

TRADING ACTIVITY

BARRANTAGH INVESTMENT MANAGEMENT Canadian Equities Income

Amid much volatility, global equity markets delivered further gains during the first quarter. Sentiment shifted to risk-on to start the year, followed by risk-off in February, and finally large swings in March with investors gravitating to both defense (size, liquidity, stability) and growth (on views that interest rate hikes had peaked). March was also defined by issues within the U.S. regional banking system whereby Silicon Valley Bank and Signature Bank were forced into receivership due to issues arising from certain industry overexposures and asset-liability mismatches. Importantly, the U.S. Federal Reserve (The Fed) quickly deployed several measures to restore confidence in the banking system which provided the market with the confidence to classify the Silicon Valley and Signature Bank events as idiosyncratic and not evidence of systemic issues in the financial sector.

Typically, the banks best positioned to outperform over time are those with strong capital ratios, resilient deposit bases, and diversified loan books and revenue streams. While regulation can sometimes be viewed as constraining profitability, it also serves to safeguard against periodic episodes of stress. Incidentally, Canadian banks are subject to some of the strictest regulations in terms of capital

ratios and other measures that have likely played a part in their relative year-to-date outperformance versus U.S. peers.

Equity markets remain uncertain whether inflation and interest rates will drive either a soft or hard landing for stocks, with U.S. regional banking issues adding concerns about a potential economic slowdown if lending becomes more restrictive. However, valuations of safe haven or structural growth stocks have widened considerably relative to the rest of the market, suggesting that a lot of pessimism is already reflected in market prices. Despite these macro concerns, we believe that many attractive investment opportunities remain within our quality value matrix where several names have been discounted too heavily due to near-term growth worries.

Significant contributors of relative outperformance at the sector level during the first quarter included Real Estate and Consumer Staples. Materials and Information Technology negatively impacted relative performance.

Versus the benchmark, the largest sector overweights include Consumer Staples and Real

Estate, and the largest underweights are Materials and Information Technology.

Colliers (CIGI) was introduced to the portfolio during the quarter. Top ups to existing positions included Dye & Durham (DND) as sentiment towards a rebound in housing transactions remained subdued and Neighbourly Pharmacy (NBLY) on the back of the market's initial surprise to the appointment of seasoned health care executive Skip Bourdo as CEO.

BUYS

Colliers (CIGI)

Colliers (CIGI) is a leading provider of commercial real estate & related services with a top 3 global brand that is growing share in a fragmented industry. The core brokerage and leasing business is complemented by less cyclical segments including investment management which is focused on alternative real assets (storage, senior/student housing, and healthcare) and has rapidly grown to be a material contributor to the overall company. High insider ownership and a strong track record of value creation via M&A underpin our confidence in management's future capital allocation decisions.

SELLS

None.

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.

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