

# **BARRANTAGH**

Investment Management

## **Update – June 30, 2024**

- **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% Mgmt Fee, 15 yr composite track-record
  - 'A' Class – 2.0% Mgmt Fee launched in Q2/2021

### ESG Integration Update:

- Completed UN PRI signatory process (2019) & formalized BIM Responsible Investing Policy

### Eventment

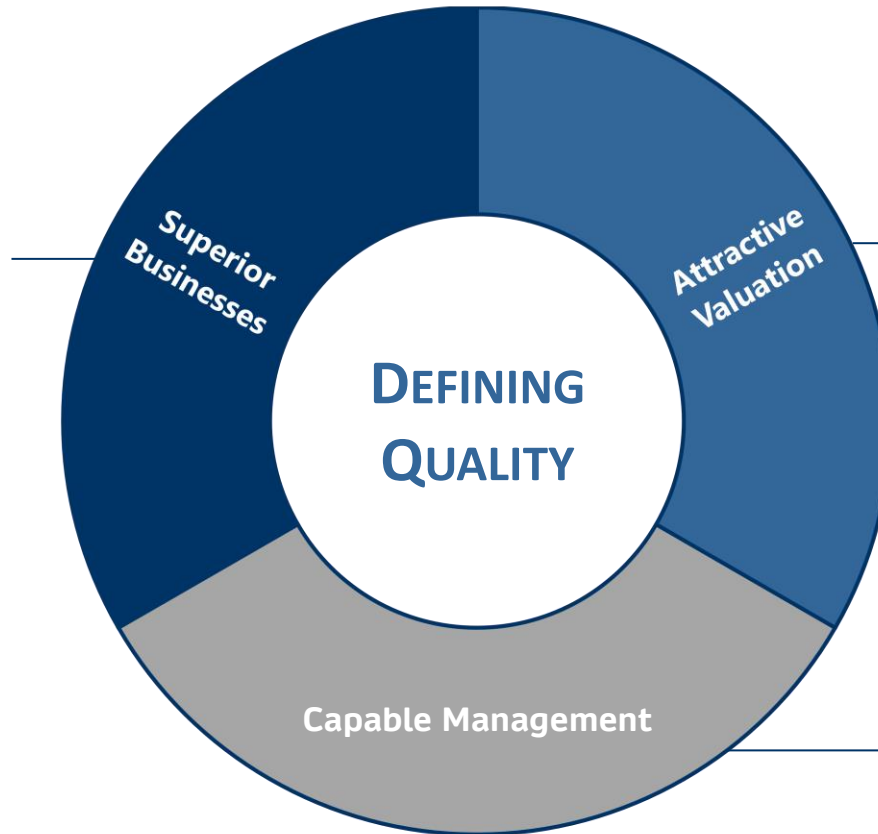
- Boutique Firms – Canada – Top 3 Brand awareness

