

BARRANTAGH

Investment Management

Update – Sept 30, 2023

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



Architect Program

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

Sub-Advisory News:

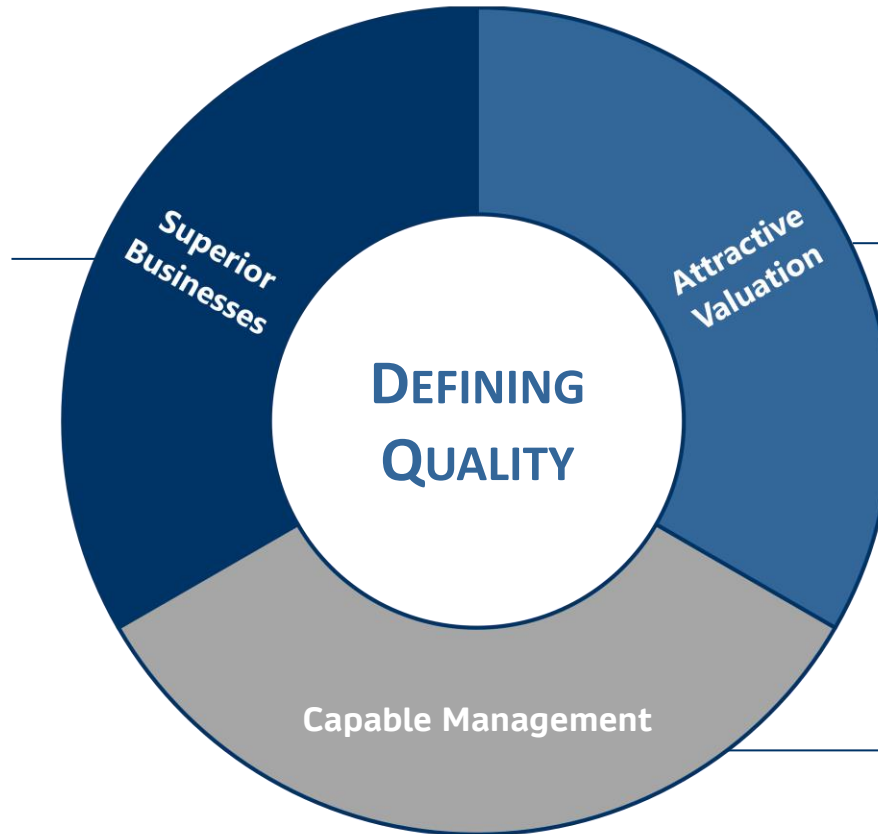
- Awarded new SMA mandate (Global Equities) continuing to broaden our offerings with 5 leading IIROC firms

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



MANDATE REVIEW

Small Cap Canadian Equities

Performance Review

2023 Key Themes

1. Small Caps underperform large caps
2. Quality underperforms cyclicals
3. Cyclical stocks led the small cap Canadian market in 2023
 - i. Higher rates had less impact on cyclical companies where earnings are viewed on shorter time horizons (momentum)
4. Current environment has delivered outsized corrections relative to the scale of negative revisions

Small Cap – Widest Valuation Gap Since Tech Bubble



Source: The Daily Shot

Canadian Small Cap Markets

2023 YTD: Narrow Cyclical-Led Market – Top 10 Contributors

% of Index	Top 10 S&P TSX Small Cap Contributors (YTD 2023)		Contribution	Return 2023 YTD (%)	Index Weight (%)
8%	Celestica	AI Theme	0.91	93.0	0.82
	Athabasca Oil	Commodity Cyclical	0.70	80.5	1.18
	Dundee Precious Metals	Commodity Cyclical	0.41	31.4	1.10
	Chartwell Retirement	COVID Recovery	0.31	28.0	0.93
	EQB	Portfolio Holding 3.9%	0.31	39.3	0.75
	MDA	Industrial Cyclical	0.29	80.2	0.48
	Denison Mines	Commodity Cyclical	0.28	43.9	0.83
	Ero Copper	Commodity Cyclical	0.28	25.6	1.24
	Sabina Gold & Silver	Commodity Cyclical	0.27	60.2	0.22
	Cascades Inc.	Commodity Cyclical	0.24	49.5	0.55
	TOP 10 Contrib.		4.0%	53.2%¹	8.1%
92%	Remaining 274 Companies		-5.1%	-3.6% ¹	91.9%
100%	S&P TSX Small Cap Index		-1.1%	-1.1%	100.0

¹ Average Return

Canadian Small Cap Equity

Next 17 Top Contributors are Also Cyclical– Top 10% of Companies in Index

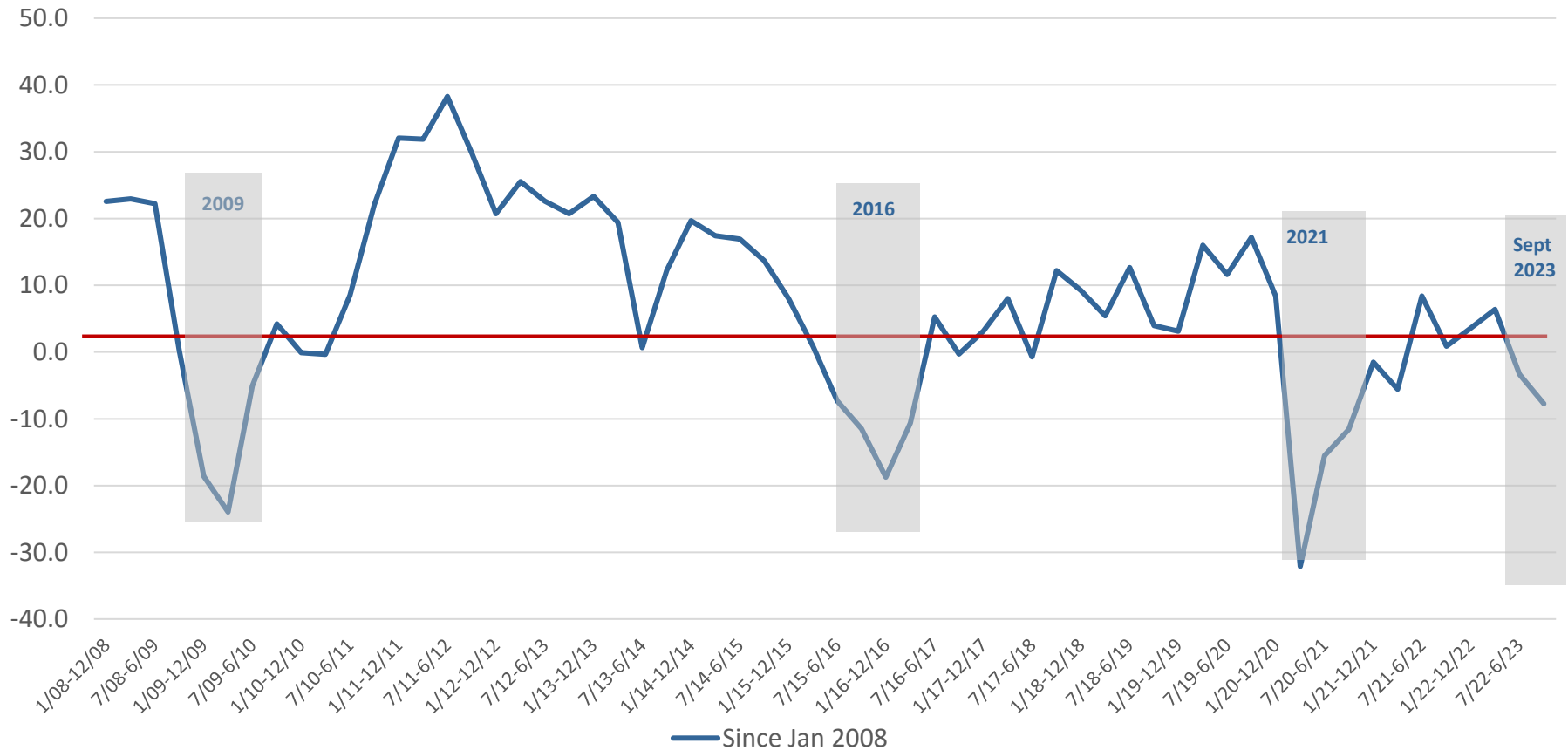
% of Index	Top 10 S&P TSX Small Cap Contributors (YTD 2023)		Contribution	Return 2023 YTD (%)	Index Weight (%)
8%	TOP 10 Contrib.		4.0%	53.2%¹	8.1%
	Hut 8 Mining	Crypto Mining	0.23	130.2	0.3
	Nuvista Energy	Commodity Cyclical	0.22	20.7	0.8
	Well Health	-50% from COVID peak	0.22	46.1	0.6
	Energy Fuels	Commodity Cyclical	0.21	33.2	0.9
	AG Growth Int'l	Portfolio Holding 2.3%	0.2	23.9	0.7
	Eldorado Gold	Commodity Cyclical	0.2	7.4	1.6
	Badger Infra.	Industrial Cyclical	0.19	32..3	0.7
	North American Construction	Commodity Cyclical	0.19	64.6	0.4
9%	Kelt Exploration	Commodity Cyclical	0.18	44.7	0.6
	Russell Metals	Industrial Cyclical	0.18	15.5	0.9
	Oceanagold	Commodity Cyclical	0.17	4.1	1.3
	Aecon Group	Industrial Cyclical	0.16	30.3	0.5
	Headwater Exploration	Commodity Cyclical	0.16	26.5	0.8
	CES Energy Solutions	Commodity Cyclical	0.15	42.8	0.5
	Computer Modelling	Commodity Cyclical	0.15	48.7	0.4
	Uni-Select	Consumer Cyclical	0.14	11.8	0.8
	Freehold Royalties	Commodity Cyclical	0.13	12.8	0.7
	Top 10% of Contributors		7.2%	42%¹	17.3%
83%	Remaining 257 Companies		-8.1%	-6.2% ¹	83%
100%	S&P TSX Small Cap Index		-1.1%	-1.1%	100.0

