

BARRANTAGH

Investment Management

Update – Mar. 31, 2023

- Firm Update
- Key Mandate Review
 - Small Cap Canadian Equities
 - Global All Cap Equities
- Economic Update

RICHARDSON
Wealth

Small Cap Canadian Equities
Global All Cap Equities

Firm Update

FIRM PROFILE

- 100% employee-owned investment managers since 1995
- 17 employees, firm ownership expanded to 7 employee-shareholders
- AUM: \$1.3 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

PROMOTIONS:

- **Robert Vidinovski** from Associate Portfolio Manager to Portfolio Manager– Fixed Income
- **Kevin Chu** from Associate Portfolio Manager to Portfolio Manager– Global Equities

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 Q2/22

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:

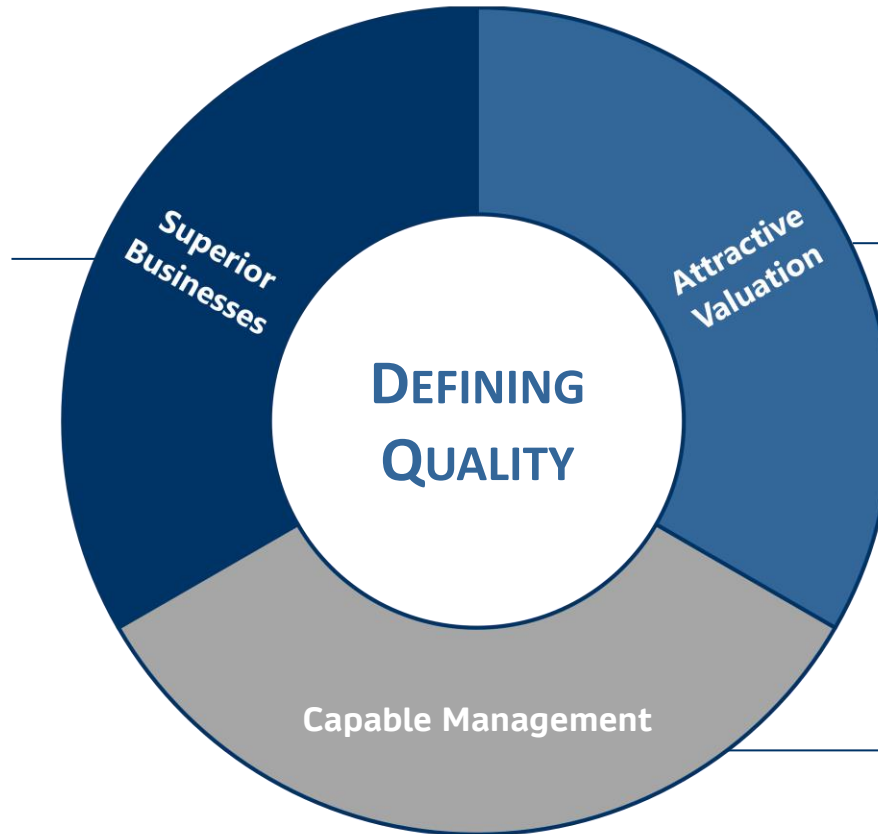
- Awarded new SMA mandate (Global Equities) continuing to broaden our offerings with 5 leading IIROC firms

Investment Philosophy

Defining Quality Value

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 Investing

Adapting a Recent Global Study¹ to the Canadian Market

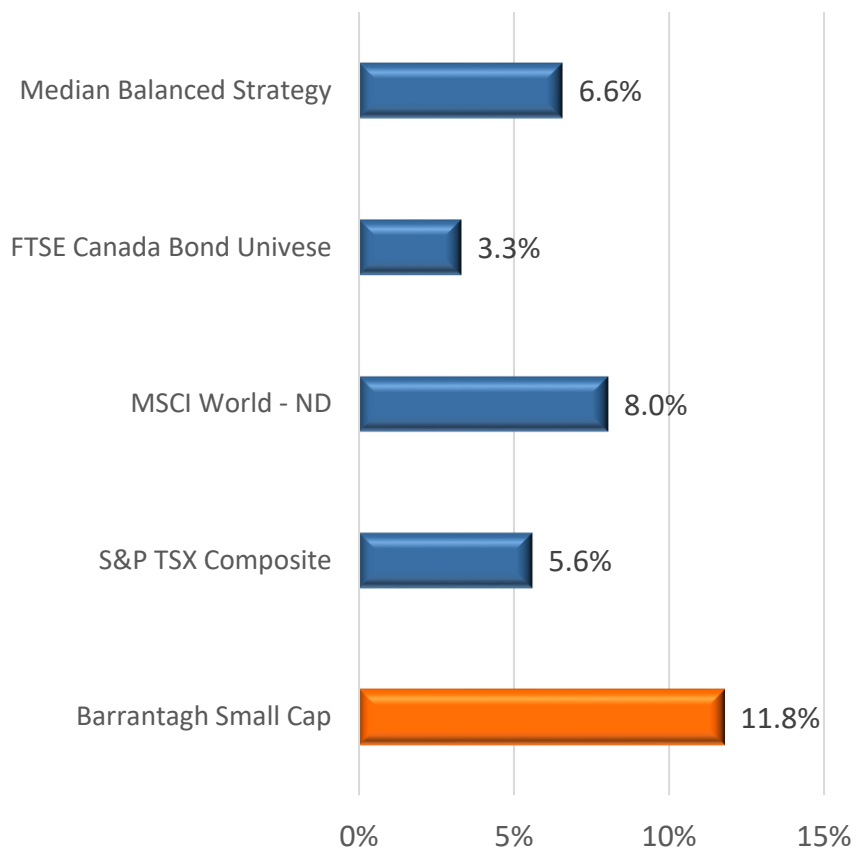
- Empirical evidence of superior returns
- Structural tailwinds
 - Small companies generate higher shareholder returns
 - Beneficiaries of M&A
 - Higher management ownership (“Skin in the Game”)
 - Alpha opportunities – less coverage & less efficiently priced
- New forces at work
 - Domestic focus as globalization faces challenges
 - Outperformance in low growth environments

¹JP Morgan: The Case for SMID – October 31, 2022

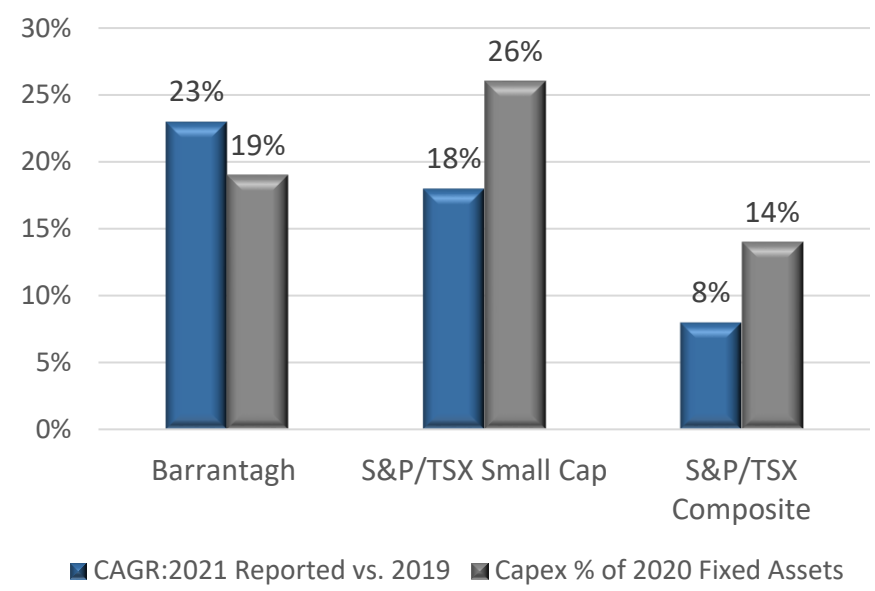
Small Cap Investing

Empirical Evidence of Faster Growth

Annualized Return 2008 – Q1 2023¹



Revenue Growth & Capital Investment

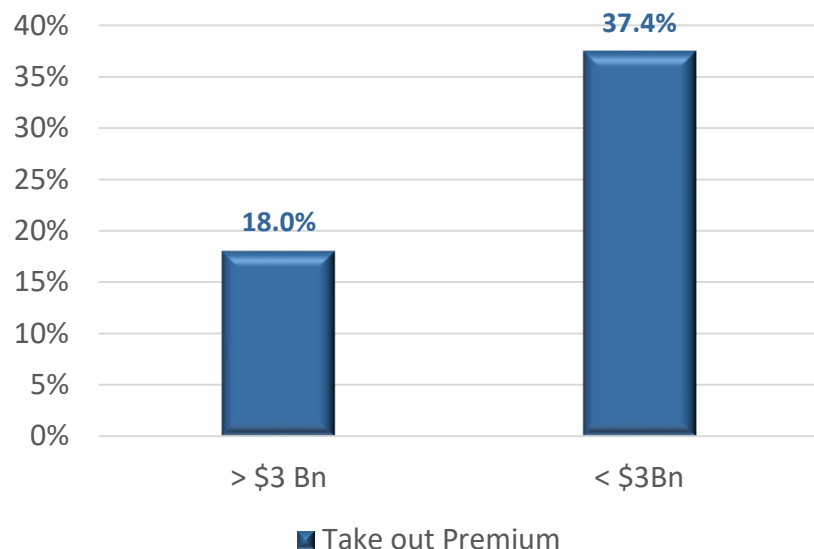


¹Annualized Returns Since Barrantagh Small Cap Canadian Inception Jan/2008 through Mar./2023

