

BARRANTAGH

Investment Management

Update – Dec 31, 2023

- **Firm Update**
- **Mandate Review**
 - Small Cap Canadian Equities
 - Global Equities
- **Economic Update**



ALIGNED
capital partners inc.

Firm Update

FIRM PROFILE

- 100% employee-owned investment managers since 1995
- 17 employees, firm ownership expanded to 7 employee-shareholders
- AUM: \$1.5 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:

- **Sean Wetmore** from Portfolio Manager to Vice President & Portfolio Manager– Small Cap Canadian 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

ESG Integration Update:

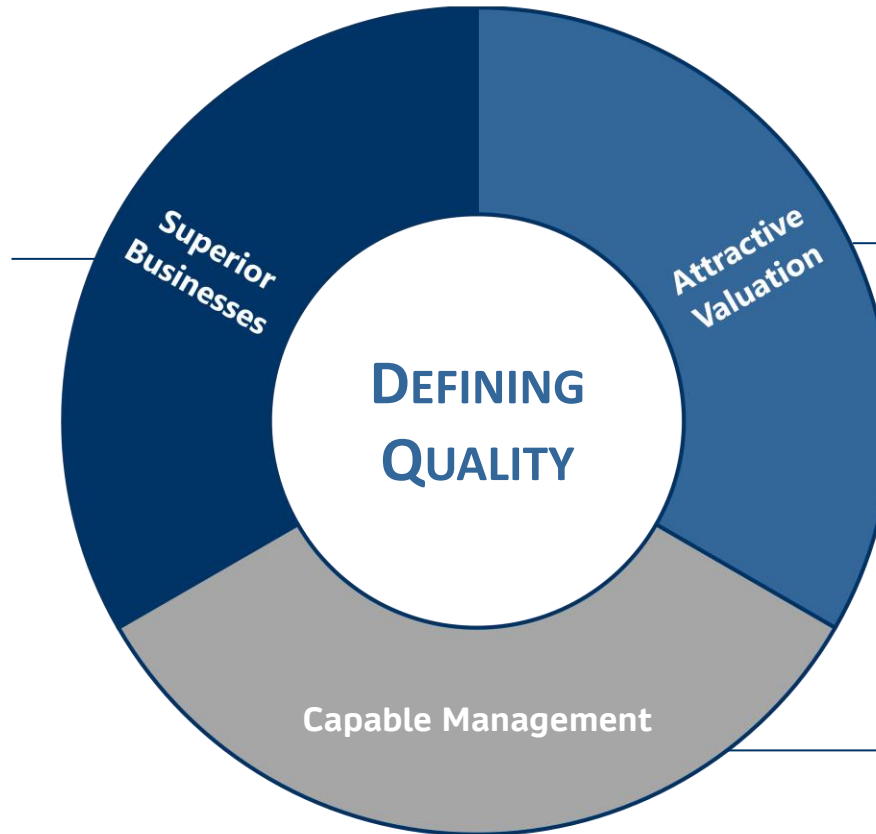
- Completed UN PRI signatory process (2019) & formalized BIM Responsible Investing Policy
- 2021 – subscribed to ISS ESG Global database (ESG company data, Controversies, Portfolio Analysis)

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

2023 Canadian Market Review

Smaller Companies Sequentially Lagged Larger Companies | Valuation Advantage vs Large Caps

- 461 publicly traded Canadian companies sorted by size into quartiles
- Sequential decline in median 2023 returns moving largest to smallest
- Smaller companies offer considerable valuation advantage

Company Market Cap		Market Cap Range (\$Bn's)	2023 Median Return (%)	Upside to Normal Valuation ¹ (%)
LARGEST	1 ST Quartile	188 – 4	11.7	5
	2 nd Quartile	4 - 1.3	2.8	17
	3 rd Quartile	1.3 – 0.4	1.5	20
SMALLEST	4 th Quartile	< 0.4	-12.8	32

¹ Normal Valuation = 5 Yr Average

Performance Review

Small Caps Offer Valuation Advantage vs Large Caps

	Theme	Barrantagh Small Cap Portfolio	Canadian Companies > \$10Bn Market Cap
2023 Oct YTD	<ul style="list-style-type: none">Narrow Cyclical MarketRisk-offRising rates	-13%	
Nov – Dec 2023	<ul style="list-style-type: none">Broad Market RallyFalling inflationFalling yields	11%	
Overall 2023	<ul style="list-style-type: none">Smaller caps underperform	-2.7%	16.1%
Upside to Normal ¹ Valuation		16%	-4%

¹ Normal Valuation = 5 Yr Average

Small Cap Investing

Small Caps Outperform Following Large Cap Concentration

Large Cap Market Concentration Precedes Small Cap Outperformance

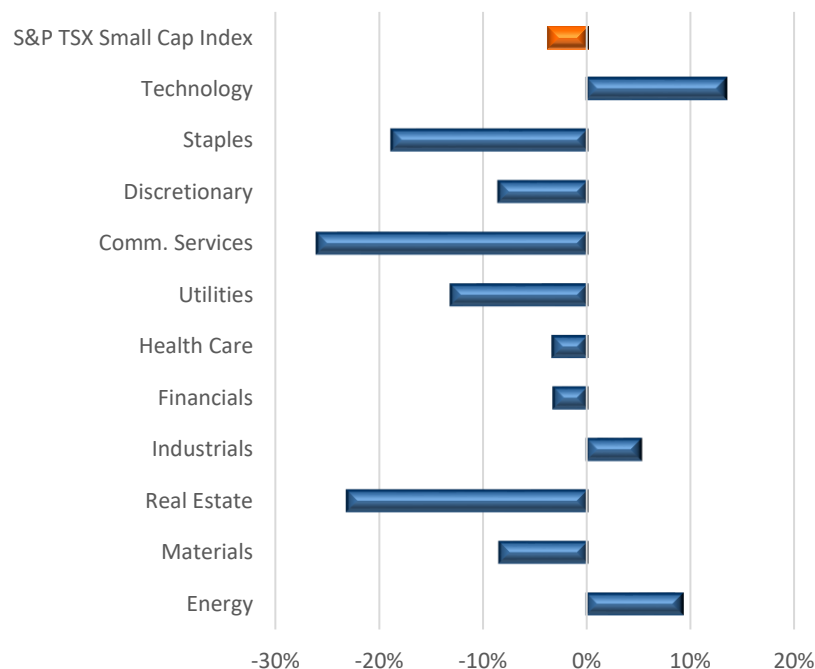


Source: The Daily Shot

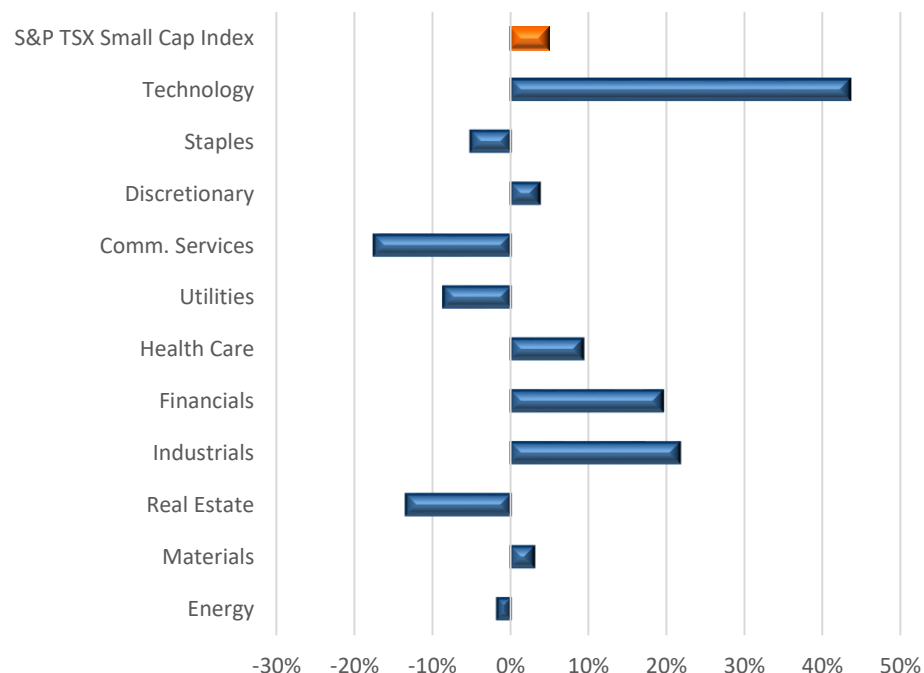
Small Cap Investing

2023: Q4 Rally Broadens the Market as Energy Pulls Back

YTD Oct. 2023 Small Cap Index Returns



2023 Small Cap Index Returns by Industry



Source: Bloomberg, Barrantagh Research

Canadian Small Cap Markets

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

% of Index	Top 10 S&P TSX Small Cap Contributors Oct. 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	<u>0.24</u>	<u>49.5</u>	<u>0.55</u>
	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 Portfolio

