

Update – June 30, 2024

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



ICS Program

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

Evestment

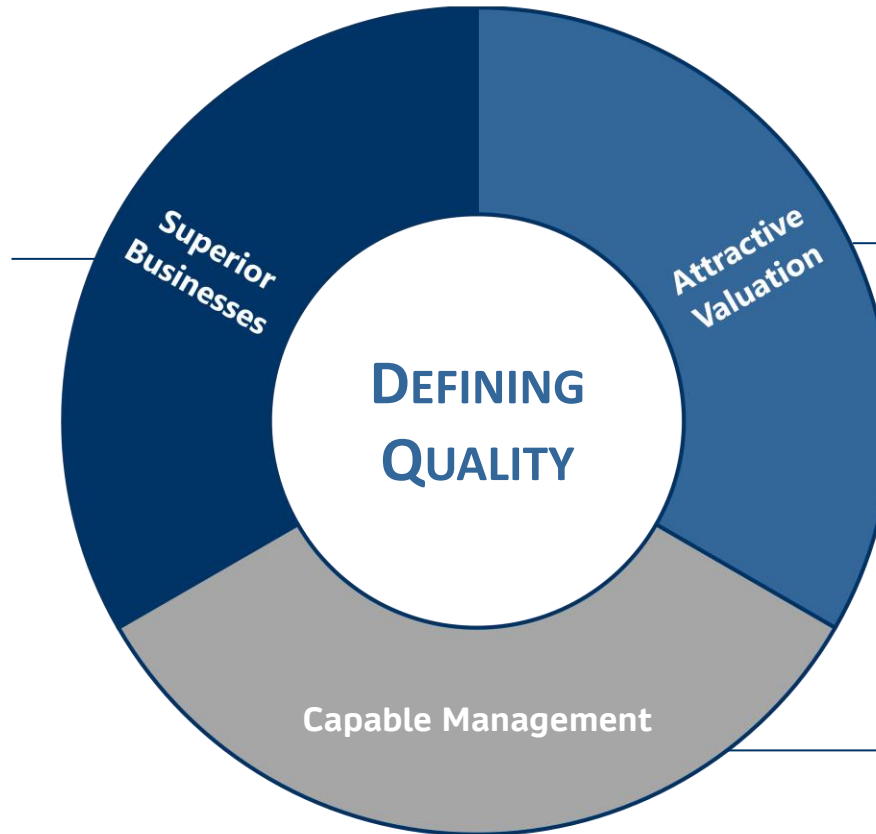
- Boutique Firms – Canada – Top 3 Brand awareness

