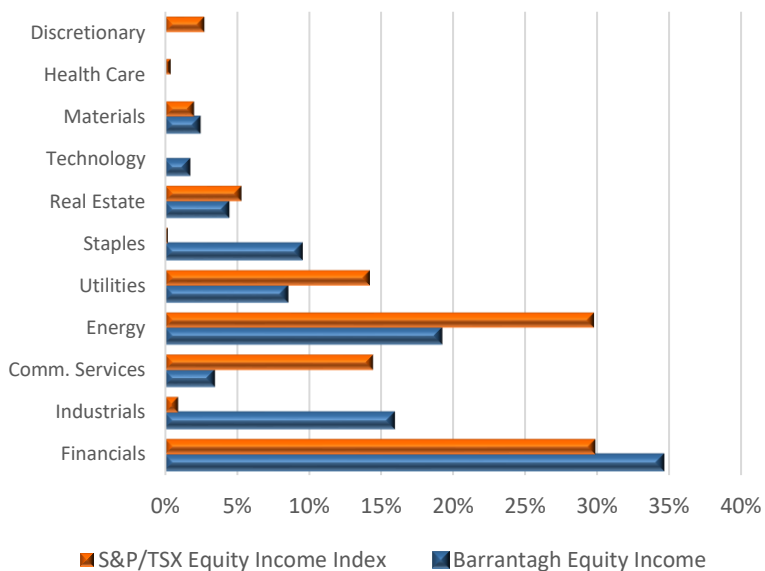
Profile: Canadian Equities Income

Portfolio at September 30, 2022

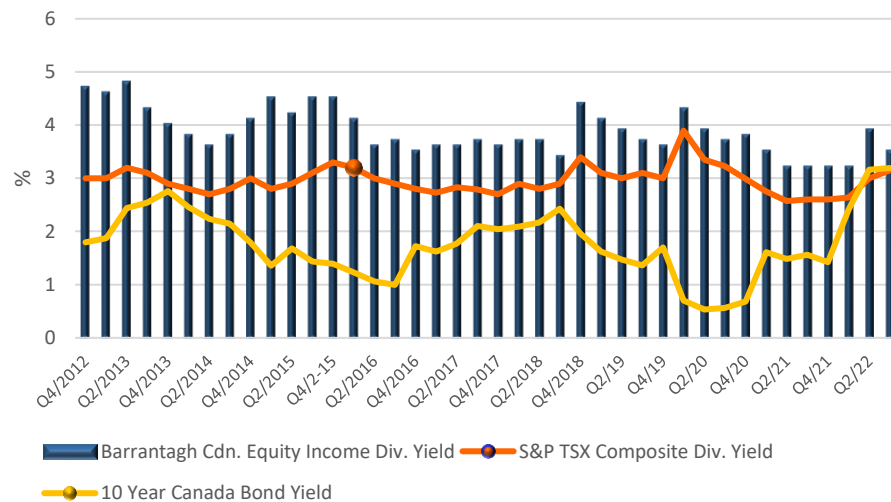
CHARACTERISTICS

Number of Holdings	30
Avg. Market Cap	43.7Bn
# Industry Sectors	9
Dividend Yield	3.5%
P/CF	6.3X

