

# **BARRANTAGH**

Investment Management

## **Update – Dec. 31, 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, 16 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

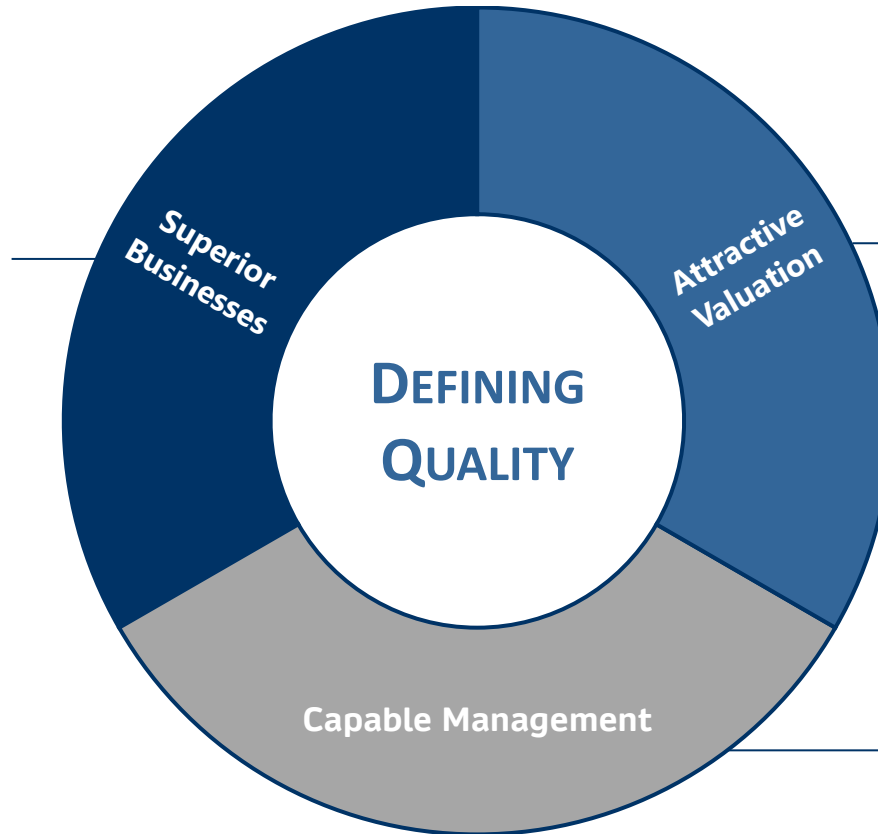
- Boutique Firms – Canada – Top 3 Brand awareness

# 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

Performance at December 31, 2024

For Periods Ending Dec. 31, 2024	Q4/24	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>	<b>0.5%</b>	<b>11.5%</b>	<b>4.2%</b>	<b>0.8%</b>	<b>5.0%</b>	<b>8.1%</b>	<b>9.8%</b>	<b>6.9%</b>	<b>6.8%</b>	<b>8.2%</b>	<b>6.7%</b>	<b>12.0%</b>
<b>S&amp;P/TSX Small Cap Index</b>	<b>0.7%</b>	<b>18.8%</b>	<b>11.6%</b>	<b>4.2%</b>	<b>8.0%</b>	<b>8.9%</b>	<b>10.0%</b>	<b>5.5%</b>	<b>5.1%</b>	<b>8.4%</b>	<b>6.0%</b>	<b>5.0%</b>

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>BIM Canadian Small Cap</b>	<b>-2.7%</b>	<b>-5.7%</b>	<b>18.8%<sup>1</sup></b>	<b>21.3%</b>	<b>19.0%</b>	<b>-8.9%</b>	<b>5.9%</b>	<b>19.8%<sup>1</sup></b>	<b>-5.3%</b>	<b>17.3%</b>	<b>30.9%</b>	<b>18.5%</b>	<b>15.6%</b>	<b>35.0%</b>	<b>43.8%<sup>1</sup></b>	<b>-22.9%</b>
<b>S&amp;P/TSX Small Cap Index</b>	<b>4.8%</b>	<b>-9.3%</b>	<b>20.3%</b>	<b>12.9%</b>	<b>15.8%</b>	<b>-18.2%</b>	<b>2.7%</b>	<b>38.5%</b>	<b>-13.4%</b>	<b>-2.4%</b>	<b>7.6%</b>	<b>-2.2%</b>	<b>-16.4%</b>	<b>35.1%</b>	<b>62.3%</b>	<b>-45.5%</b>

<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.

# Small Cap Canadian Equity

## Perspective on Recent Performance: Commodity Volatility

### Stock Selection Positive in Non-Commodity Sectors

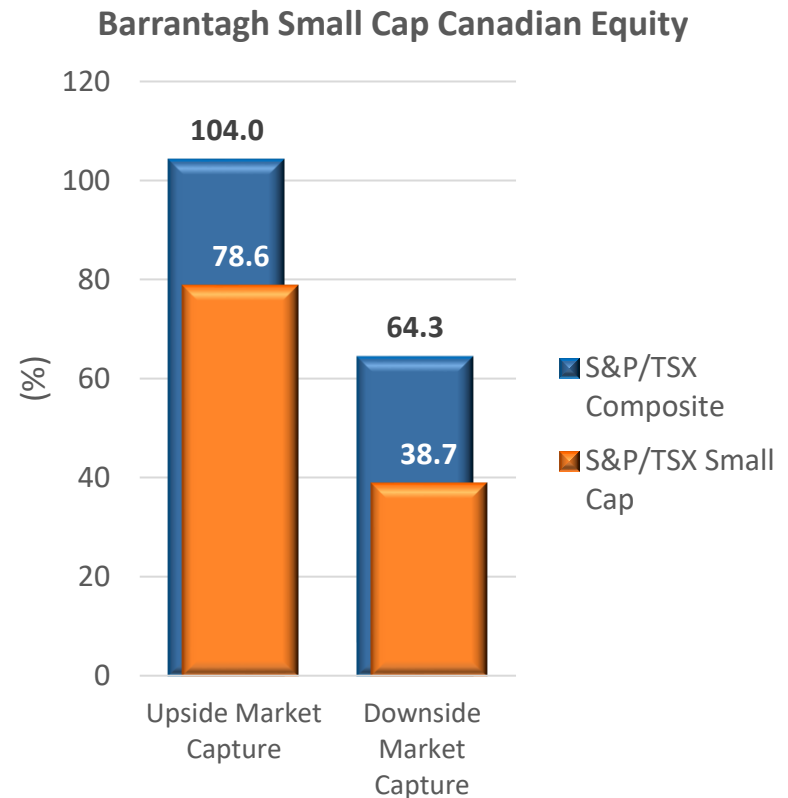
	TOTAL PERIOD 2024
BIM Small Cap	11.5%
TSX SC	<u>18.8%</u>
Alpha (%)	-7.3%
Alpha (bps)	-730
Materials	-650
Energy	<u>-310</u>
Commodities	-960
All Other Industries <sup>1</sup>	+230

<sup>1</sup> All Other Industries = GICS Industries Ex - Energy & Materials

# Small Cap Canadian Equity

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

Dec. 31, 2024	Barrantagh Small Cap Cdn. Equites <sup>1</sup>	TSX Small Cap	Median
Annualized Return	11.2%	3.7%	7.5%
Standard Deviation	13.5%	20.3%	15.9%
Sharpe Ratio	0.7	0.1	0.35