¹ Average Return

Canadian Small Cap Equity Portfolio

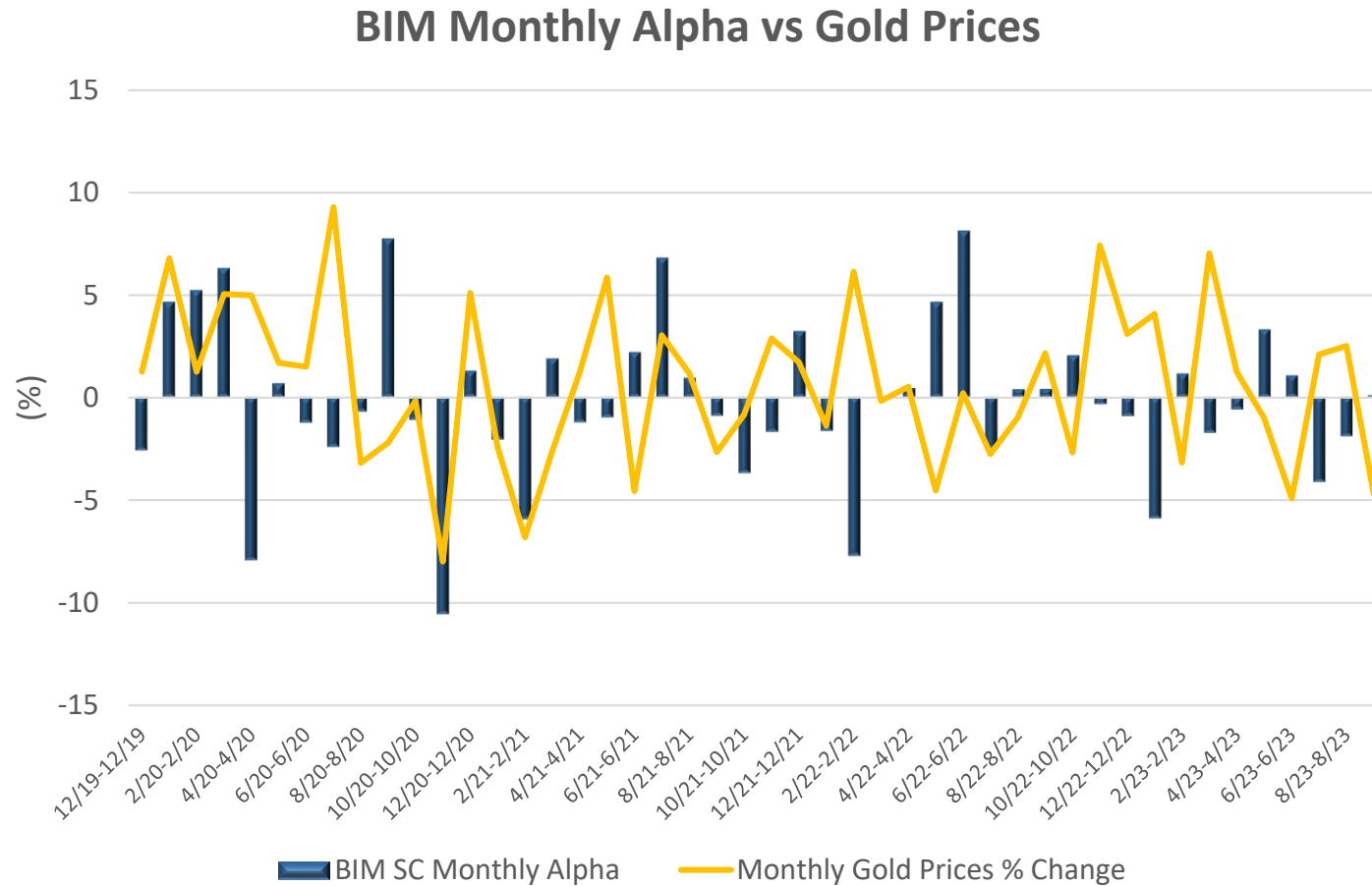
Small Cap Quality Lags in Cyclical-Led Markets

Rolling One-Year Excess Return vs TSX Small Cap Index



Small Cap Canadian Equity

Gold Price Volatility is Heightened



Small Cap Canadian Equity

Performance at September 30, 2023

For Periods Ending Sept. 30, 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	-8.9%	-0.6%	-6.9%	4.7%	7.0%	5.0%	6.2%	5.4%	7.6%	5.7%	7.7%
S&P/TSX Small Cap Index	-1.1%	7.2%	-3.9%	10.0%	6.6%	3.8%	3.2%	2.9%	6.5%	3.0%	4.0%
S&P/TSX Composite Index	3.4%	9.5%	1.8%	9.9%	7.3%	7.3%	7.0%	7.3%	8.2%	6.2%	7.5%

	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.

Canadian Small Cap Equity Portfolio

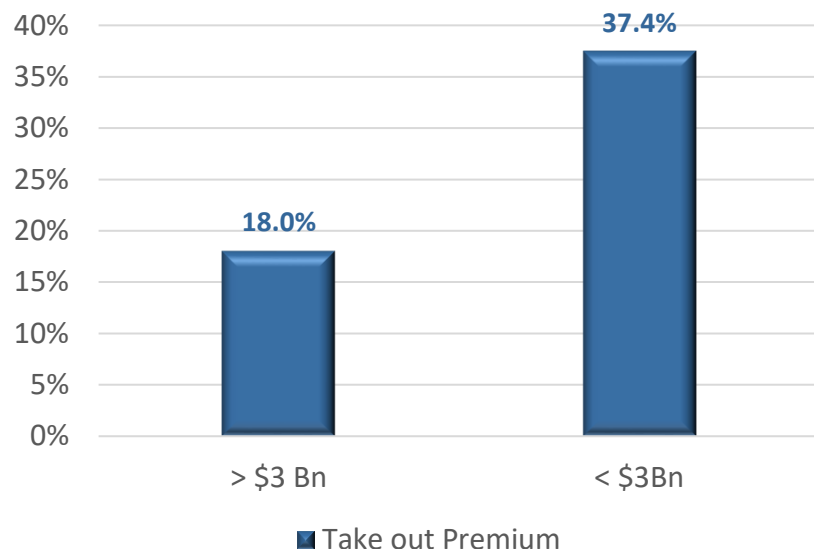
2023 YTD: Fundamental Disconnect – Outsized Corrections vs. Small Negative Revisions

	Portfolio Holding	Comment	Revision	Stock Reaction
Macro/Rates	Neighbourly Pharmacy	Oct – offer to take private – 70% Premium		
	Dentalcorp	Higher Financing costs.		
	Cargojet	Slowdown in freight volumes		
	Boralex	Rate sensitive, renewables out of favour		
	Softchoice	Slowdown in IT spending		
Both	Dye & Durham	Housing activity slowdown, FQ4 missed mid-point of guidance	-4% (EBITDA vs consensus)	-34% (multiple contracted ~25% to 7x EBITDA)
Negative Revisions	Jamieson Wellness	Trimmed top-end guidance	-1% 2023 RE. & EBITDA, -5% on EPS	-22% (multiple contract 16% to 9X EBITDA)
	Storagevault	Slowing organic growth	Q2 FFO/share -3% miss Q2SPNOI +2% (down from +6%q/q, +14%y/y)	-17% (multiple contracted ~17% to 19X FFO)
	Calian Group	Q3 Earnings miss – IT segment	-14% on 2023 EBITDA guidance (fwd estimates down ~5%)	--20% (multiple contracted ~15% to 7.5X EBITDA)
	Trisura	Reinsurance receivable write-down (Feb) ~3.5% of total reinsurance recoverable	Fwd EPS estimates are +17% since pre-announcement	-28% (multiple contracted ~40% to 12X Fwd P/E)