# 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

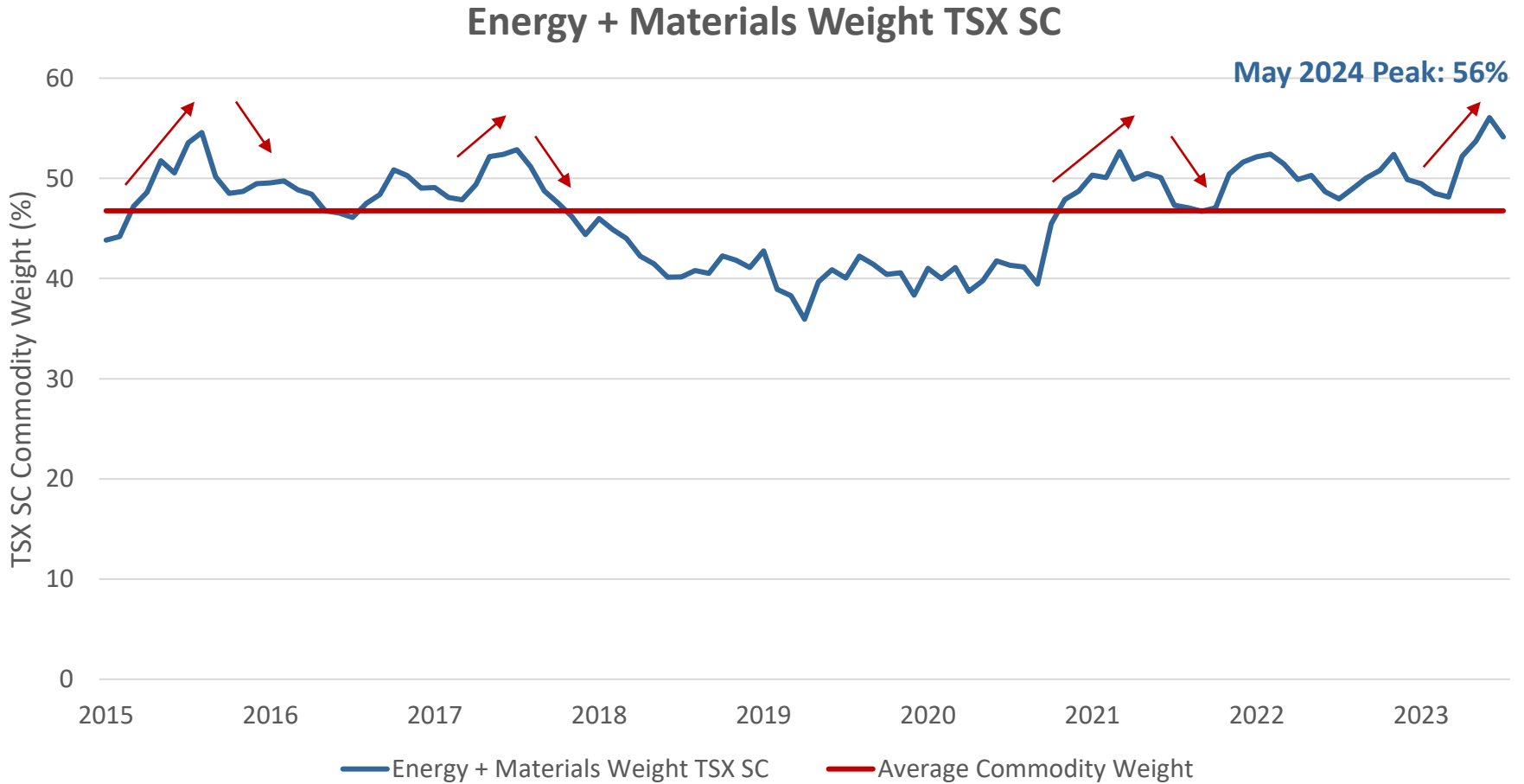


## MANDATE REVIEW

Small Cap Canadian Equities

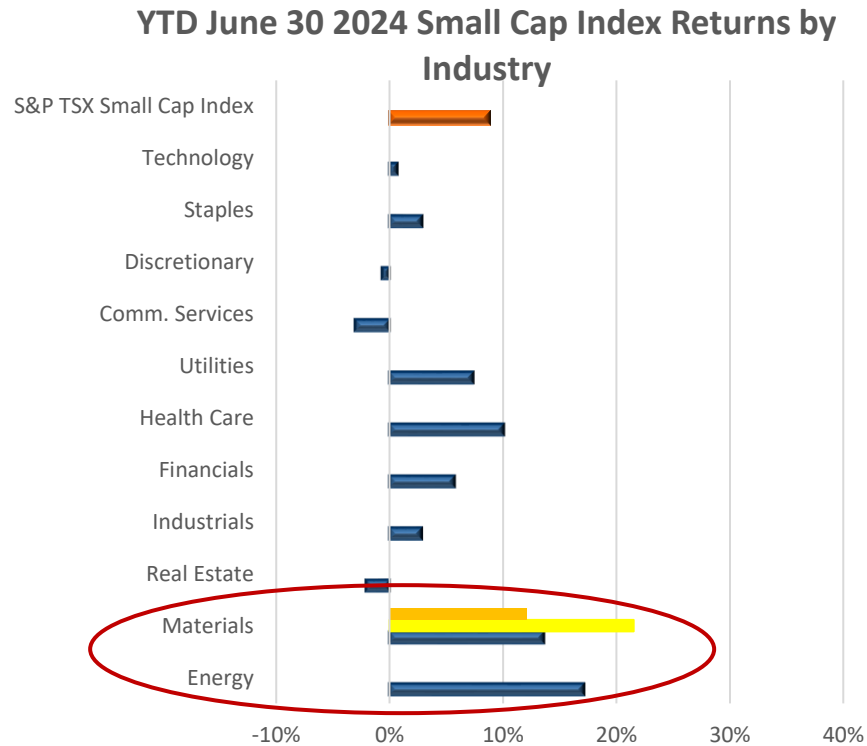
# Small Cap Canadian Equity

## 2024 Commodity Rally Pushes TSX SC Sector Weight to Multi-Year High



# Small Cap Investing

## 2024: Narrow Market - Cyclical Rally Defines Recent Market

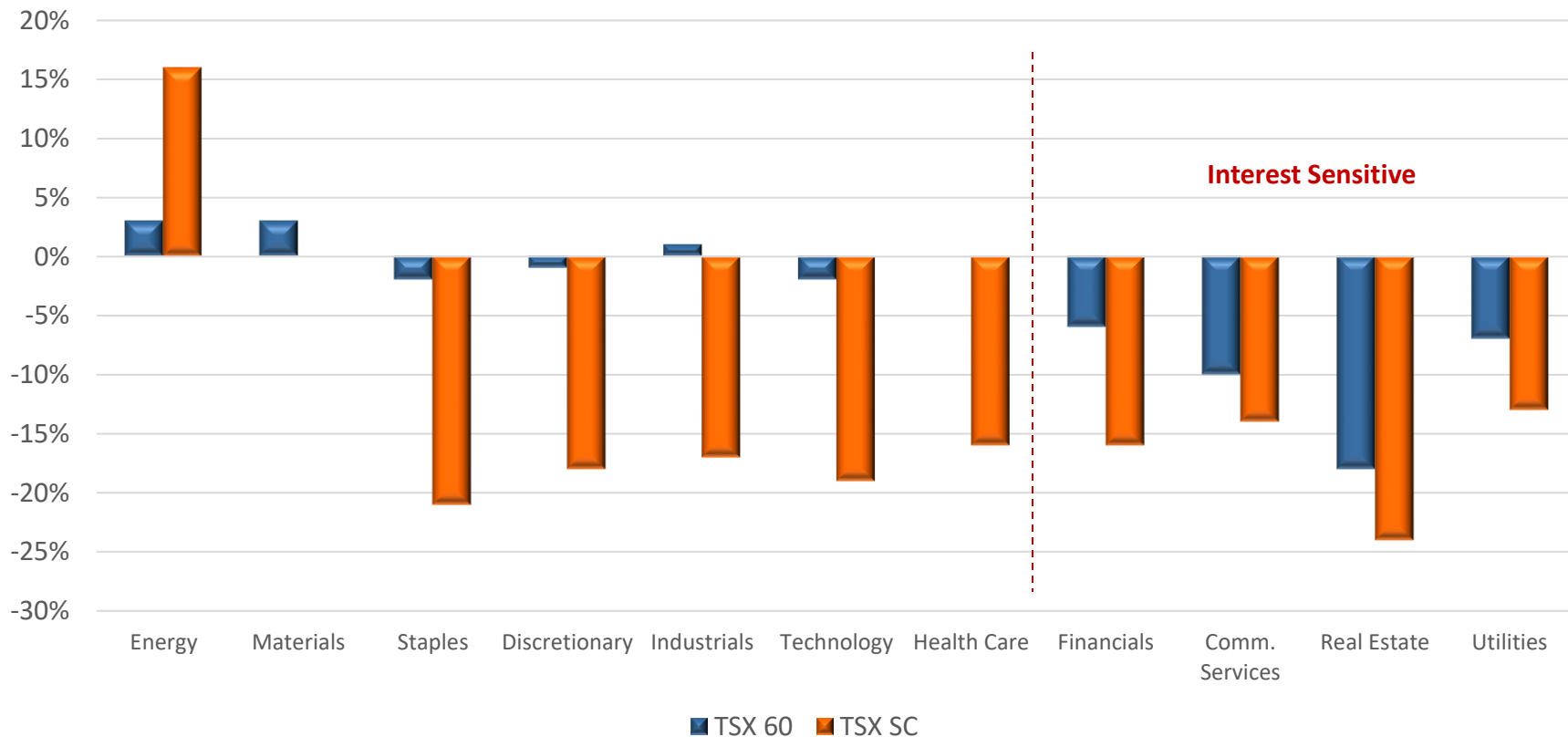


Source: Bloomberg, Barrantagh Research

# Canadian Market Review

## Broad Small Cap Valuation Advantage vs Large Caps

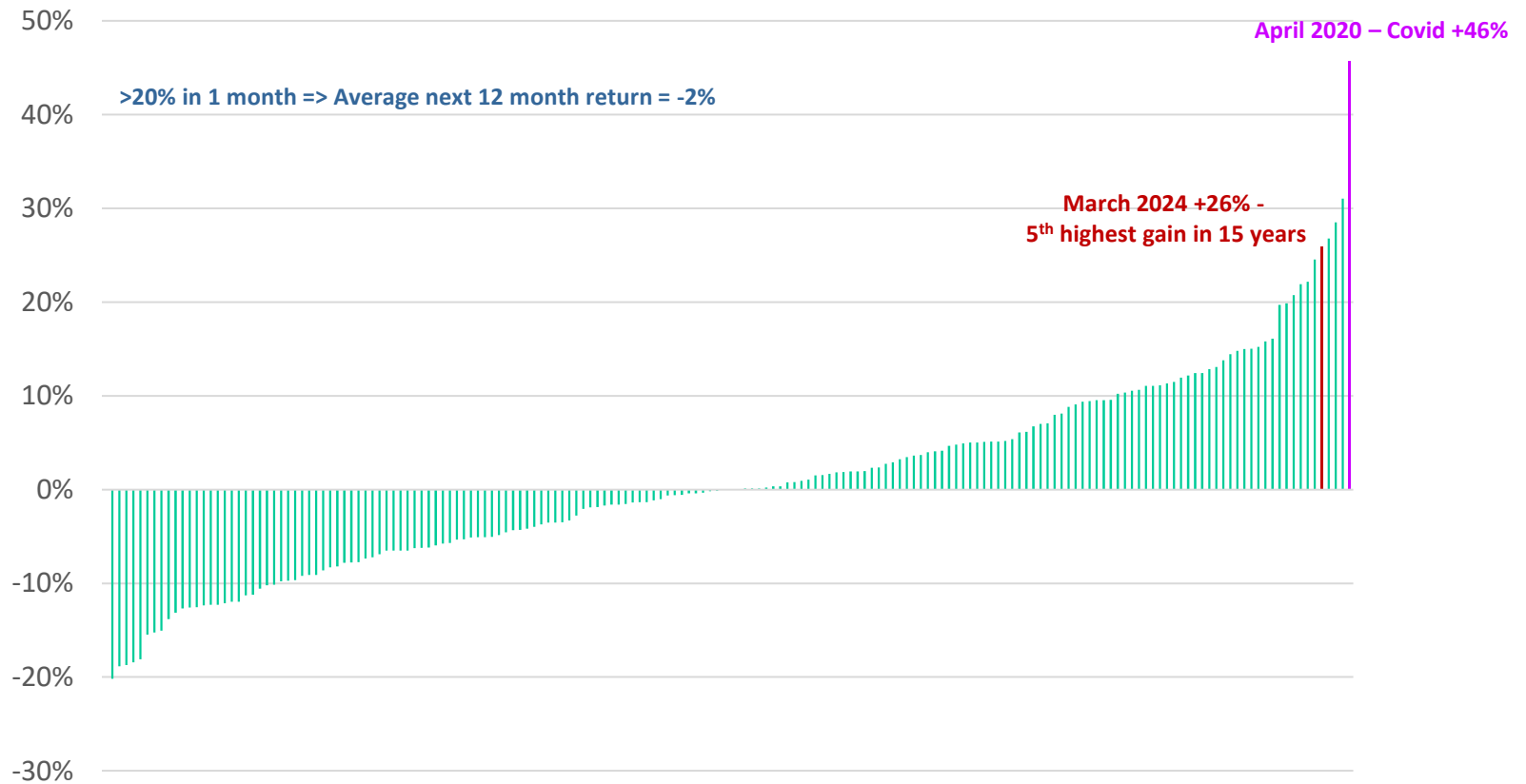
### Valuation: Discount to 5 Year Average



# Small Cap Canadian Equity Mandate

## March Rise in Gold Prices was Unusually High

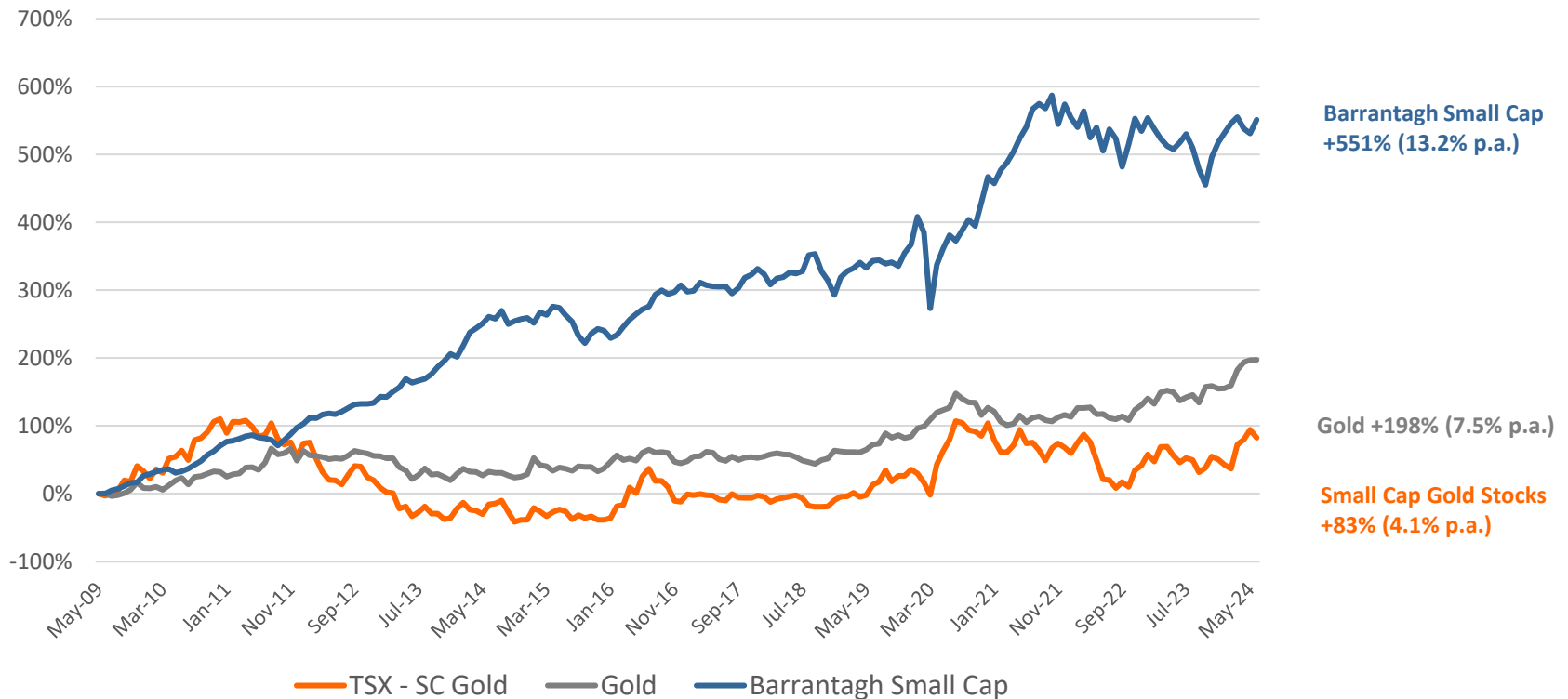
### 15 Years - Monthly Gold Prices Worst to Best Month