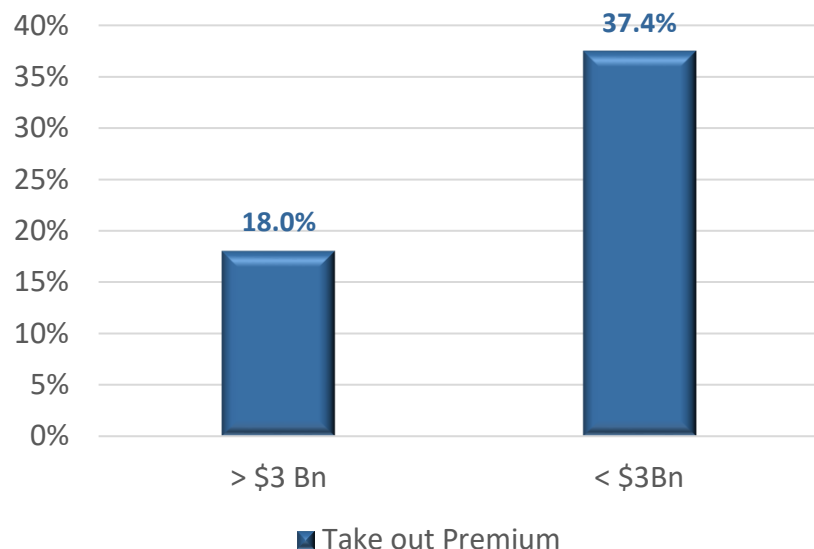
Q4 2023 Earnings Cycle: **Fundamentals Reconnect**

Portfolio Holding		Top 10: Stock Reaction
		Nov + Dec. Return
Technology	Dye & Durham	+78%
Financials	Propel Holdings	+61%
Industrial	Brookfield Business	+58%
Industrials	Cargojet	+51%
Staples	Jamieson Wellness	+40%
Utilities	Boralex	+31%
Financials	EQB	+27%
Real Estate	Minto Holdings	+25%
Industrial	Savaria	+23%
Real Estate	Storagevault	+22%
BIM Small Cap Portfolio		+11.3%
S&P TSX Small Cap		+8.8%

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

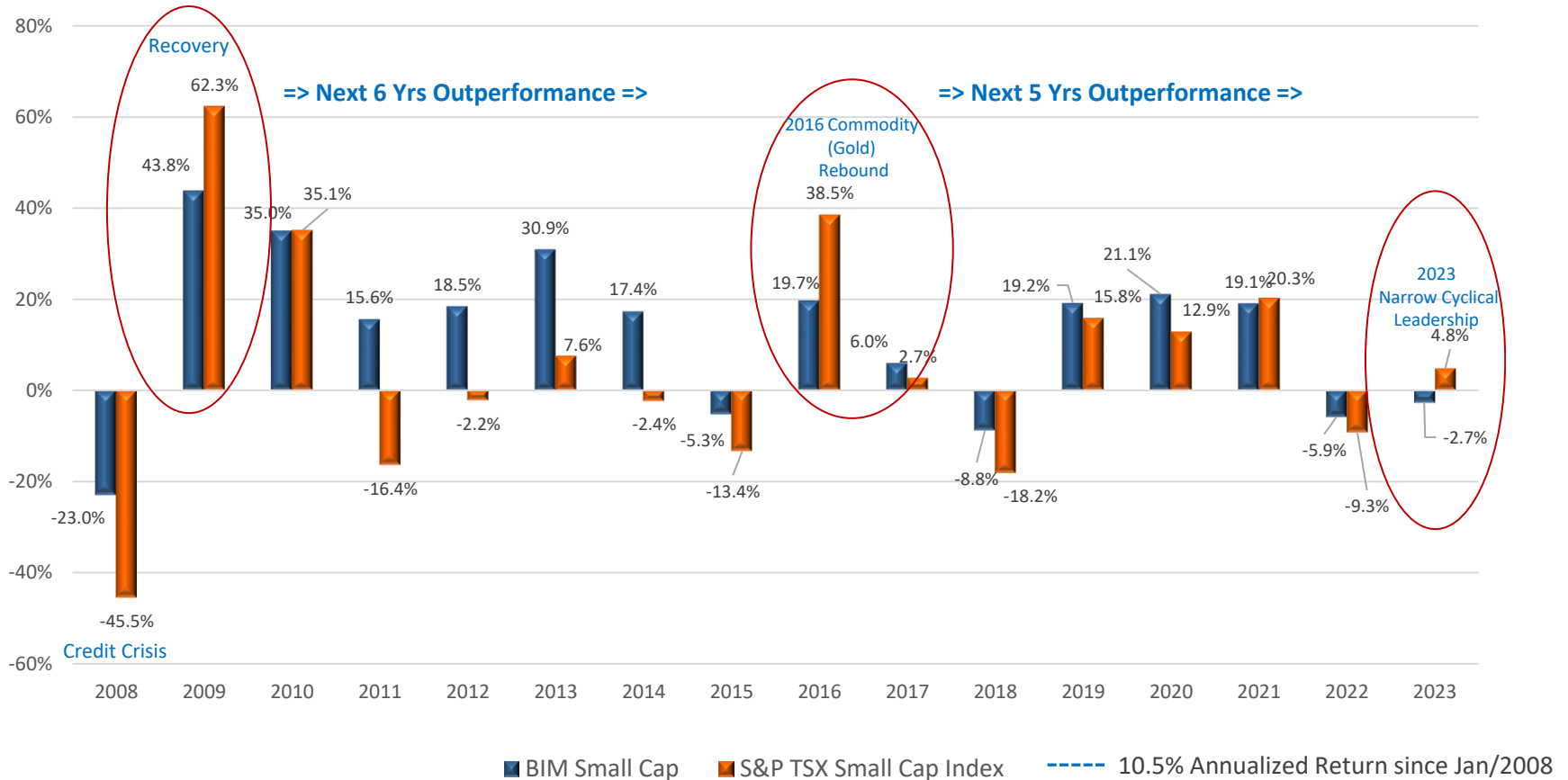
	Announce Date	Premium ¹
Neighbourly Pharma	10/2023	55%
Summit Industrial	04/2022	31%
Lifeworks	Q2/2022	88%
Intertape Polymer	Q1/2022	67%
People Corp.	Q4/2020	75%
Enercare	Q3/2018	64%
Spartan Energy	Q2/2018	5%
Pure Industrial	Q1/2018	21%

¹Premium to 1 Month Average Price

Performance Update

Investing over Market Cycles | Calendar Year Returns

Calendar Year Performance vs. Benchmark



Small Cap Canadian Equity

Performance at December 31, 2023

For Periods Ending Dec. 31, 2023	Q4/23	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs	15 Yrs
BIM Canadian Small Cap	6.8%	-2.7%	-4.2%	2.9%	7.2%	9.5%	6.2%	6.1%	7.8%	6.2%	7.3%	11.1%
S&P/TSX Small Cap Index	6.0%	4.8%	-2.5%	4.6%	6.6%	8.4%	3.4%	3.3%	7.2%	4.7%	3.9%	2.8%
S&P/TSX Composite Index	8.1%	11.8%	2.6%	9.6%	8.6%	11.3%	7.6%	7.8%	9.4%	7.3%	7.6%	5.8%