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

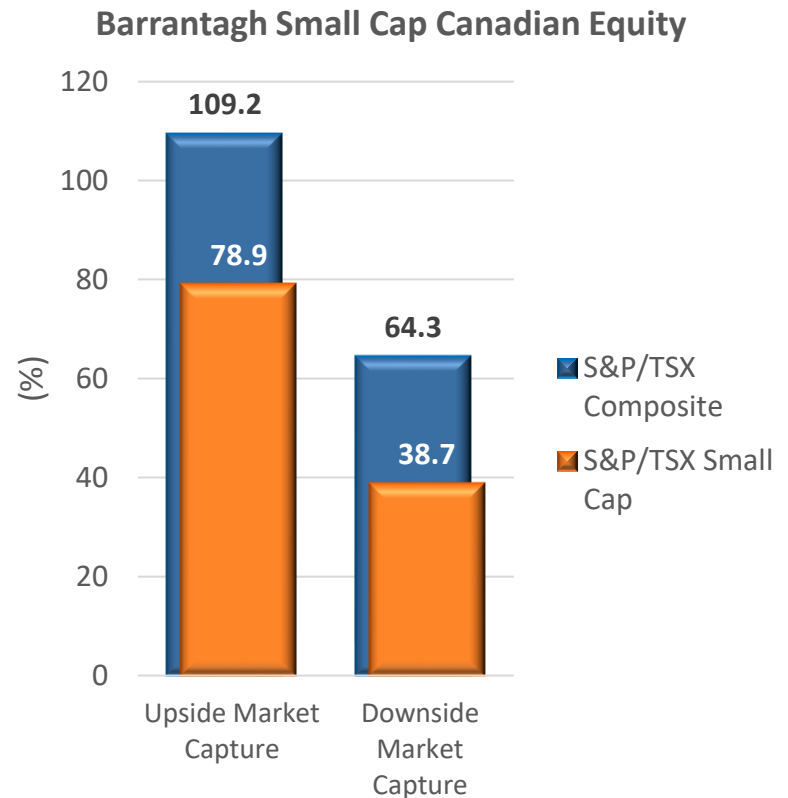
	Announce Date	Premium ¹
Neighbourly Pharma	10/2023	70%
Summit Industrial	04/2022	31%
Lifeworks	Q2/2022	88%
Intertape Polymer	Q1/2022	67%
People Corp.	Q4/2020	75%
Enercare	Q3/2018	64%
Spartan Energy	Q2/2018	5%
Pure Industrial	Q1/2018	21%

¹Premium to 1 Month Average Price

Small Cap Canadian Equity

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

Sept. 30, 2023	Barrantagh Small Cap Cdn. Equites ¹	TSX Small Cap	Median
Annualized Return	10.9%	2.4%	7.4%
Standard Deviation	13.7%	20.9%	18.7%
<i>Sharpe Ratio</i>	<i>0.7</i>	<i>0.1</i>	<i>0.4</i>

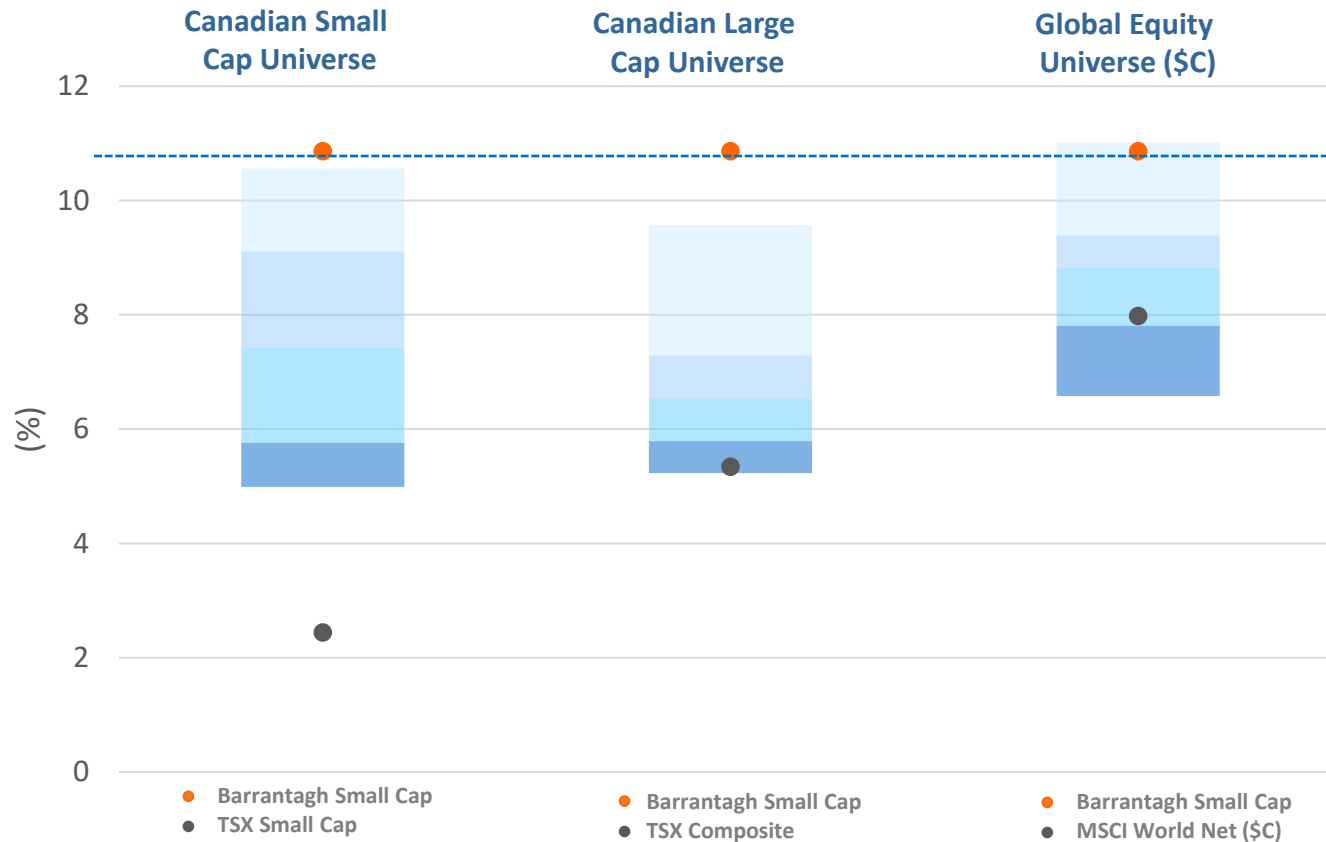


¹ Since Inception Jan. 1, 2008

² vs. Evestment Small Cap Universe

RETURNS: Small Cap Canadian Equities

Strong Performance vs. Large Cap Cdn & Global Equities (for Periods Ending Sept 30, 2023)