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

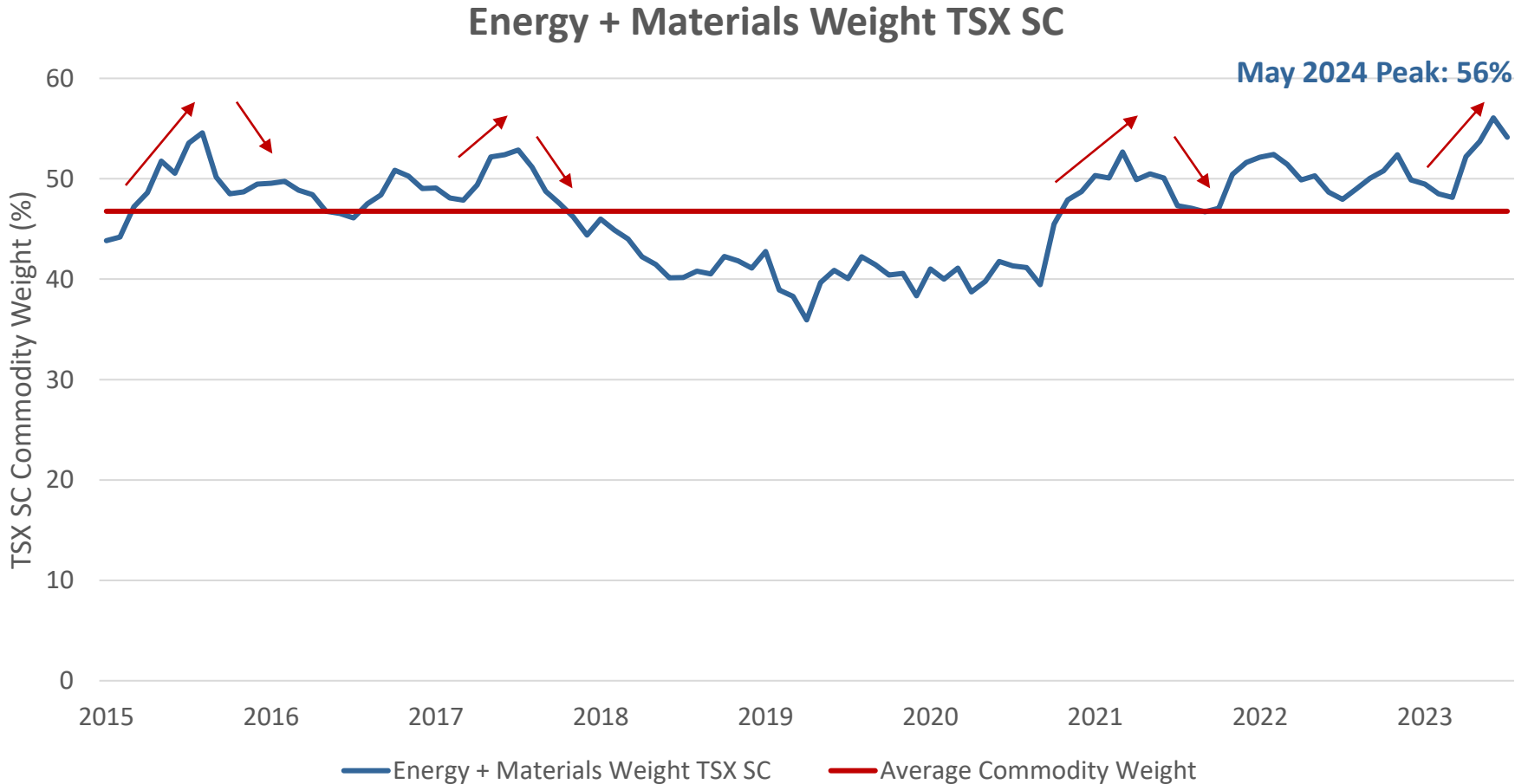


MANDATE REVIEW

Small Cap Canadian Equities

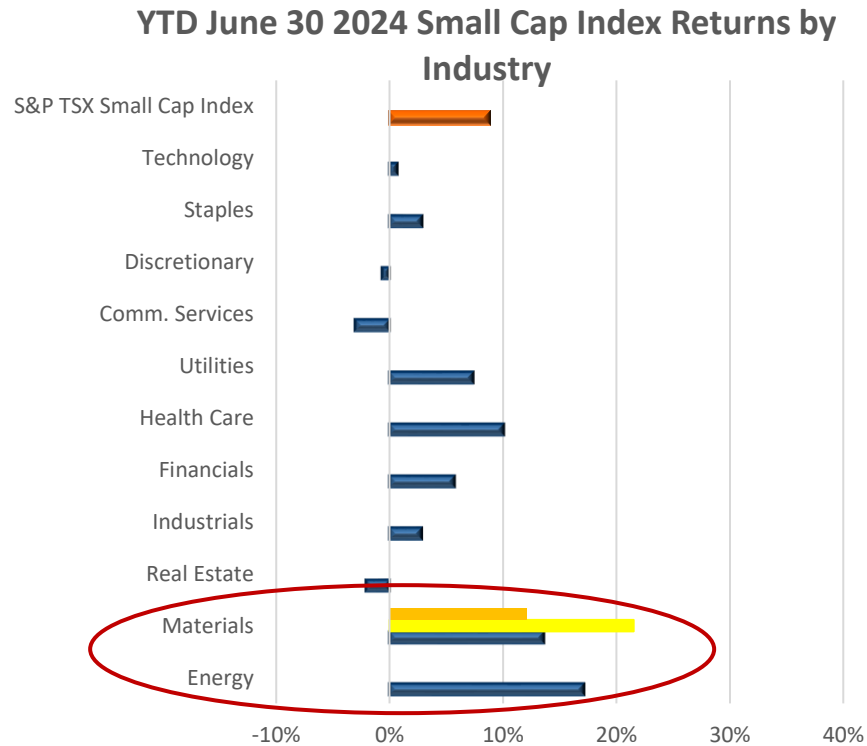
Small Cap Canadian Equity

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



Small Cap Investing

2024: Narrow Market - Cyclical Rally Defines Recent Market

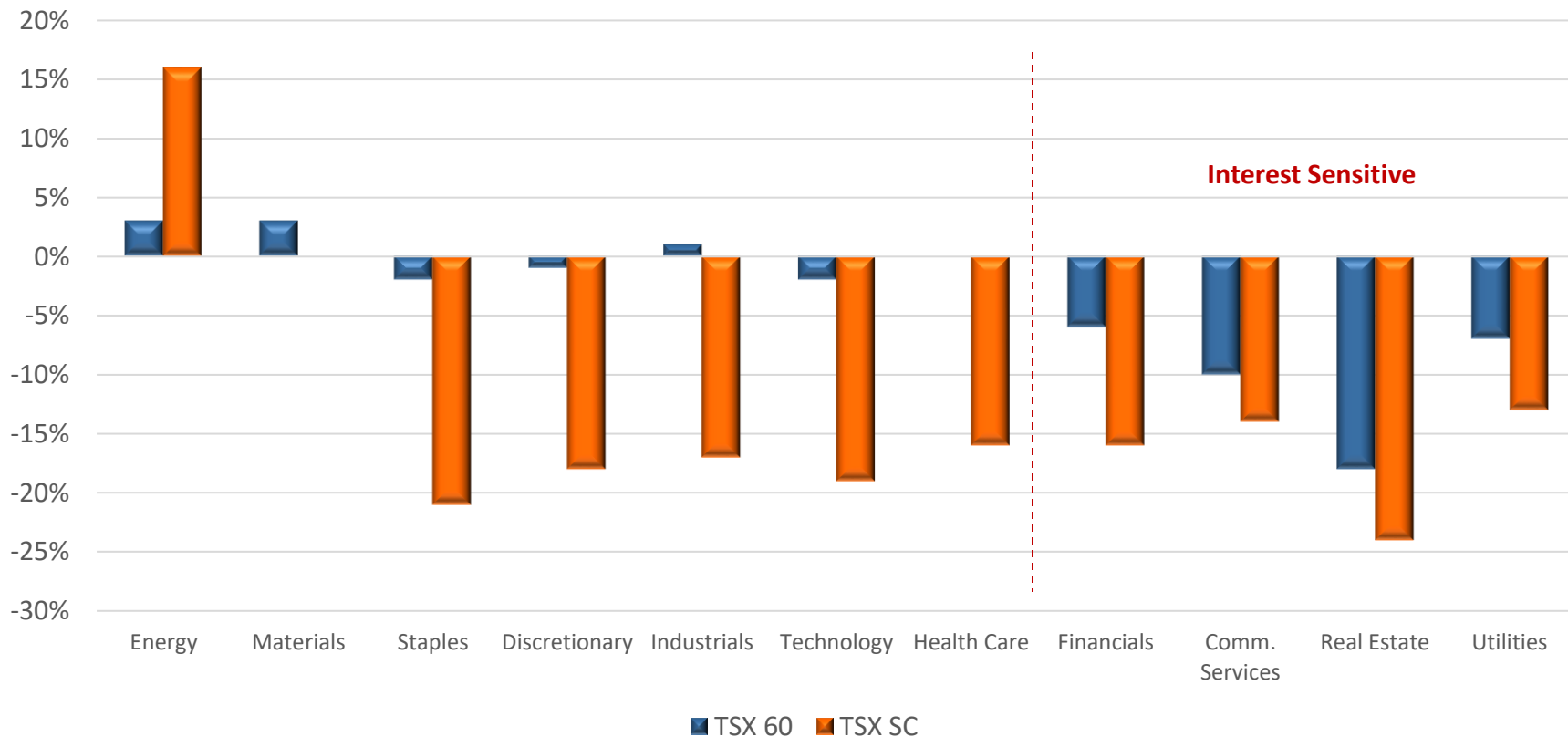