Barrantagh Equity Income Industry Weight vs. Index



Quarterly Dividend Yield History



Canadian Equity Income Portfolio

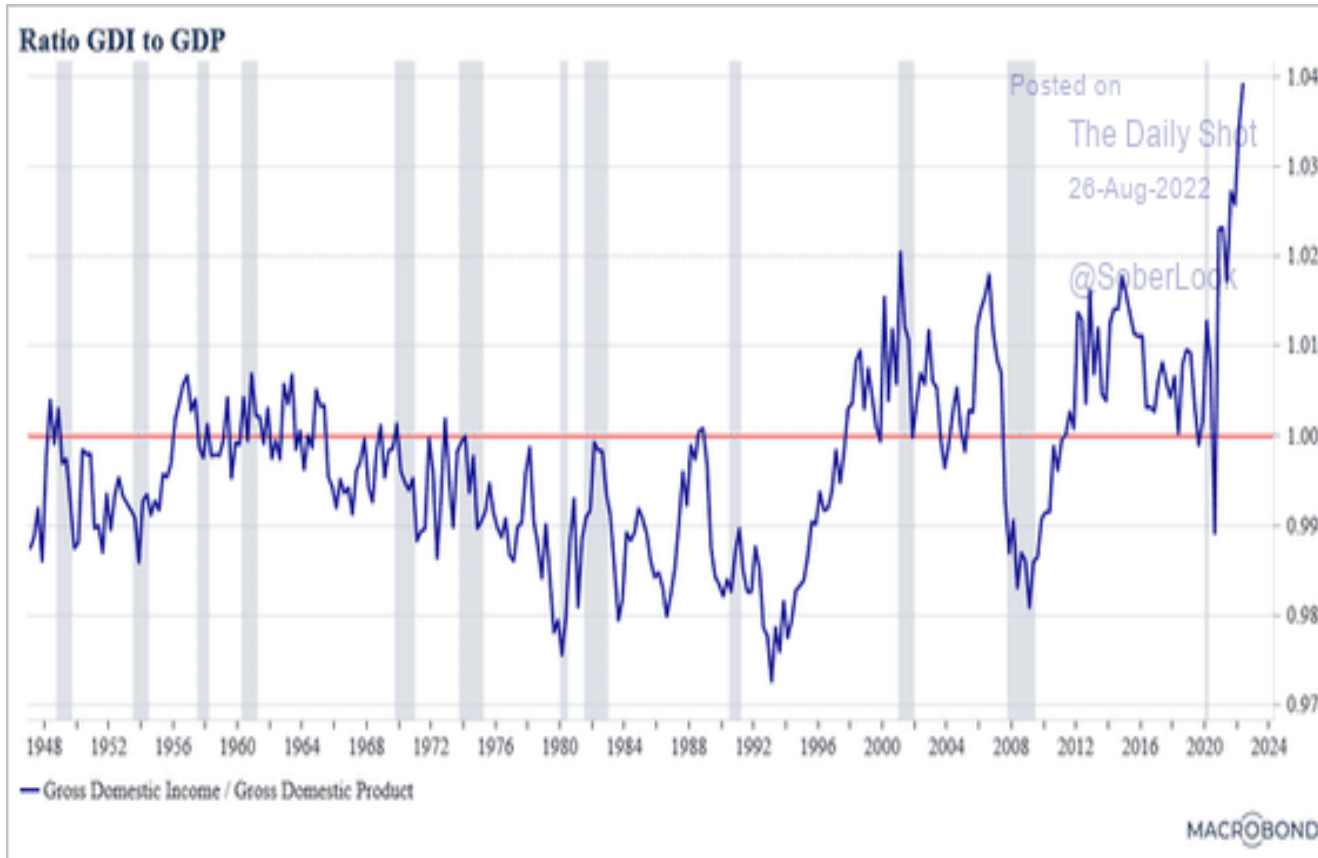
Portfolio at September 30, 2022 | Q3 Transactions

	Portfolio Weight		Portfolio Weight	
Consumer Staples		Industrials		
Maple Leaf Foods	1.6%	Boyd Group	2.8%	Sold
Neighbourly Pharmacy (+)	2.7%	CP Rail	3.3%	Telus
Premium Brands	2.5%	Finning	1.5%	Lifeworks
Primo Water	2.4%	Calian Group (NEW)	3.2%	
	9.2%	Toromont Industries	1.8%	
Energy		Savaria	2.6%	
Gibson Energy	2.4%		15.2%	
Parkland Fuel	2.2%	Financials		TRIM = (-)
Canadian Natural Resources	4.0%	Bank of Nova Scotia	5.7%	ADD = (+)
Tourmaline Oil	6.6%	Definity Financial	4.1%	
TC Energy	3.2%	IA Financial	3.0%	
	18.4%	Intact Financial	3.2%	
Communication Services		Royal Bank of Canada	7.0%	
Rogers Communications	3.3%	Sun Life Financial	3.0%	
	3.3%	TD Bank	7.1%	
Information Technology			33.1%	
Dye & Durham	1.6%	Utilities		
	1.6%	Brookfield Infrastructure	2.8%	
Real Estate		Superior Plus	2.3%	
Granite REIT	2.6%	Altagas	3.1%	
Canadian Apartment REIT	1.6%		8.2%	
	4.2%			
Materials		Cash & Equivalents	4.5%	
Chemtrade Logistics	2.3%	Total	100.0%	
	2.3%			