# Small Cap Canadian Equity Mandate

## Junior Gold Miners: Underperforming/Volatile & Poor Commodity Tracking

### Cumulative Returns ~ 15 Years to June 30, 2024



# Small Cap Canadian Equity

## Perspective on Recent Performance: Commodity Volatility

Since Markets Bottomed in Oct/23 BIM SC +17.4% vs TSX SC +18.4%

	Fundamentals Reconnect Nov23 – Feb/24	Commodity Rally Mar/24 – May/24	Commodities Retreat Jun/24
Bim Small Cap	16.5%	-2.4%	3.2%
TSX SC	<u>9.5%</u>	<u>10.5%</u>	<u>-1.9%</u>
Alpha	+7.0%	-12.9%	+5.1%
Attribution:			
Materials (bps)	-80	-900	+240
Energy (bps)	<u>-40</u>	<u>-300</u>	<u>+70</u>
	-120	-1200	+310
		Mining Stocks +40%	

# Canadian Small Cap Equity Portfolio

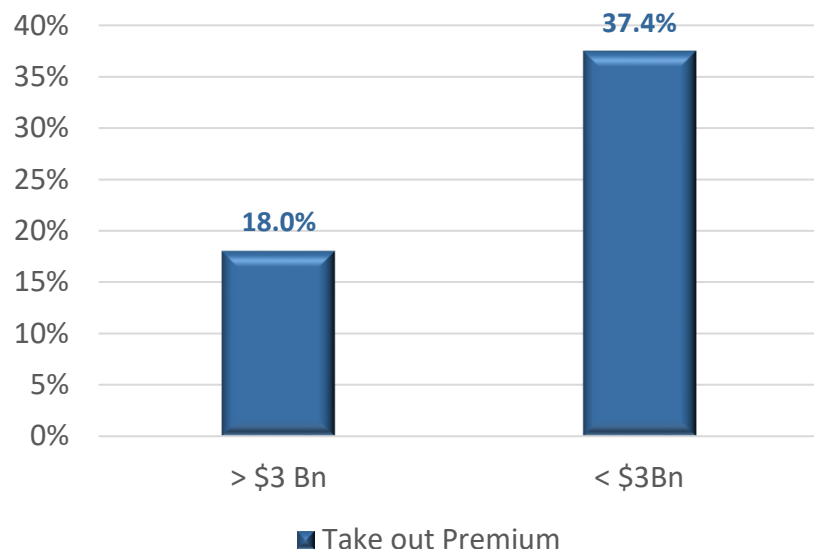
## Fundamental Reconnect Rally Continues

Portfolio Holding		Top 10: Stock Reaction
		Nov 2023 – June 2024
Financials	Propel Holdings	+206%
Industrials	Cargojet	+79%
Technology	Dye & Durham	+53%
Industrials	Savaria	+48%
Industrial	Brookfield Business	+45%
Financials	EQB	+37%
Financials	Trisura	+36%
Technology	Softchoice	+32%
Utilities	Boralex	+32%
Consumer Staples	Jamieson Wellness	+30%
BIM Small Cap Portfolio		+17.4%
S&P TSX Small Cap		+18.4%
S&P TSX Small Cap Ex Mining		+10.7%

# 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 <sup>1</sup>
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%

<sup>1</sup>Premium to 1 Month Average Price

# Small Cap Canadian Equity

Performance at June 30, 2024

For Periods Ending June 30, 2024	Q2/24	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs	15 Yrs
<b>BIM Canadian Small Cap</b>	-0.5%	5.4%	3.7%	0.6%	9.7%	8.0%	7.4%	7.0%	7.3%	6.7%	6.1%	13.3%
<b>S&amp;P/TSX Small Cap Index</b>	0.9%	14.4%	9.8%	1.3%	13.1%	8.1%	5.2%	5.2%	5.0%	5.5%	3.1%	6.6%
<b>S&amp;P/TSX Composite Index</b>	-0.5%	12.1%	11.3%	6.0%	12.4%	9.3%	8.4%	8.7%	9.0%	7.9%	7.0%	8.3%

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>BIM Canadian Small Cap</b>	-2.7%	-5.7%	18.8% <sup>1</sup>	21.3%	19.0%	-8.9%	5.9%	19.8% <sup>1</sup>	-5.3%	17.3%	30.9%	18.5%	15.6%	35.0%	43.8% <sup>1</sup>	-22.9%
<b>S&amp;P/TSX Small Cap Index</b>	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%

<sup>1</sup> Periods where index performance was driven by commodity rallies (Mining & Oil Exploration & Production)

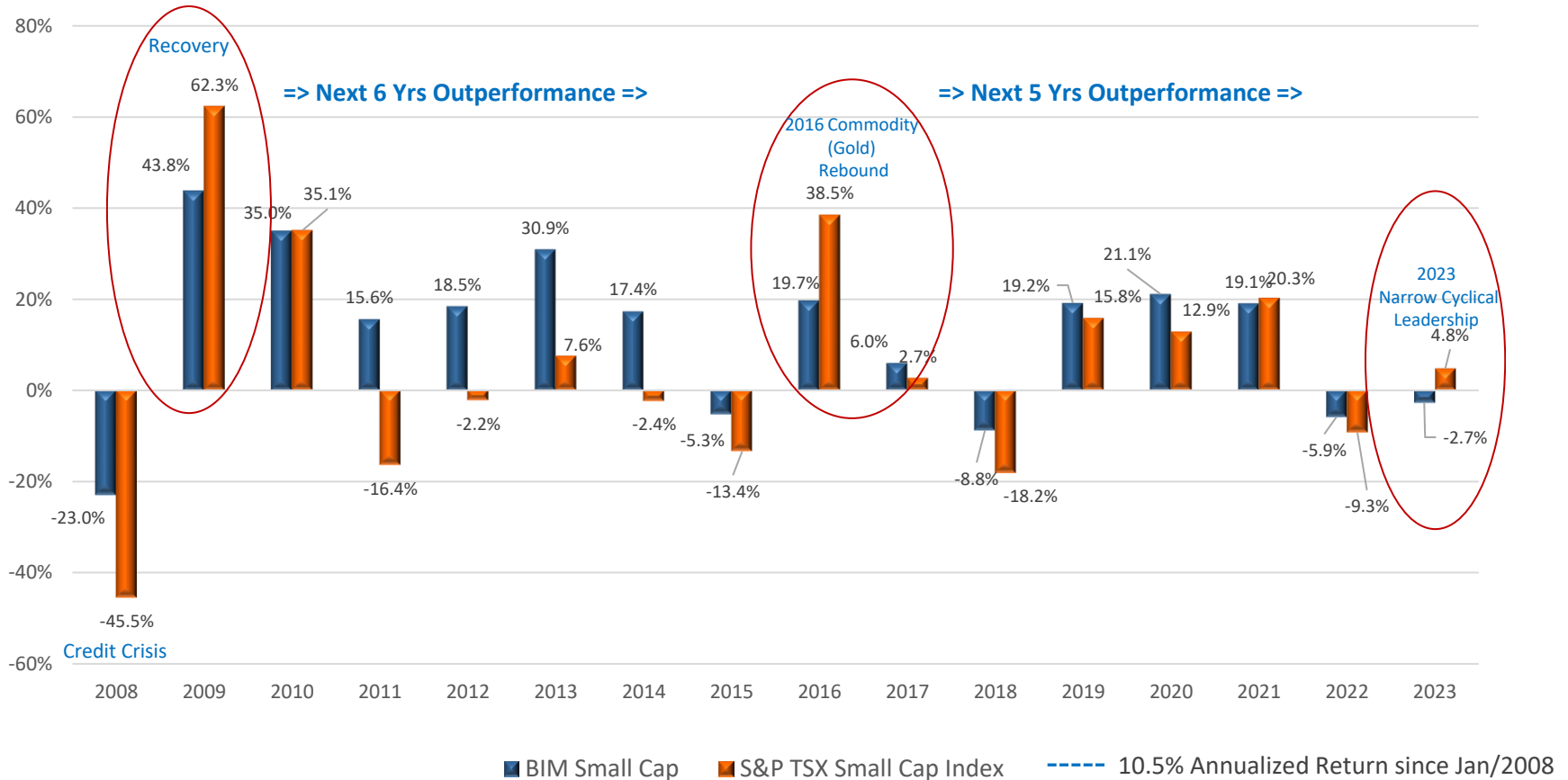
Green indicates periods that Barrantagh Small Cap outperformed