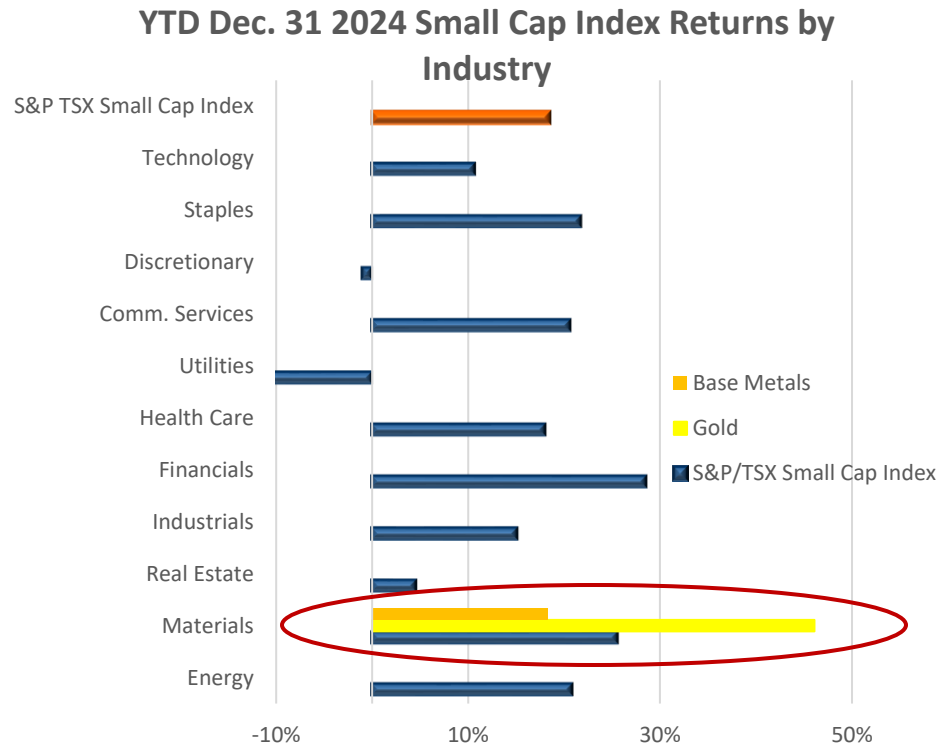


<sup>1</sup> Since Inception Jan. 1, 2008

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

# Small Cap Investing

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

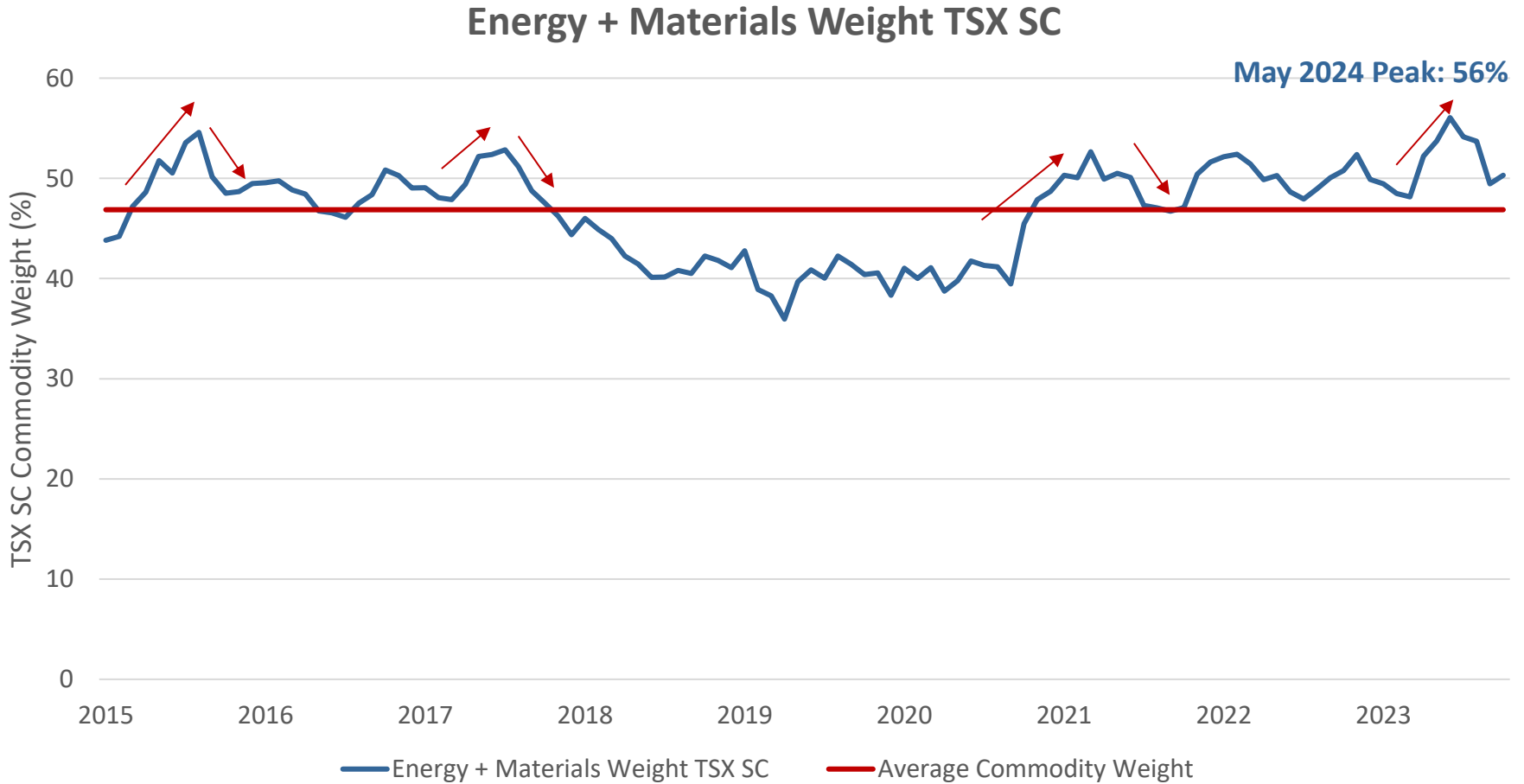


Source: Bloomberg, Barrantagh Research



# Small Cap Canadian Equity

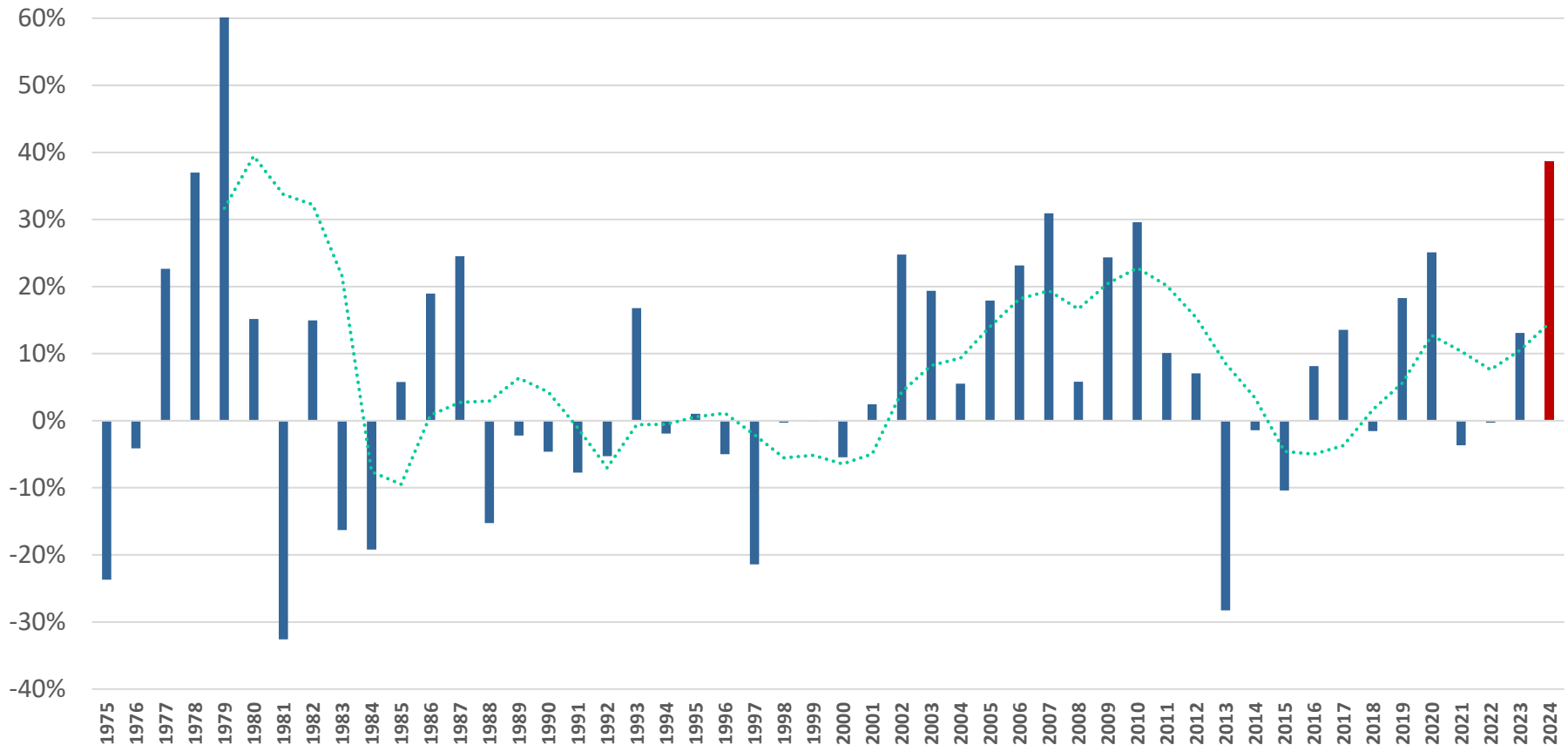
## 2024 Commodity Rally Pushes TSX SC Sector Weight to Multi-Year High