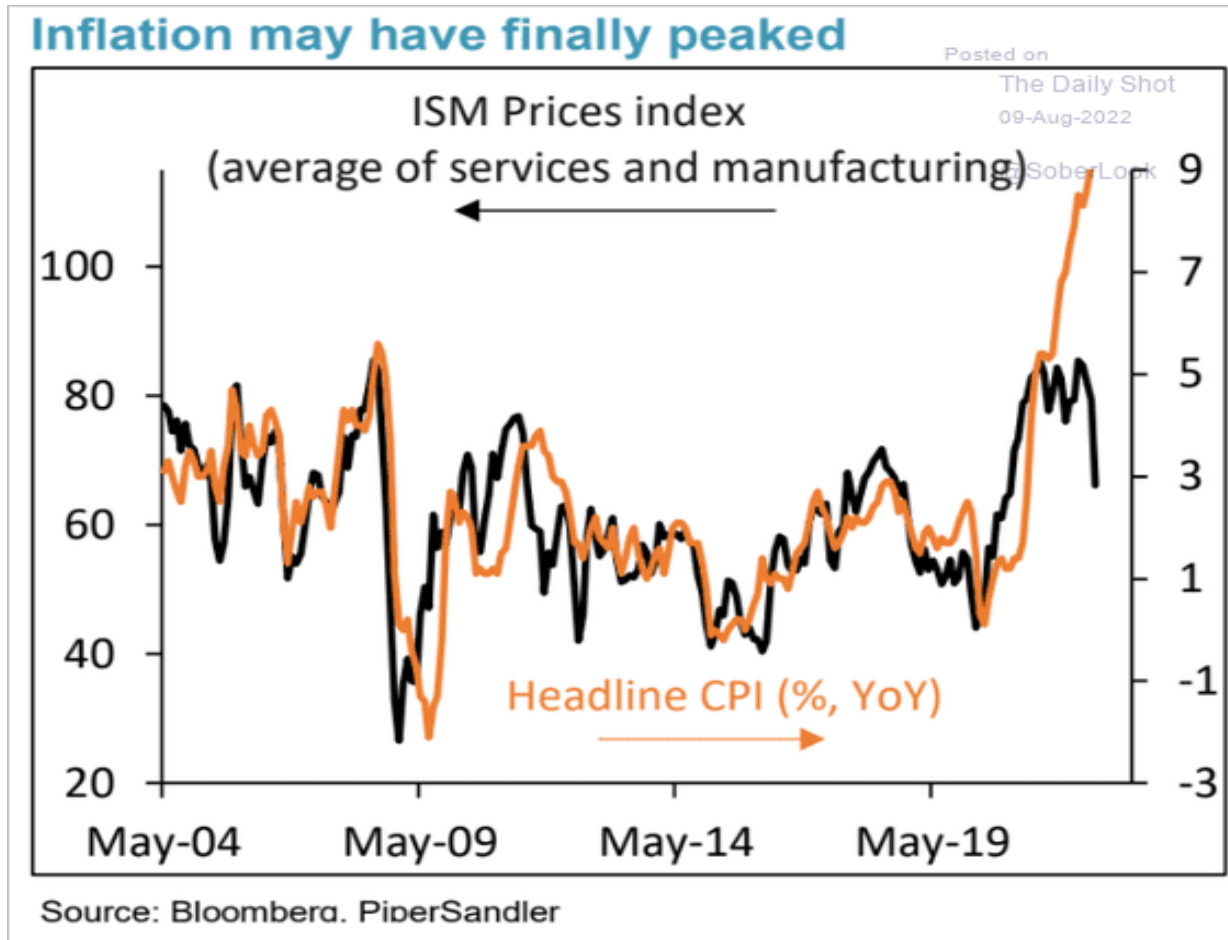
ECONOMIC REVIEW

Gross Domestic Income Rising while GDP Falling



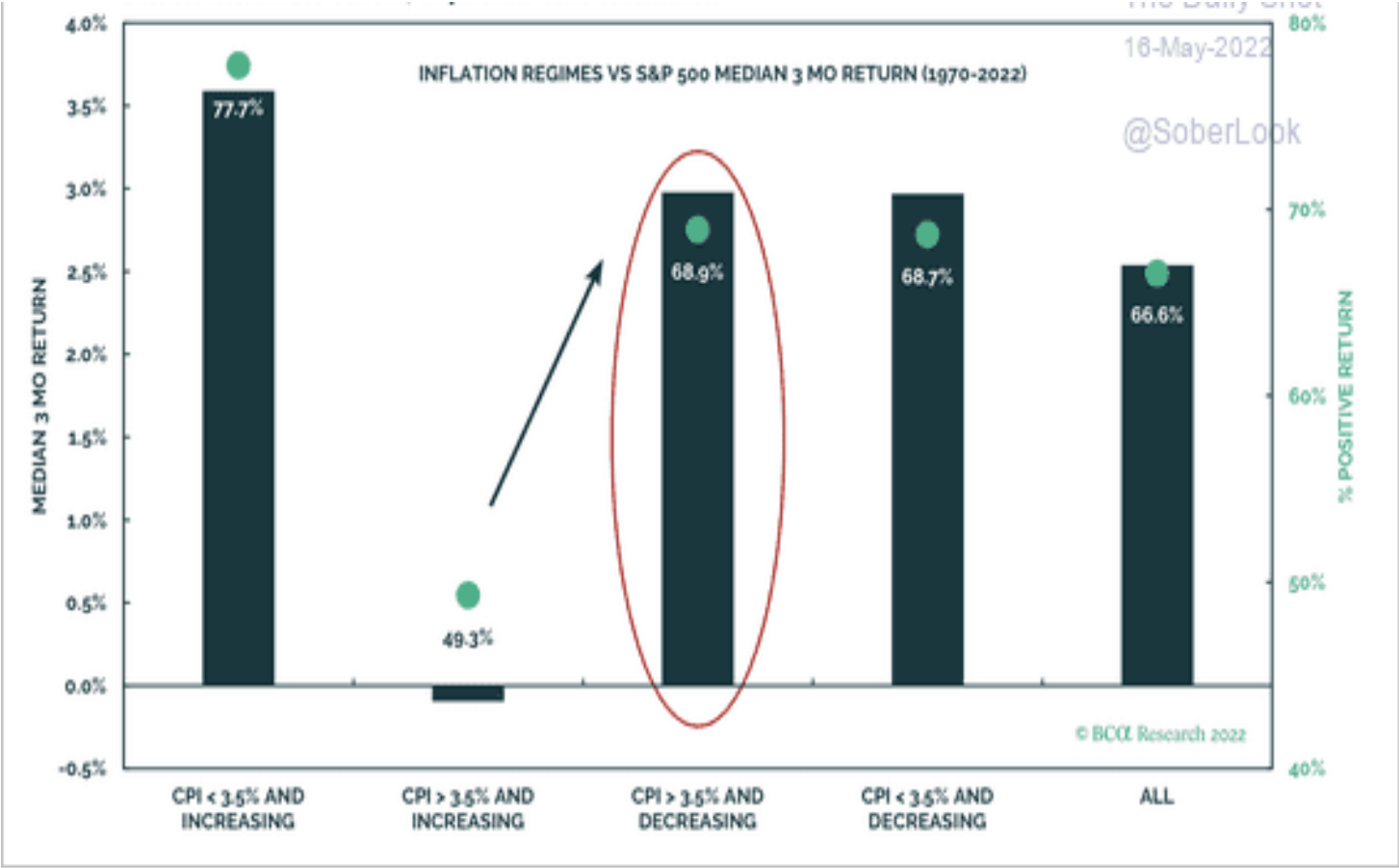
Source: The Daily Shot

ISM Prices Leads Inflation



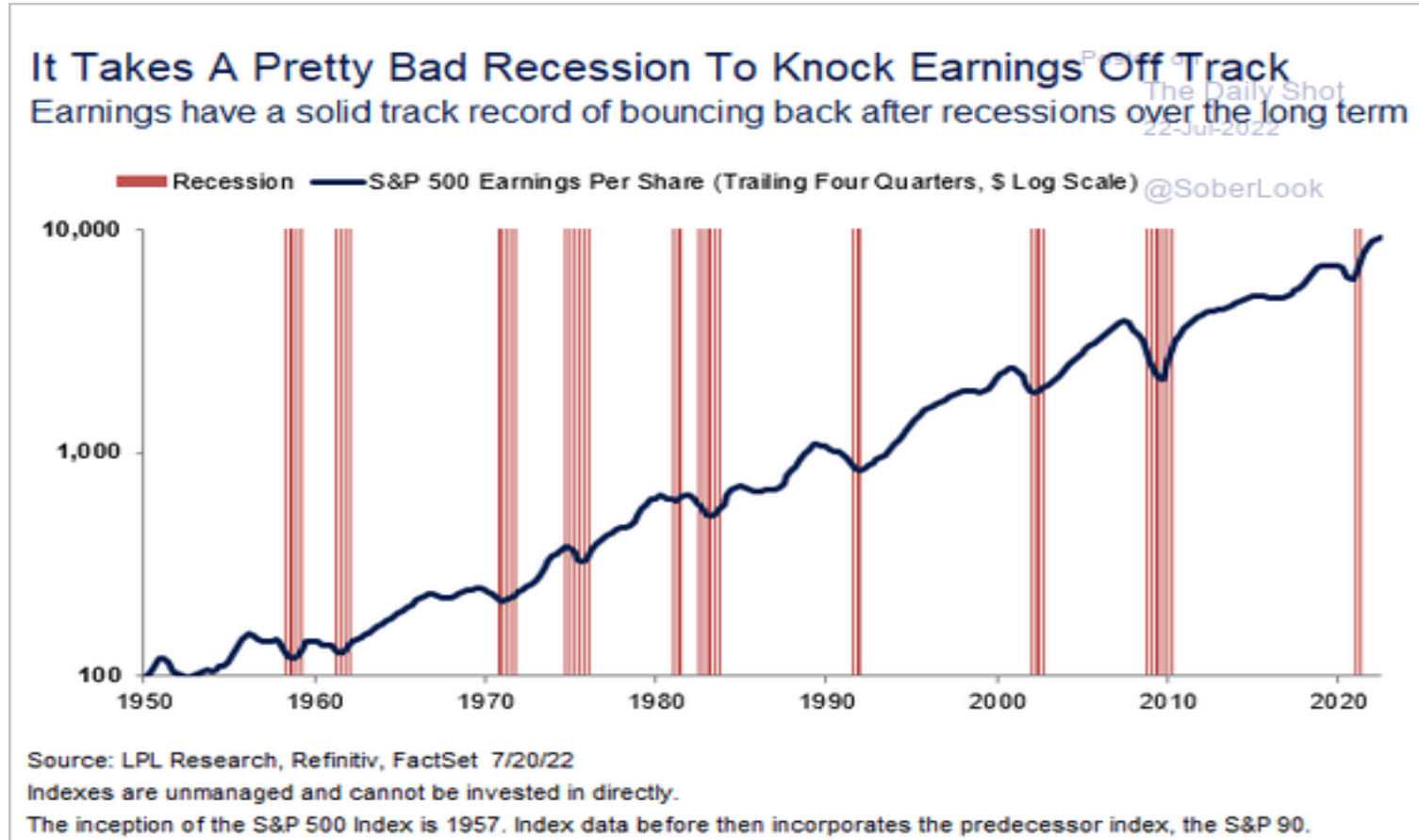