Small Cap Investing

Increases M&A Activity Potential and Premium

M&A in Canada Since 2019



- 11 Deals completed > \$3Bn Total Value
- 67 Deals completed < \$3 Bn Total Value

Source: Bloomberg, Barrantagh Research

Barrantagh Positions Targeted

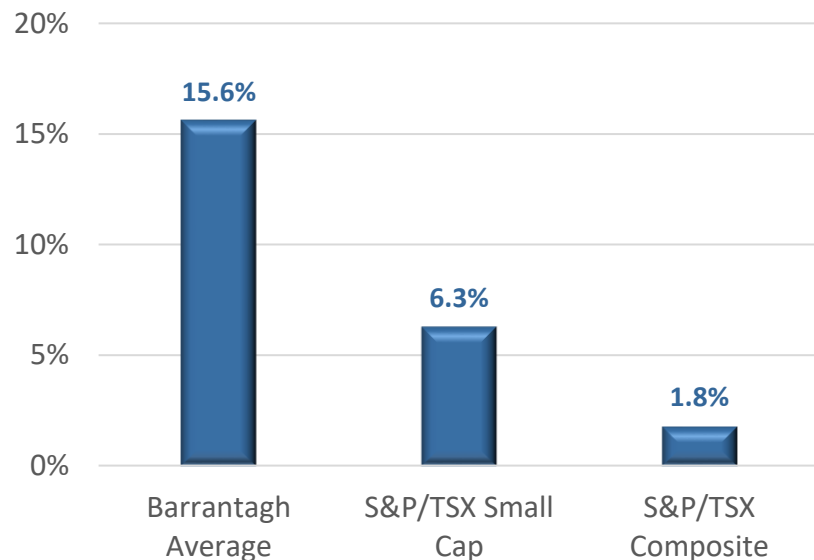
	Announce Date	Premium ¹
Summit Industrial	04/2022	31%
Lifeworks	Q2/2022	88%
Intertape Polymer	Q1/2022	67%
People Corp.	Q4/2020	75%
Enercare	Q3/2018	64%
Spartan Energy	Q2/2018	5%
Pure Industrial	Q1/2018	21%

¹Premium to 1 Month Average Price

Small Cap Investing

Barrantagh positions have larger Insider Ownership “Skin in the Game”

% Insider Ownership



Barrantagh Top 10

	% Ownership
Andlauer Healthcare	57%
Neighbourly Pharmacy	52%
Softchoice	50%
Dentalcorp	44%
Minto Apartment REIT	41%
Storagevault	38%
Brookfield Business	35%
Tidewater Midstream	35%
Propel Holdings	30%
Savaria	25%

Source: Bloomberg, Barrantagh Research

Small Cap Investing

Deglobalization/Reshoring/Friendshoring – Tend to Reduce Economic Growth

- U.S. - China tariffs
- Covid pandemic
- Geopolitics
- Supply chain bottlenecks
- Shipping costs
- Carbon Taxes = trade tariff
- Strategic supply chains (rare earth metals)

However:

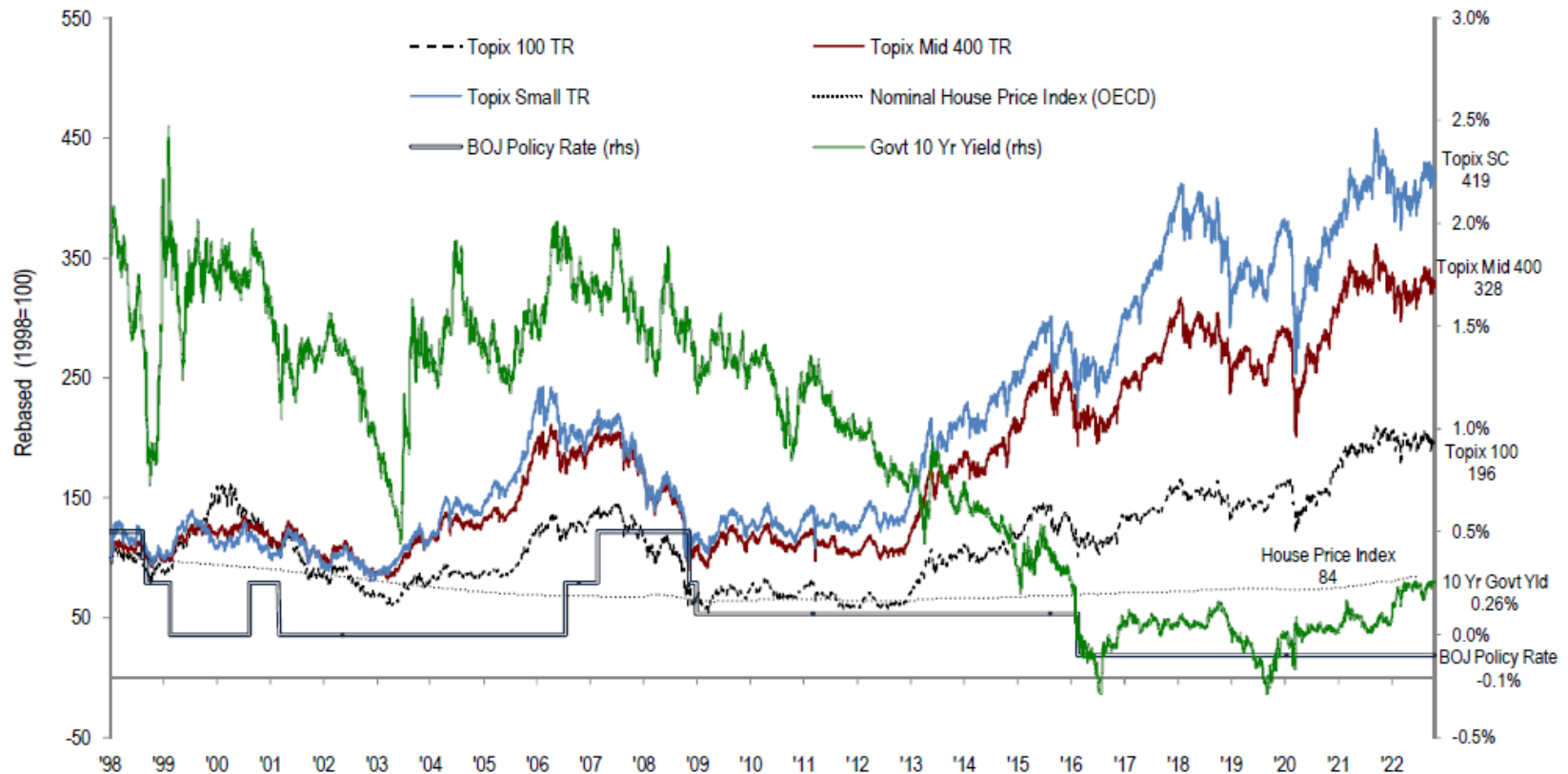
- Barrantagh Small Cap ~70% revenues Canadian & ~89% Canadian + U.S.
- S&P/TSX Composite ~53% Canadian revenues

Source: Bloomberg, Barrantagh Research

Small Cap Investing

In a Low Growth Environment Small Caps Outperform – Japan Example

Cumulative Performance – Japan (1998 – Current)

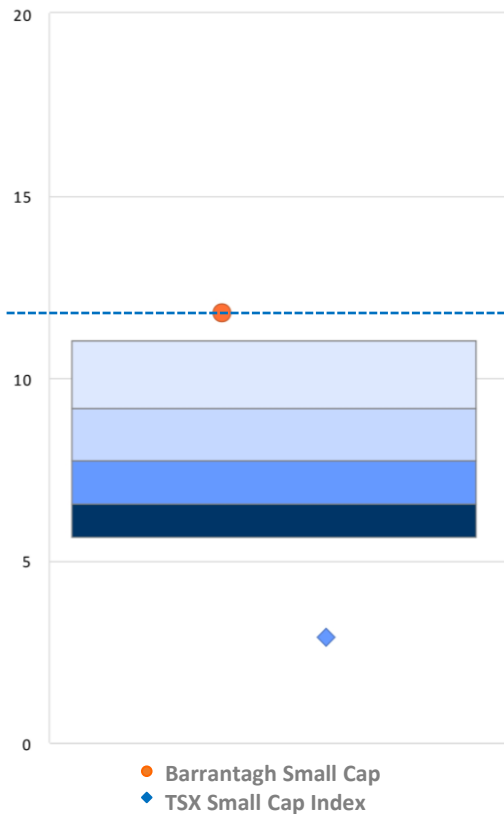


Source: Factset, Bloomberg, JP Morgan

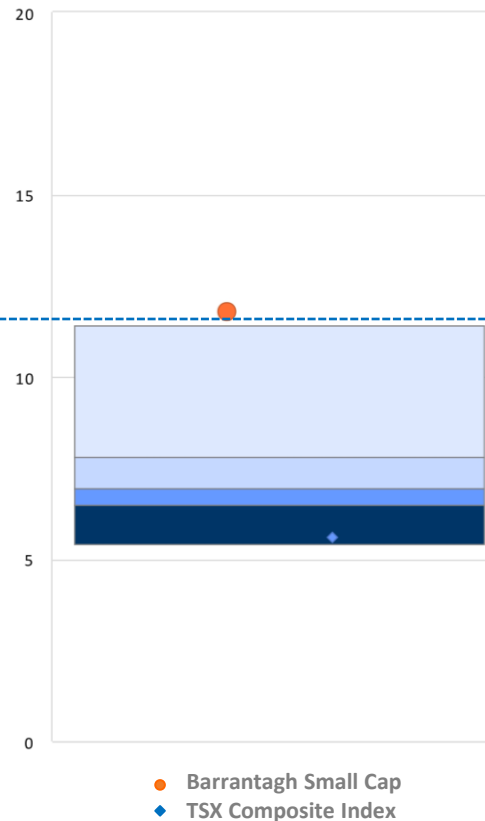
RETURNS: Small Cap Canadian Equities

Strong Performance vs. Large Cap Cdn & Global Equities (for Periods Ending Mar. 31, 2023)

