

TRADING ACTIVITY

BARRANTAGH INVESTMENT MANAGEMENT Canadian Equities Income

An encouraging rally in July could not sustain momentum through the duration of the quarter due to shifting expectations for the path forward from The Fed. Enthusiasm regarding a potential near-term pivot towards easing monetary policy faded as The Fed continued to aggressively raise rates and detailed a strong resolve to contain elevated inflation. An absence of positive surprises related to pre-existing issues such as the war in Ukraine did little to lessen growth concerns and general sentiment remained subdued.

Worries about the economy have dominated the narrative of late and are readily apparent in market psyche. By way of example, the American Association of Individual Investors measures negative sentiment at levels not witnessed since the time of the Global Financial Crisis. Interestingly, past peaks in bearishness have often coincided with market bottoms.

Significant contributors of relative outperformance at the sector level during the third quarter included Financials and Energy. Consumer Staples and Materials negatively impacted relative performance.

Versus the benchmark, the largest sector overweights include Consumer Staples and Utilities, and the largest underweights are Materials and Information Technology.

Calian Group (CGY) was the lone new position added in the quarter, and we took advantage of volatility to add weight to Neighbourly Pharmacy (NPLY). The additions were funded by the proceeds received from Telus' acquisition of Lifeworks which included cash and Telus shares.

Despite several challenges, it is important to recall that markets operate as a discounting mechanism for future expectations. Exchanges have quickly priced in hawkish Fed economic projections that have been very fluid in recent times and could yet change again soon. Like a pendulum, investors rarely experience an "average" environment, and equities often overshoot when sentiment swings to heightened fear and volatility. Enduring these periods of pain paves the way for higher expected future returns.

BUYS

Calian Group (CGY)

Calian Group (CGY) is a niche leader in specific aspects of the communications, health, and learning industries that further differentiates its product and service offerings by leveraging in-house I.T. intellectual property. Points of differentiation for the company include a multi-decade track record in “can’t afford to fail” satellite connectivity applications, and an ability to manage complexity across the health ecosystem due to the totality of care provided. Another point of distinction would be Calian’s position as one of a limited number of suppliers with the combination of technology and industry expertise to service demand for defense driven immersive simulation brought into focus by recent geopolitical events. The company also has a proven track record of value creation via M&A with recent deals focussed on I.T. but past success across all divisions.

SELLS

Lifeworks (LFWK)

Acquired by Telus Health.

The information contained in this report is intended for investment advisors as a supplement to describe activity in defined investment mandates. It is not a recommendation on the suitability of any investment to an individual’s specific situation. While every effort is made to fairly and accurately describe the information provided herein, Barrantagh Investment Management accepts no responsibility for loss or liability related to the receipt of this information.

FOR MORE INFORMATION PLEASE CONTACT:

Barrantagh Investment Management
100 Yonge Street, Suite 1700
Toronto, ON, Canada M5C 2W1

Alan Daxner, CFA
Senior Vice President
416.864.7958
adaxner@barrantagh.com

Robin Ferguson
Vice President
778.990.3445
rferguson@barrantagh.com