# Calendar Year Gold Prices

Gold Prices are Cyclical & Unpredictable

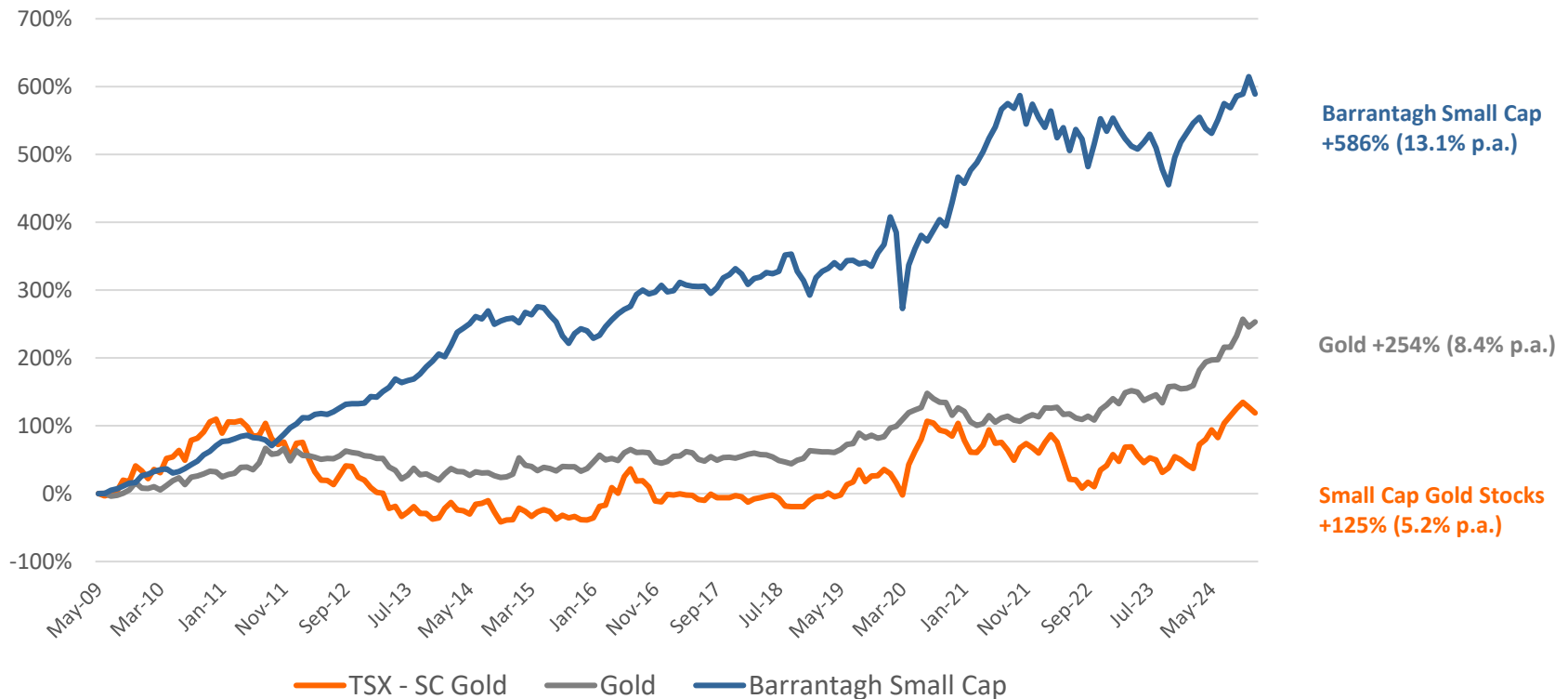
50 Years of Calendar Gold Returns (USD)



# Small Cap Canadian Equity Mandate

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

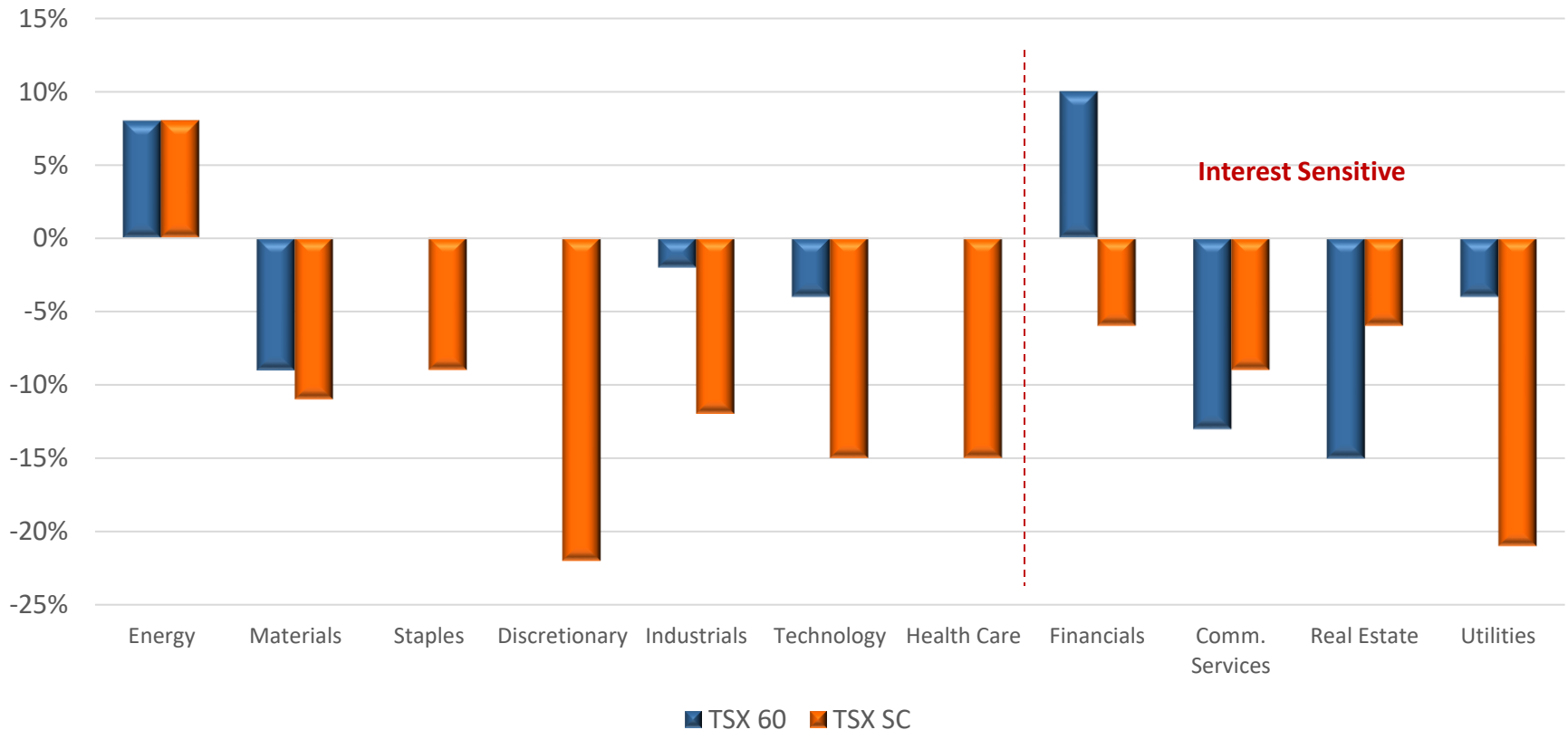
### Cumulative Returns ~ 16 Years to Dec. 31, 2024



# Canadian Market Review

Small Cap Markets: Broad Valuation Advantage vs Large Caps (at Dec. 31<sup>th</sup>, 2024)