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

# Performance Update

## Investing over Market Cycles | Calendar Year Returns

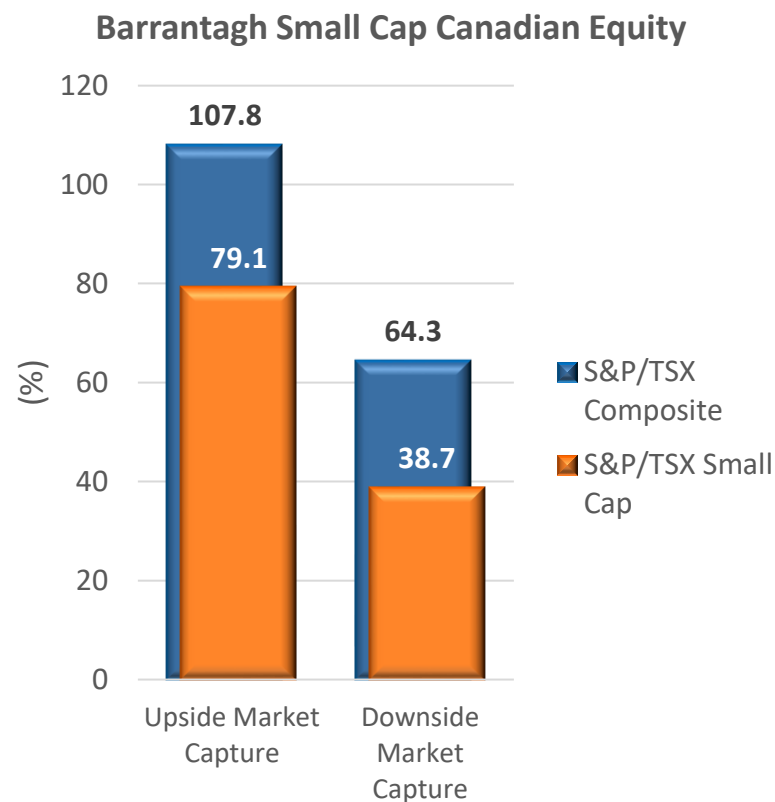
Calendar Year Performance vs. Benchmark



# Small Cap Canadian Equity

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

June 30, 2024	Barrantagh Small Cap Cdn. Equites <sup>1</sup>	TSX Small Cap	Median
<b>Annualized Return</b>	<b>11.1%</b>	<b>3.2%</b>	<b>7.3%</b>
Standard Deviation	13.6%	20.5%	16.1%
<i>Sharpe Ratio</i>	<i>0.7</i>	<i>0.1</i>	<i>0.34</i>

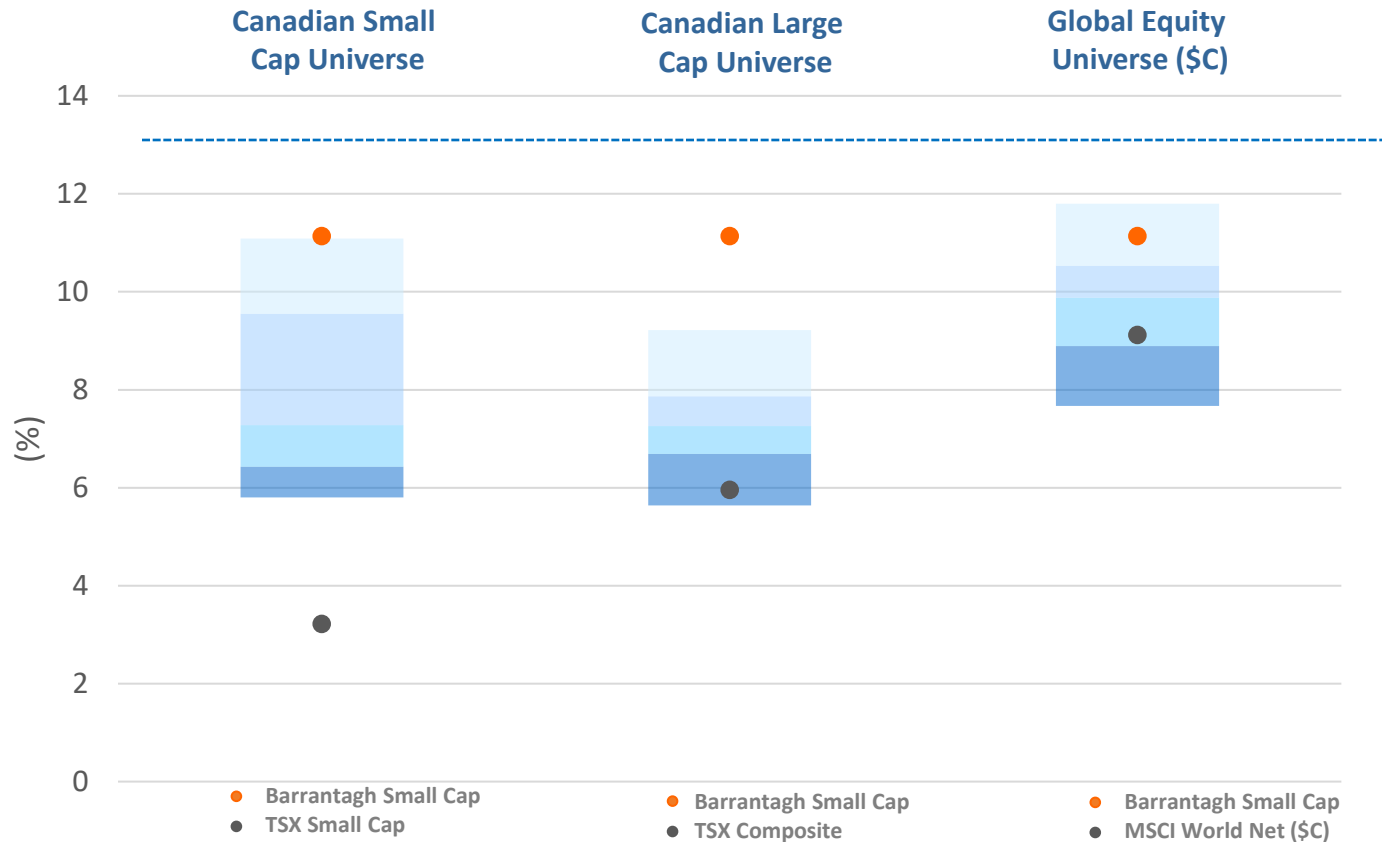


<sup>1</sup> Since Inception Jan. 1, 2008

<sup>2</sup> vs. Evestment Small Cap Universe

# RETURNS: Small Cap Canadian Equities

Strong Performance vs. Large Cap Cdn & Global Equities (for Periods Ending June 30, 2024)



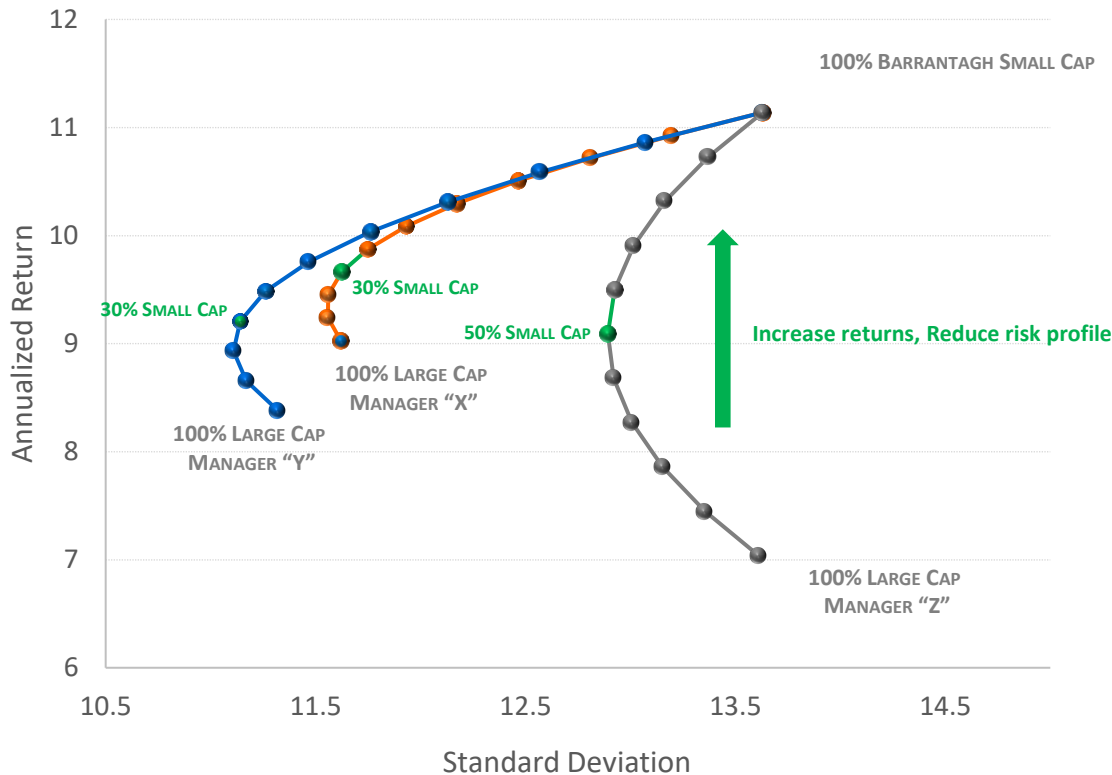
Strategy Inception Date: Jan. 1, 2008

# 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 Jun. 30, 2024



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 ( $\omega$ ) of underlying components
2. Risk ( $\sigma$ ) of underlying components
3. Correlation ( $\rho$ ) of components