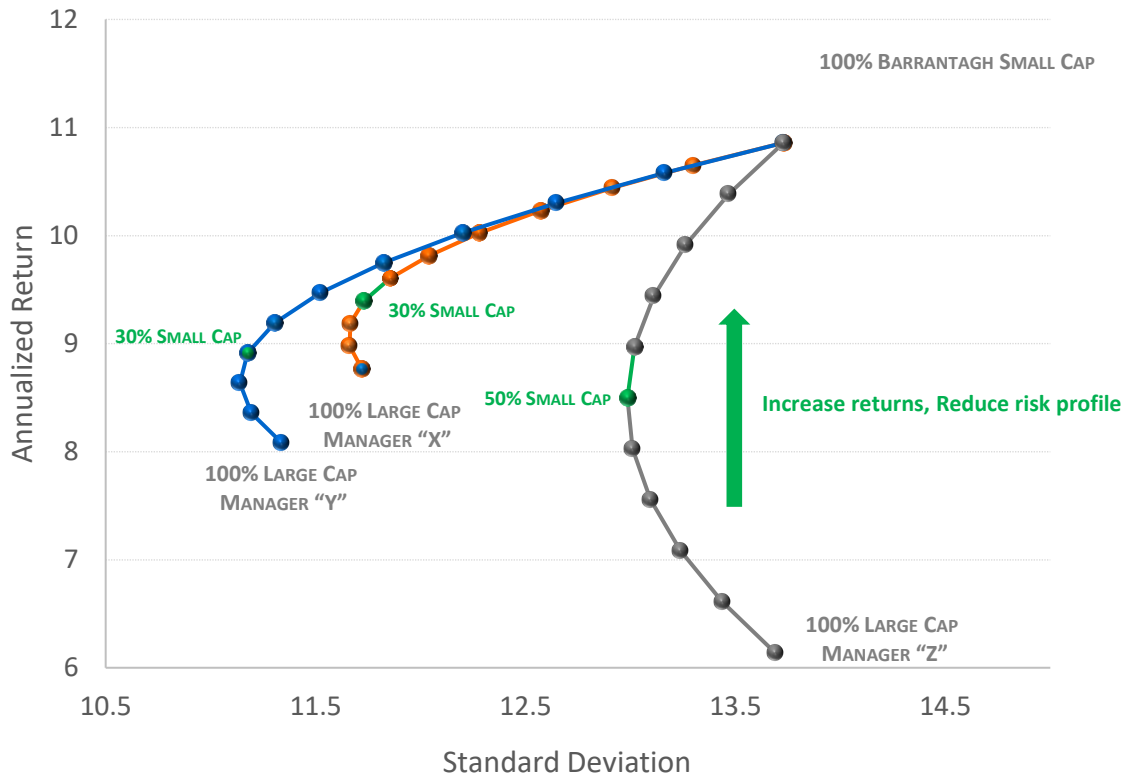
Strategy Inception Date: Jan. 1, 2008

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, 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:

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

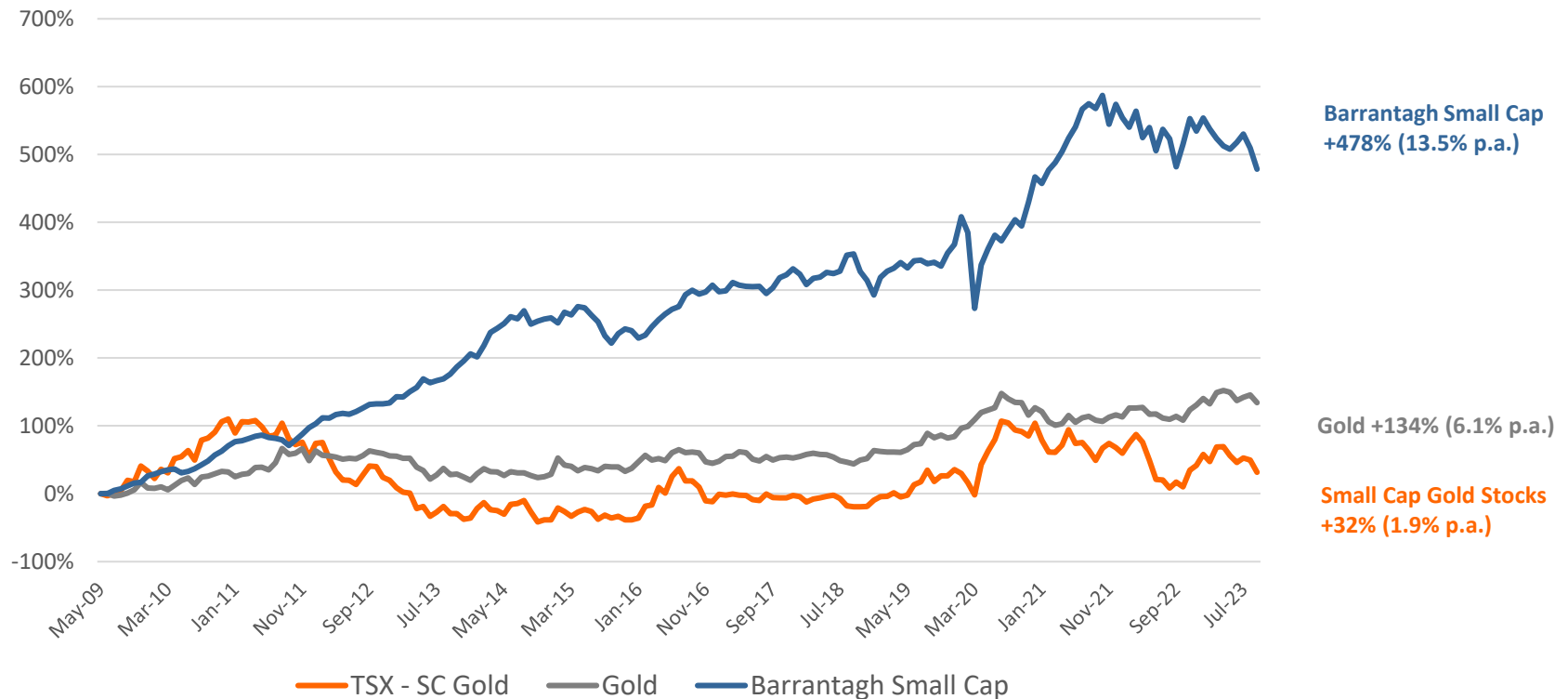
Portfolio Standard Deviation(σ_p)

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

Small Cap Canadian Equity Mandate

Junior Gold Miners: Underperforming/Volatile & Poor Commodity Tracking

Cumulative Returns ~ 14 Years to September 30 2023



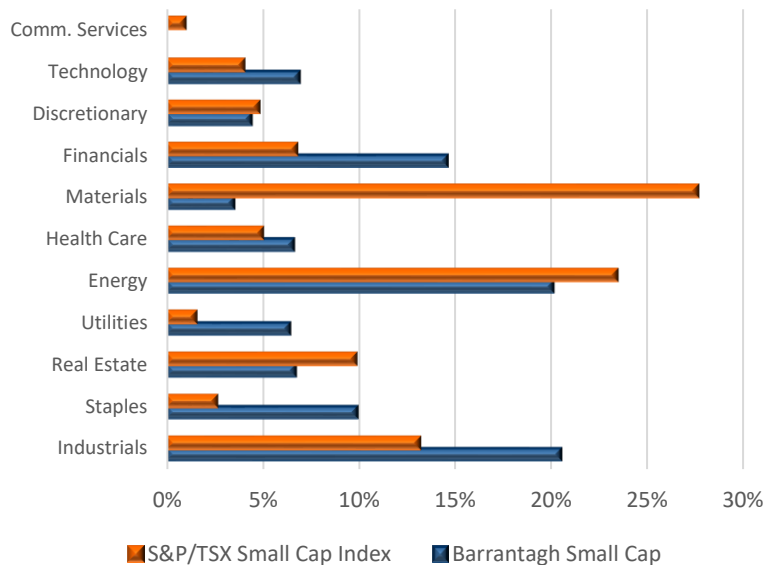
Profile: Small Cap Canadian Equities

Portfolio at September 30, 2023

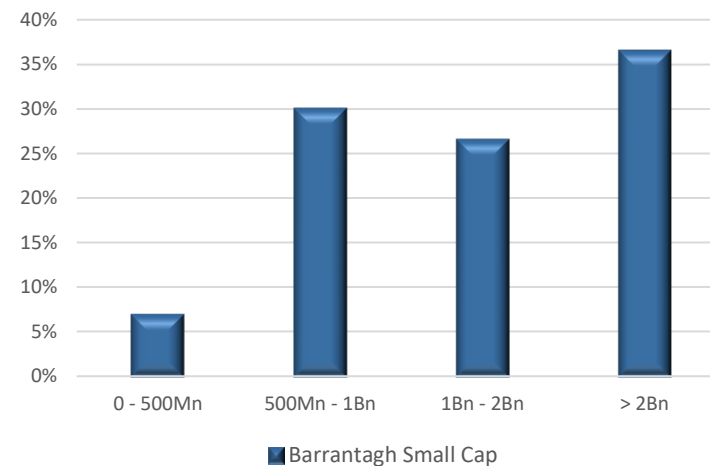
CHARACTERISTICS

Number of Holdings	29
Avg. Market Cap	\$2.3 Bn
# Industry Sectors	10
Dividend Yield	2.3%

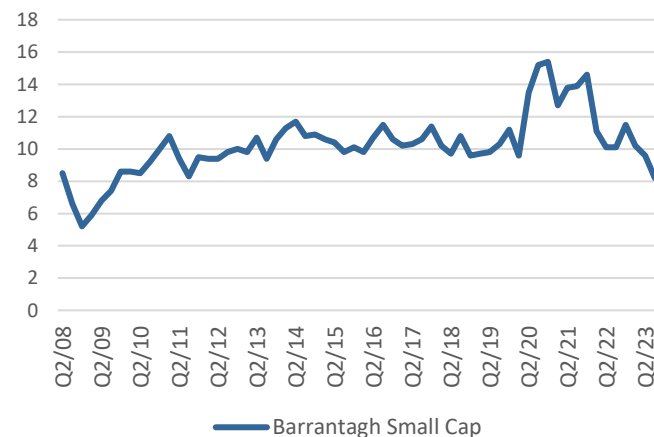
Barrantagh Small Cap Industry Weight vs. Index