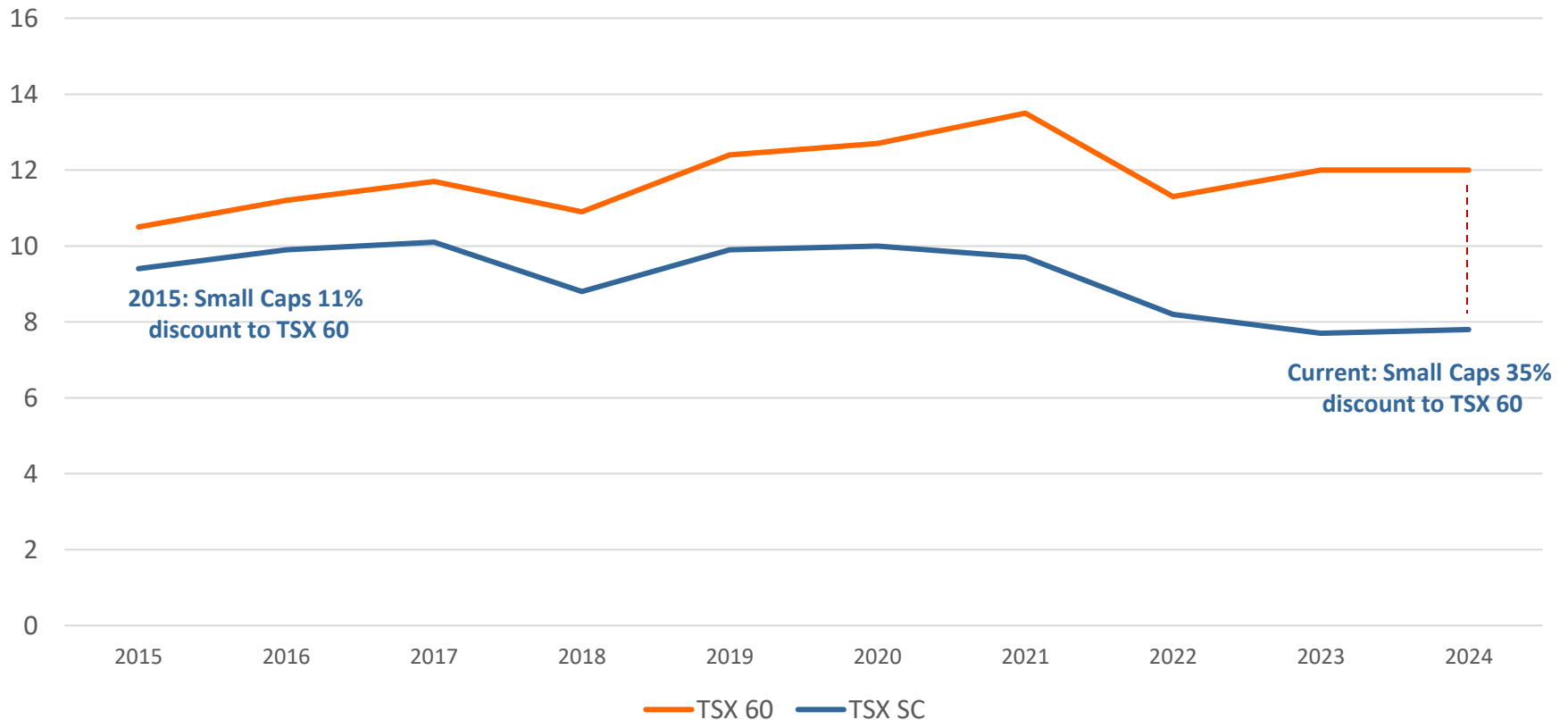
## Valuation: Discount to 5 Year Average



# Canadian Market Review

## Small Cap Markets: Broad Valuation Advantage vs Large Caps (Annual Since 2015)

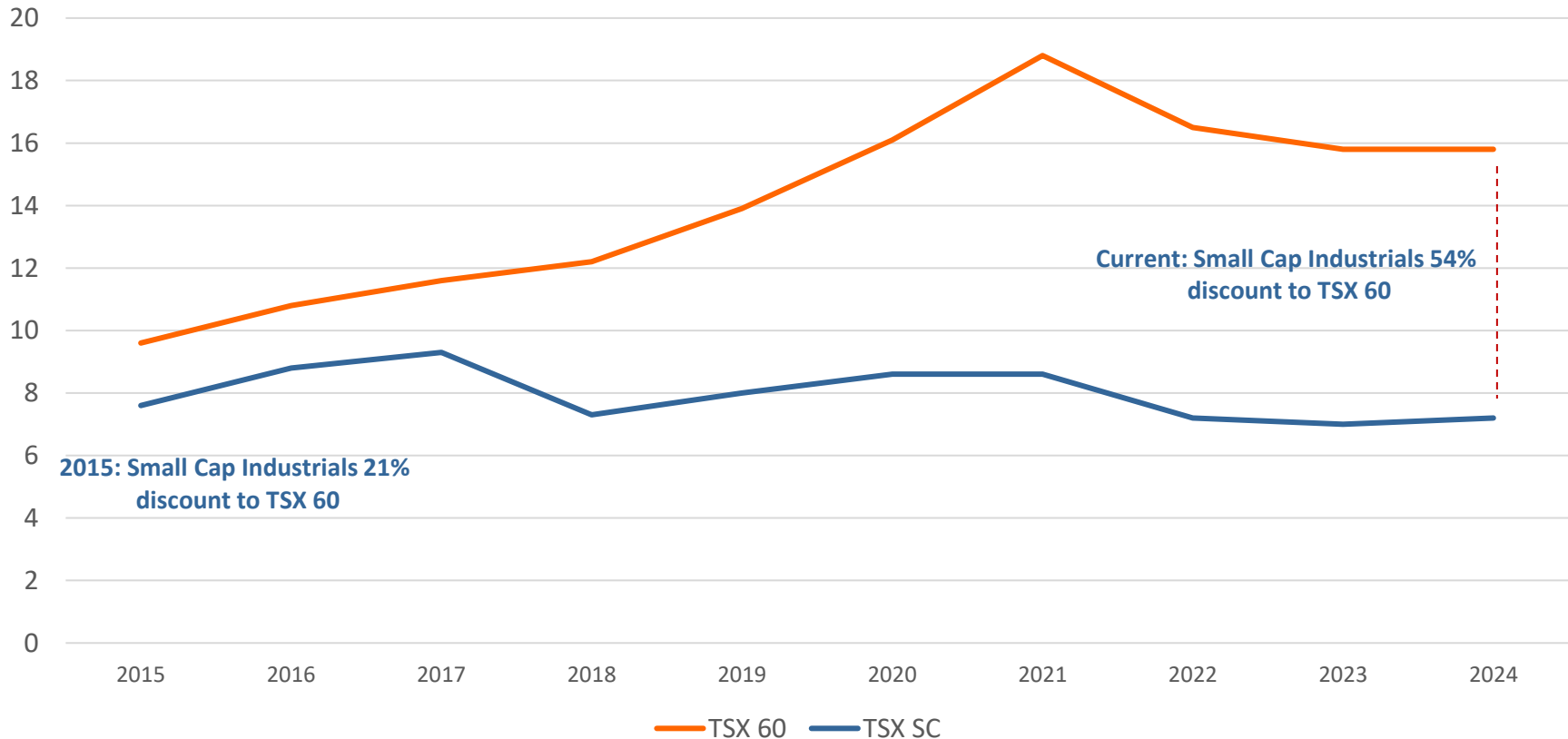
### Valuation: Discount Has Widened Since 2015



# Canadian Market Review

## Small Cap Industrials: Key Portfolio Sector

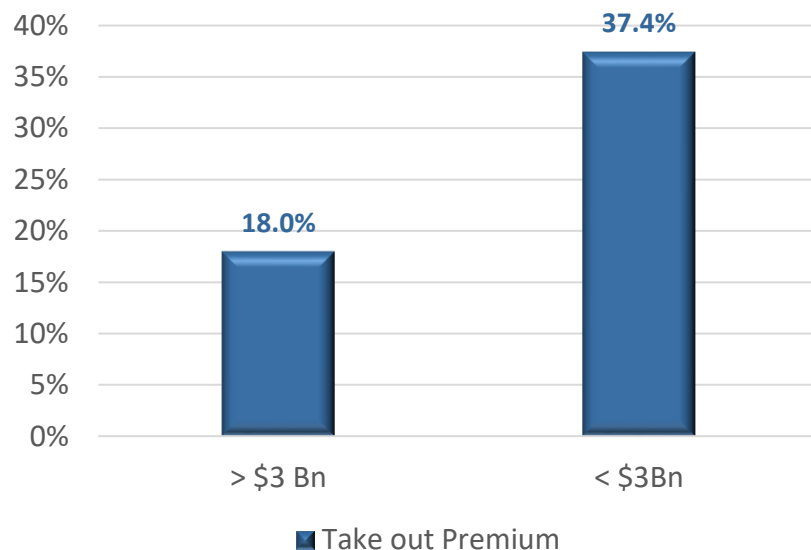
Small Cap Industrials Sector Valuation: Discount Has Widened Since 2015