Portfolio Standard Deviation( $\sigma_p$ )

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

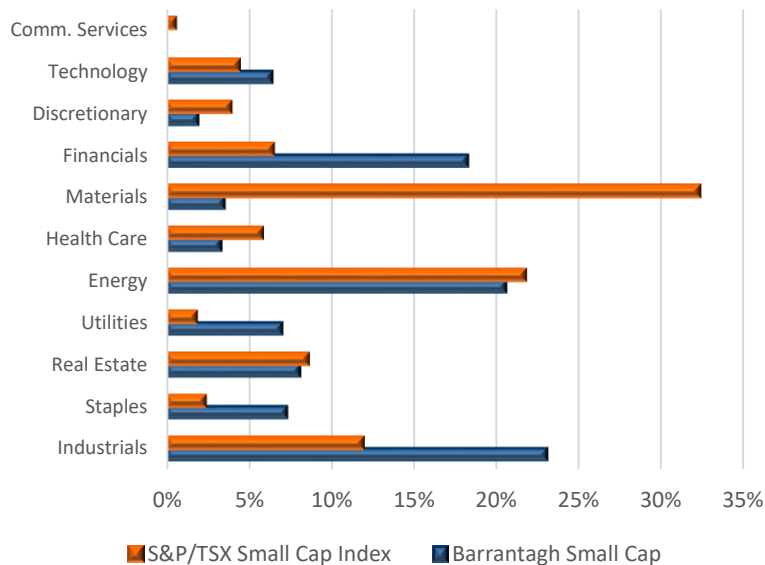
# Profile: Small Cap Canadian Equities

Portfolio at June 30, 2024

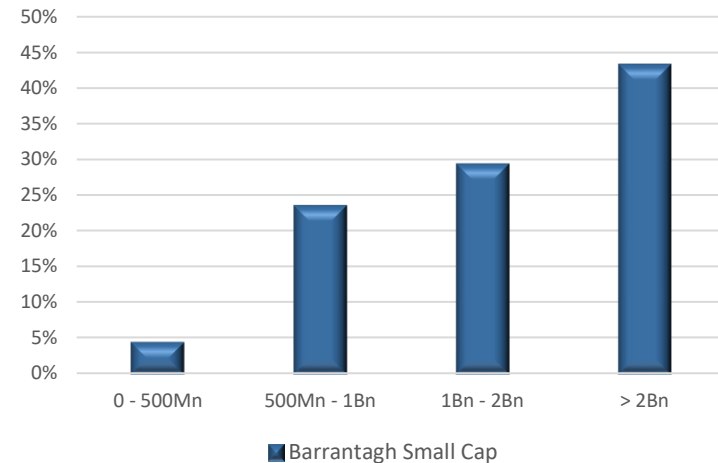
## CHARACTERISTICS

Number of Holdings	29
Avg. Market Cap	\$2.2 Bn
# Industry Sectors	10
Dividend Yield	2.4%

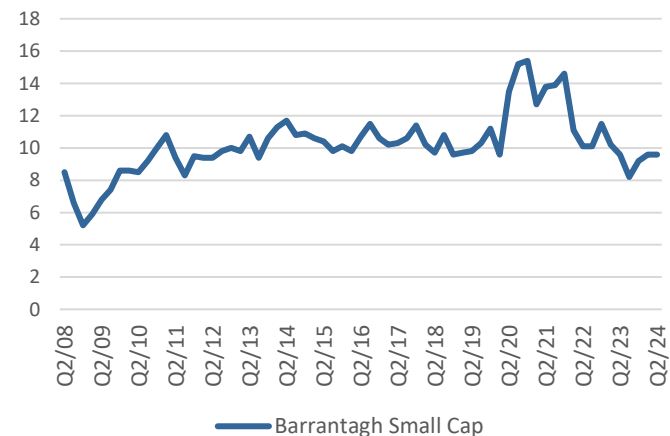
## Barrantagh Small Cap Industry Weight vs. Index



## Market Cap Exposure



## Historic P/CF



# Canadian Small Cap Equity Portfolio

Portfolio at June 30, 2024 | Q2 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>Consumer Discretionary</b>		<b>Industrials</b>		<b>Utilities</b>	
Sleep Country Canada (NEW)	1.9%	AG Growth	2.9%	Boralex	4.1%
	1.9%	Boyd Group	5.0%	Superior Plus	2.7%
<b>Consumer Staples</b>		Brookfield Business	3.3%		6.8%
Jamieson Wellness	3.6%	Cargojet	4.2%	<b>Materials</b>	
Premium Brands	3.6%	Calian Group	3.5%	Chemtrade Logistics	3.4%
	7.2%	Savaria	3.6%		3.4%
<b>Energy</b>			22.5%	<b>Cash &amp; Equivalent</b>	
Headwater Exploration (NEW)	2.7%	<b>Real Estate</b>		5.5%	
Gibson Energy	3.7%	Mainstreet Equity (+)	1.7%	<b>Total</b>	
Logan Energy	1.7%	Minto Apartment REIT	2.9%	100.0%	
Nuvista Energy (NEW)	3.6%	Storagevault Canada	3.2%	<b>Sold</b>	
Tamarack Valley	3.9%		7.8%	<b>MTY Food Group</b>	
Tidewater Midstream	1.6%	<b>Health Care</b>		<b>ARC Resources</b>	
Trican Well Service (NEW)	0.5%	Andlauer Healthcare (-)	3.2%	<b>TRIM = (-)</b>	
	17.7%		3.2%	<b>ADD = (+)</b>	
<b>Financials</b>		<b>Information Technology</b>			
Definity Financial	5.0%	Dye & Durham	2.7%		
EQB Group	4.2%	Softchoice	3.6%		
Propel Holdings	3.5%		6.3%		
Trisura Group	5.0%				
	17.7%				

# 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

# Barrantagh Differentiators

## Repeatable Advantages

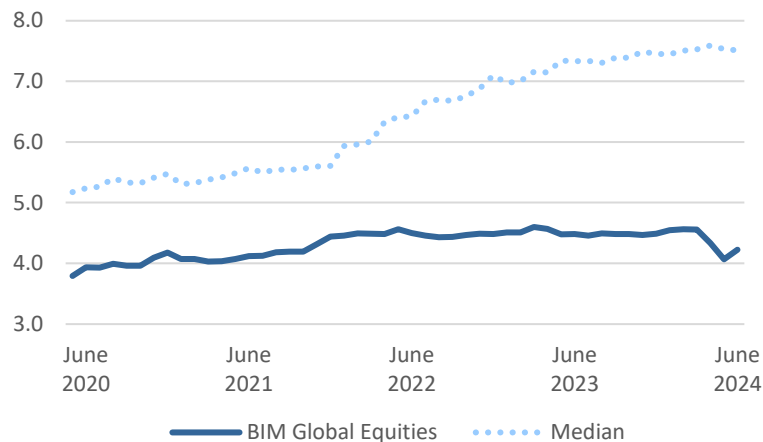
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- Low-risk alpha generator
- Low tracking error (achieved through diversification)
- High active share (20 – 40 stocks – best ideas)
- All cap approach (exposure to broad market cap spectrum)
- Low turnover (tax advantages and long-term horizon)
- Seasoned team with longevity (consistency in approach)