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
BIM Canadian Small Cap	-2.7%	-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	4.8%	-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)

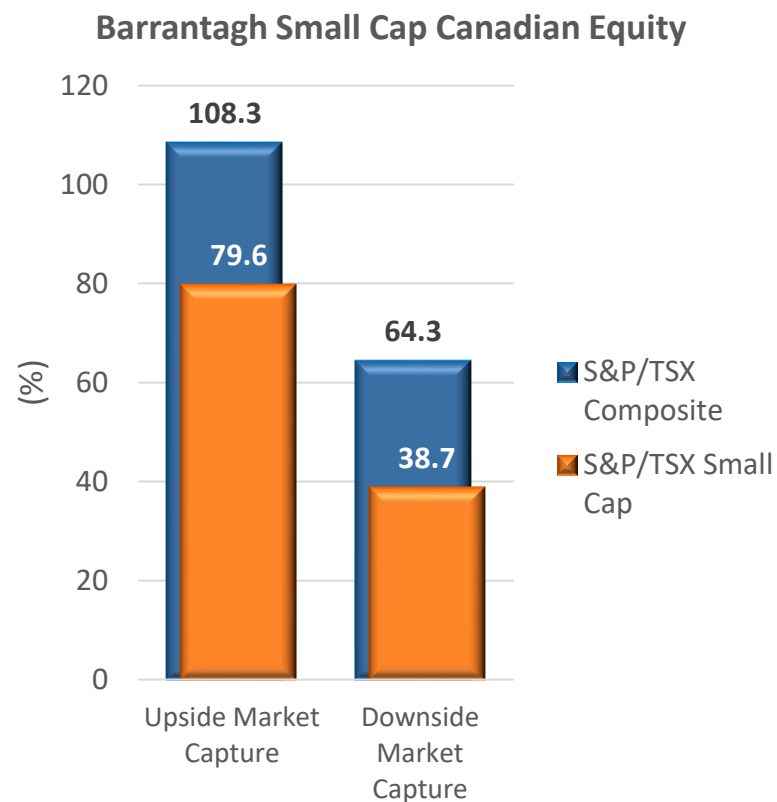
Green indicates periods that Barrantagh Small Cap outperformed

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

Dec. 31, 2023	Barrantagh Small Cap Cdn. Equites ¹	TSX Small Cap	Median
Annualized Return	11.1%	2.8%	8.2%
Standard Deviation	13.8%	20.8%	17.6%
Sharpe Ratio	0.7	0.1	0.4