Source: Bloomberg, Barrantagh Research

Canadian Market Review

Broad Small Cap Valuation Advantage vs Large Caps

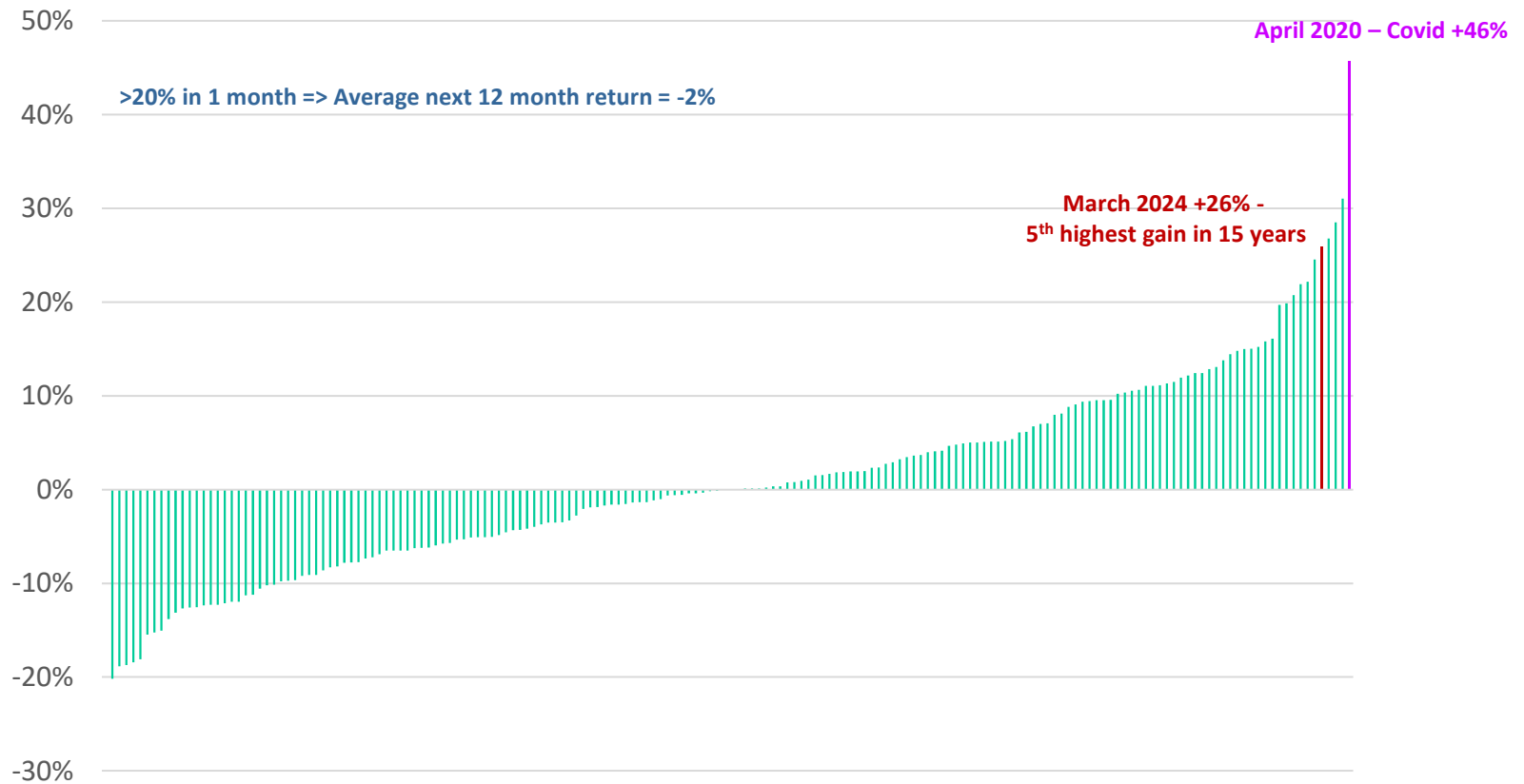
Valuation: Discount to 5 Year Average



Small Cap Canadian Equity Mandate

March Rise in Gold Prices was Unusually High

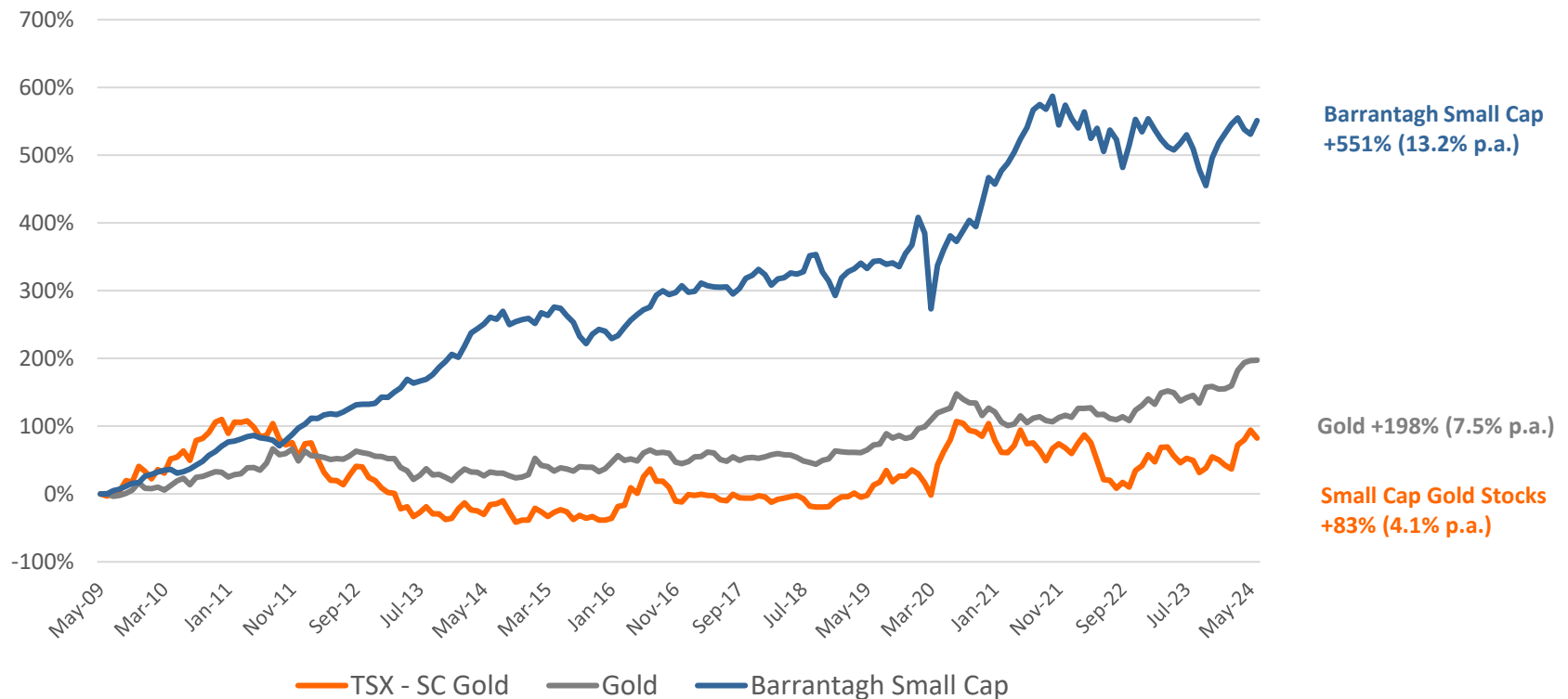
15 Years - Monthly Gold Prices Worst to Best Month