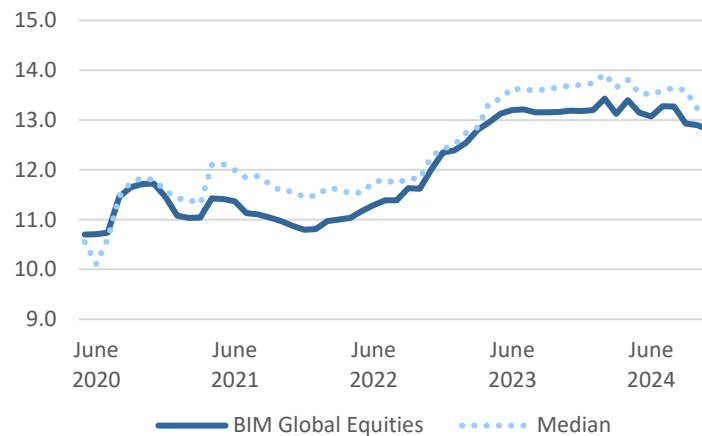
# Global Equities

## Consistent Risk Adjusted Returns

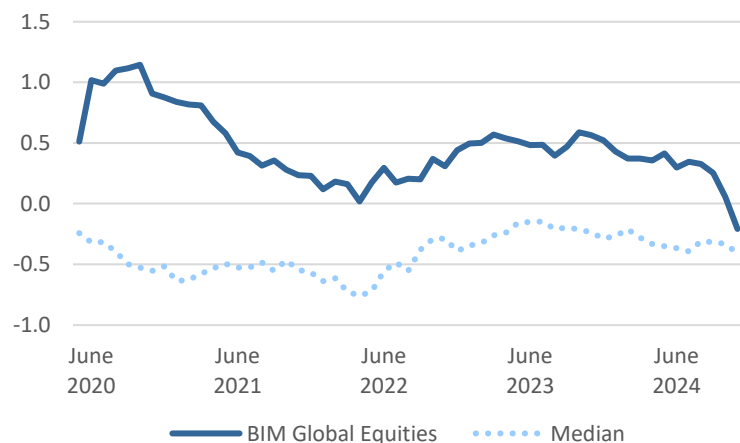
Tracking Error vs MSCI World: Rolling 5 Year



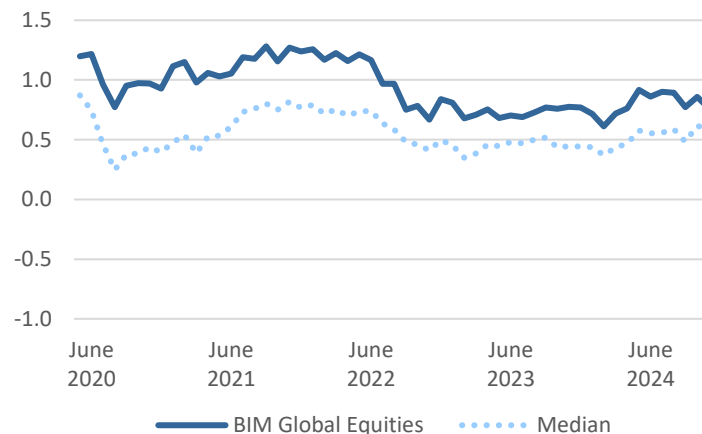
Standard Deviation: Rolling 5 Year



Information Ratio vs MSCI World: Rolling 5 Year



Sharpe Ratio: Rolling 5 Year



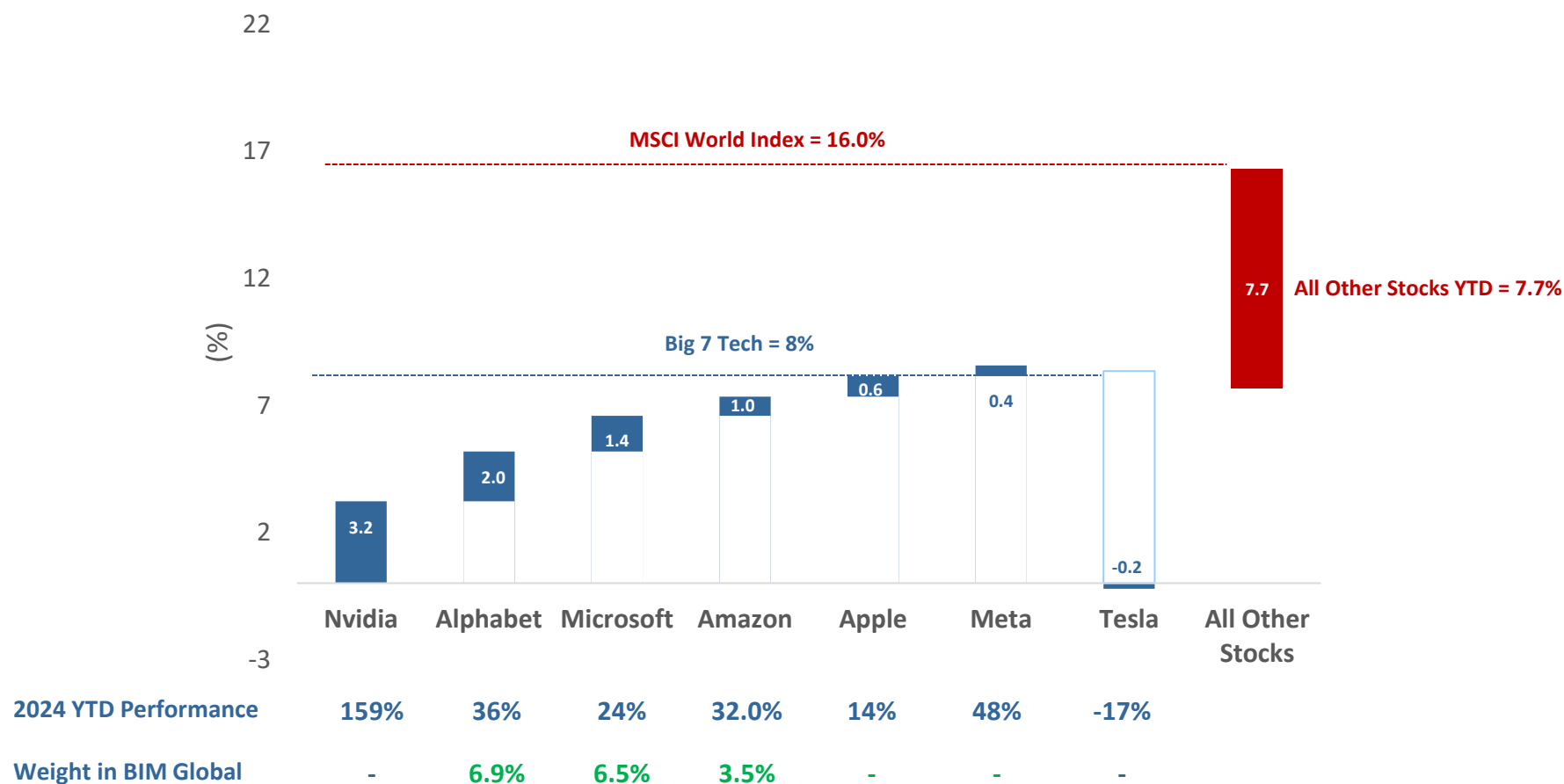
Median: Evestment Large Cap Canadian Value Universe

# Global Market Performance

## Narrow Market: 7 Mega Cap Tech Stocks Dominate

### MSCI World Return Attribution

YTD as of Jun. 30, 2024



# Global Equity Mandate

Performance at June 30, 2024

For Periods Ending June 30, 2024	YTD/24	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	6 Yrs	7 Yrs	8 Yrs	9 Yrs	10 Yrs
<b>BIM Global Equities</b>	<b>13.1%</b>	<b>22.5%</b>	<b>22.1%</b>	<b>10.9%</b>	<b>12.6%</b>	<b>11.9%</b>	<b>13.5%</b>	<b>12.5%</b>	<b>13.3%</b>	<b>12.5%</b>	<b>12.8%</b>
MSCI World (Net)	16.0%	24.3%	22.9%	10.5%	14.3%	12.8%	11.6%	11.7%	12.5%	11.2%	11.9%
MSCI World Equal Weight (Net)	6.6%	13.6%	15.1%	4.1%	9.5%	7.2%	6.1%	6.8%	8.4%	7.4%	8.3%

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>BIM Global Equities</b>	<b>18.4%</b>	<b>-6.2%</b>	<b>15.6%</b>	<b>8.6%</b>	<b>37.4%</b>	<b>0.1%</b>	<b>13.7%</b>	<b>7.0%</b>	<b>14.0%</b>	<b>14.0%</b>	<b>39.6%</b>	<b>16.0%</b>
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%

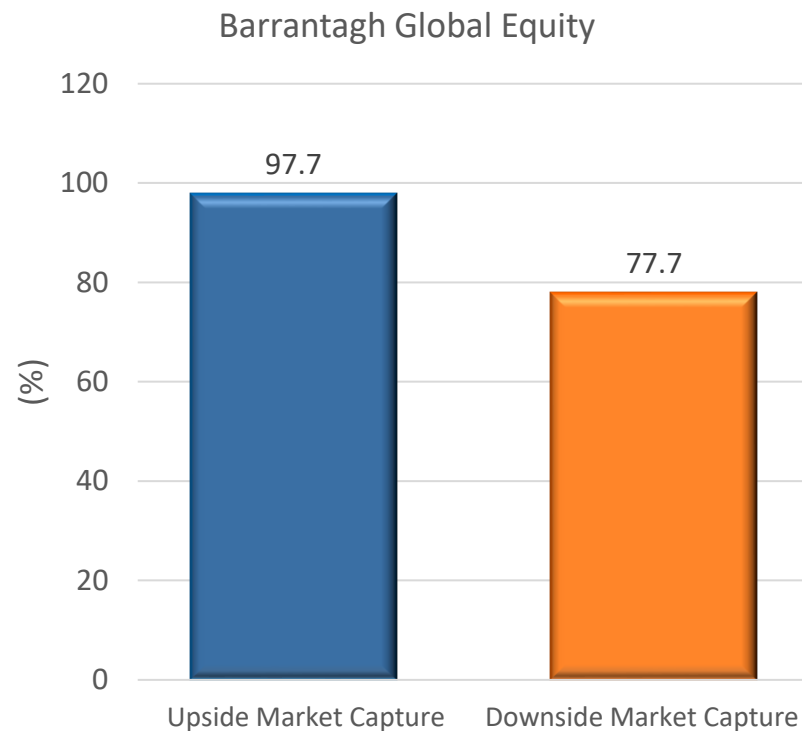
Green indicates periods that Barrantagh outperformed