Market Cap Exposure



Historic P/CF



Canadian Small Cap Equity Portfolio

Portfolio at September 30, 2023 | Q3 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
Consumer Discretionary		Industrials		Utilities	
MTY Food Group	4.3%	AG Growth (+)	2.3%	Boralex	3.3%
	4.3%	Boyd Group (-)	5.2%	Superior Plus	2.9%
Consumer Staples		Brookfield Business	3.2%		6.2%
Jamieson Wellness	2.8%	Cargojet	2.6%	Materials	
Neighbourly Pharmacy	2.7%	Calian Group	3.6%	Chemtrade Logistics	3.4%
Premium Brands	4.0%	Savaria	2.8%		3.4%
	9.5%		19.7%		
Energy		Real Estate		Cash & Equivalent	3.9%
Arc Resources (-)	3.7%	Minto Apartment REIT	3.0%	Total	100.0%
Gibson Energy	2.8%	Storagevault Canada	3.5%		
Enerflex	3.1%		6.5%		
Logan Energy (NEW)	2.0%	Health Care			
Tamarack Valley (+)	4.6%	Andlauer Healthcare	4.2%		
Tidewater Midstream	3.1%	Dentalcorp	2.2%		
	19.3%		6.4%		
Financials		Information Technology			
Definity Financial	4.7%	Dye & Durham	3.2%		
EQB Group	3.9%	Softchoice	3.5%		
Propel Holdings	1.4%		6.7%		
Trisura Group	4.1%				
	14.1%				

TRIM = (-)
ADD = (+)

Canadian Small Cap Equity Portfolio

Select Holdings – Brand Recognition

JAMIESON WELLNESS (JWEL)



CARGOJET (CJT)



Amazon optional
ownership stake ~15%



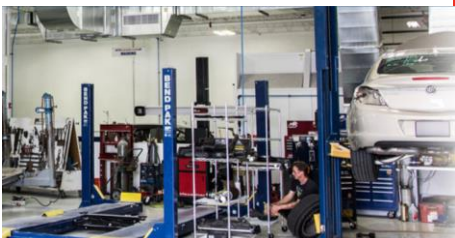
BORALEX (BLX)



PREMIUM BRANDS (PBH)



BOYD GROUP (BYD)



STORAGEVAULT (SVI)





CANADIAN EQUITIES INCOME

Canadian Equity Income Mandate

Performance at September 30, 2023

For Periods Ending Sept. 30, 2023	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*	-0.1%	6.8%	3.2%	11.7%	5.8%	6.0%	5.9%	5.7%	6.8%	4.8%	6.9%
S&P/TSX Composite	3.4%	9.5%	1.8%	9.9%	7.3%	7.3%	7.0%	7.3%	8.2%	6.2%	7.5%

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
BIM Canadian Equity Income*	0.9%	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	-5.8%	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.

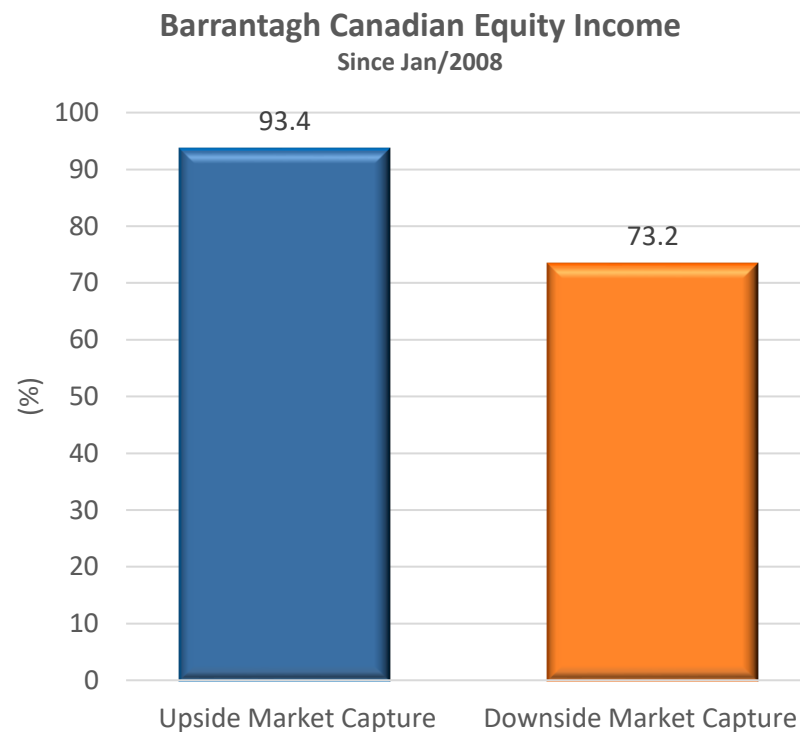
Canadian Equities Income

Risk Statistics vs. Canadian Equity (for Periods Ending Sept. 30, 2023)

	Barrantagh Cdn. Equites Income ¹	TSX Composite	Median ²
Annualized Return	7.5%	5.3%	7.1%
Standard Deviation	12.6%	13.9%	11.7%
<i>Sharpe Ratio</i>	<i>0.5</i>	<i>0.3</i>	<i>0.5</i>
Beta	0.77	1.0	0.77
<i>Treynor Ratio</i>	<i>8.3</i>	<i>4.2</i>	<i>7.2</i>

¹ Since Jan./2008

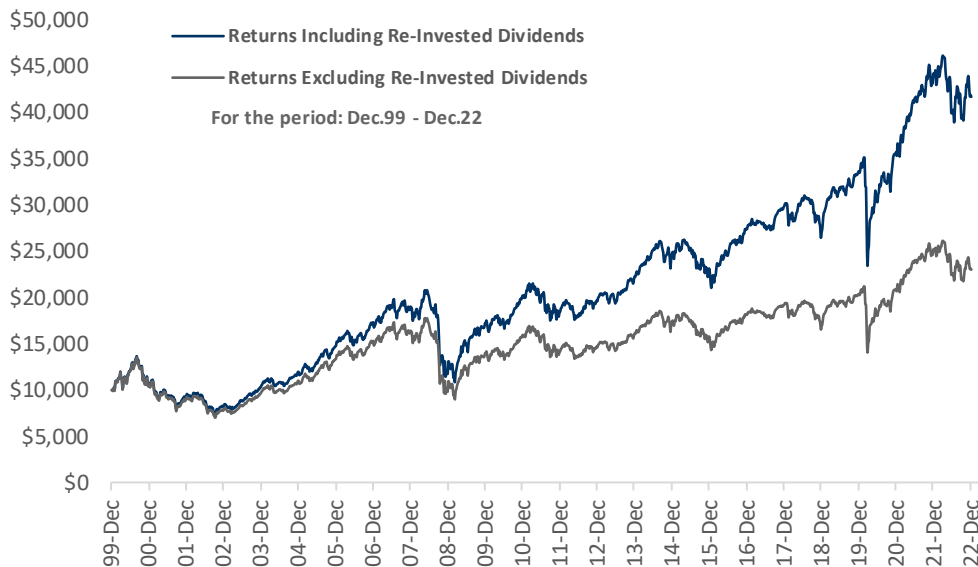
² Versus Evestment Canadian Dividend Focus Universe



The Role Of Dividends In Total Return

Dividends Make A Significant Contribution To Total Return Over Time

Growth Of \$10K invested in TSX Index



TSX Total Return Decomposition + Yield

Index Return (Annualized)

1999.Dec.31 - 2022.Dec.31

Dividends
2.7%

Capital
Appreciation,
3.7%

Index Yield

at 2022.Dec.31

Dividends
3.3%

Barrantagh Income Yield

at 2022.Dec.31

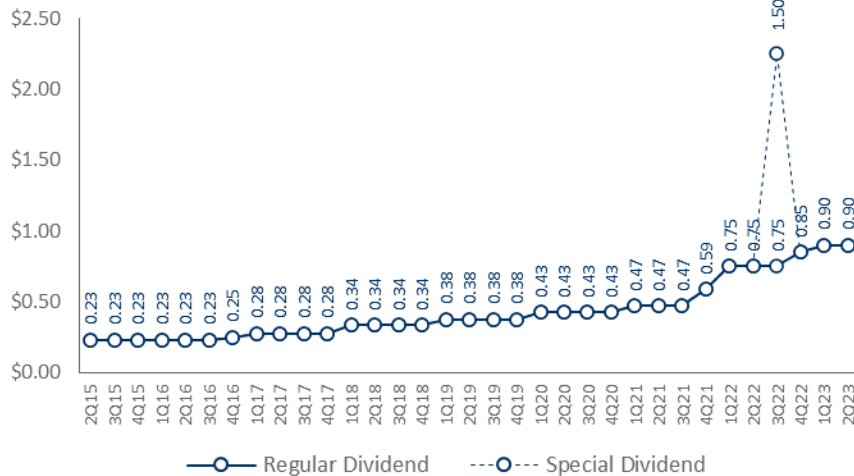
Dividends
3.5%

- 42% of the TSX Composite's total return is attributable to dividends which offer greater predictability than capital appreciation