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

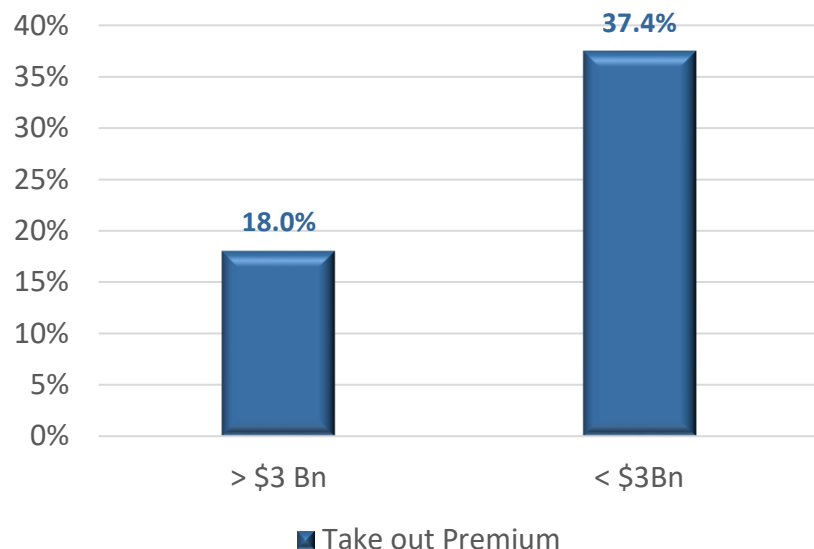
Fundamental Reconnect Rally Continues

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 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

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
BIM Canadian Small Cap	-0.5%	5.4%	3.7%	0.6%	9.7%	8.0%	7.4%	7.0%	7.3%	6.7%	6.1%	13.3%
S&P/TSX Small Cap Index	0.9%	14.4%	9.8%	1.3%	13.1%	8.1%	5.2%	5.2%	5.0%	5.5%	3.1%	6.6%
S&P/TSX Composite Index	-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
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)

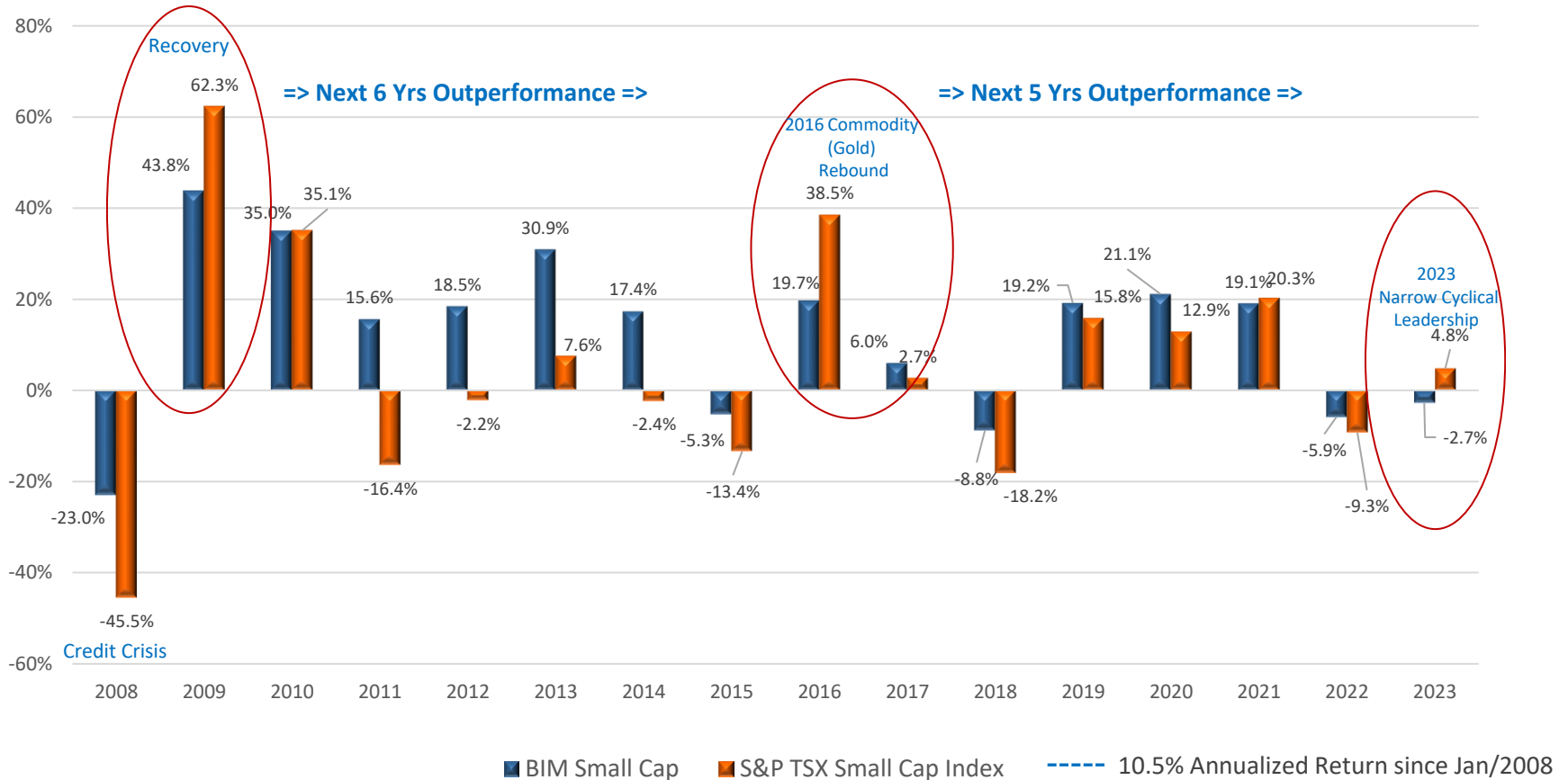
Green indicates periods that Barrantagh Small Cap outperformed