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

# Global Equities

## Risk Statistics vs. Global Equity (for Periods Ending June 30, 2024) (CAD)

	Barrantagh Global Equities <sup>1</sup>	Percentile Rank <sup>2</sup>
<b>Annualized Return</b>	<b>14.7%</b>	<b>2</b>
<i>Sharpe Ratio</i>	<i>1.19</i>	<i>7</i>
<i>Information Ratio</i>	<i>0.19</i>	<i>2</i>
<i>Treynor Ratio</i>	<i>14.56</i>	<i>13</i>

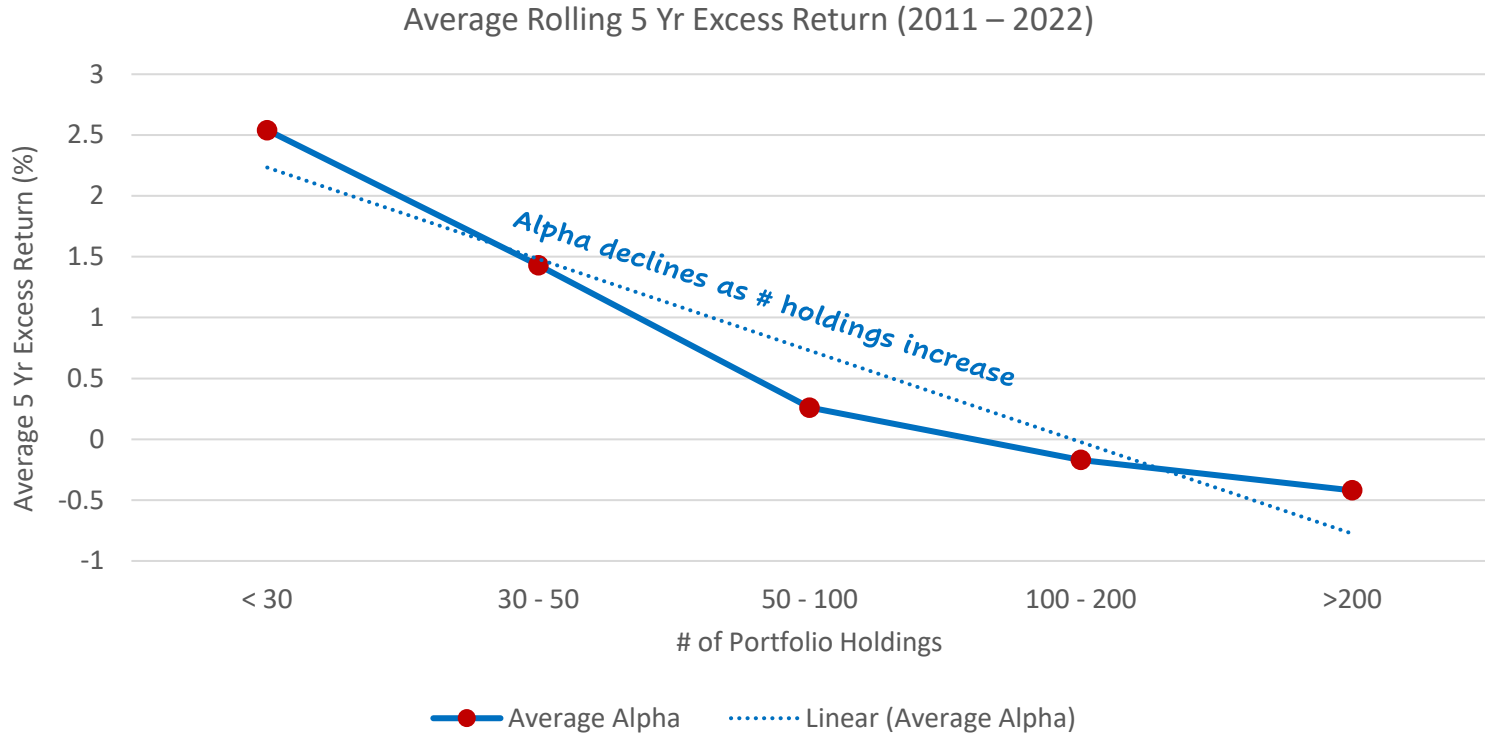


<sup>1</sup> Since Inception Jan. 1, 2012

<sup>2</sup> vs. Evestment Large Cap Value Universe

# Concentrated Global Equity Advantages

## # Holdings & Alpha Generation



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

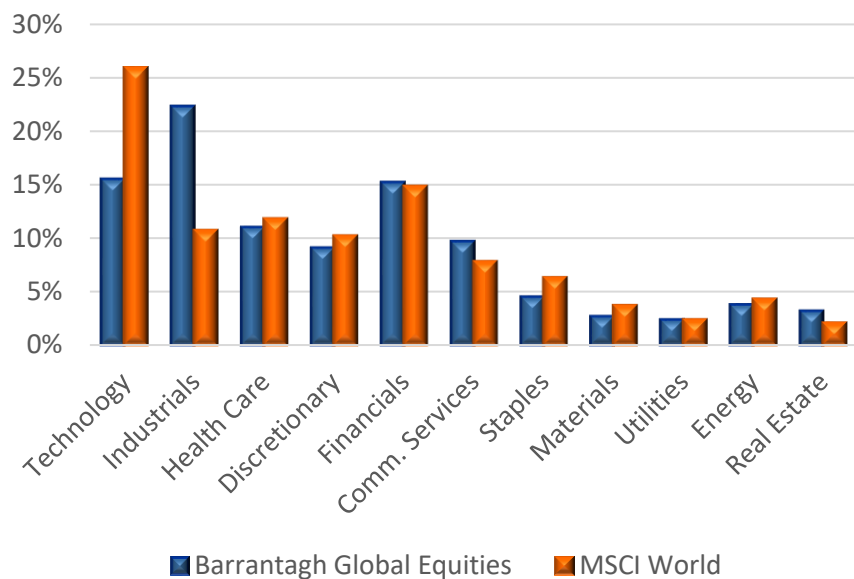
# Global Equities

at June 30, 2024

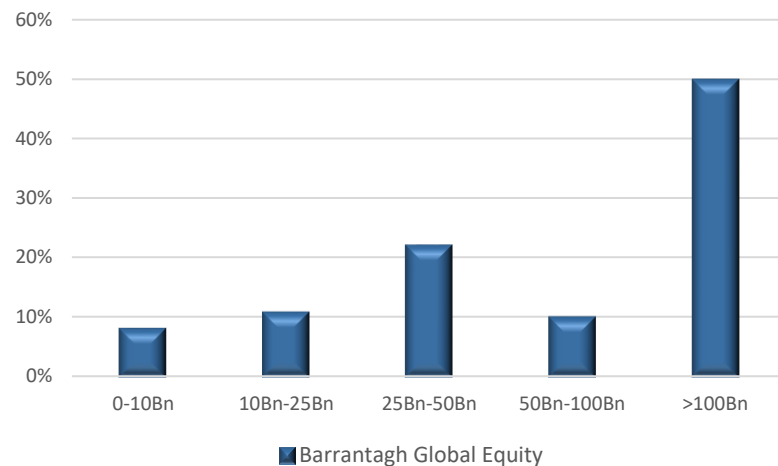
## CHARACTERISTICS

Number of Holdings	33
# Industry Sectors	11
Average Market Cap	\$771.7Bn
P/CF	13.7X
Dividend Yield	1.2%

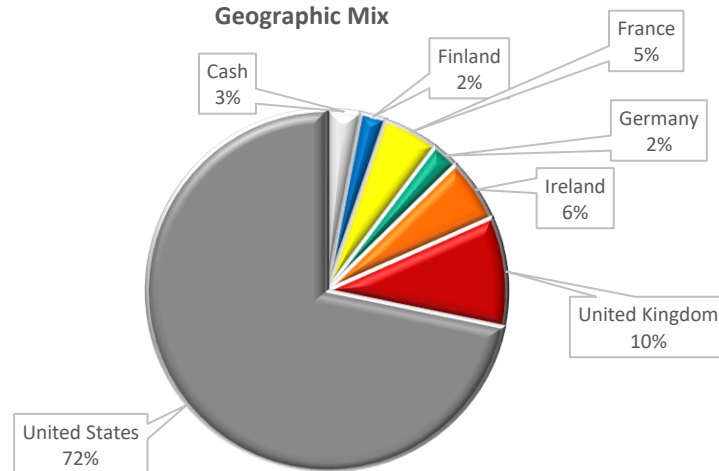
Barrantagh Global Equities Industry Weight vs Index