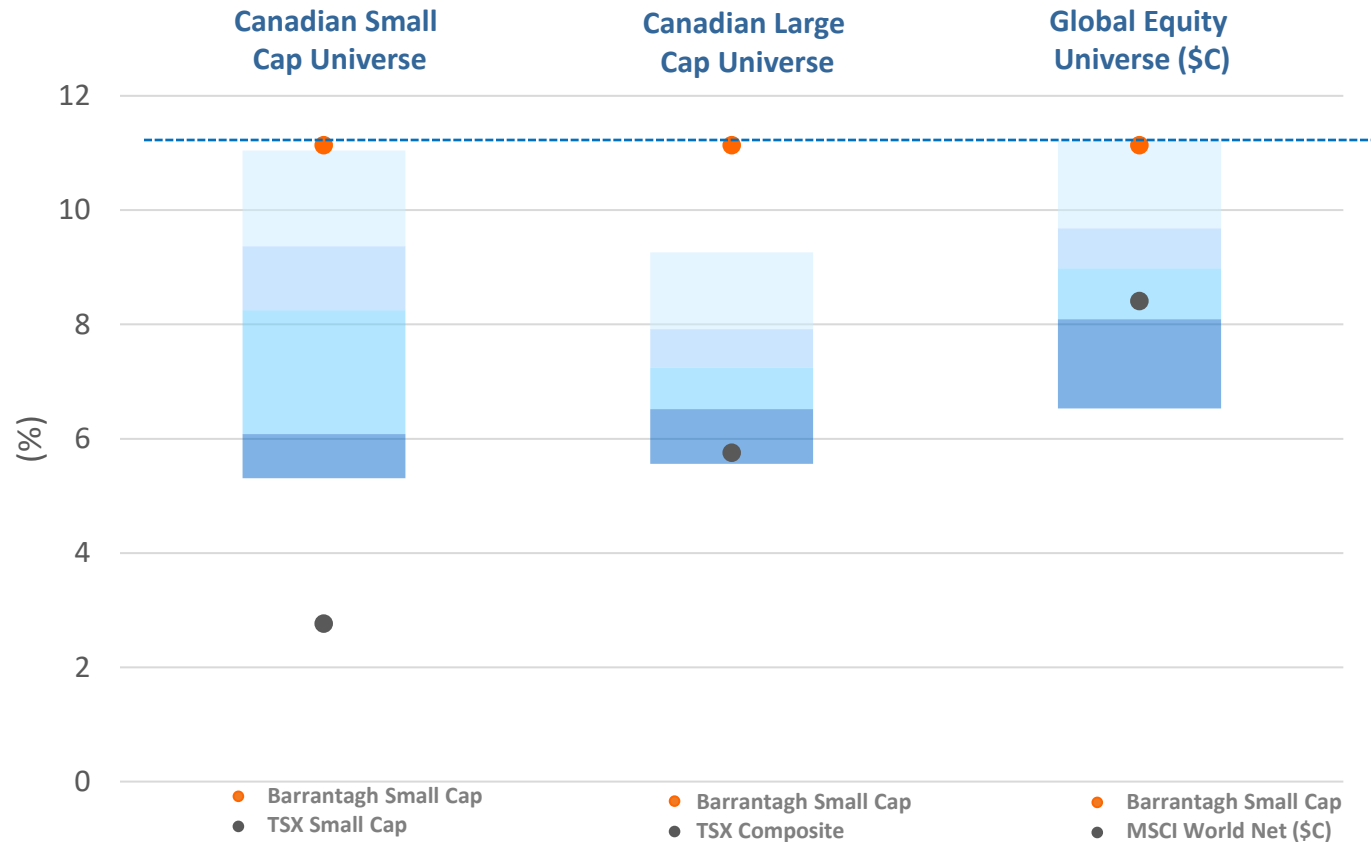


¹ Since Inception Jan. 1, 2008

² vs. Evestment Small Cap Universe

RETURNS: Small Cap Canadian Equities

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



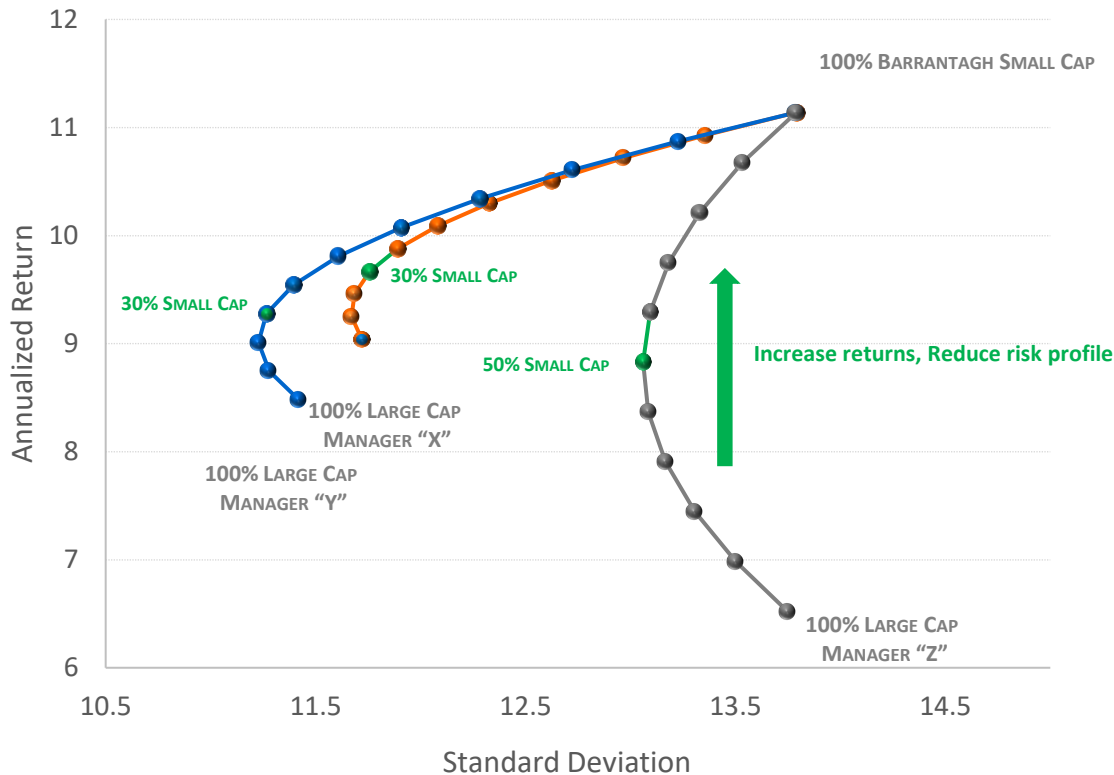
Strategy Inception Date: Jan. 1, 2008

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 Dec. 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

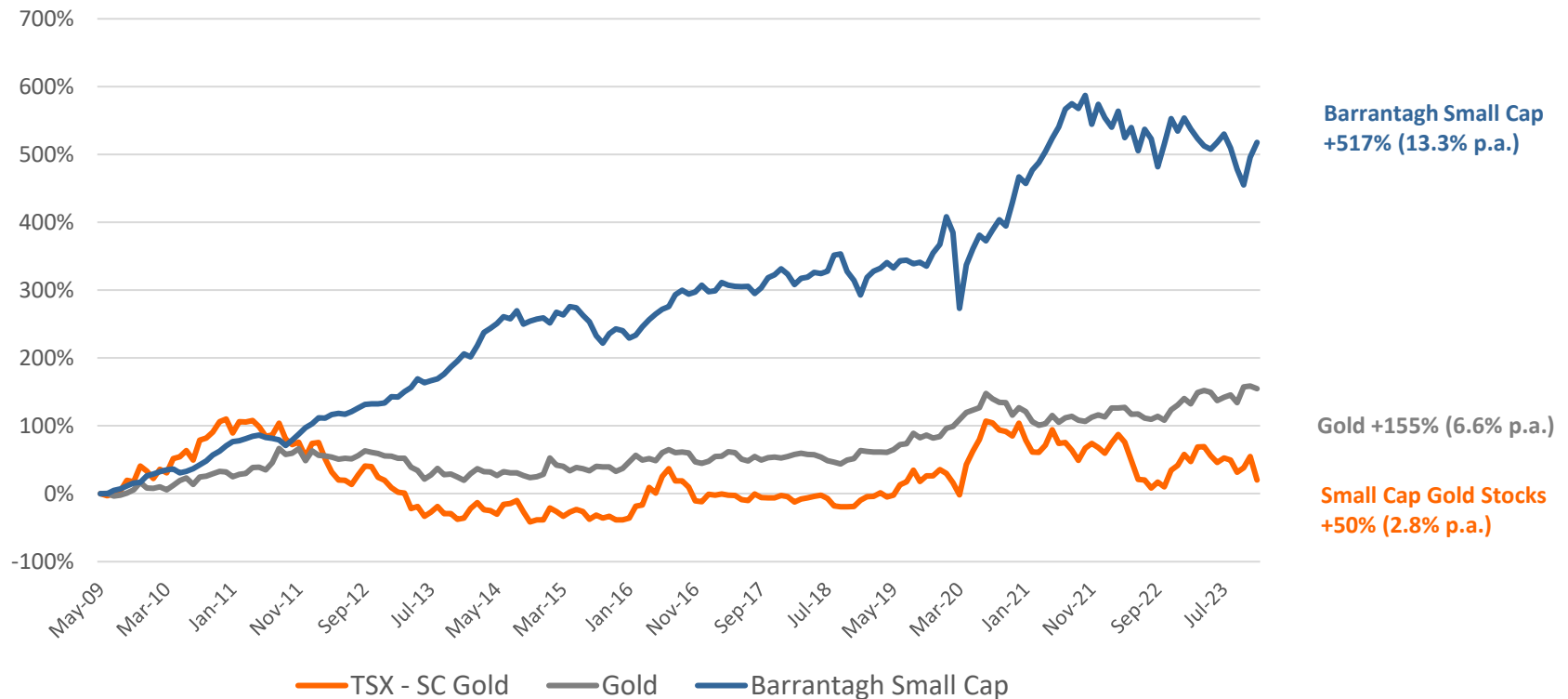
Portfolio Standard Deviation(σ_p)

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

Small Cap Canadian Equity Mandate

Junior Gold Miners: Underperforming/Volatile & Poor Commodity Tracking

Cumulative Returns ~ 14 Years to December 31, 2023



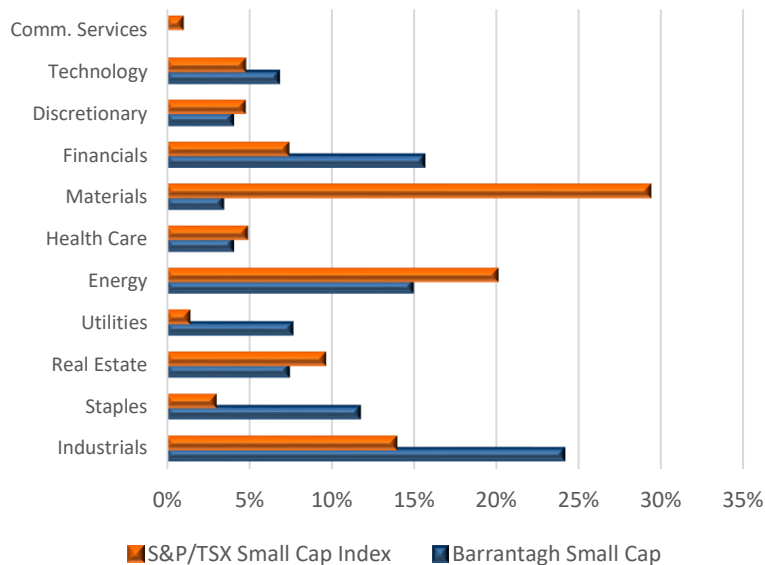
Profile: Small Cap Canadian Equities

Portfolio at December 31, 2023

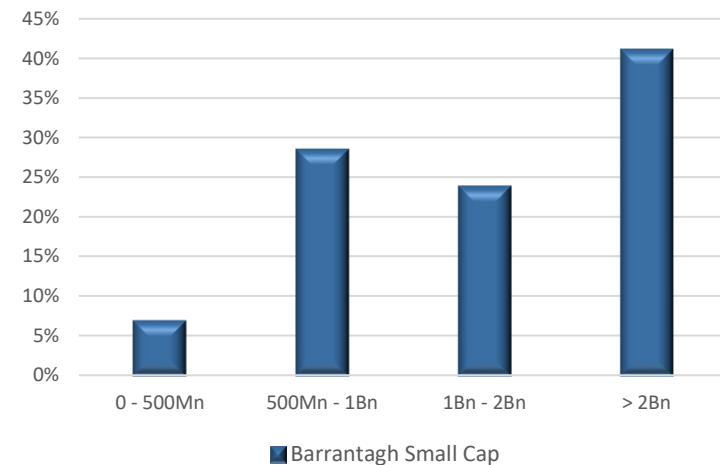
CHARACTERISTICS

Number of Holdings	27
Avg. Market Cap	\$2.4 Bn
# Industry Sectors	10
Dividend Yield	2.2%