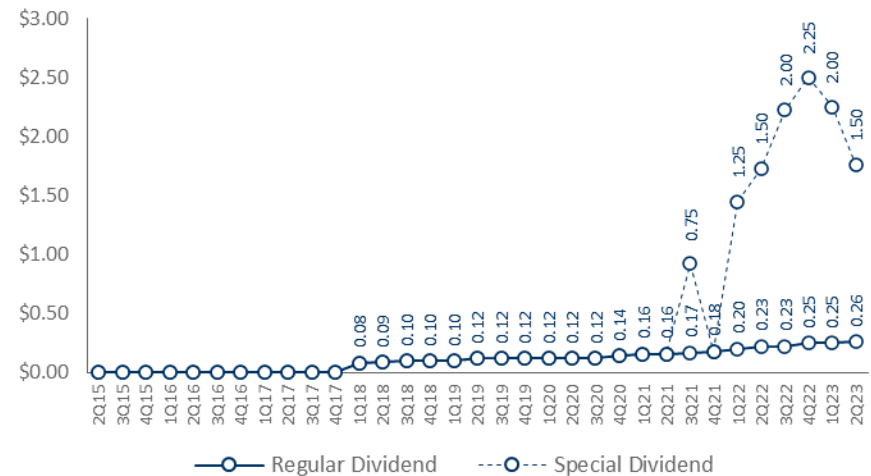
Energy Producer Dividends

A New Paradigm

CANADIAN NATURAL RESOURCES - Per Share Dividends



TOURMALINE OIL CORP - Per Share Dividends

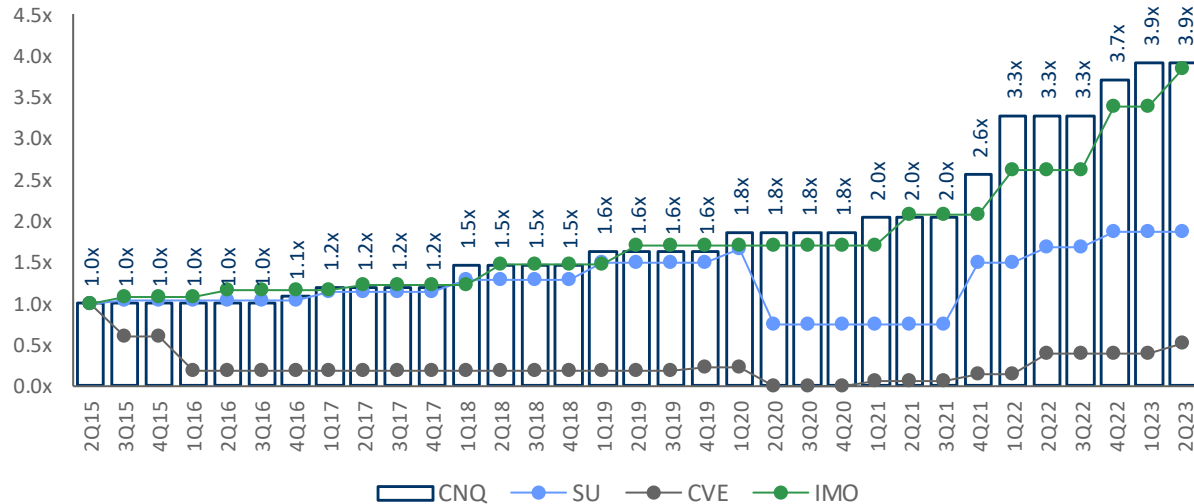


- Regular Dividends Determined Using Conservative Assumptions
 - Commodity pricing can be unpredictable
- Special Dividends Paid Out During Times Of High Pricing
 - Excess free cash flow may be returned to shareholders

Energy Producer Dividends

Sustainable Dividend Growth Has Several Prerequisites

Senior Producer Per Share Dividend Comparison (Regular) Indexed To 2Q15



- A deep inventory of quality prospects supports efficient investment
- Operational execution and cost leadership underpins free cash flow generation
- A strong balance sheet provides cushion in a cyclical industry

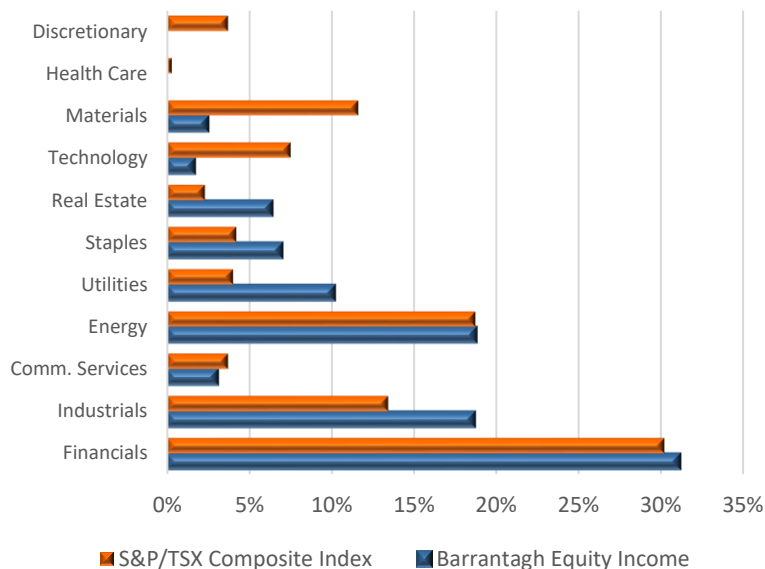
Profile: Canadian Equities Income

Portfolio at September 30, 2023

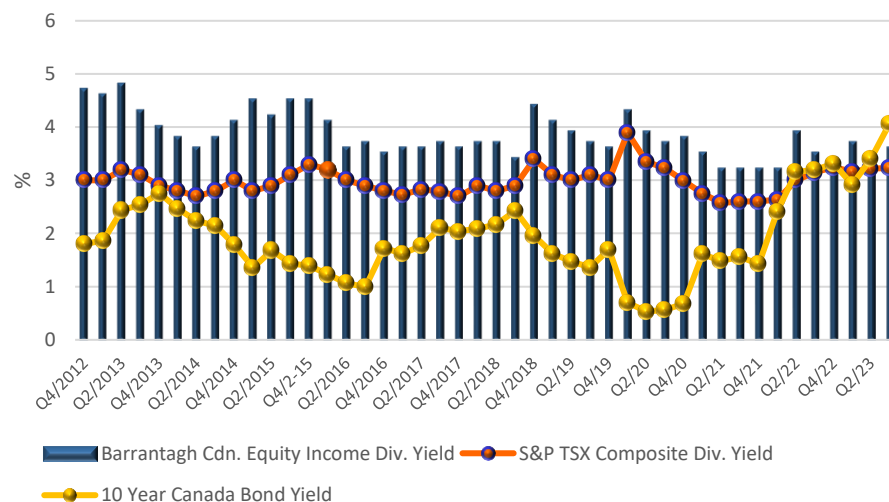
CHARACTERISTICS

Number of Holdings	32
Avg. Market Cap	39.7Bn
# Industry Sectors	9
Dividend Yield	3.6%
P/CF	6.5X