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

Performance Update

Investing over Market Cycles | Calendar Year Returns

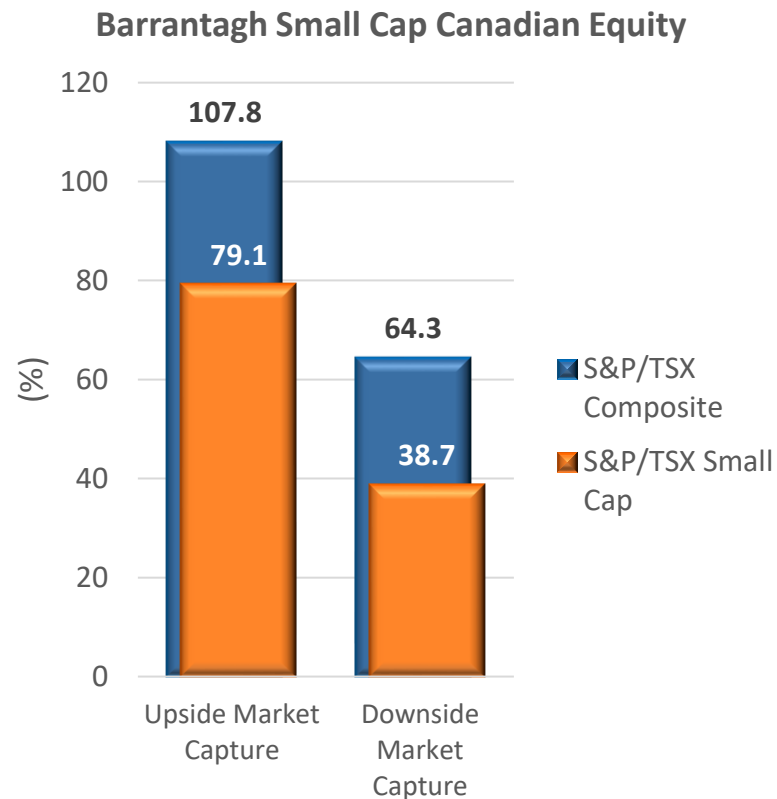
Calendar Year Performance vs. Benchmark



Small Cap Canadian Equity

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

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

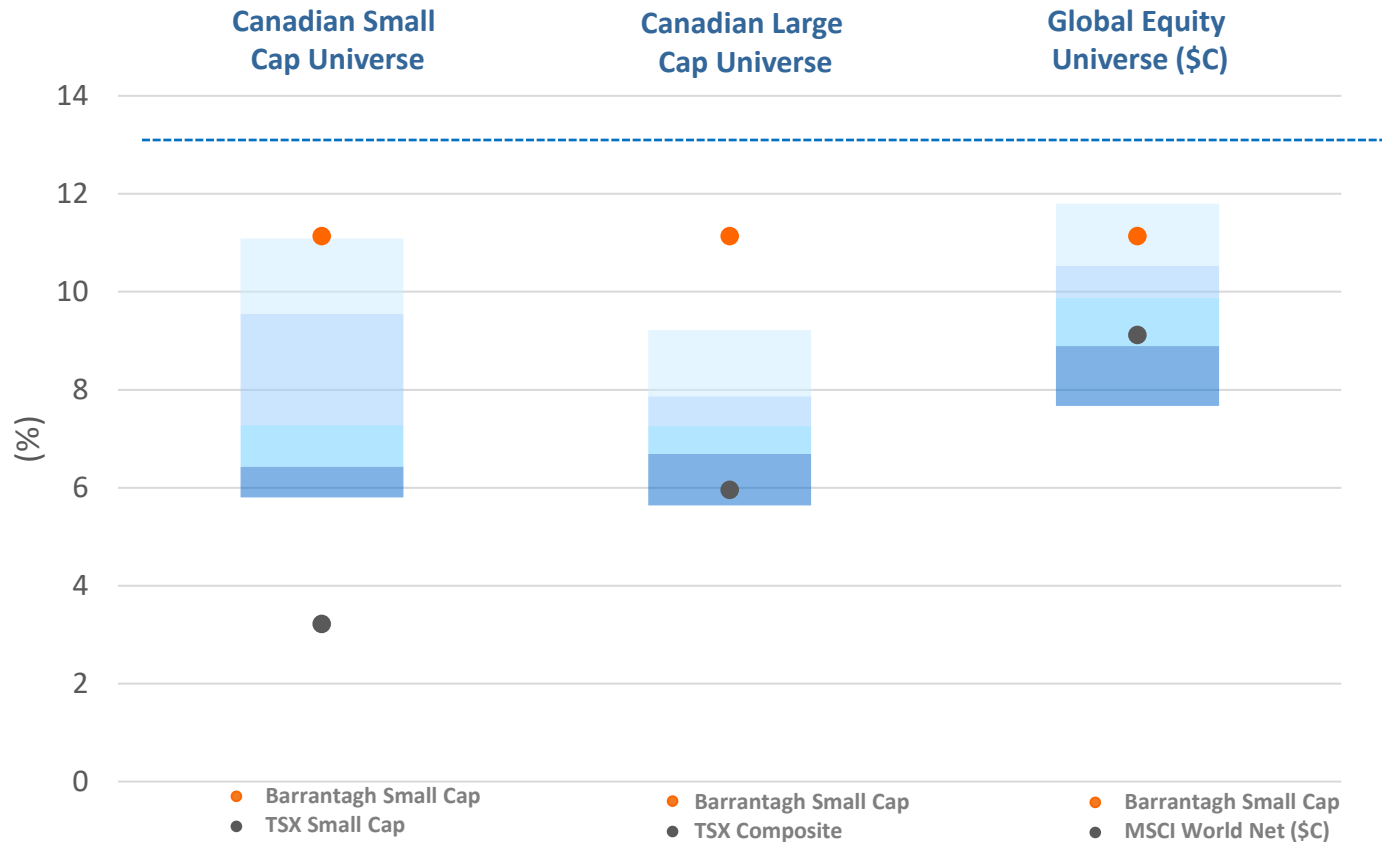


¹ Since Inception Jan. 1, 2008

² vs. Evestment Small Cap Universe

RETURNS: Small Cap Canadian Equities

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