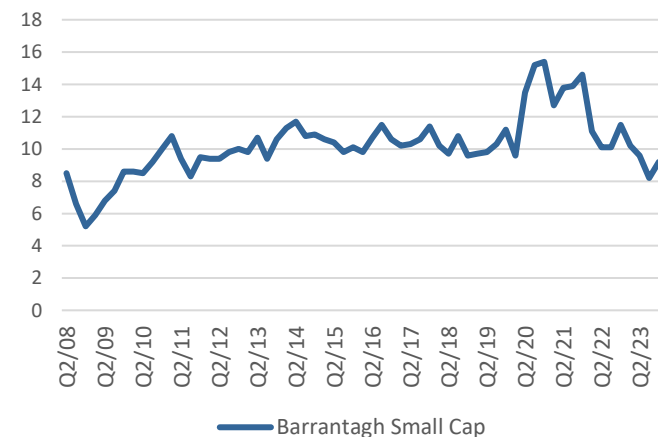
Barrantagh Small Cap Industry Weight vs. Index



Market Cap Exposure



Historic P/CF



Canadian Small Cap Equity Portfolio

Portfolio at December 31, 2023 | Q4 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
Consumer Discretionary		Industrials		Utilities	
MTY Food Group	3.9%	AG Growth (+)	2.9%	Boralex (+)	4.3%
	3.9%	Boyd Group	5.6%	Superior Plus (+)	3.1%
Consumer Staples		Brookfield Business	3.8%		7.4%
Jamieson Wellness (+)	4.1%	Cargojet (+)	3.8%	Materials	
Neighbourly Pharmacy	3.4%	Calian Group	3.8%	Chemtrade Logistics	3.3%
Premium Brands	3.8%	Savaria (+)	3.3%		3.3%
	11.3%		23.2%		
Energy		Real Estate		Cash & Equivalent	4.1%
Arc Resources (-)	3.1%	Minto Apartment REIT	3.3%	Total	100.0%
Gibson Energy(+)	3.2%	Storagevault Canada	3.8%		
Logan Energy (NEW)	1.6%		7.1%	Sold	
Tamarack Valley (+)	3.4%	Health Care		Enerflex	
Tidewater Midstream	3.0%	Andlauer Healthcare	3.9%	Dentalcorp	
	14.3%		3.9%		
Financials		Information Technology			
Definity Financial	4.4%	Dye & Durham	3.3%		
EQB Group	4.2%	Softchoice	3.3%		
Propel Holdings	2.0%		6.6%		
Trisura Group	4.3%				
	14.9%				

TRIM = (-)
ADD = (+)

Canadian Small Cap Equity Portfolio

Select Holdings – Brand Recognition

JAMIESON WELLNESS (JWEL)



CARGOJET (CJT)



Amazon optional
ownership stake ~15%



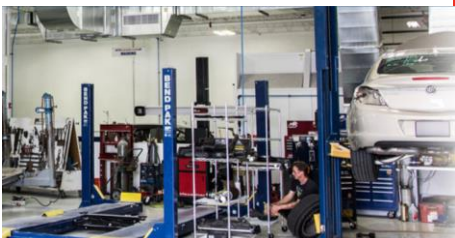
BORALEX (BLX)



PREMIUM BRANDS (PBH)



BOYD GROUP (BYD)



STORAGEVAULT (SVI)