# Small Cap Investing

## Lower Rates: Support 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

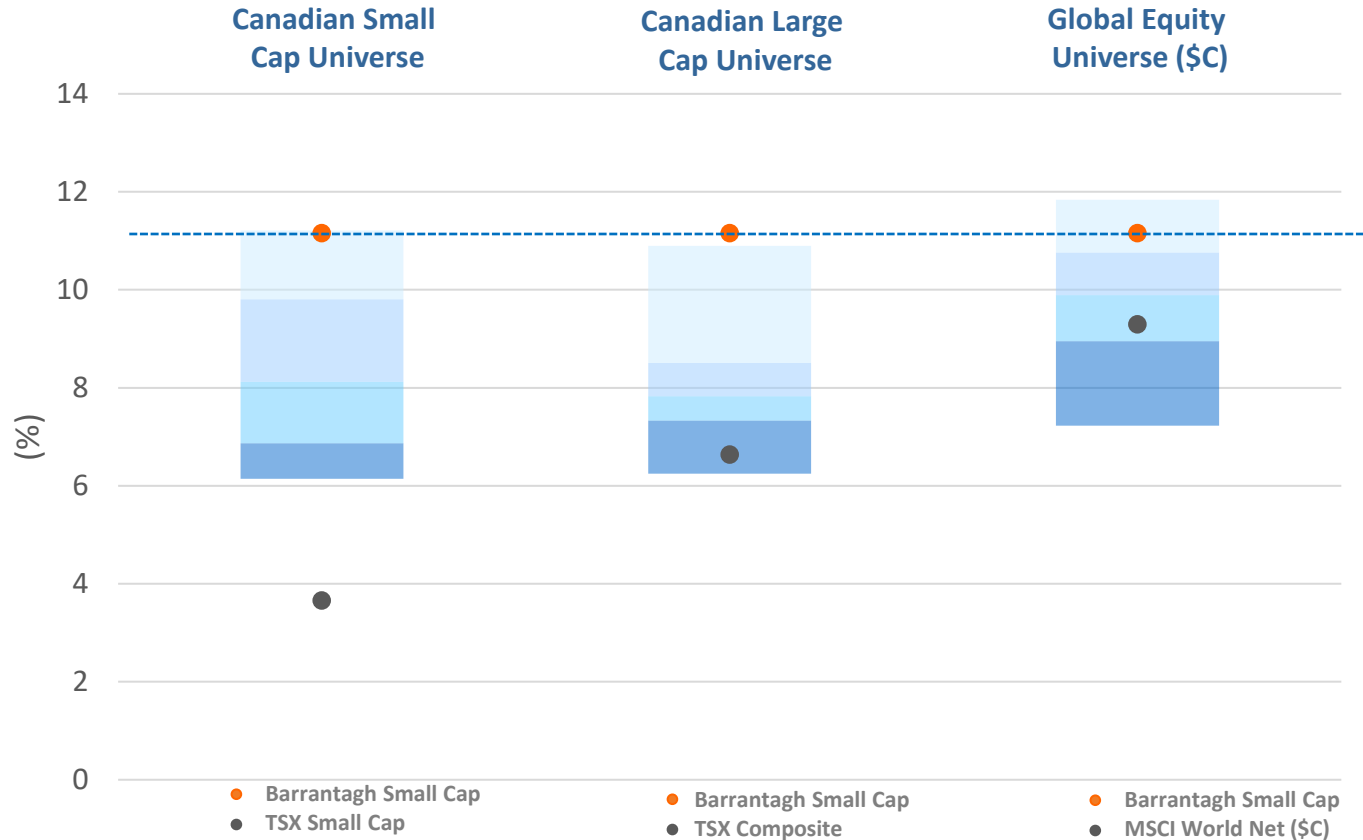
Barrantagh Positions Targeted

	Announce Date	Premium <sup>1</sup>
Softchoice	12/2024	14%
Sleep Country	7/2024	28%
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

# RETURNS: Small Cap Canadian Equities

Strong Performance vs. Large Cap Cdn & Global Equities (for Periods Ending Dec. 31, 2024)



Strategy Inception Date: Jan. 1, 2008

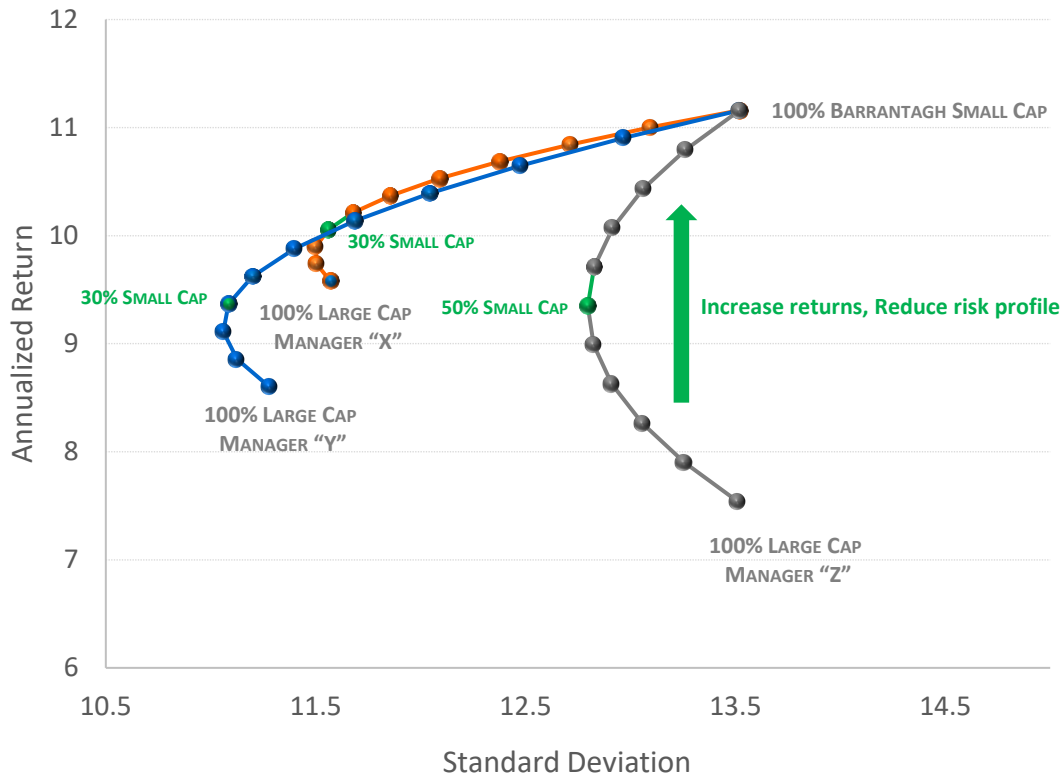


# DIVERSIFICATION: Small Cap Canadian Equities

## Improve Returns & Lower Risk by Combining with Large Cap Managers

### Canadian Equity Allocation

Since Jan/2008 Risk Return  
For Periods Ending Dec. 31, 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 ( $\omega$ ) of underlying components
- Risk ( $\sigma$ ) of underlying components
- Correlation ( $\rho$ ) of components

Portfolio Standard Deviation( $\sigma_p$ )