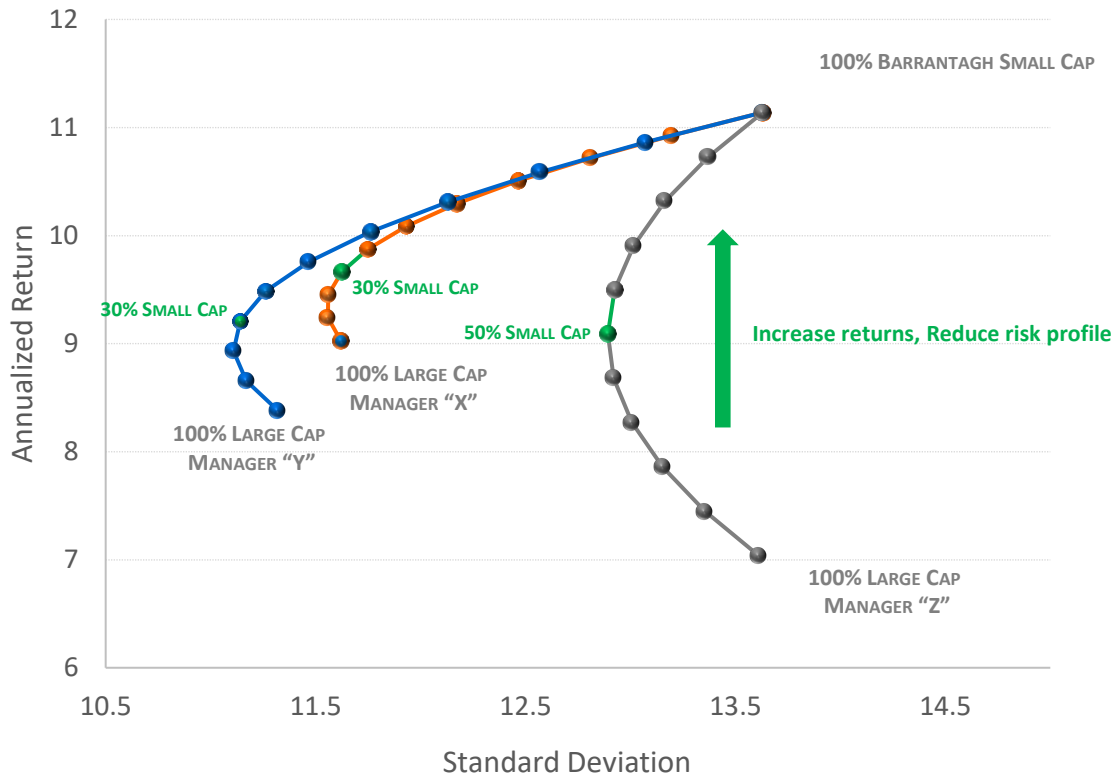
Strategy Inception Date: Jan. 1, 2008

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:

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

Portfolio Standard Deviation(σ_p)

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

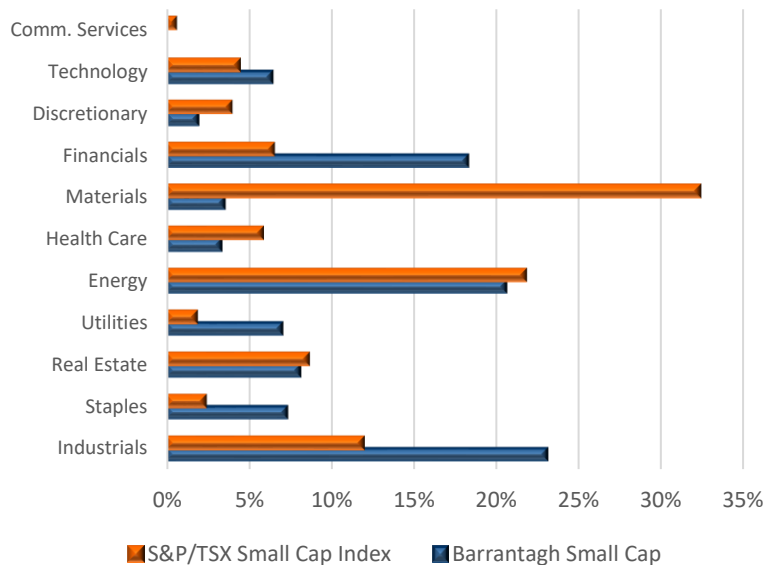
Profile: Small Cap Canadian Equities

Portfolio at June 30, 2024

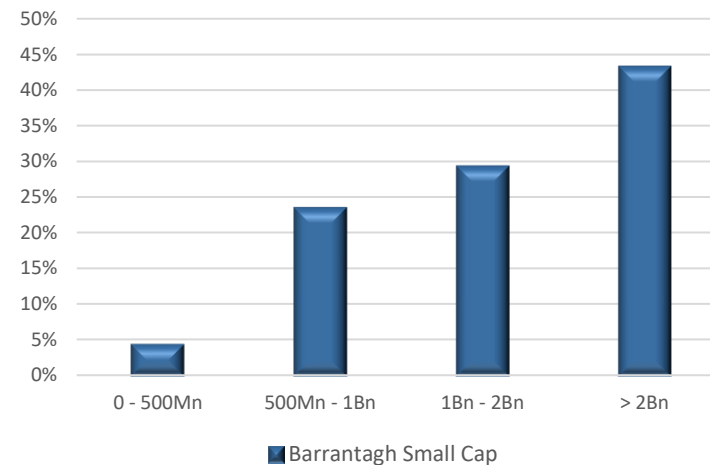
CHARACTERISTICS

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

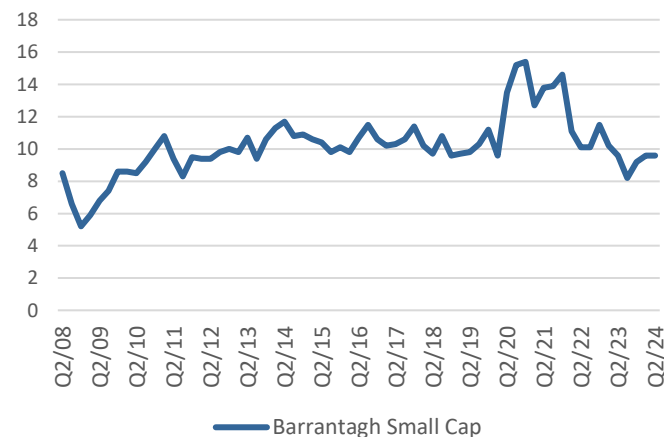
Barrantagh Small Cap Industry Weight vs. Index