Source: The Daily Shot

When Inflation Turns, Equities Rebound



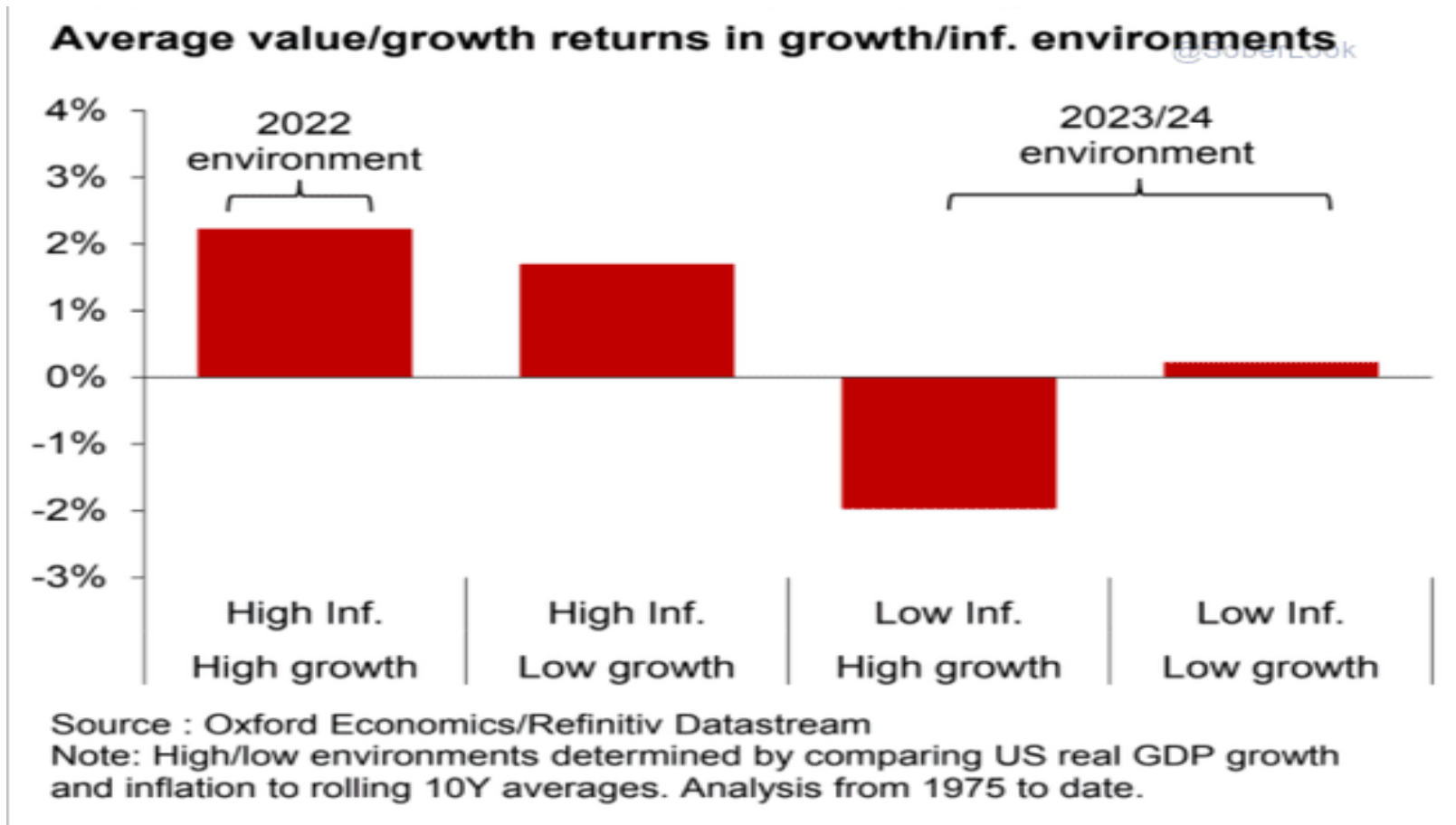
Source: The Daily Shot

Take a Long-term View – Earnings are Resilient



Source: The Daily Shot

Value vs Growth – Higher Inflation Favours Value



Source: The Daily Shot, Oxford, Refinitiv, Lehman, 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)
- Barrantagh Small Cap Canadian Equity Fund
 - **F Class** Fund Code: BMI105, 1% MER, Minimum: \$1,000
 - **A Class** Fund Code: BMI110, 2% MER, Minimum: \$1,000
- SMA Min. Investment Small Cap: \$50,000, Large Cap Income: \$75,000
- Advisor Portal (barrantagh.com) Password: BMO1

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