MANDATE REVIEW

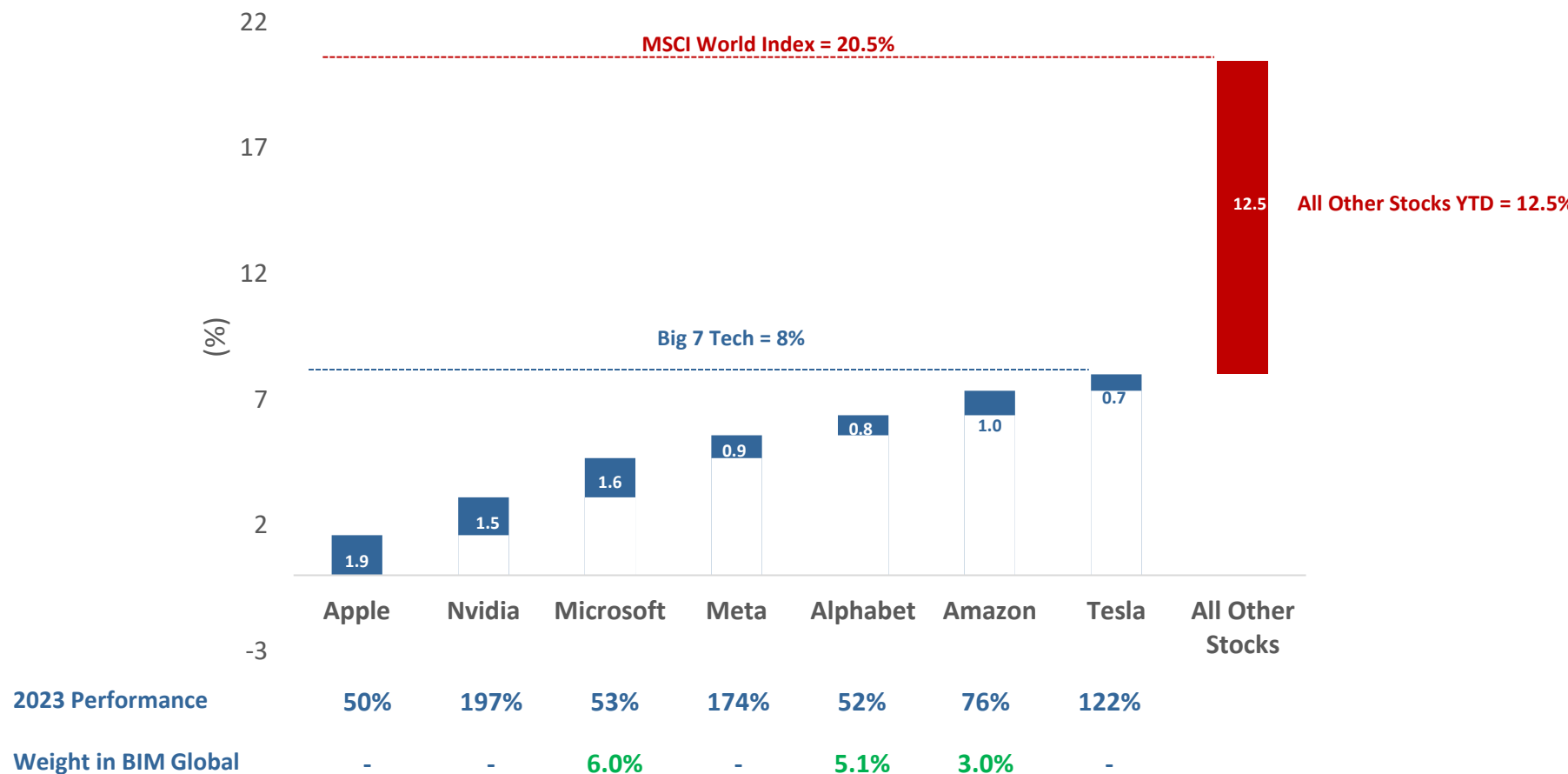
ALL CAP GLOBAL EQUITIES

Global Market Performance

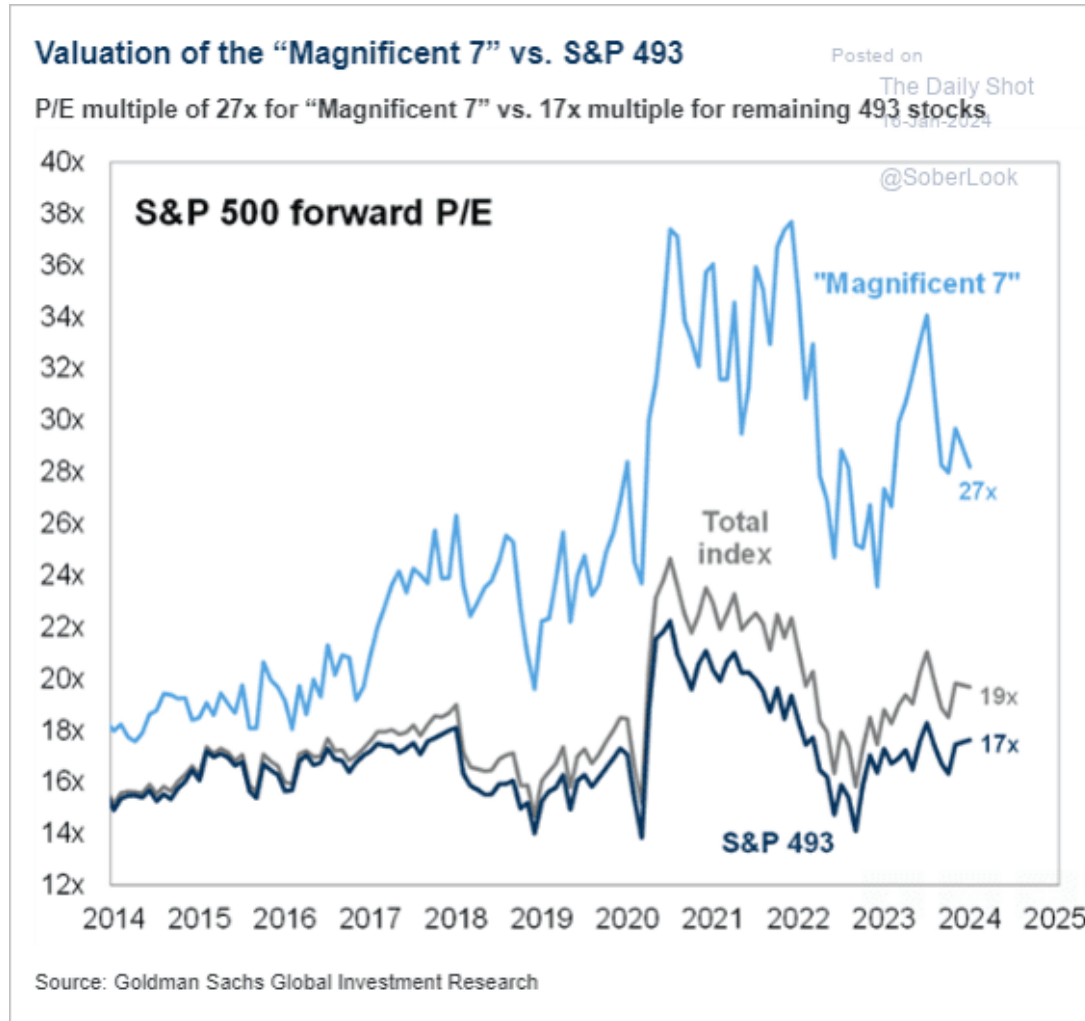
Narrow Market: 7 Mega Cap Tech Stocks Dominate

MSCI World Return Attribution

YTD as of Dec. 31, 2023



Tech Valuations Are Elevated



Source: The Daily Shot

All Cap Global Equity Mandate

Performance at December 31, 2023

For Periods Ending Dec. 31, 2023	Q4/23	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs
BIM Global Equities	11.0%	18.4%	5.4%	8.7%	8.7%	13.9%	11.5%	11.8%	11.2%	11.5%	11.7%
MSCI World (Net)	8.7%	20.5%	2.8%	8.5%	9.8%	12.0%	9.8%	10.5%	9.6%	10.6%	11.0%

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
BIM Global Equities	18.4%	-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)	20.5%	-12.2%	20.8%	13.9%	21.2%	-0.5%	14.4%	3.8%	18.9%	14.4%	35.2%	13.3%

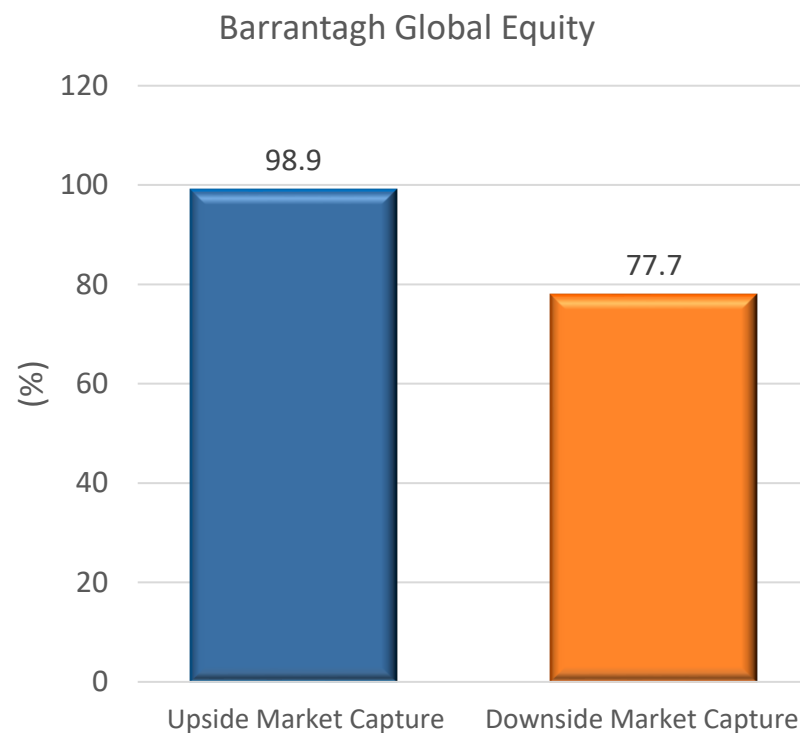
Green indicates periods that Barrantagh outperformed

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

All Cap Global Equities

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

	Barrantagh Global Equities ¹	Percentile Rank ²	
Annualized Return	14.2%	8	1st Quartile
Standard Deviation	11.3%	34	Lower Volatility than Median
<i>Sharpe Ratio</i>	<i>1.2</i>	<i>7</i>	<i>High risk-adjusted return</i>
Beta	0.92	56	Low risk vs. market
<i>Treynor Ratio</i>	<i>14.1</i>	<i>13</i>	<i>High risk-adjusted return</i>