Barrantagh Equity Income Industry Weight vs. Index



Quarterly Dividend Yield History



Canadian Equity Income Portfolio

Portfolio at September 30, 2023 | Q3 Transactions

	Portfolio Weight		Portfolio Weight	
Consumer Staples		Industrials		
Neighbourly Pharmacy	1.9%	AG Growth (+)	2.2%	Sold
Premium Brands	2.6%	Boyd Group	3.2%	Maple Leaf Foods
Primo Water	2.4%	CP Kansas City	3.4%	
	<u>6.9%</u>	Finning	2.4%	
Energy		Calian Group	2.7%	
Gibson Energy	2.0%	Toromont Industries	2.0%	
Parkland Fuel	2.8%	Savaria	<u>2.5%</u>	
Canadian Natural Resources	5.1%		18.4%	TRIM = (-)
Tourmaline Oil	5.9%	Financials		ADD = (+)
TC Energy	2.5%	Bank of Nova Scotia	4.9%	
	<u>18.3%</u>	Definity Financial	2.8%	
Communication Services		IA Financial	3.4%	
Rogers Communications	3.1%	Intact Financial	3.1%	
	<u>3.1%</u>	Royal Bank of Canada	6.3%	
Information Technology		Sun Life Financial	3.4%	
Dye & Durham	1.7%	TD Bank	<u>6.4%</u>	
	<u>1.7%</u>		30.3%	
Real Estate		Utilities		
Granite REIT	2.7%	Brookfield Infrastructure	2.1%	
Canadian Apartment REIT	1.6%	Brookfield Renewable Partners (NEW)	2.0%	
Colliers International	2.0%	Superior Plus	2.2%	
	<u>6.3%</u>	Altagas	<u>3.6%</u>	
Materials			9.9%	
Chemtrade Logistics	2.5%	Cash & Equivalents	2.6%	
	<u>2.5%</u>	Total	100.0%	



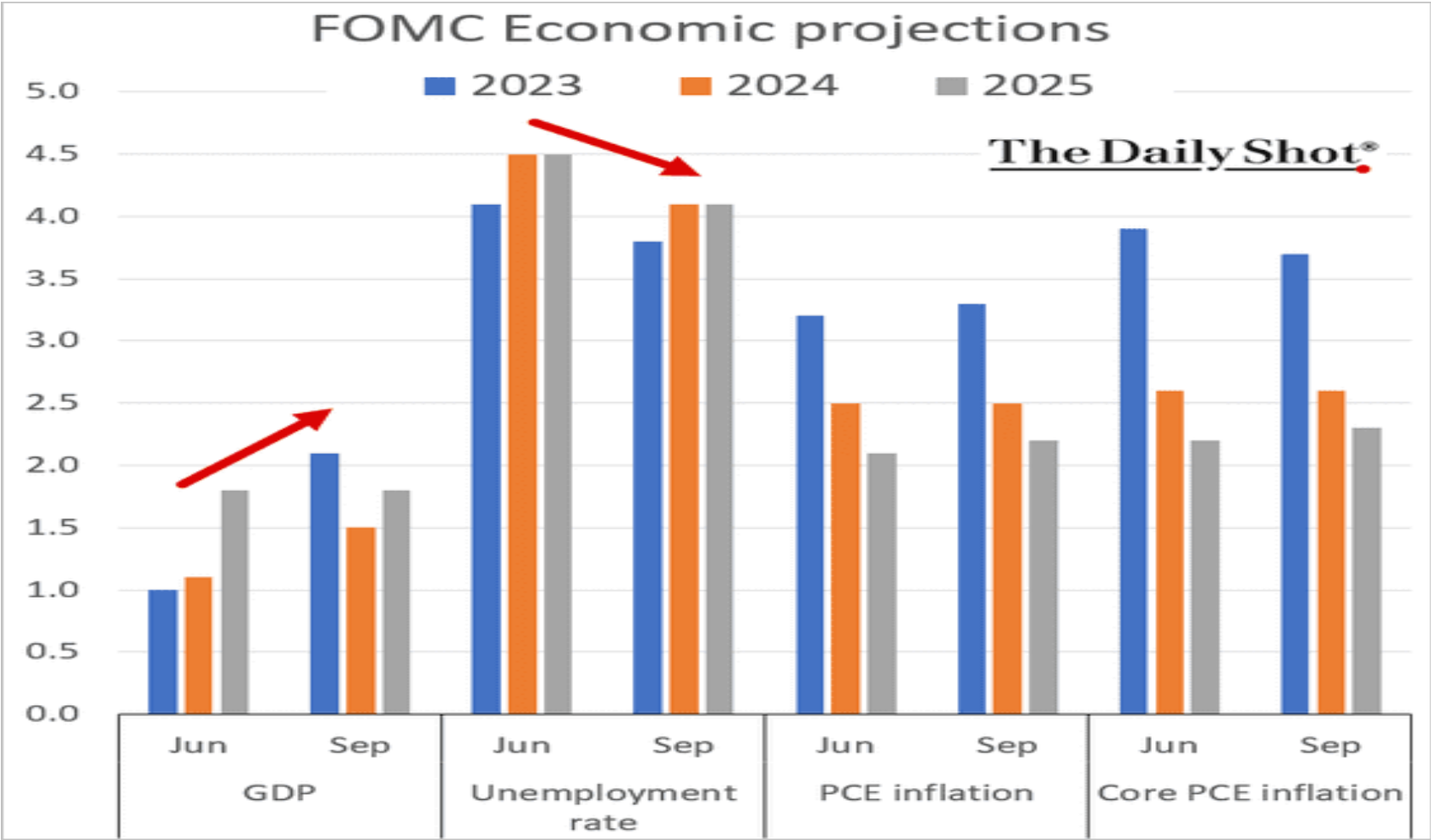
ECONOMIC OUTLOOK

Outlook

World:

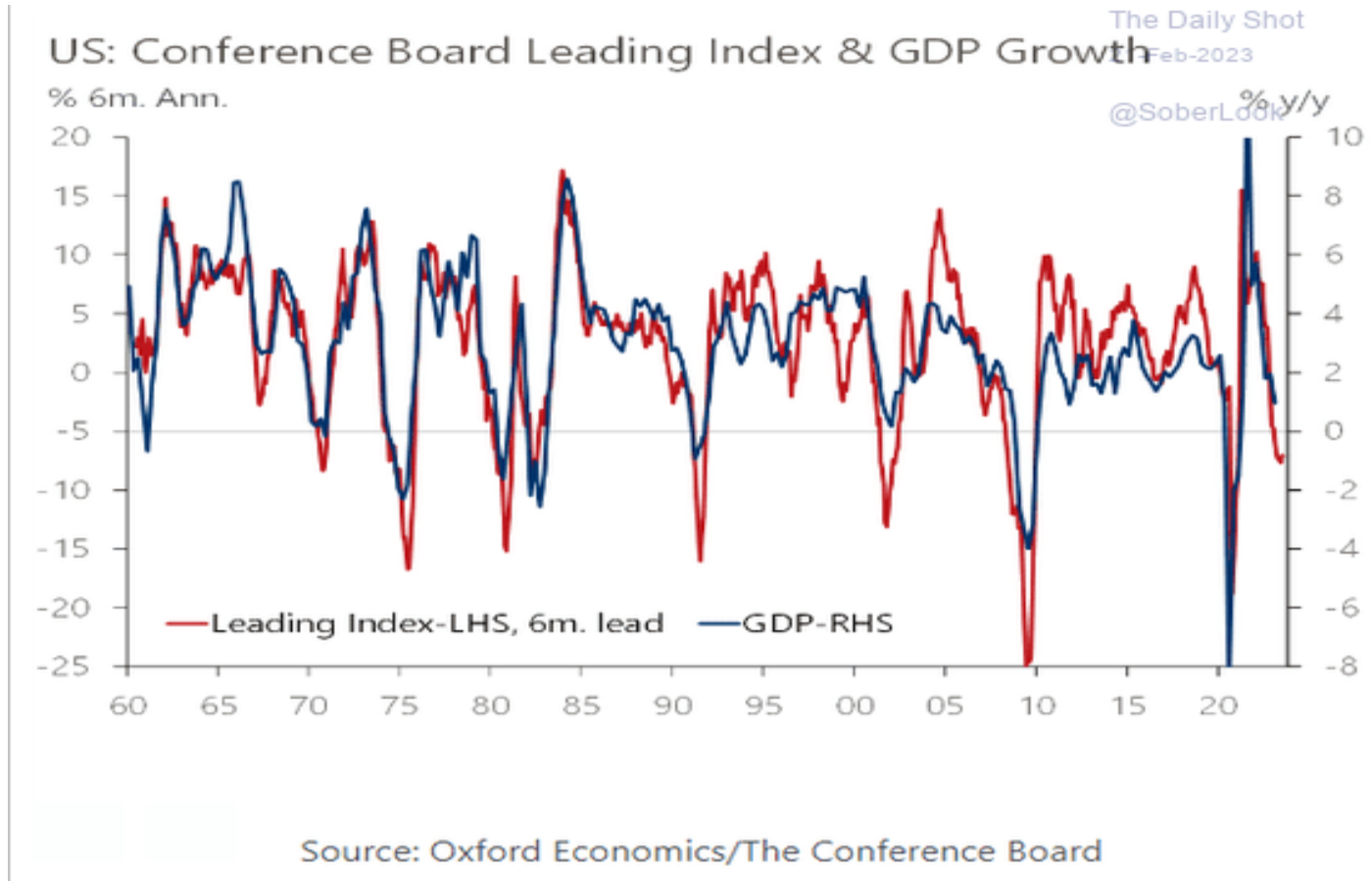
- Higher rates reduce consumer & manufacturing activity
- Soft landing/moderate recession
 - Employment & wage increases remain resilient
 - Inflation is moderating off multi-decade peak
- Narrow leadership in equity markets (Global – Technology, Canada - Cyclical)
 - Growth indices remain expensive vs. Value
 - Small cap and Income stocks are supported by falling inflation & current valuations