Market Cap Exposure



Geographic Mix



# Global Equities

## Portfolio at June 30, 2024 | Q2 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>Consumer Discretionary</b>		<b>Industrials</b>		<b>Financials</b>	
Amazon	3.5%	Leidos Holdings	2.8%	Bank of America	3.1%
Compass Group	3.1%	Metso Outotec	2.2%	Wells Fargo	2.8%
Intercontinental Hotels	2.3%	Vinci S.A. (-)	1.5%	JP Morgan Chase	2.8%
	8.9%	Quanta Services (-)	2.4%	Mastercard	3.1%
<b>Consumer Staples</b>		Regal Rexnord	2.3%	Willis Towers Watson	3.0%
Constellation Brands	3.2%	Rentokil Initial	1.3%		14.8%
Sysco	1.3%	Schneider Electric	3.5%	<b>Information Technology</b>	
	4.5%	Union Pacific	2.7%	Dynatrace	2.4%
<b>Materials</b>		Wabtec (-)	2.9%	Itron	3.1%
CRH	2.7%		21.6%	Microchip Technology (+)	3.1%
	2.7%	<b>Health Care</b>		Microsoft	6.5%
<b>Utilities</b>		Astrazeneca (+)	3.2%		15.1%
RWE Aktiengesellschaft	2.4%	Boston Scientific	3.3%	<b>Communication Services</b>	
	2.4%	Thermo Fisher Scientific	2.8%	T-Mobile	2.5%
<b>Real Estate</b>		United Health Group	1.4%	Alphabet	6.9%
American Tower (+)	3.1%		10.7%		9.4%
	3.1%	<b>Energy</b>		Cash & Equivalents	3.0%
<b>Sold</b>		EOG Resources	3.8%	Total	100.0%
			3.8%		

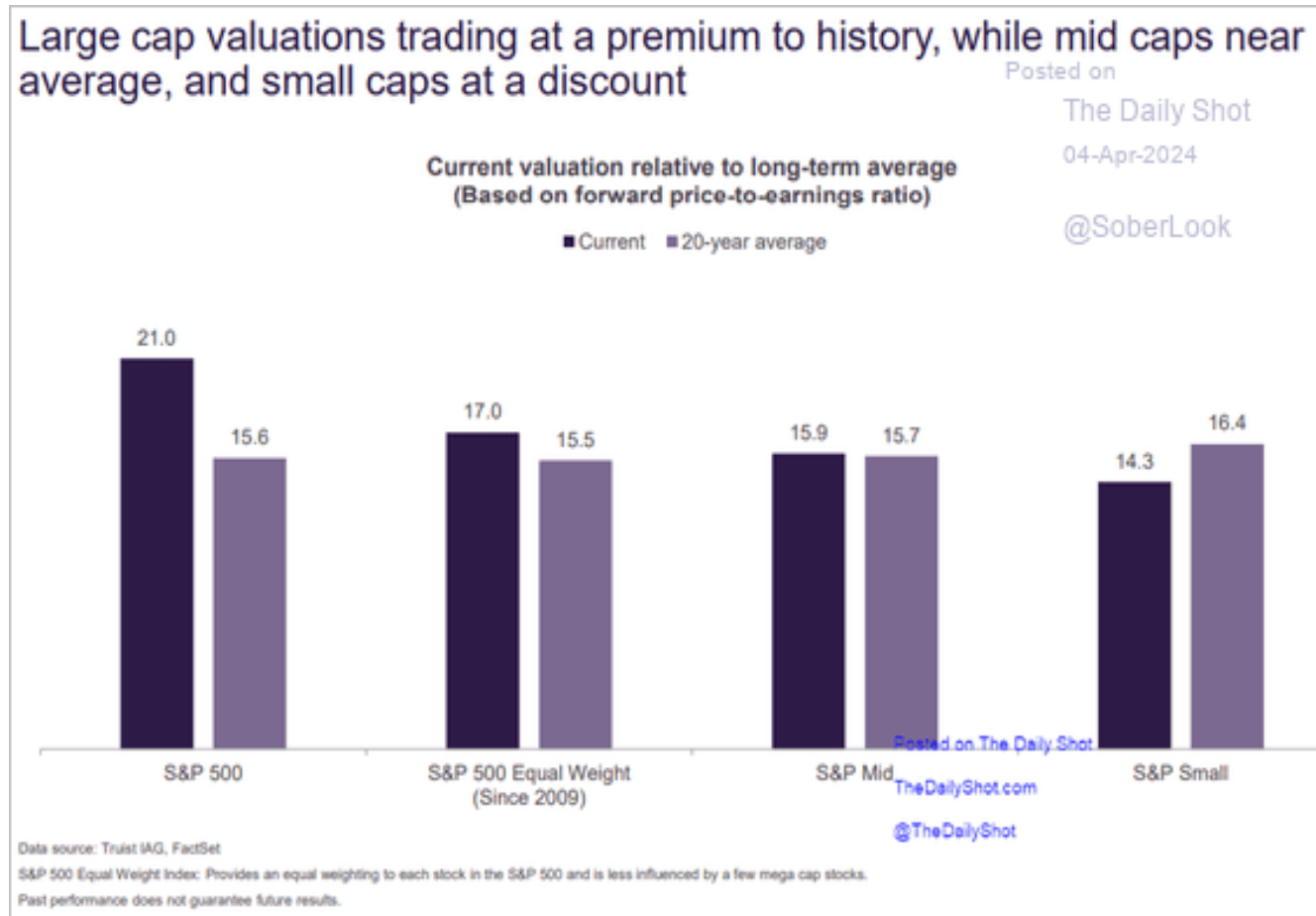
TRIM = (-)

ADD = (+)



## ECONOMIC REVIEW

# Market Valuations



Source: The Daily Shot

# Small Cap – Widest Valuation Gap Since Tech Bubble



Source: The Daily Shot

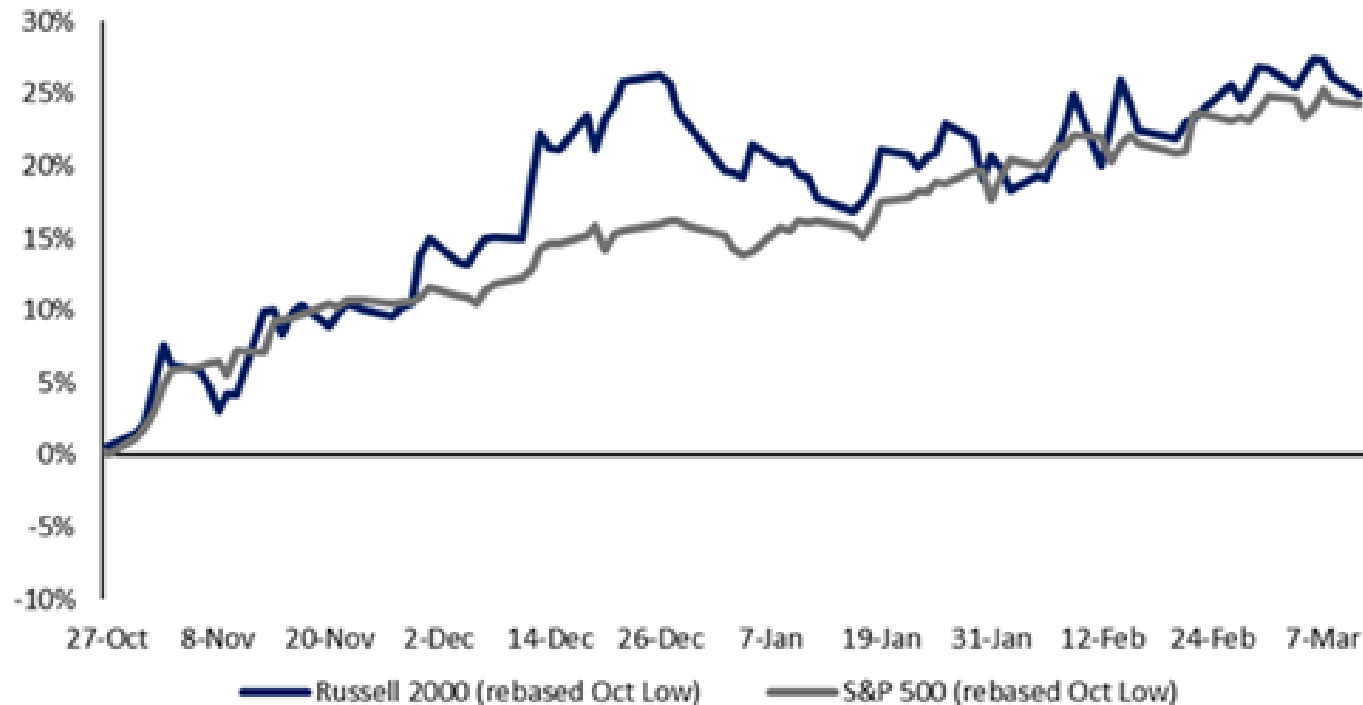
# Small Cap – Leadership

## Post Concentrated Large Cap Markets



# Small Cap – Widest Valuation Gap Since Tech Bubble

Russell Has Actually Outperformed from Oct. Lows



# Working with You

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- 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% Mgmt Fee, Minimum: \$1,000
  - **NEW: A Class** Fund Code: BMI110, 2% Mgmt Fee, Minimum: \$1,000
- SMA Min. Investment Small Cap: \$40,000 , Global Equities: \$100,000
- Advisor Portal available [www.barrantagh.com](http://www.barrantagh.com) Password: AC5

## Contact (Toronto):

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# BARRANTAGH

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