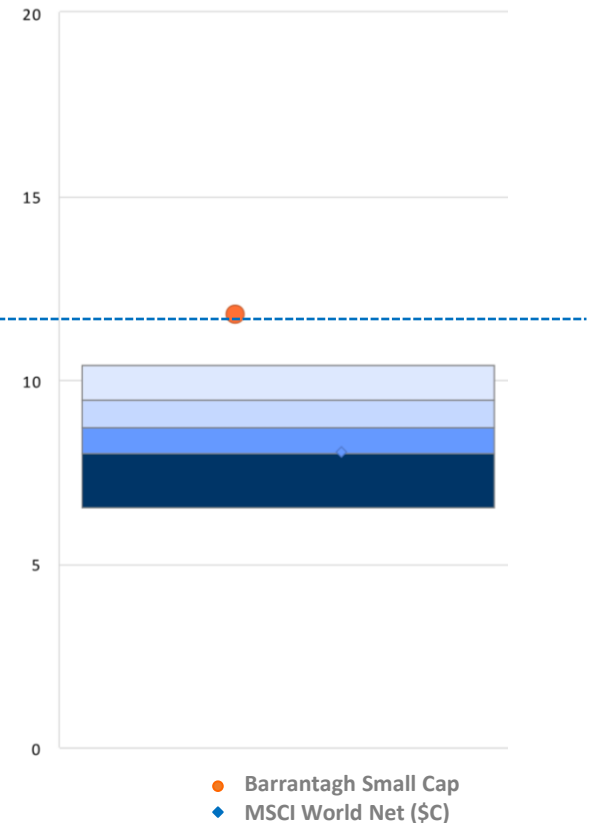
Canadian Small Cap Universe



Canadian Large Cap Universe



Global Equity Universe (\$C)



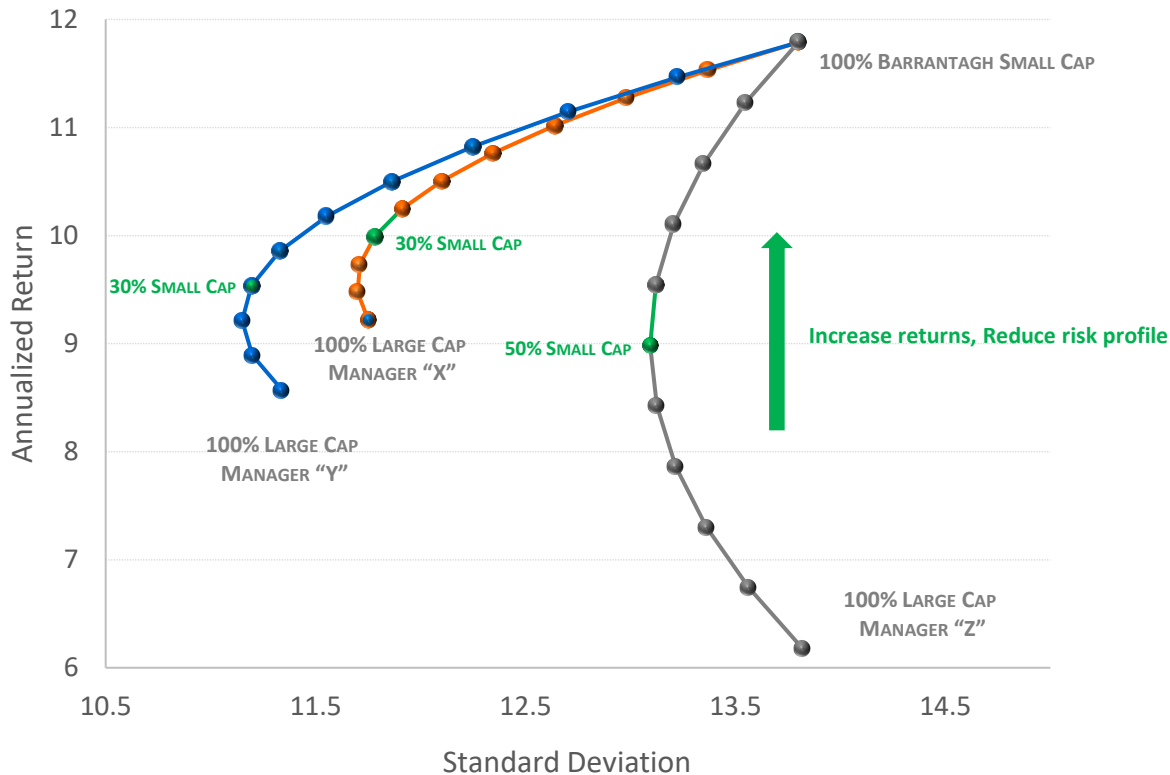
Strategy Inception Date: Jan. 1, 2008

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 Mar. 31, 2023



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:

1. Weights (ω) of underlying components
2. Risk (σ) of underlying components
3. Correlation (ρ) of components

Portfolio Standard Deviation(σ_p)

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



MANDATE REVIEW

Small Cap Canadian Equities

Small Cap Canadian Equity

Performance at March 31, 2023

For Periods Ending Mar. 31, 2023	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	-1.7%	-6.2%	3.1%	21.3%	9.6%	8.4%	7.2%	8.8%	7.0%	7.1%	9.6%
S&P/TSX Small Cap Index	4.5%	-12.6%	1.9%	27.6%	7.7%	5.7%	3.6%	6.9%	5.3%	3.5%	4.6%
S&P/TSX Composite Index	4.6%	-5.2%	6.8%	18.0%	9.0%	8.8%	7.6%	9.1%	7.0%	7.0%	7.9%

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
BIM Canadian Small Cap	-5.7%	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	-9.3%	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)

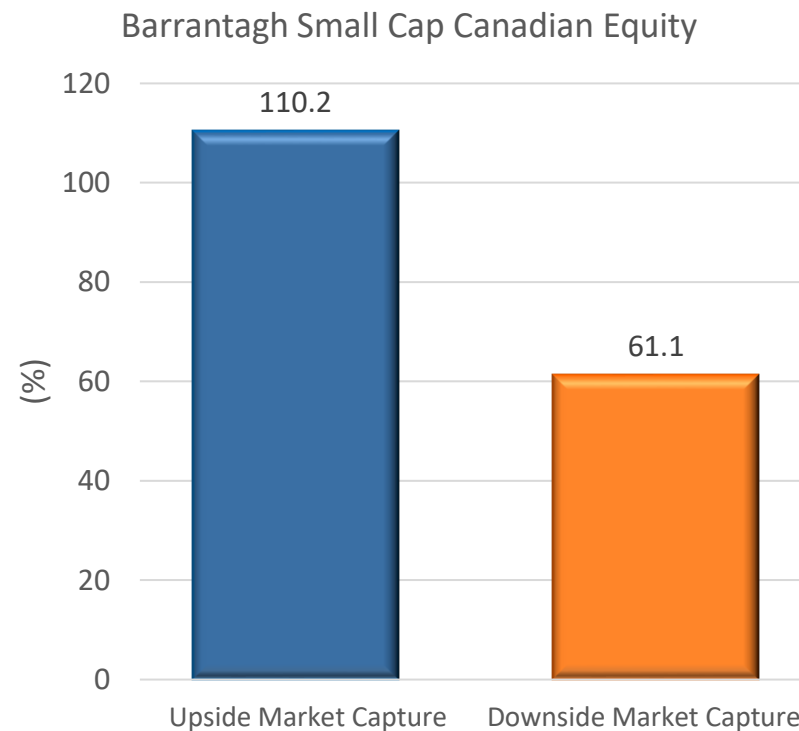
Green indicates periods that Barrantagh Small Cap outperformed