Market Cap Exposure



Historic P/CF



Canadian Small Cap Equity Portfolio

Portfolio at June 30, 2024 | Q2 Transactions

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



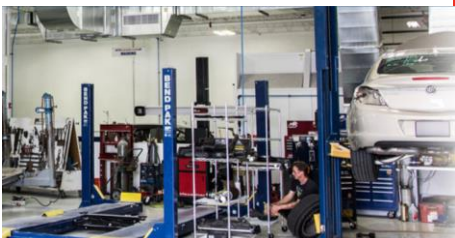
BORALEX (BLX)



PREMIUM BRANDS (PBH)



BOYD GROUP (BYD)



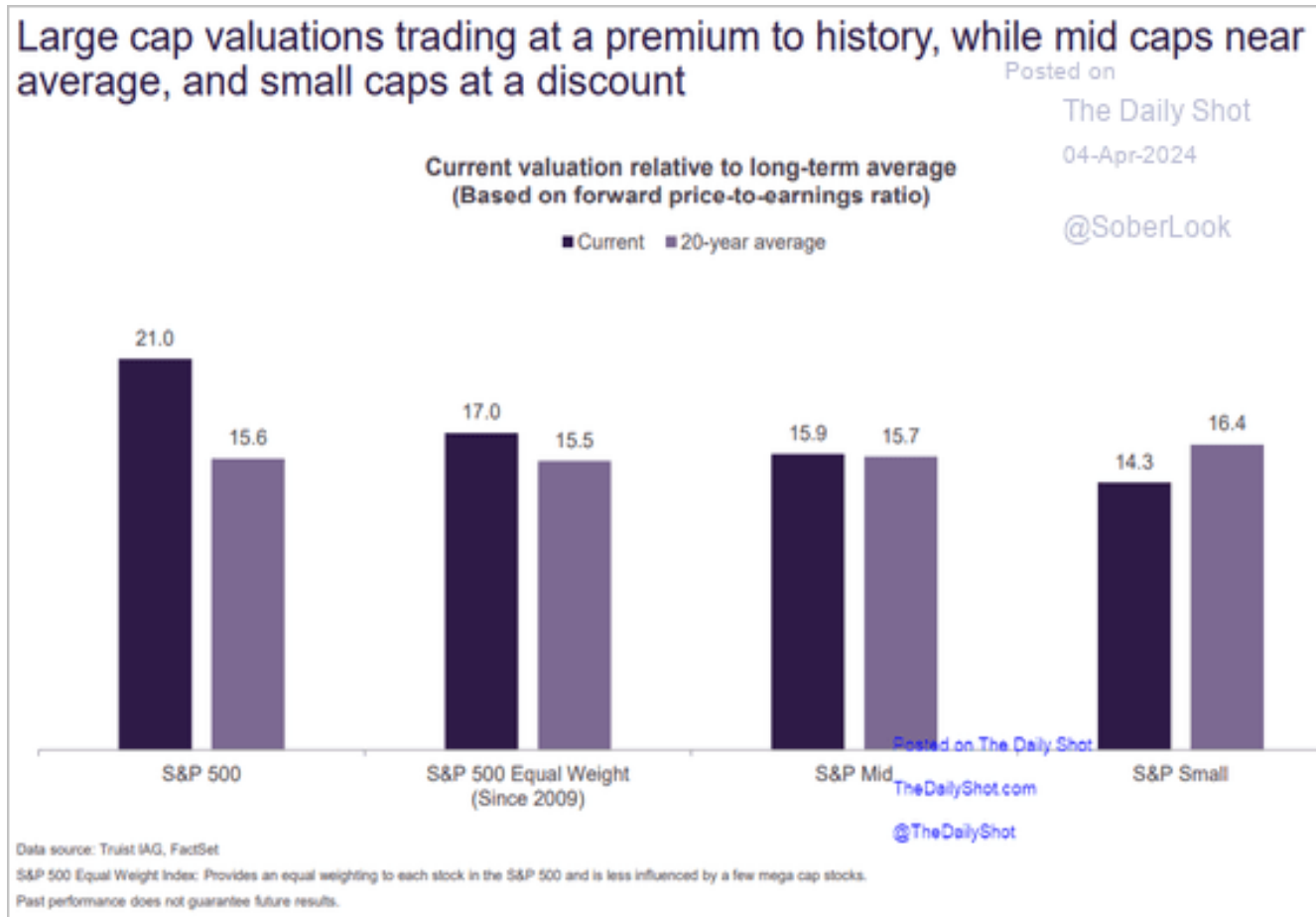
STORAGEVAULT (SVI)