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

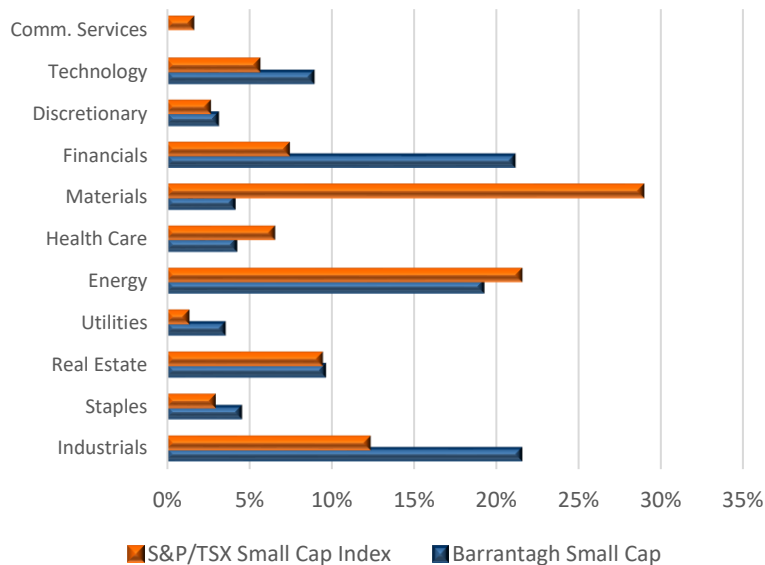
# Profile: Small Cap Canadian Equities

Portfolio at December 31, 2024

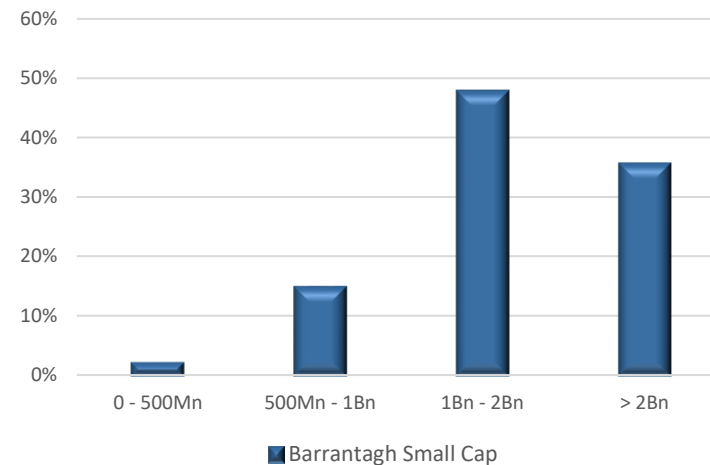
## CHARACTERISTICS

Number of Holdings	25
Avg. Market Cap	\$2.3 Bn
# Industry Sectors	10
Dividend Yield	2.1%

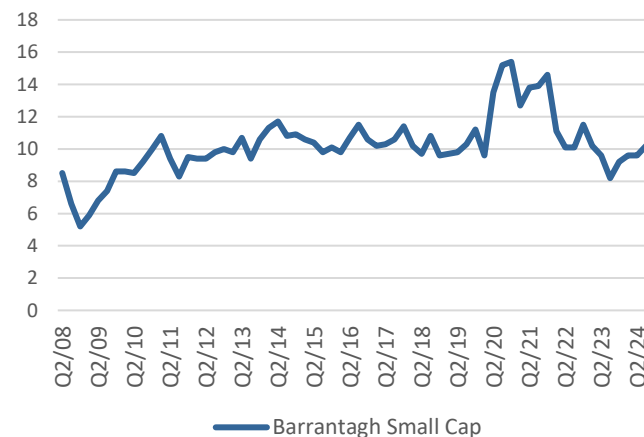
## Barrantagh Small Cap Industry Weight vs. Index



## Market Cap Exposure



## Historic P/CF



# Canadian Small Cap Equity Portfolio

Portfolio at December 31, 2024 | Q4 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>Consumer Discretionary</b>		<b>Industrials</b>		<b>Utilities</b>	
Pet Value (NEW)	2.9%	AG Growth	2.7%	Boralex	3.4%
	2.9%	Boyd Group	4.0%		3.4%
<b>Consumer Staples</b>		Brookfield Business	3.9%	<b>Materials</b>	
Jamieson Wellness	4.3%	Cargojet	3.1%	Chemtrade Logistics	3.9%
	4.3%	Calian Group	2.9%		3.9%
<b>Energy</b>		Savaria	3.8%		
Headwater Exploration (+)	4.1%		20.3%	Cash & Equivalent	5.0%
Gibson Energy	3.6%	<b>Real Estate</b>		Total	100.0%
Logan Energy	1.9%	First Capital REIT (+)	4.0%		
Nuvista Energy (+)	4.2%	Mainstreet Equity (+)	2.5%	<b>Sold</b>	
Trican Well Service (+)	4.4%	Storagevault Canada	2.6%	<b>Premium Brands</b>	
	18.2%		9.1%	<b>Tamarack Valley</b>	
<b>Financials</b>		<b>Health Care</b>		<b>Minto Apartment REIT</b>	
Definity Financial	6.2%	Andlauer Healthcare (+)	4.1%		
EQB Group	4.3%		4.1%		
Propel Holdings	5.0%	<b>Information Technology</b>			
Trisura Group	4.5%	Dye & Durham	3.6%		
	20.0%	Softchoice	4.9%		
			8.4%		
				<b>TRIM = (-)</b>	
				<b>ADD = (+)</b>	

# Canadian Small Cap Equity Portfolio

## Select Holdings – Brand Recognition

### JAMIESON WELLNESS (JWEL)



### CARGOJET (CJT)



Amazon optional  
ownership stake ~15%



### BORALEX (BLX)



### PET VALUE(PET)



### BOYD GROUP (BYD)



### STORAGEVAULT (SVI)





## MANDATE REVIEW

### ALL CAP GLOBAL EQUITIES

# Barrantagh Differentiators

## Repeatable Advantages

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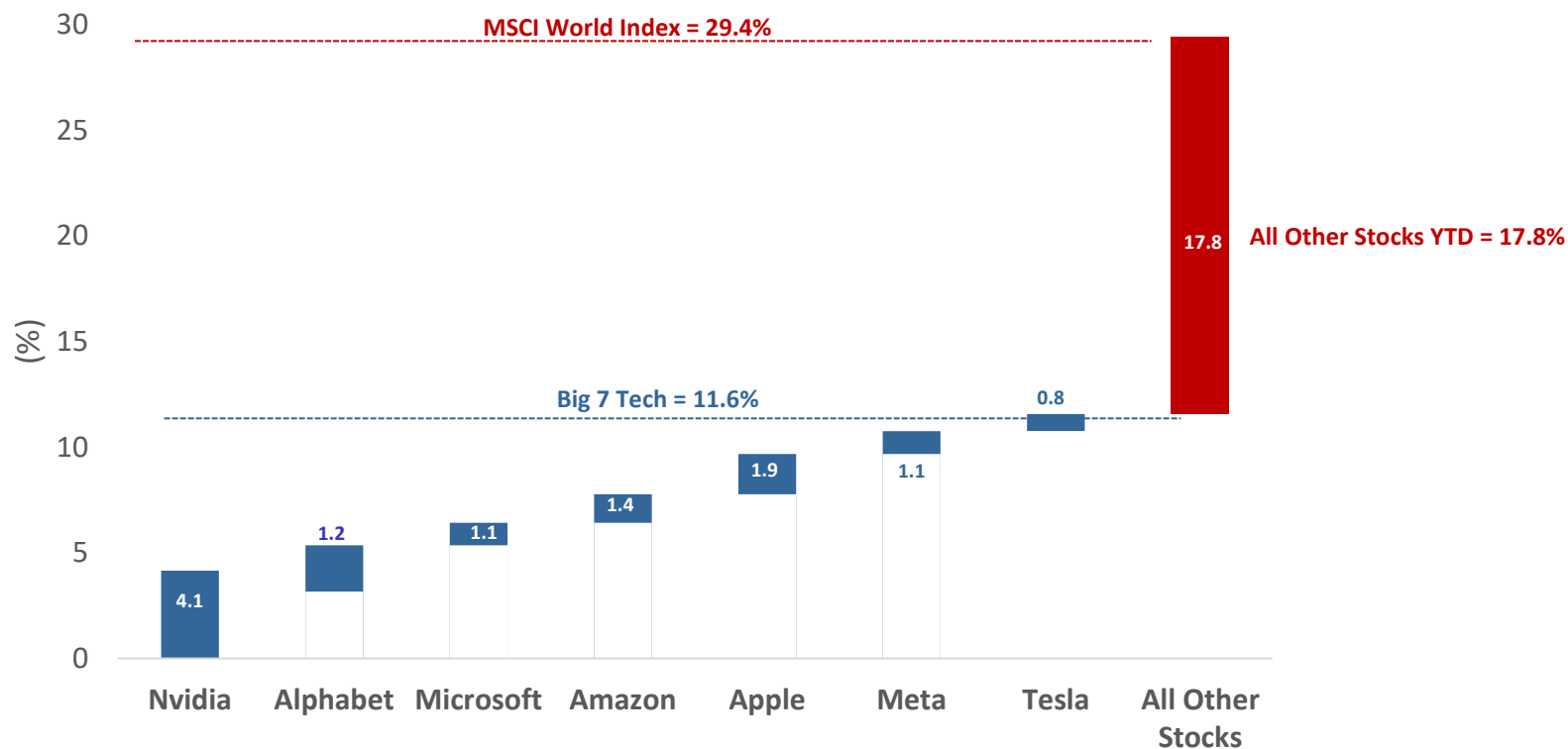
- Low-risk alpha generator
- Low tracking error (achieved through diversification)
- High active share (20 – 40 stocks – best ideas)
- All cap approach (exposure to broad market cap spectrum)
- Low turnover (tax advantages and long-term horizon)
- Seasoned team with longevity (consistency in approach)