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

Small Cap Canadian Equity

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

Mar. 31, 2023	Barrantagh Small Cap Cdn. Equites ¹	TSX Small Cap	Median
Annualized Return	11.8%	2.9%	7.9%
Standard Deviation	13.8%	21.1%	17.9%
<i>Sharpe Ratio</i>	<i>0.78</i>	<i>0.1</i>	<i>0.39</i>



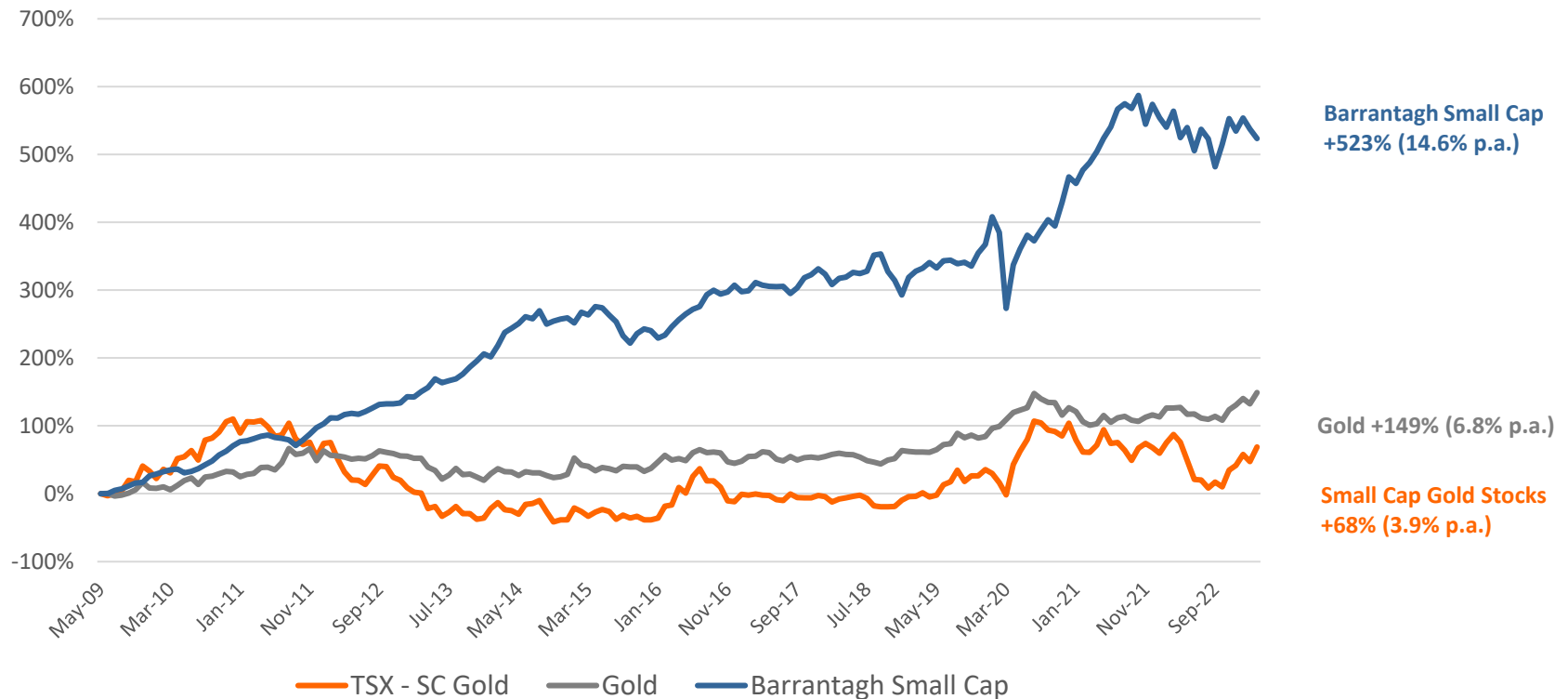
¹ Since Inception Jan. 1, 2008

² vs. Evestment Small Cap Universe

Small Cap Canadian Equity Mandate

Junior Gold Miners: Underperforming/Volatile & Poor Commodity Tracking

Cumulative Returns ~ 14 Years to Mar. 31 2023



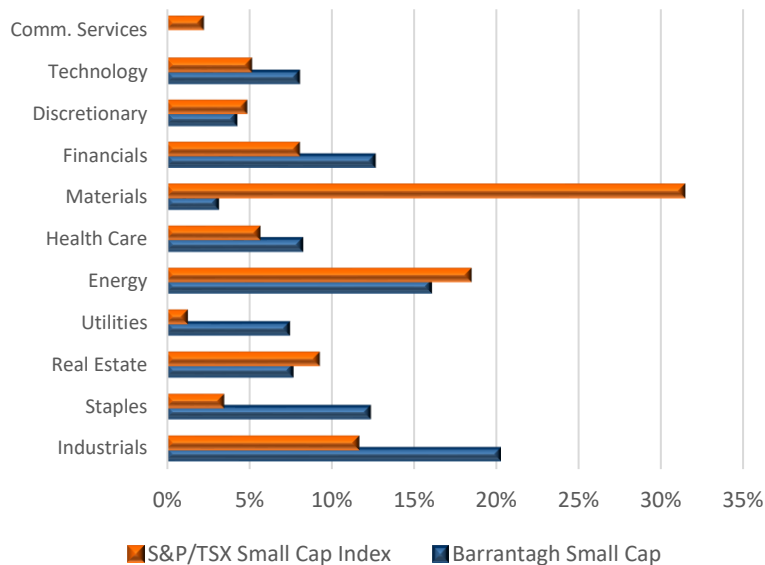
Profile: Small Cap Canadian Equities

Portfolio at March 31, 2023

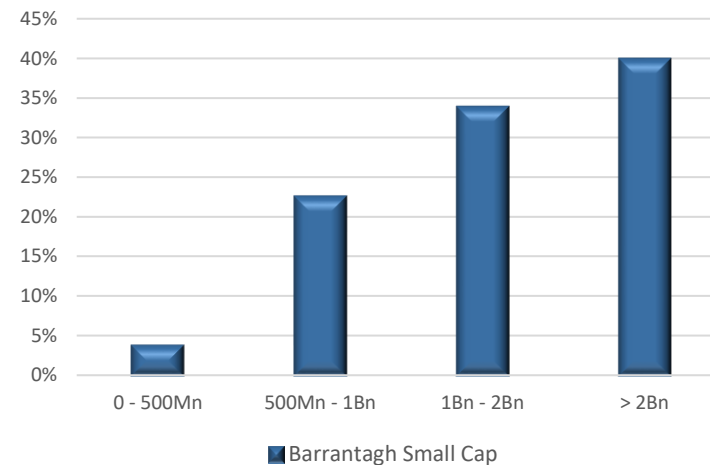
CHARACTERISTICS

Number of Holdings	27
Avg. Market Cap	\$2.3 Bn
# Industry Sectors	10
Dividend Yield	2.1%

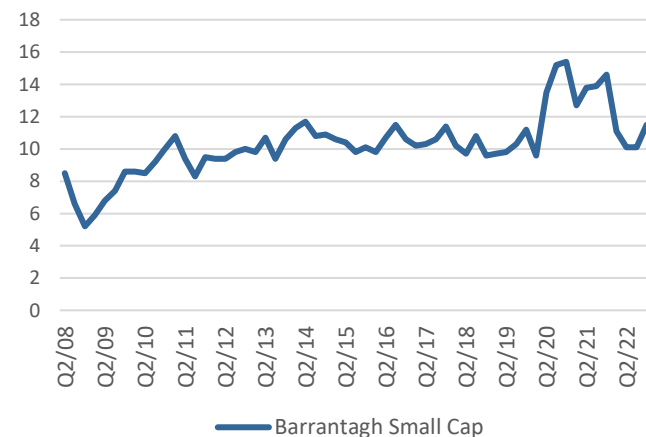
Barrantagh Small Cap Industry Weight vs. Index



Market Cap Exposure



Historic P/CF



Canadian Small Cap Equity Portfolio

Portfolio at March 31, 2023 | Q1 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
Consumer Discretionary		Industrials		Utilities	
MTY Food Group	4.2%	Boyd Group	5.9%	Boralex	4.3%
	4.2%	Brookfield Business (+)	2.2%	Superior Plus	3.0%
Consumer Staples		Cargojet (+)	3.0%		7.3%
Jamieson Wellness	3.6%	Calian Group	4.2%	Materials	
Neighbourly Pharmacy (+)	4.5%	Savaria	2.9%	Chemtrade Logistics	3.0%
Premium Brands	3.9%		18.2%		3.0%
	12.0%	Real Estate		Cash & Equivalent	5.3%
Energy		Minto Apartment REIT (+)	3.0%	Total	100.0%
Arc Resources	4.2%	Storagevault Canada	4.4%		
Gibson Energy	2.9%		7.4%		
Enerflex	3.0%	Health Care		Sold	
Tamarack Valley	3.1%	Andlauer Healthcare	4.8%	Summit Industrial	
Tidewater Midstream	2.5%	Dentalcorp (+)	3.0%		
	15.7%		7.8%		
Financials		Information Technology			
Definity Financial	4.1%	Dye & Durham (+)	4.1%		
EQB Group	2.8%	Softchoice (+)	2.9%		
Propel Holdings	1.0%		7.0%		
Trisura Group	4.2%			TRIM = (-)	
	12.1%			ADD = (+)	

