

TRADING ACTIVITY

BARRANTAGH INVESTMENT MANAGEMENT Global Equities

Both consumers and companies have generally been able to manage well in the recent period of rising inflation and interest rates. Consumers have benefited from a robust job market and increased wages to help absorb price hikes utilized by companies to counteract inflationary pressures. While consumers have been seeking out more affordable products in certain categories, the transition in spending from goods to services is primarily a function of elevated purchases of goods during the pandemic and subsequent pent-up demand for services that followed.

The current environment of higher inflation and rates will prompt companies to place a greater emphasis on enhancing their productivity and efficiency to boost their profit margins. Consequently, businesses that provide their customers with efficiency savings will see an increase in their market share. While technology businesses are first to come to mind in this regard, there are companies across various sectors including industrials, consumer goods, healthcare, and materials that also play a significant role in enhancing their client's productivity. This is a key factor we evaluate when identifying high-quality businesses with fair valuations. A prime illustration of this can be seen in our investments in Schneider Electric and CRH.

CRH is a leading building materials company with operations in North America and Europe. They are in the business of producing and distributing aggregates, cement, and asphalt in addition to a diverse range of architectural and infrastructure products.

Over time, the company has evolved from being simply a supplier of building materials into a fully integrated solutions provider. This transformation is especially visible in road construction where they manage every aspect of the supply chain, encompassing key raw materials and concrete products, to engineering and construction services. These processes have provided numerous benefits to their customers including an ability to execute projects in a more efficient manner and with a reduced environmental impact. At the industry level, CRH and their peers should benefit in the coming years from growth opportunities emanating from substantial government led infrastructure initiatives across the globe.

Management has a strong track record of effectively deploying capital as demonstrated through successful acquisitions and divestitures, and a fragmented market structure implies a long runway for future value creation. Shareholder return policies include an increased share buyback program in 2023 and a greater than 50-year history of dividend

delivery. A recent listing on the NYSE should shine a light on the company's attractive valuation and potentially narrow the multiple gap with U.S. industry peers.

Buys

American Tower (AMT)

The U.S. tower REIT industry is experiencing a temporary lull in 5G deployment, creating an attractive entry point for AMT. Despite the lull, the long-term tailwinds of mobile data consumption and spectrum deployment put tower cos in a favourable position.

Sells

Dollar General (DG)

Several operational issues that required a heavy lift to fix, and especially difficult in a tough macro environment for their core low-income consumer. (understaffed stores, excess inventory, competitive pressures, consumables disinflation that negatively impacts same-store sales growth, resumption of student loan payments, retail shrink/theft, persisting soft demand in discretionary categories).

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