

TRADING ACTIVITY


BARRANTAGH INVESTMENT MANAGEMENT Global Equities

The stock market is currently uncertain about whether inflation and interest rates will soon reach their peak (which would result in a "soft landing" for stocks), or if rates have already risen too quickly (which would lead to a "hard landing" scenario). The failure of two regional banks has added to concerns about a potential economic slowdown if lending becomes more restrictive. However, valuations of safe haven or structural growth stocks that have healthy balance sheets and less exposure to economic cycles, 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 there are attractive investment opportunities within our quality value matrix. Many companies in a variety of sectors and regions have been discounted too heavily due to near-term growth concerns. We see two areas that offer particularly good risk/reward opportunities: quality small caps and turnaround stories with significant self-help potential beyond the short-term. As an example of a quality global small cap, we hold Wabtec, a leading locomotive, component, and technology supplier to the freight train and passenger transit industry worldwide. With

a significant share in the North American locomotive market, the company has a long runway of recurring service revenue opportunities due to their large installed base and quality service offering. Moreover, the increasing adoption of public transit worldwide is partly driven by governments who look to leverage the environmental benefits of rail. The company is poised to benefit from the shift towards fuel efficiency and decarbonization as railroads aim to meet their environmental goals. They achieve this by upgrading their existing diesel fleet, adopting hybrid battery locomotives, and ultimately transitioning to hydrogen power.

Furthermore, Wabtec's onboard products and software enable railroads to optimize their train operations. In particular, their signaling systems allow trains to be controlled using algorithms with built-in safety and accelerate/breaking features that are customized to each stretch of track. The company's leadership has a proven track record of strong execution, which underpins our confidence in the achievement of above-average growth and margin expansion opportunities over time. There is also potential for a recovery in locomotive deliveries from currently depressed levels to that of



replacement demand which would provide a short-term boost.

Buys/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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