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)





MANDATE REVIEW

ALL CAP GLOBAL EQUITIES

All Cap Global Equity Mandate

Performance at March 31, 2023

For Periods Ending Mar. 31, 2023	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs
BIM Global Equities	4.1%	3.9%	4.9%	11.4%	11.0%	10.9%	10.5%	11.3%	10.4%	11.0%	12.9%
MSCI World (Net)	7.6%	0.7%	5.0%	14.5%	9.4%	9.1%	9.2%	10.5%	8.9%	10.2%	12.0%

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
BIM Global Equities	-6.2%	15.6%	8.6%	37.4%	0.1%	13.7%	7.0%	14.0%	14.0%	39.6%	16.0%
MSCI World (Net)	-12.2%	20.8%	13.9%	21.2%	-0.5%	14.4%	3.8%	18.9%	14.4%	35.2%	13.3%

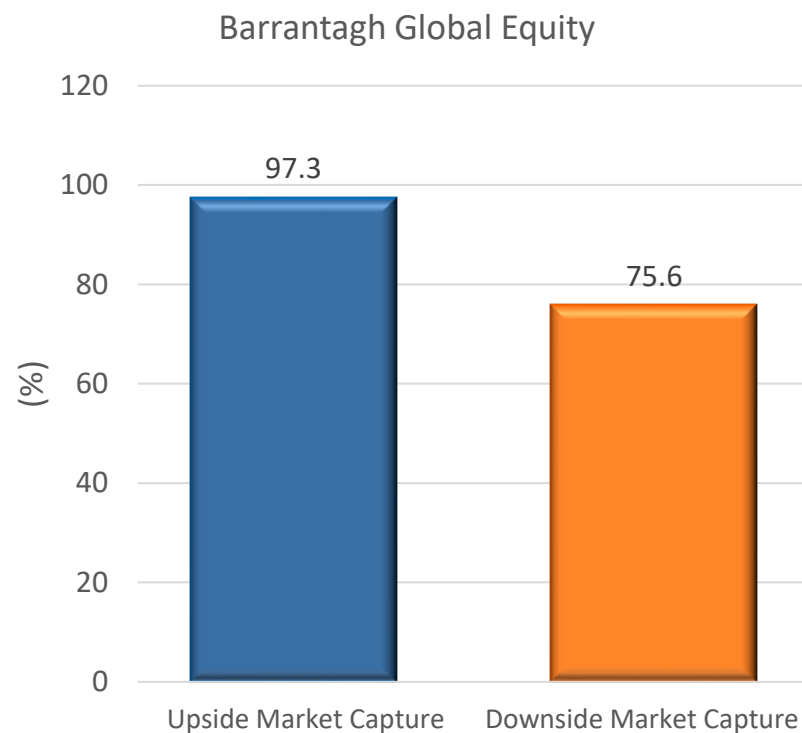
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All Cap Global Equities

Risk Statistics vs. Global Equity (for Periods Ending Mar. 31, 2023)

	Barrantagh Global Equities ¹	Percentile Rank ²	
Annualized Return	13.9	10	1st Quartile
Standard Deviation	11.3	28	Lower Volatility than Median
<i>Sharpe Ratio</i>	<i>1.14</i>	<i>9</i>	<i>High risk-adjusted return</i>
Beta	0.9	39	Low risk vs. market
<i>Treynor Ratio</i>	<i>14.2</i>	<i>15</i>	<i>High risk-adjusted return</i>

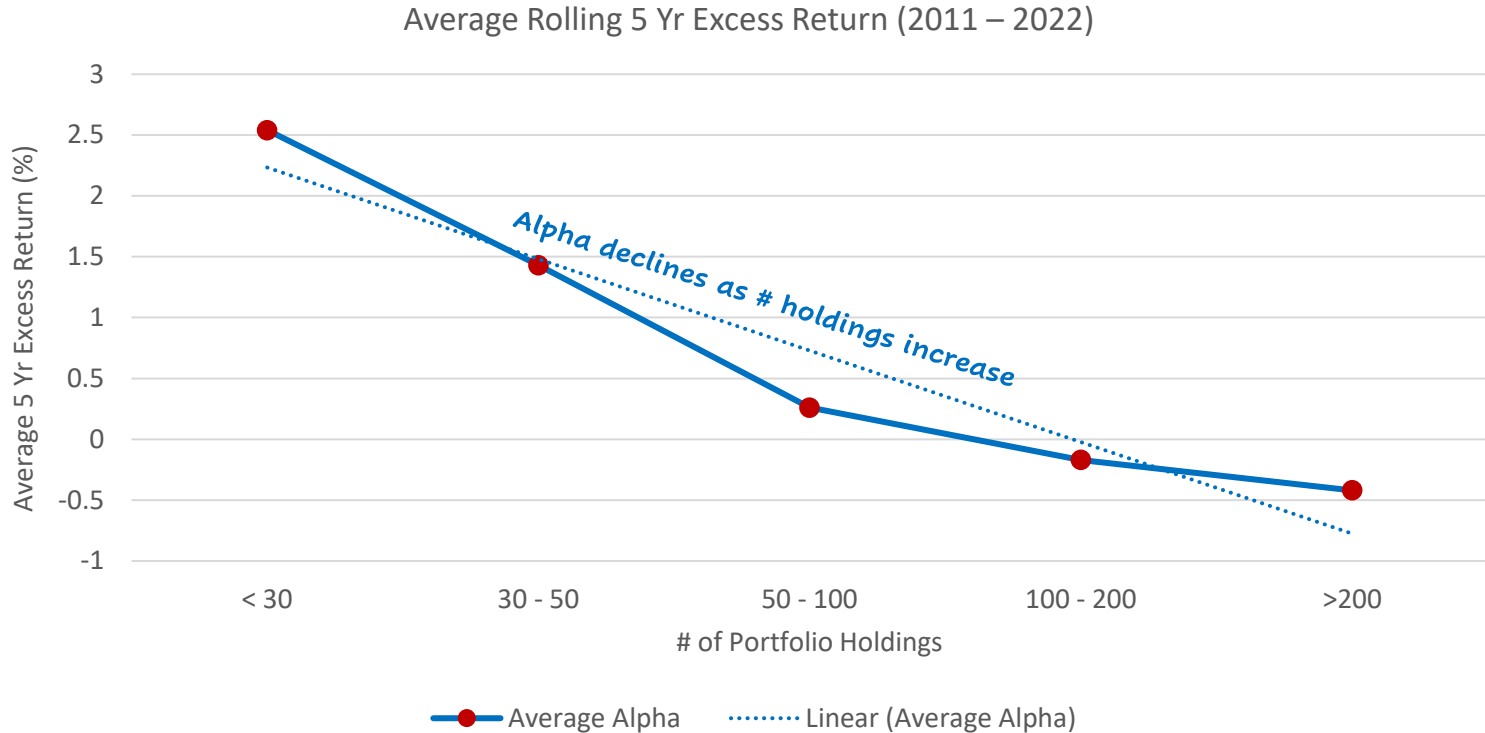


¹ Since Inception Jan. 1, 2012

² vs. Evestment All Cap Value Universe

Concentrated Global Equity Advantages

Holdings & Alpha Generation



Excess Returns (CAD) vs. MSCI World Index (Net)

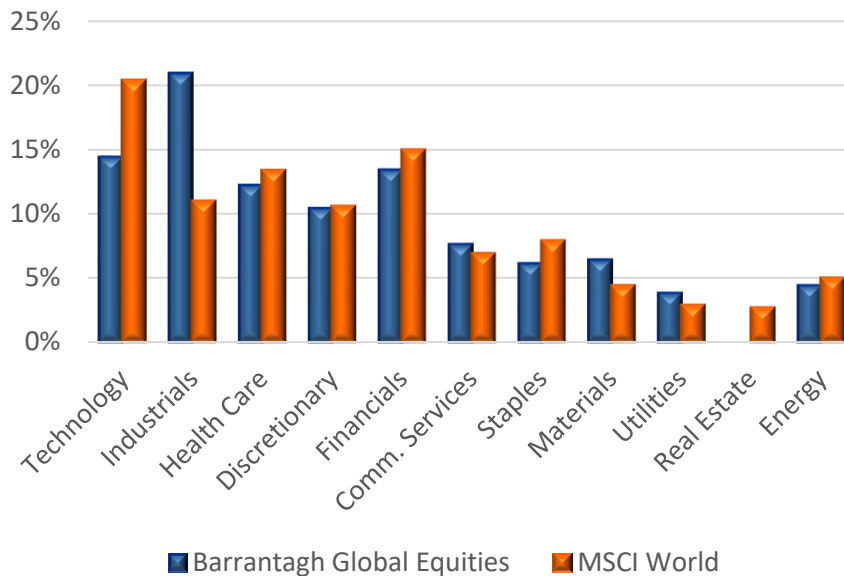
All Cap Global Equities

at March 31, 2023

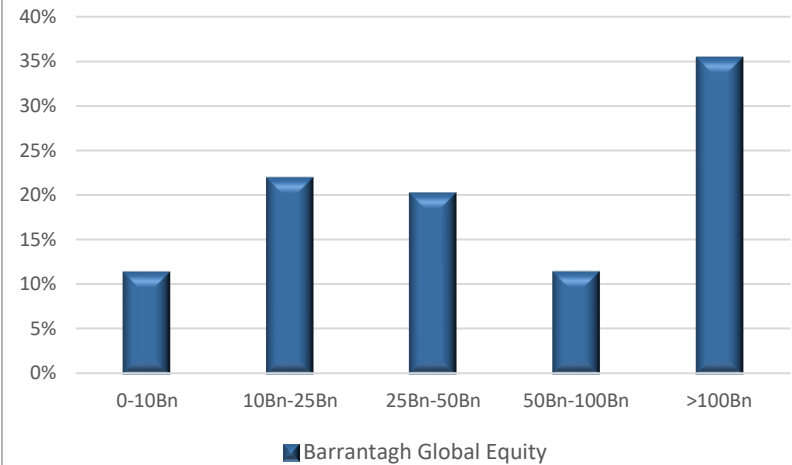
CHARACTERISTICS

Number of Holdings	32
# Industry Sectors	10
Average Market Cap	\$381.9Bn
P/CF	12.1X
Dividend Yield	1.7%