# Global Market Performance

## Narrow Market: 7 Mega Cap Tech Stocks Dominate

### MSCI World Return Attribution

YTD as of Dec. 31, 2024



	Nvidia	Alphabet	Microsoft	Amazon	Apple	Meta	Tesla
2024 YTD Performance	196%	48%	23%	58%	43%	81%	77%
Weight in BIM Global	-	6.0%	5.7%	4.8%	-	-	-

# Global Equity Mandate

Performance at December 31, 2024

For Periods Ending Dec. 31, 2024	Q4/24	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>6.2%</b>	<b>25.7%</b>	<b>22.0%</b>	<b>11.8%</b>	<b>12.7%</b>	<b>11.9%</b>	<b>15.8%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>12.7%</b>	<b>12.8%</b>
MSCI World (Net)	6.3%	29.4%	24.9%	11.0%	13.4%	13.5%	14.7%	12.4%	12.7%	11.6%	12.4%
MSCI World Equal Weight (Net)	1.5%	17.4%	15.5%	6.0%	7.9%	7.9%	9.4%	7.3%	8.3%	7.9%	8.9%

	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

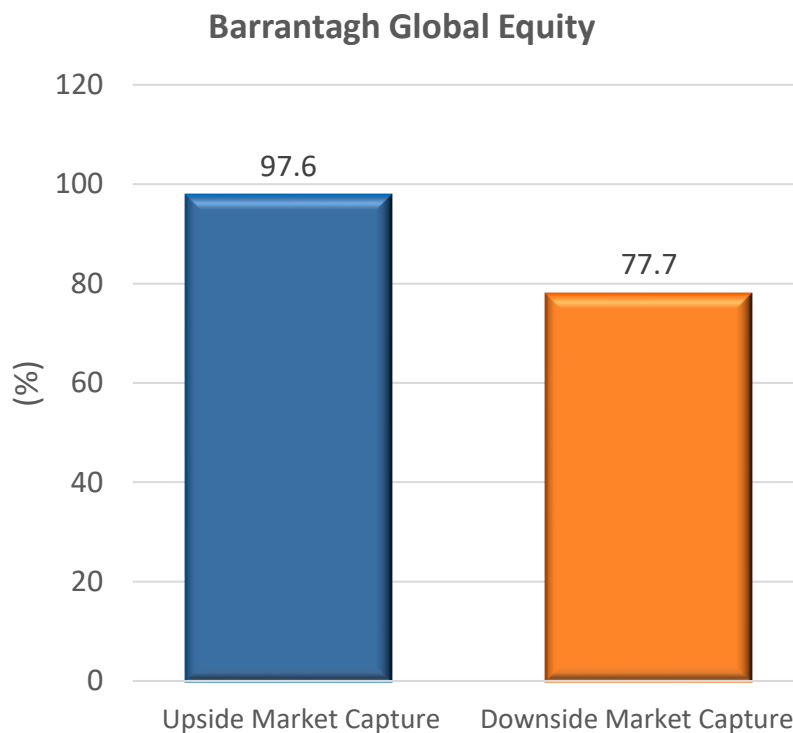
Returns are gross of fees. Composites include actual accounts managed by Barrantagh. Past performance is no guarantee of future returns.



# Global Equities

## Risk Statistics vs. Global Equity (for Periods Ending December 31, 2024) (CAD)

	Barrantagh Global Equities <sup>1</sup>	Percentile Rank <sup>2</sup>
<b>Annualized Return</b>	<b>15.0%</b>	<b>5</b>
<i>Sharpe Ratio</i>	<i>1.2</i>	<i>8</i>
<i>Information Ratio</i>	<i>0.18</i>	<i>4</i>
<i>Treynor Ratio</i>	<i>14.8</i>	<i>13</i>