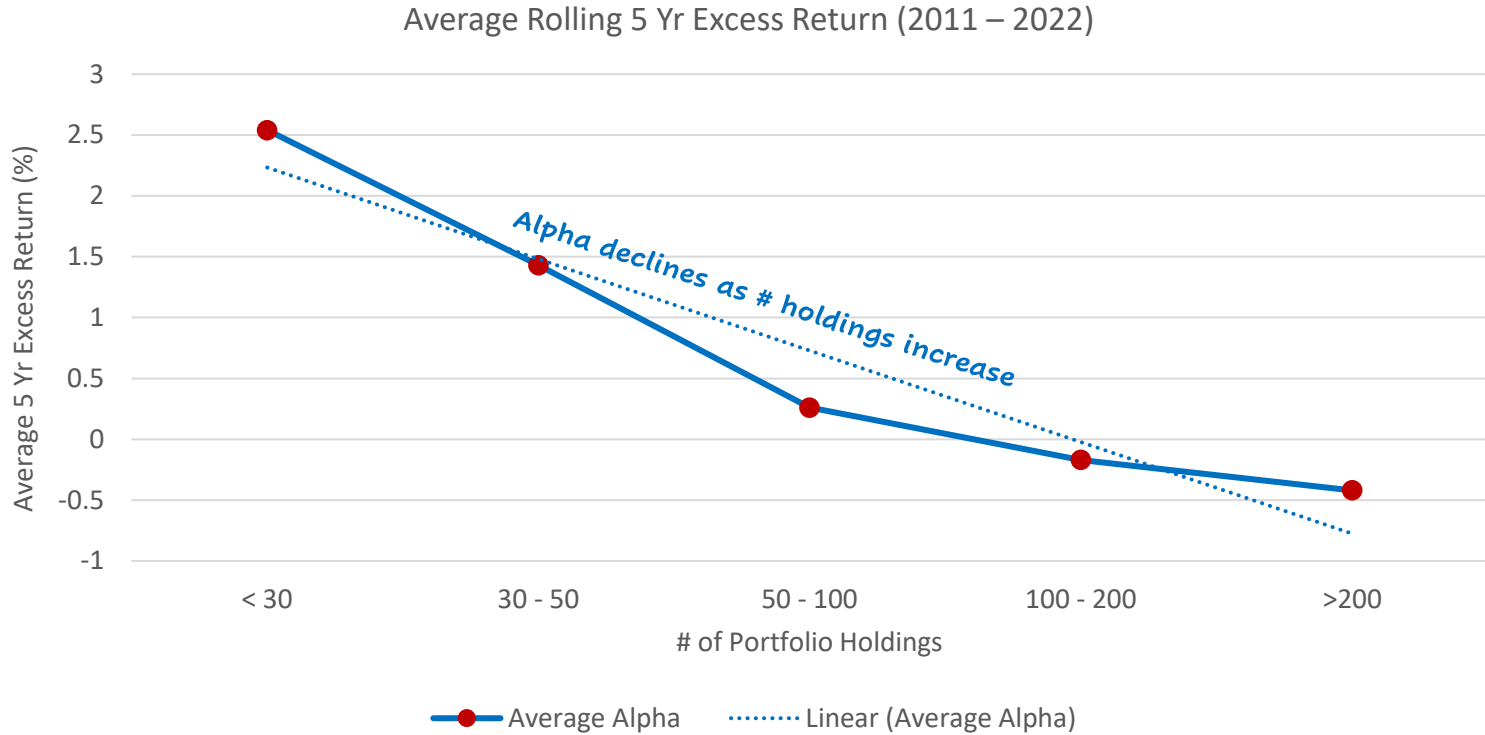


¹ Since Inception Jan. 1, 2012

² vs. Evestment All Cap Value Universe

Concentrated Global Equity Advantages

Holdings & Alpha Generation



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

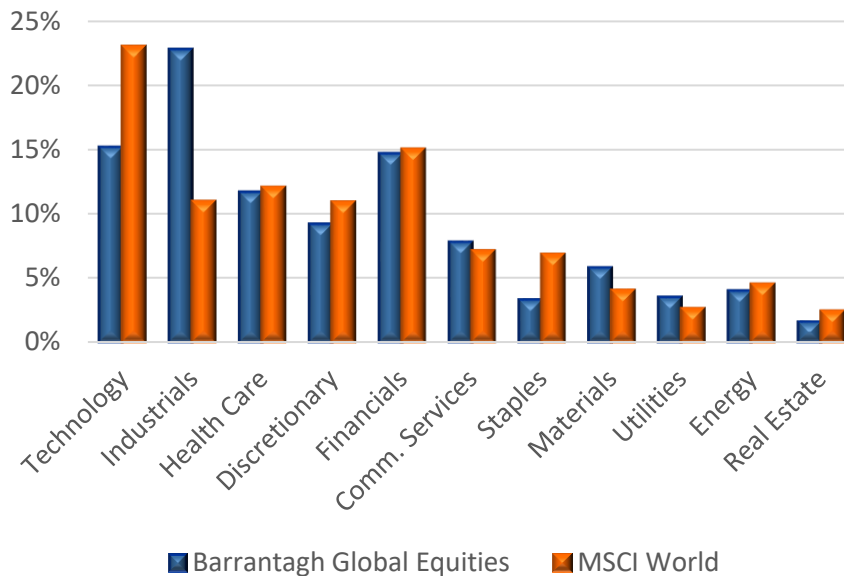
All Cap Global Equities

at December 31, 2023

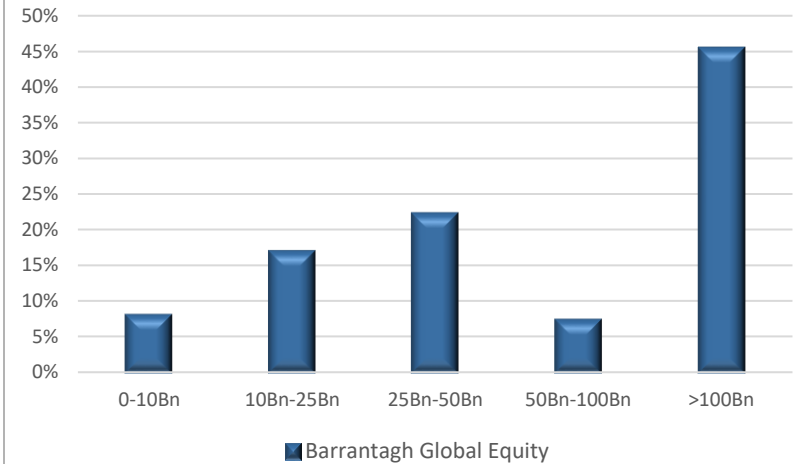
CHARACTERISTICS

Number of Holdings	32
# Industry Sectors	11
Average Market Cap	\$553.8Bn
P/CF	14.3X
Dividend Yield	1.5%

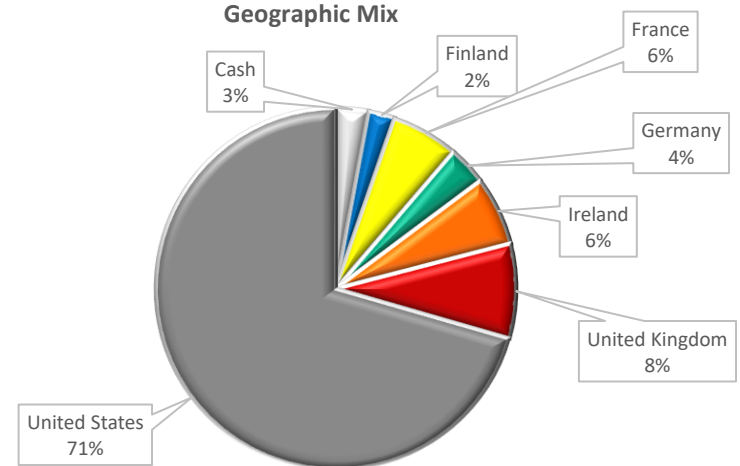
Barrantagh Global Equities Industry Weight vs Index



Market Cap Exposure



Geographic Mix



All Cap Global Equities

Portfolio at December 31, 2023 | Q4 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
Consumer Discretionary		Industrials		Financials	
Amazon	3.0%	Leidos Holdings	2.3%	Bank of America	2.9%
Compass Group	3.3%	Metso Outotec	2.4%	Wells Fargo	2.6%
Intercontinental Hotels (-)	2.6%	Vinci S.A.	2.8%	JP Morgan Chase	2.5%
	8.9%	Quanta Services (-)	2.6%	Mastercard	3.2%
Consumer Staples		Regal Rexnord	2.8%	Willis Towers Watson (+)	3.0%
Constellation Brands	3.2%	Schneider Electric (-)	3.2%		14.2%
	3.2%	Union Pacific	3.2%	Information Technology	
Materials		Wabtec	3.0%	Dynatrace	3.2%
CRH	3.2%		22.3%	Itron	2.6%
International Flavours & Frag.	2.4%	Health Care		Microchip Technology (-)	3.0%
	5.6%	Astrazeneca (NEW)	2.5%	Microsoft	6.0%
Utilities		Boston Scientific	3.2%		14.8%
RWE Aktiengesellschaft	3.5%	Thermo Fisher Scientific	3.0%	Communication Services	
	3.5%	United Health Group (-)	2.7%	T-Mobile (+)	2.5%
Real Estate			11.4%	Alphabet	5.1%
American Tower	1.6%	Energy			7.6%
	1.6%	EOG Resources	3.9%	Cash & Equivalents	3.0%
Sold			3.9%	Total	100.0%
Baxter Int'l		TRIM = (-)			
		ADD = (+)			



ECONOMIC REVIEW

Outlook

World:

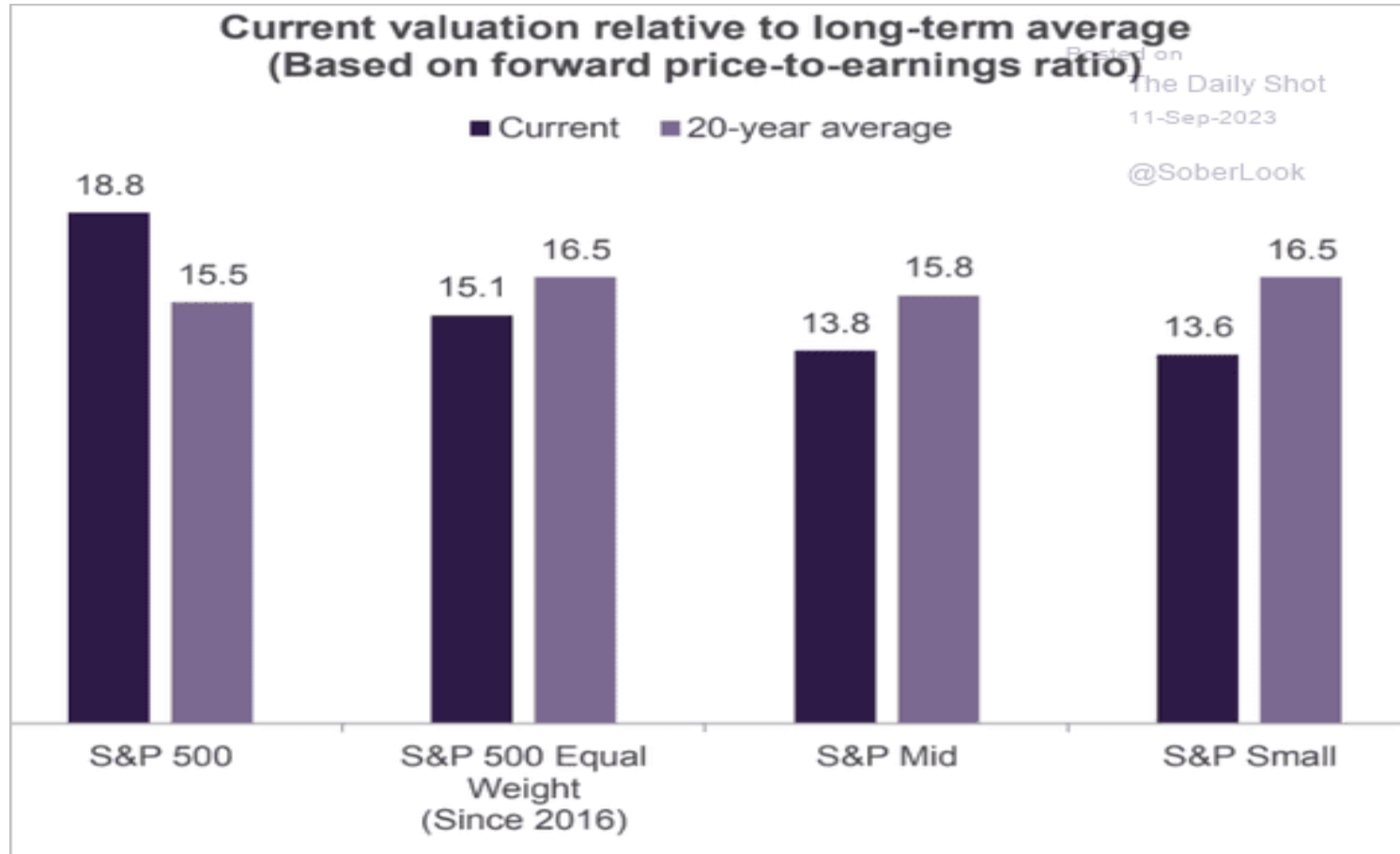
- Higher rates reduce consumer & manufacturing activity
- Soft landing/moderate recession
 - Employment & wage increases remain resilient
 - Inflation is moderating off multi-decade peak
- Narrow leadership in equity markets (Global – Technology, Canada - Cyclical)
 - Growth indices remain expensive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

Small Cap – Widest Valuation Gap Since Tech Bubble



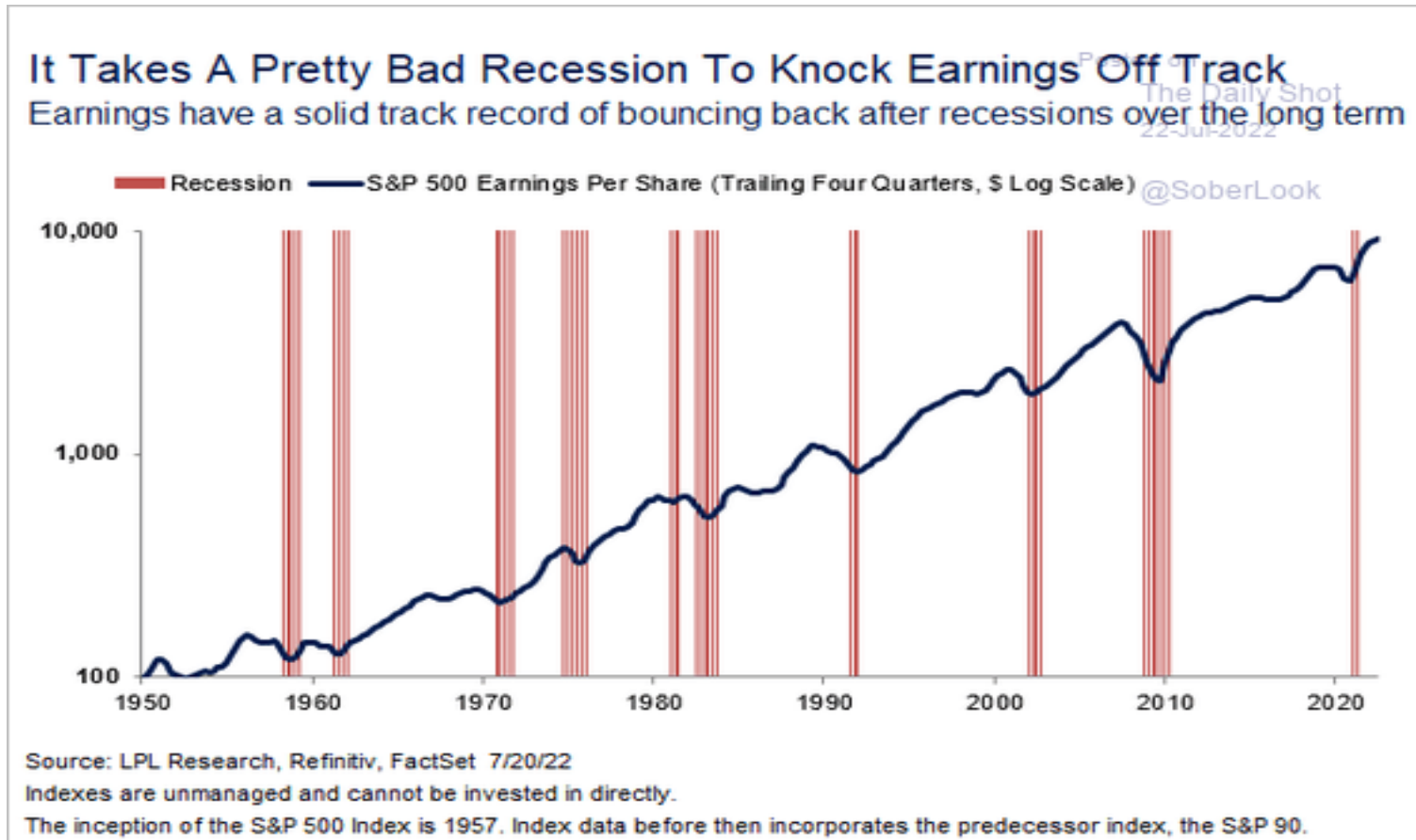
Source: The Daily Shot

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% MER, Minimum: \$1,000
 - **NEW: A Class** Fund Code: BMI110, 2% MER, Minimum: \$1,000
- SMA Min. Investment Small Cap: \$40,000 , Global Equities: \$100,000
- Advisor Portal available www.barrantagh.com Password: AC5

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