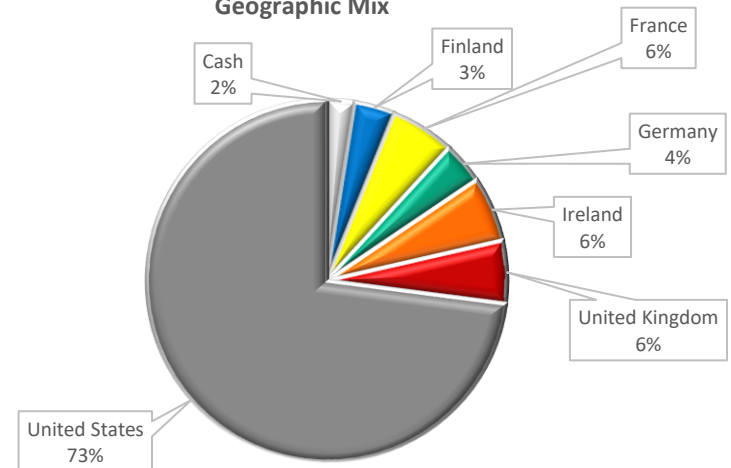
Barrantagh Global Equities Industry Weight vs Index



Market Cap Exposure



Geographic Mix



All Cap Global Equities

Portfolio at March 31, 2023 | Q1 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
Consumer Discretionary		Industrials		Financials	
Advance Auto Parts (+)	2.2%	Metso Outotec	3.6%	Bank of America	2.8%
Amazon	2.3%	Vinci S.A.	2.2%	Wells Fargo	2.2%
Compass Group (-)	3.0%	Quanta Services	2.9%	JP Morgan Chase	2.2%
Intercontinental Hotels	2.6%	Regal Rexnord	3.0%	Mastercard (-)	3.2%
	10.1%	Schneider Electric	3.5%	Willis Towers Watson	2.7%
		Union Pacific	2.5%		13.1%
Consumer Staples		Wabtec	2.7%	Information Technology	
Constellation Brands	3.5%		20.4%	Dynatrace	2.8%
Dollar General	2.5%	Health Care		Itron (+)	2.2%
	6.0%	Baxter International (+)	2.3%	Microchip Technology	3.7%
Materials		Boston Scientific (-)	3.2%	Microsoft	5.3%
CRH	3.2%	Thermo Fisher Scientific	3.7%		14.0%
International Flavours & Frag. (+)	3.1%	United Health Group	2.7%	Communication Services	
	6.3%		11.9%	T-Mobile	3.2%
Utilities		Energy		Alphabet	4.3%
RWE Aktiengesellschaft	3.8%	EOG Resources	4.3%		7.0%
	3.8%		4.3%	Cash & Equivalents	3.1%
Sold		TRIM = (-)		Total	100.0%
		ADD = (+)			



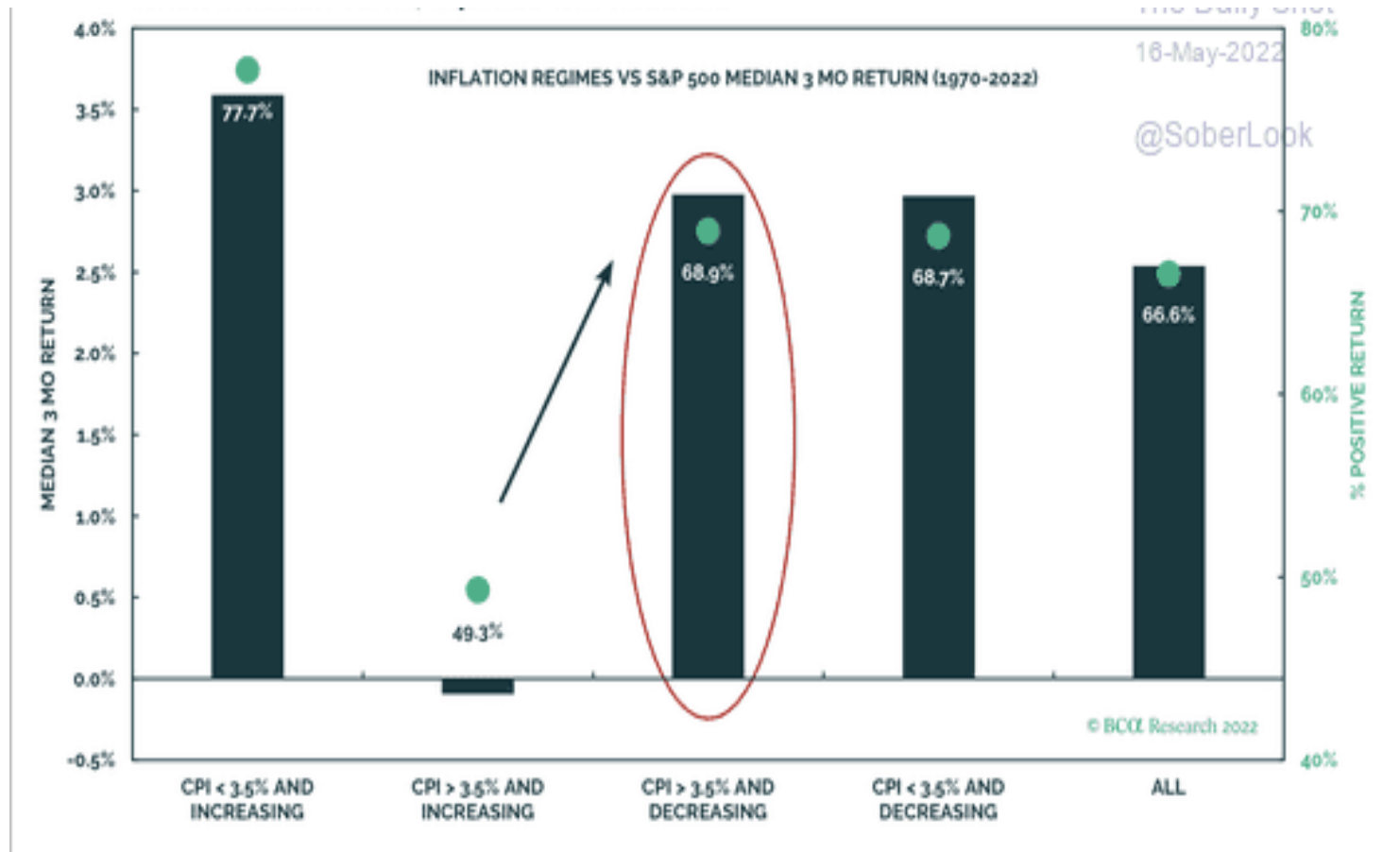
ECONOMIC REVIEW

Outlook

World:

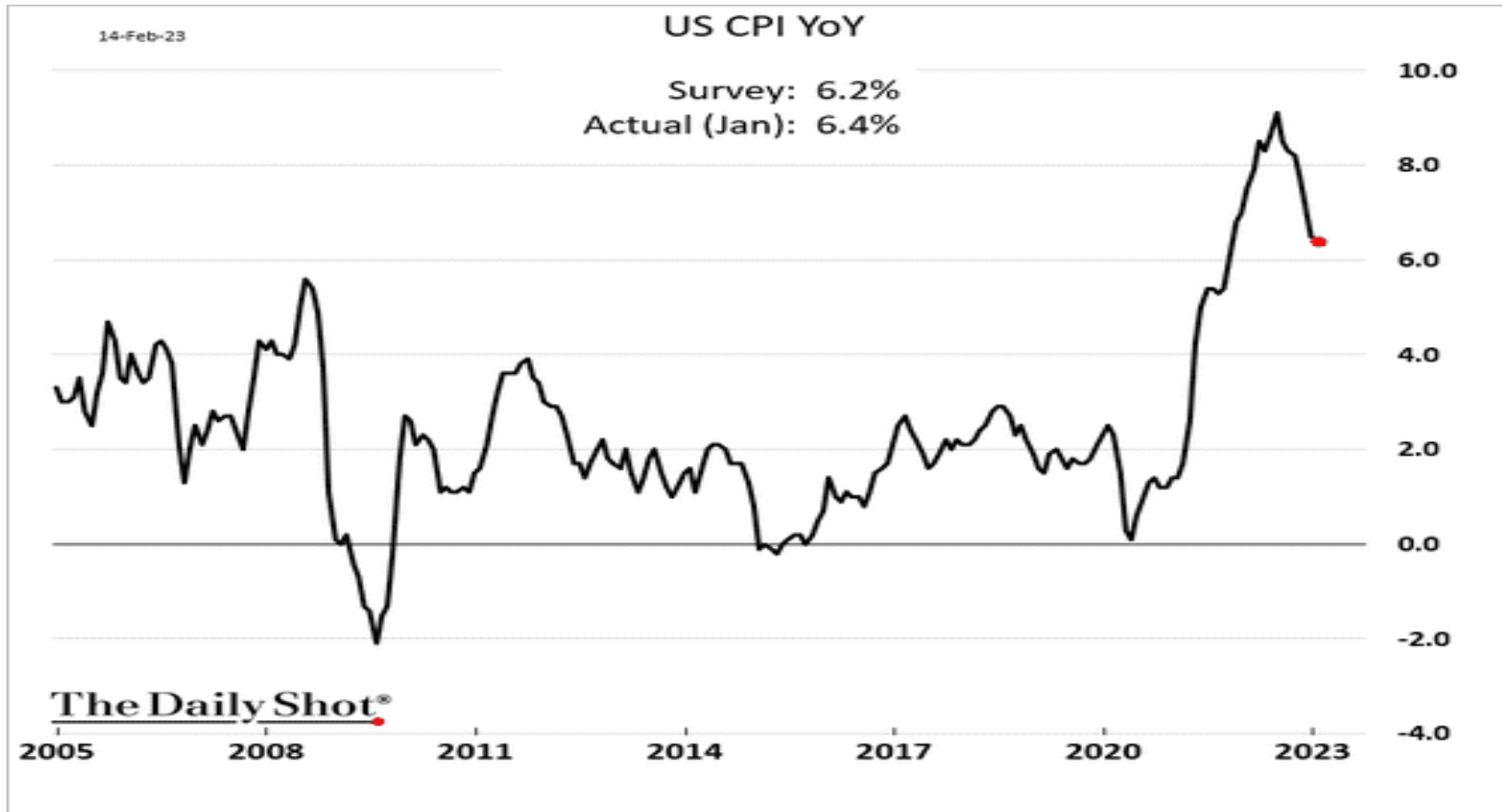
- Higher rates reduce consumer & manufacturing activity
- Soft landing/moderate recession
 - Employment & wage increases remain resilient
 - Inflation is moderating off multi-decade peak
- Equity markets fell in 2022 on the expectation of weakening economy
 - Growth indices remain expensive vs. Value
 - Small cap and Income stocks are supported by falling inflation & current valuations

When Inflation Turns, Equities Rebound



Source: The Daily Shot

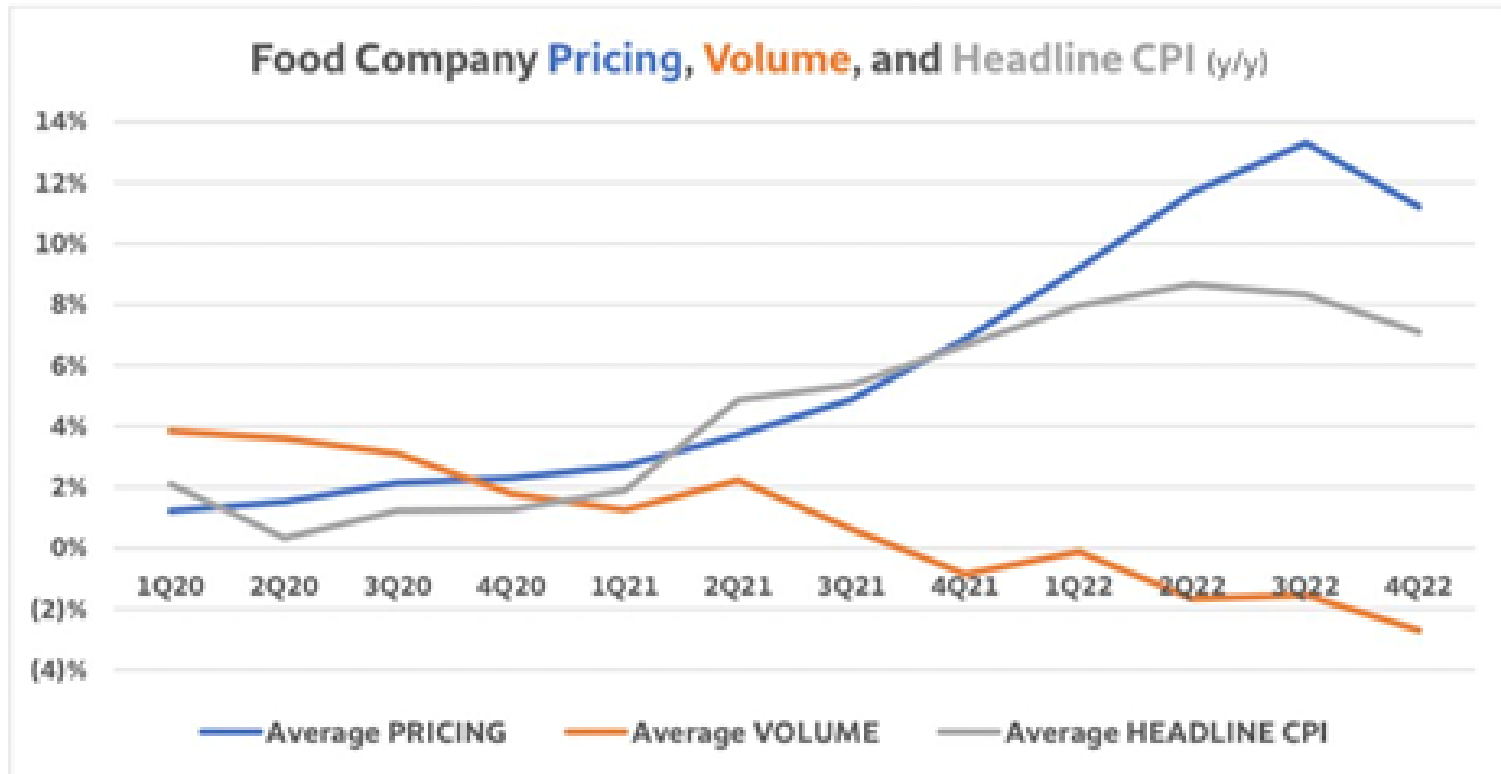
U.S. Inflation Indicator - CPI



Source: The Daily Shot

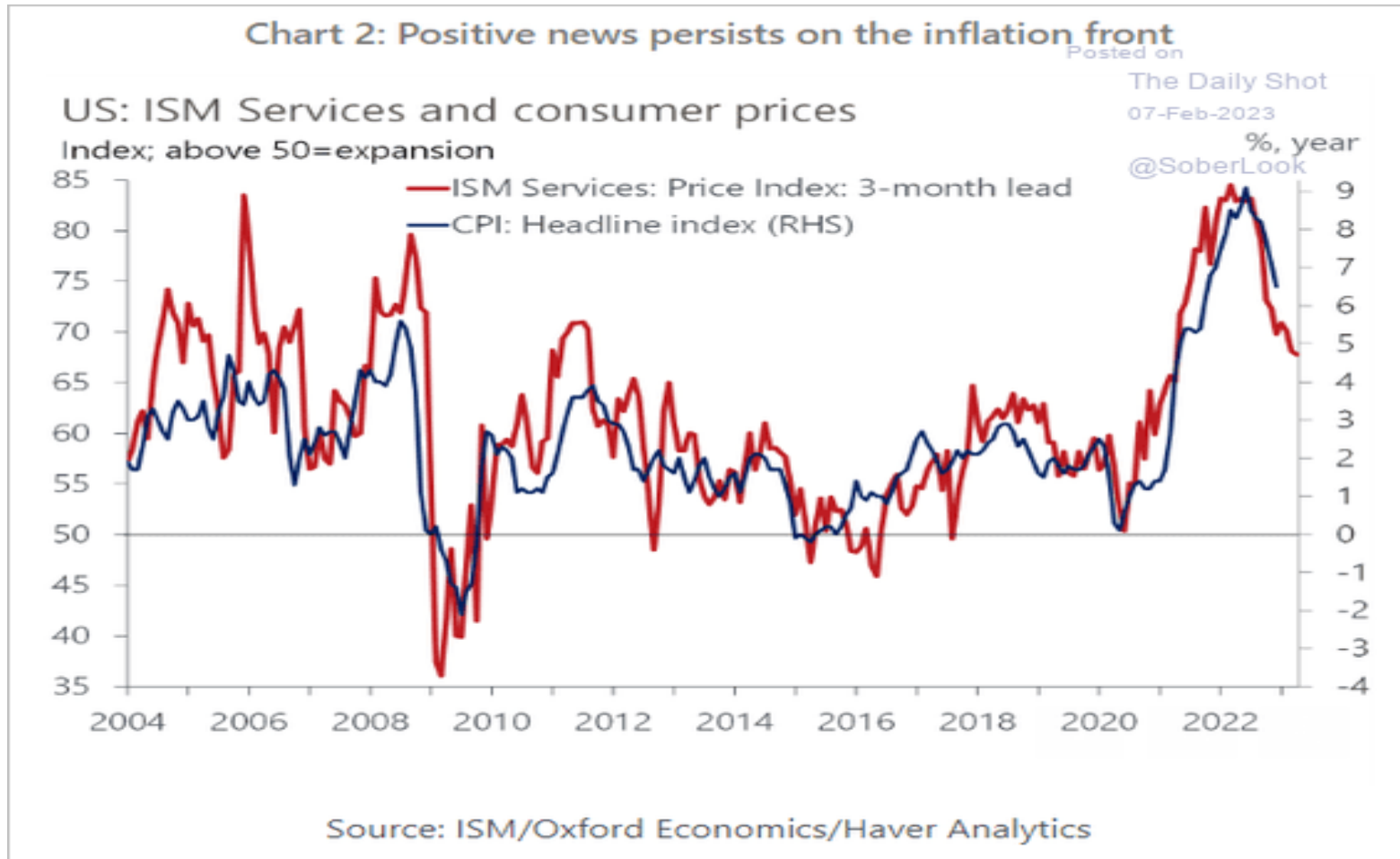
Food Inflation Easing – Prices Drop as Volume Drops