U.S. Fed Economic Projections



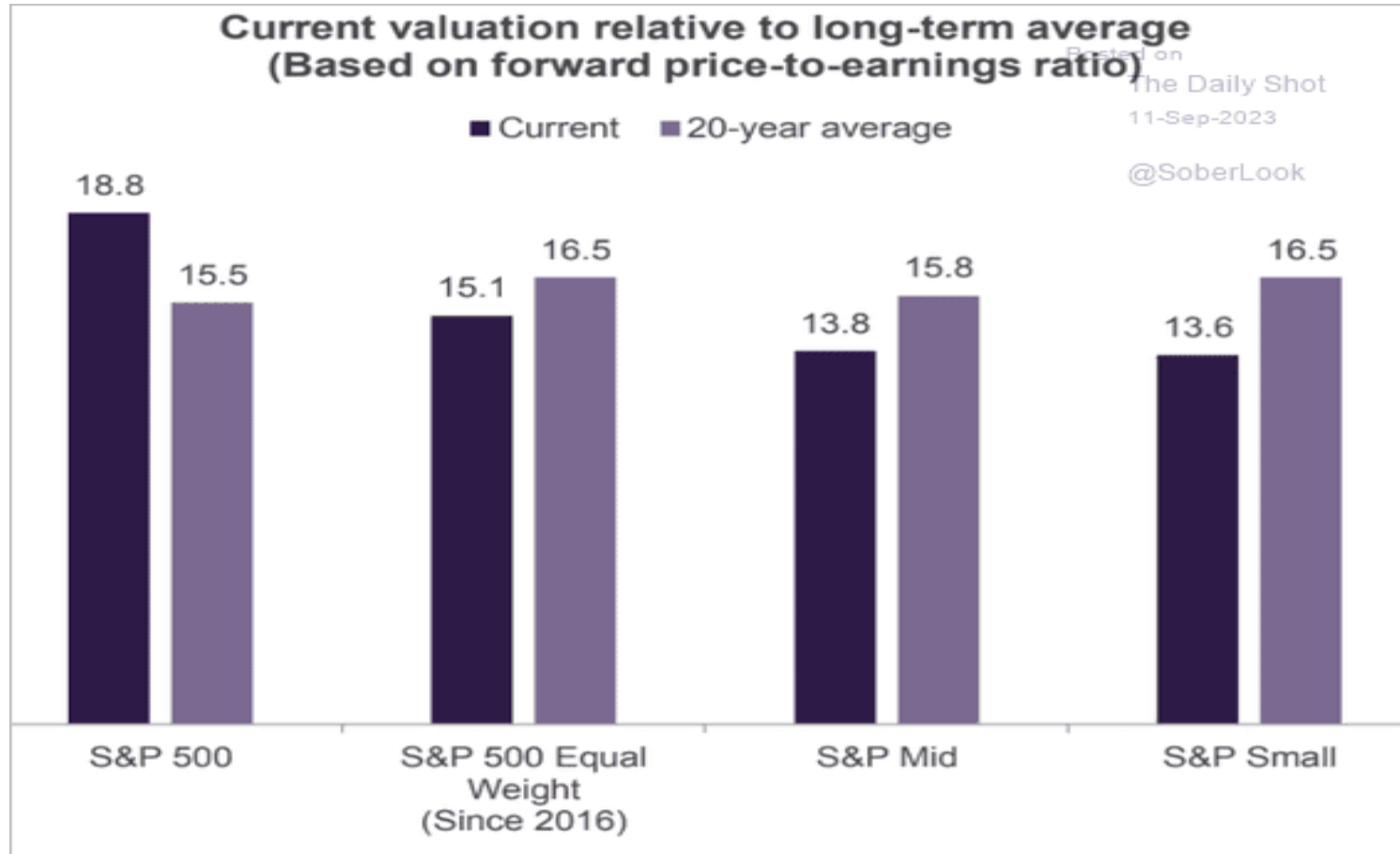
Source: The Daily Shot

U.S. Leading Index Suggests Mild Recession



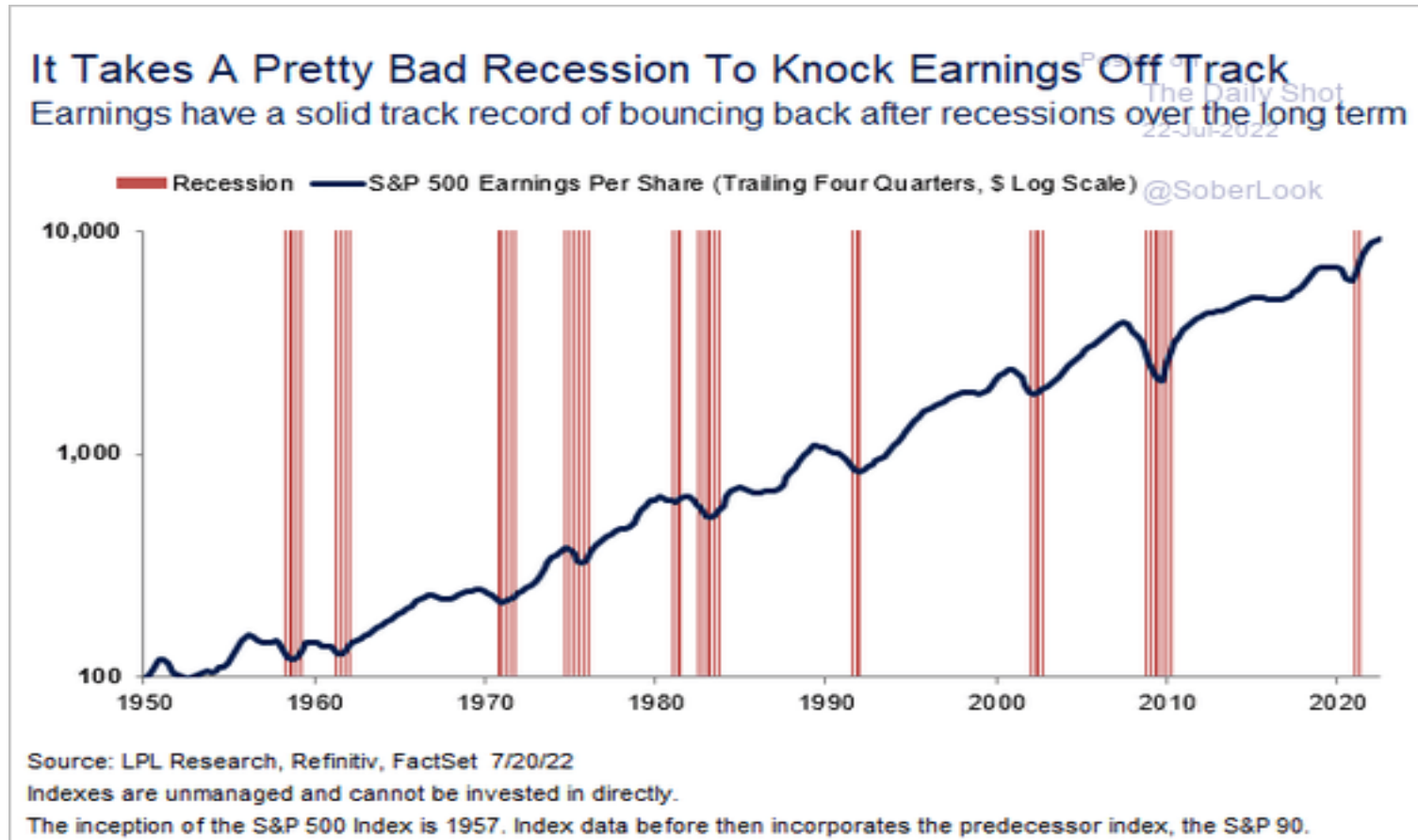
Source: The Daily Shot

Market Valuations



Source: The Daily Shot

Take a Long Term View – Earnings are Resilient



Source: The Daily Shot

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% Management Fee, Minimum: \$1,000
 - **A Class** Fund Code: BMI110, 2% Management Fee, Minimum: \$1,000
- SMA Min. Investment Small Cap: \$50,000, Large Cap Income: \$50,000
- Advisor Portal (barrantagh.com) Password: BMO1

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