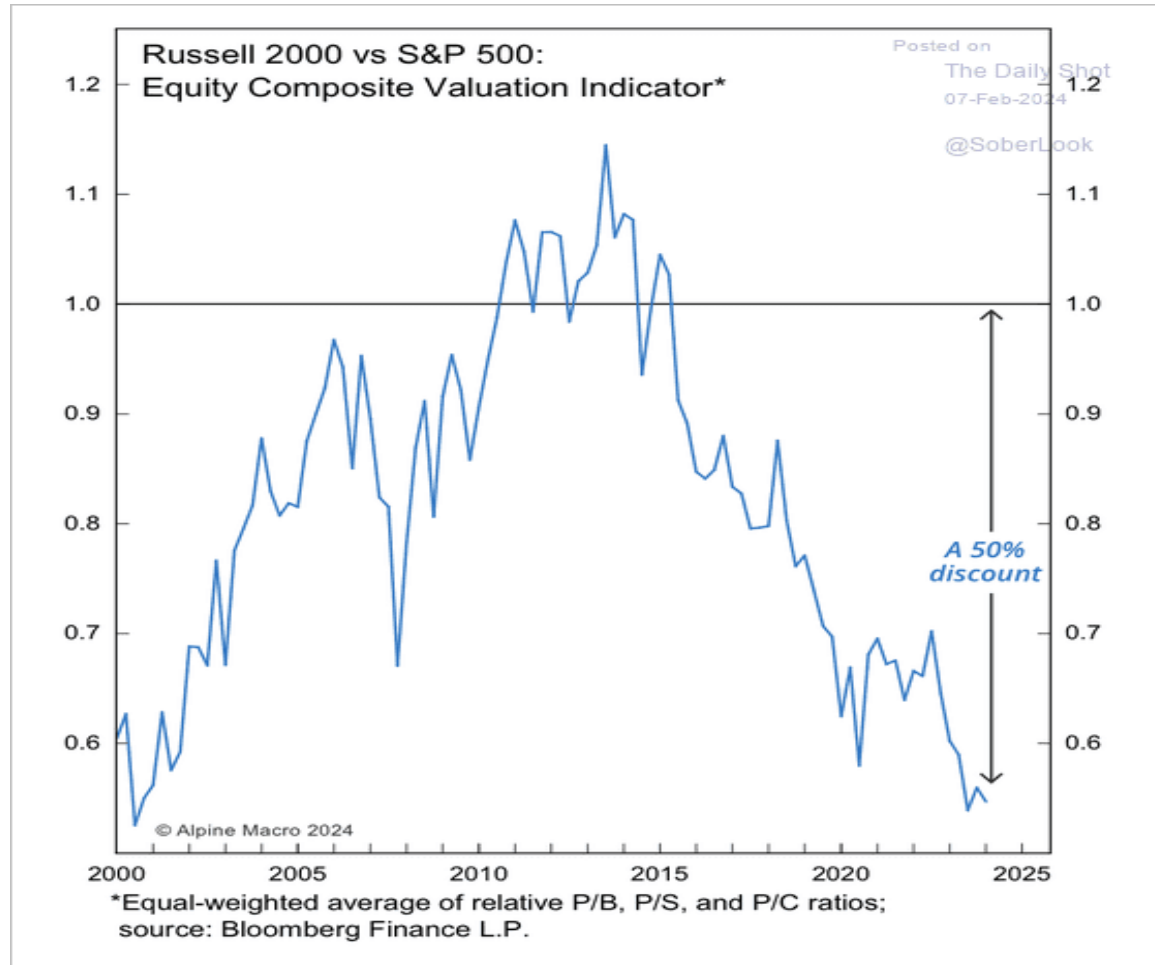
ECONOMIC OUTLOOK

Market Valuations



Source: The Daily Shot

Small Cap – Widest Valuation Gap Since Tech Bubble



Source: The Daily Shot

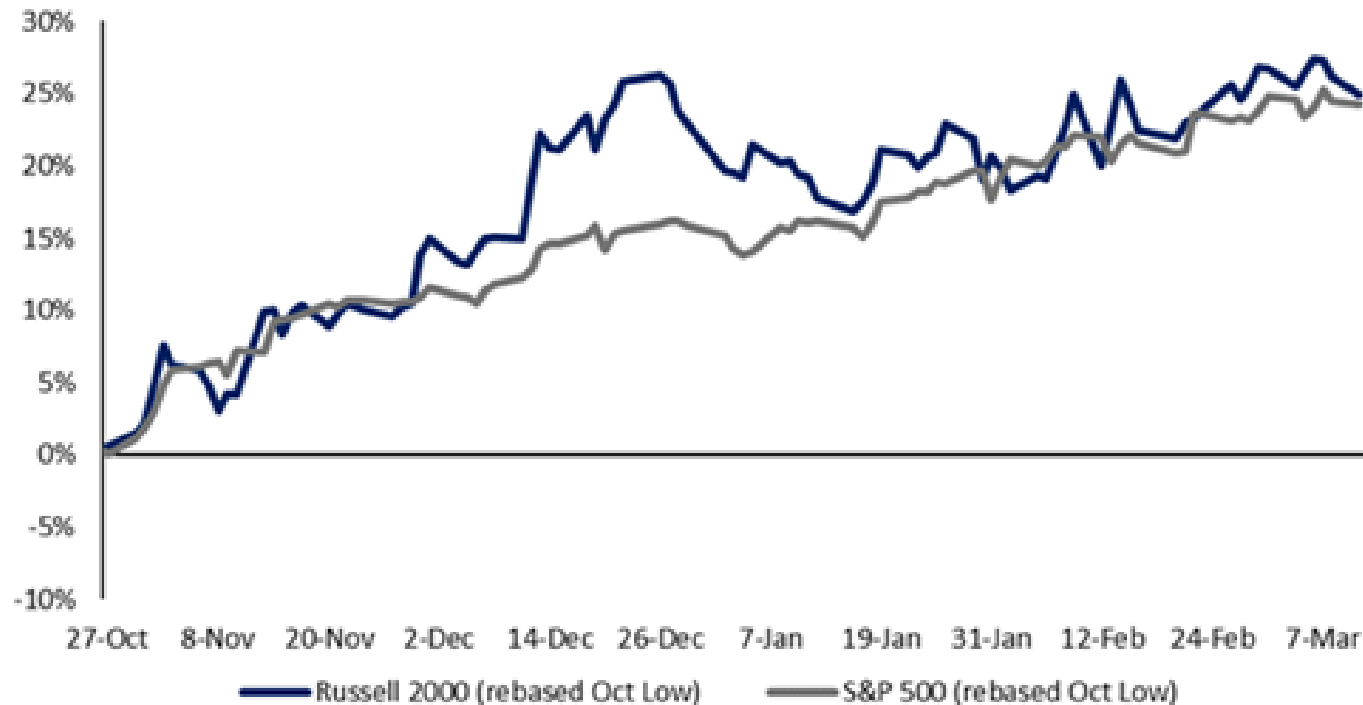
Small Cap – Leadership

Post Concentrated Large Cap Markets



Small Cap – Widest Valuation Gap Since Tech Bubble

Russell Has Actually Outperformed from Oct. Lows



Working with You

- Why Small Cap Canadian Equities
 1. Adds **low-risk alpha** & yield to client portfolios
 2. Diversification - **reduce** overall client portfolio **risk** (low correlation)
- SMA Minimum: \$80,000
- Advisor Portal available www.barrantagh.com Password: CIBC3

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