Food Inflation >10%; Volumes Turn Negative



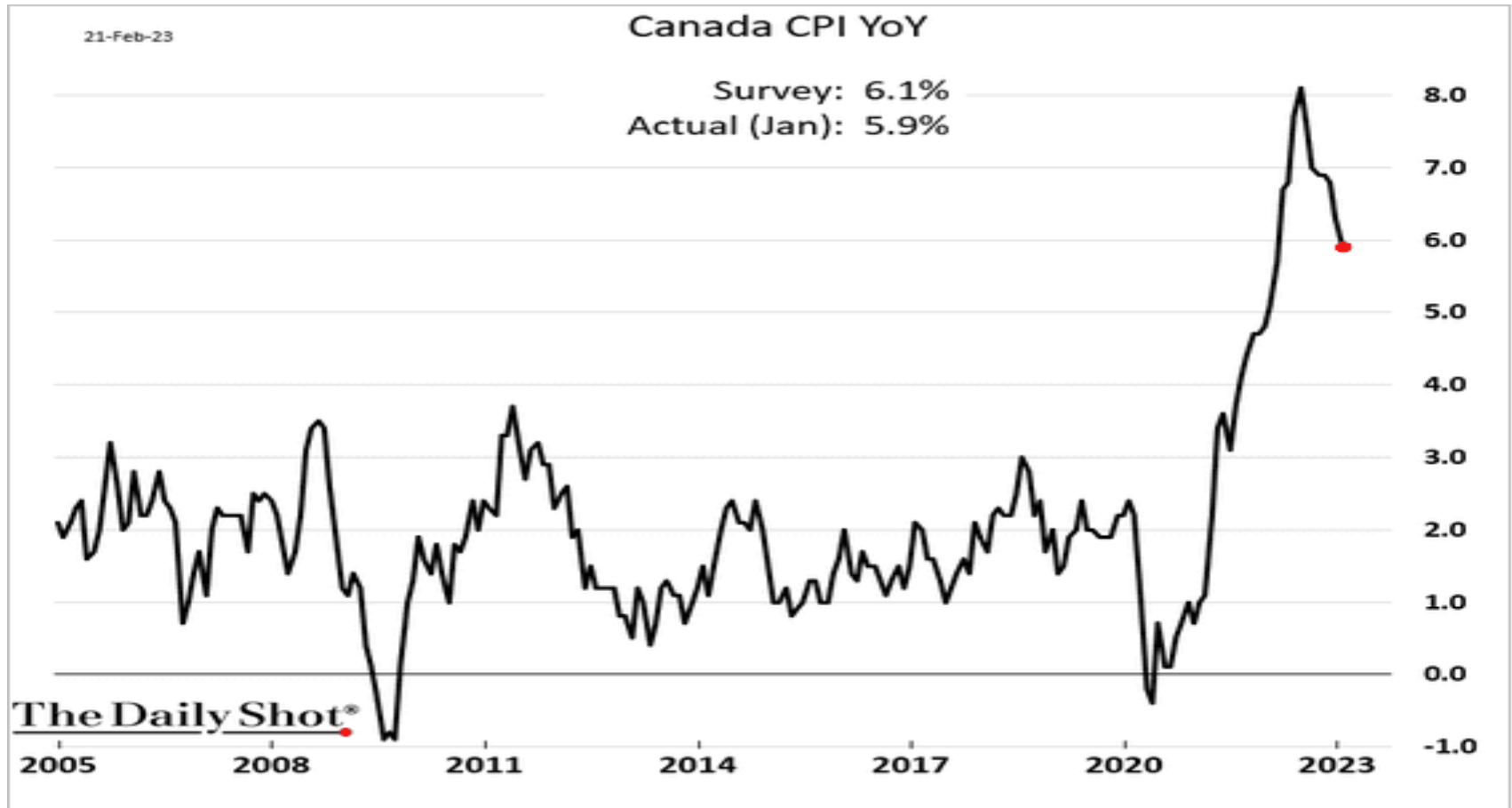
Source: RBC, Wells

ISM Leads Inflation -Lower



Source: The Daily Shot

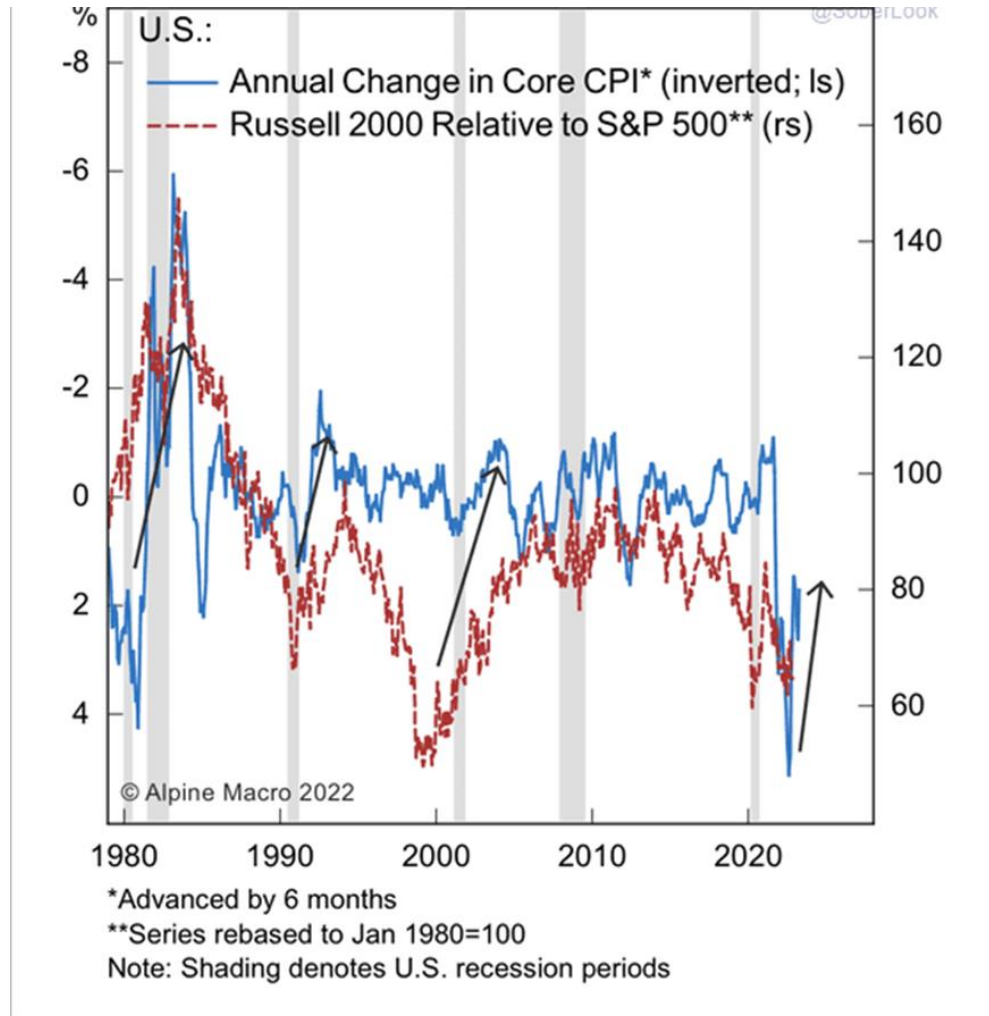
Canada's Inflation



Source: The Daily Shot

Inflation Moderates

Stronger Environment for Small Caps



Source: The Daily Shot, Alpine Macro

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 Minimum Account: \$100K(Small Cap), \$150K (Global All Cap Equities)
- Advisor Portal (barrantagh.com) password: Richardson4

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