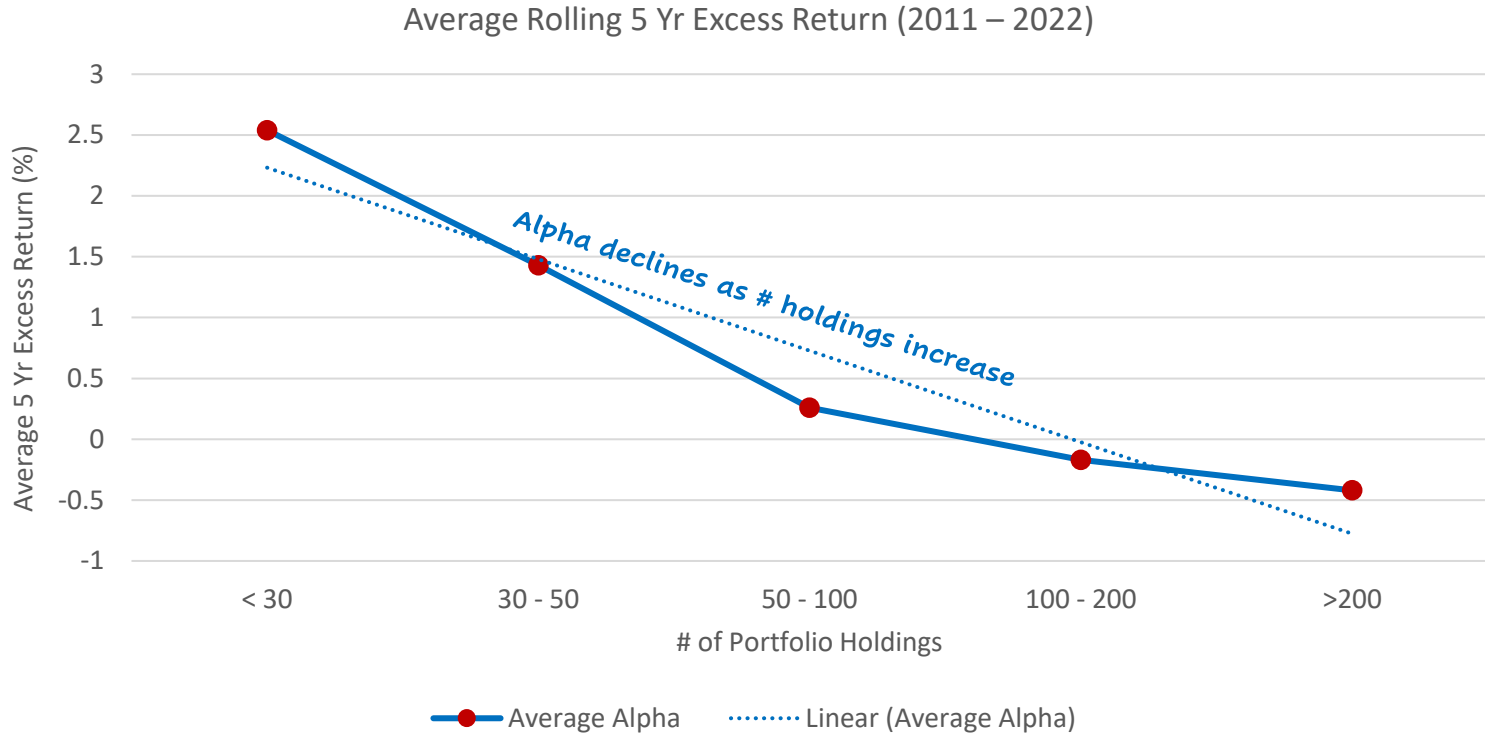


<sup>1</sup> Since Inception Jan. 1, 2012

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

# Concentrated Global Equity Advantages

## # Holdings & Alpha Generation



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

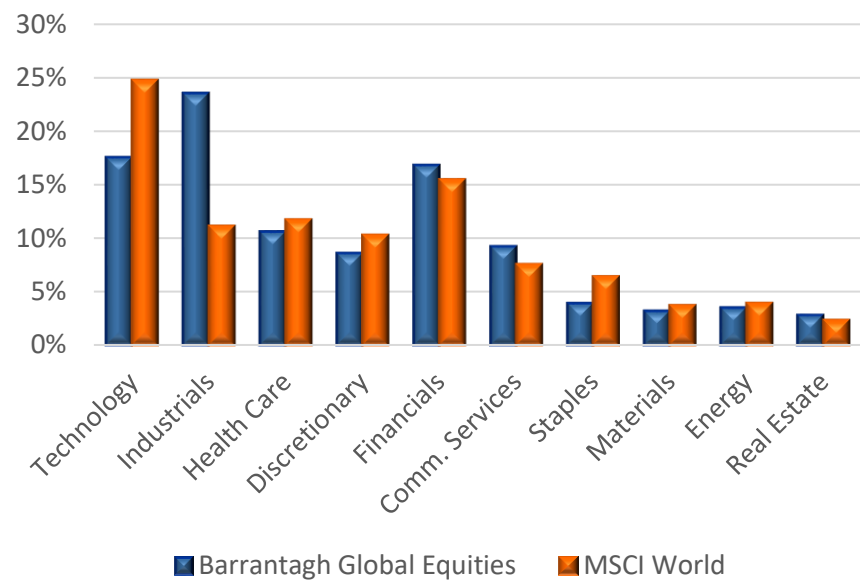
# Global Equities

## at December 31, 2024

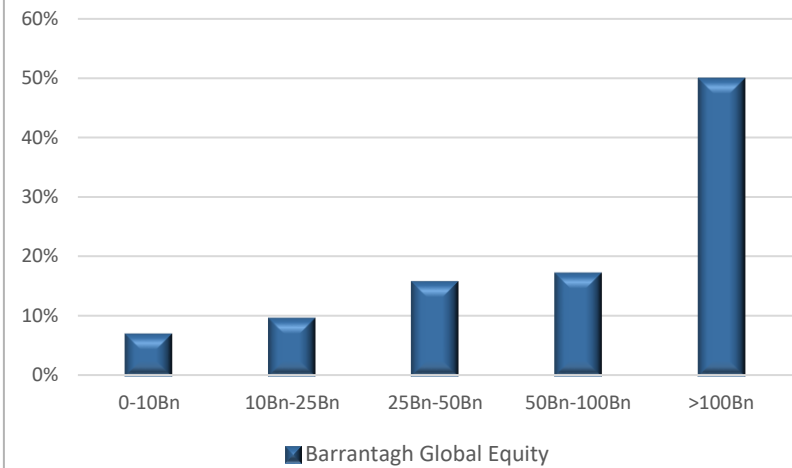
### CHARACTERISTICS

Number of Holdings	34
# Industry Sectors	10
Average Market Cap	\$831Bn
P/CF	17.7X
Dividend Yield	1.1%

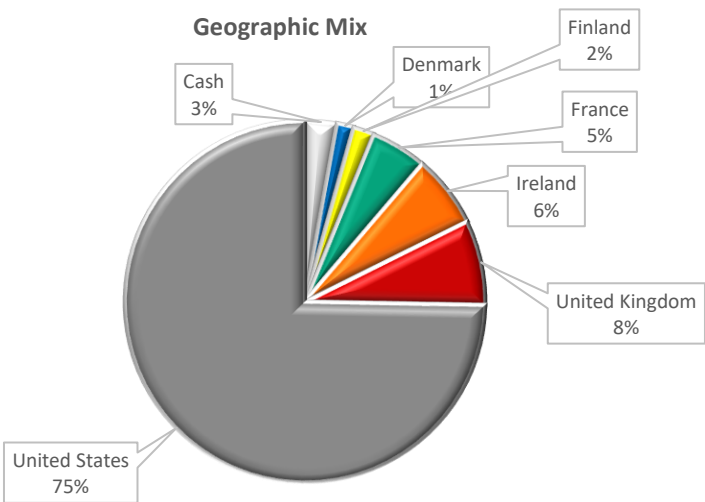
Barrantagh Global Equities Industry Weight vs Index



Market Cap Exposure



Geographic Mix



# Global Equities

## Portfolio at December 31, 2024 | Q4 Transactions

	Portfolio Weight		Portfolio Weight		Portfolio Weight
<b>Consumer Discretionary</b>		<b>Industrials</b>		<b>Financials</b>	
Amazon	4.9%	Leidos Holdings (-)	1.7%	Bank of America	3.3%
Compass Group	3.5%	Intertek Group (NEW)	1.5%	Wells Fargo	3.2%
	8.4%	Metso Outotec	1.9%	JP Morgan Chase	3.1%
<b>Consumer Staples</b>		Vinci S.A.	2.2%	Mastercard	3.5%
Constellation Brands	2.6%	Quanta Services	2.8%	Willis Towers Watson	3.4%
Sysco	1.3%	Regal Rexnord	2.5%		16.5%
	3.9%	DSV A/.S	1.5%	<b>Information Technology</b>	
<b>Materials</b>		Schneider Electric (-)	2.9%	Advanced Micro Devices	1.2%
CRH	3.1%	Union Pacific	2.5%	Marvell Technology (NEW)	2.2%
	3.1%	Wabtec	3.3%	Dynatrace	2.8%
<b>Real Estate</b>			22.8%	Itron	3.2%
American Tower	2.8%	<b>Health Care</b>		Microchip Technology	1.8%
	2.8%	Astrazeneca	2.5%	Microsoft	5.8%
<b>Energy</b>		Boston Scientific	3.6%		17.0%
EOG Resources	3.5%	Thermo Fisher Scientific	2.9%	<b>Communication Services</b>	
	3.5%	United Health Group	1.3%	T-Mobile	3.0%
			10.3%	Alphabet	6.0%
					9.0%
<b>Sold</b>				Cash & Equivalents	3.0%
				Total	100.0%

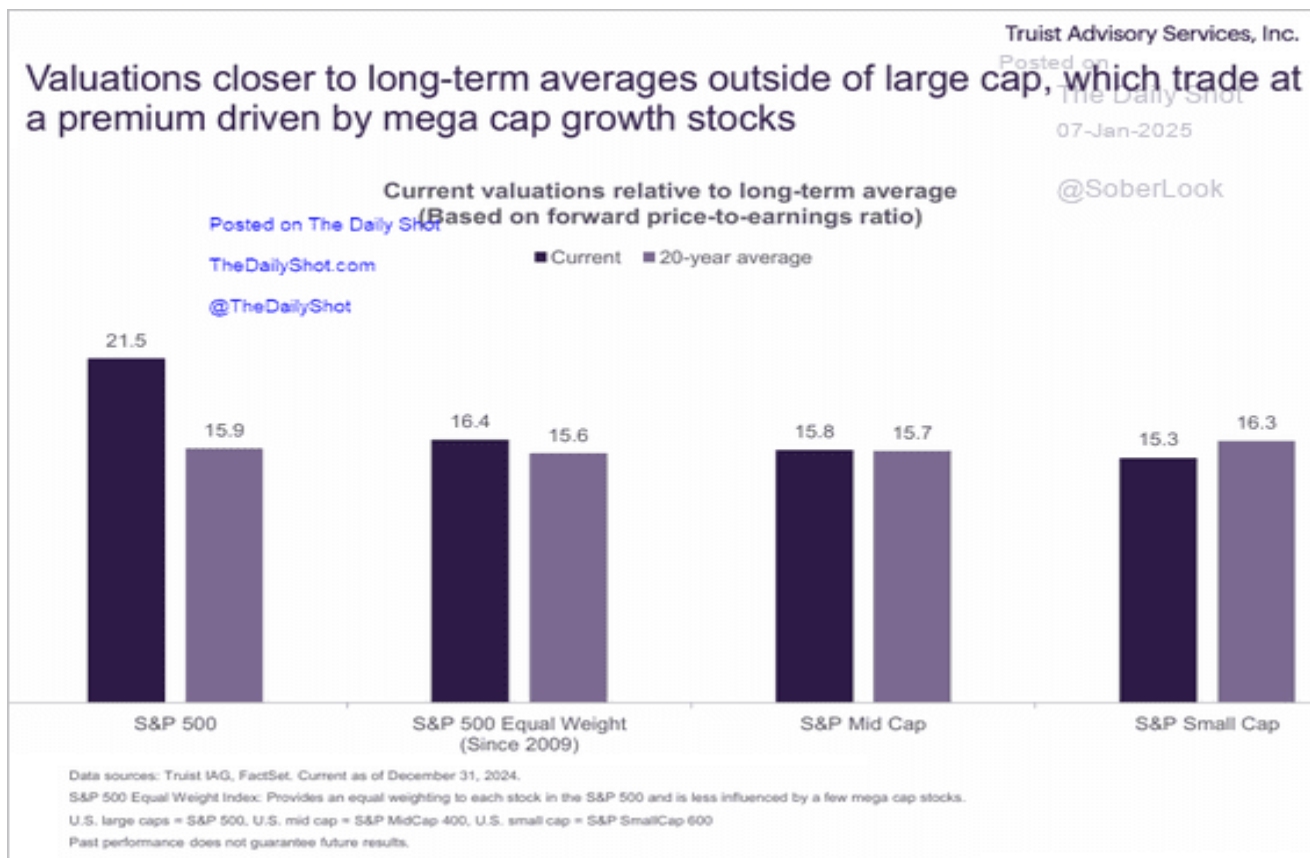
TRIM = (-)

ADD = (+)



## ECONOMIC OUTLOOK

# Market Valuations

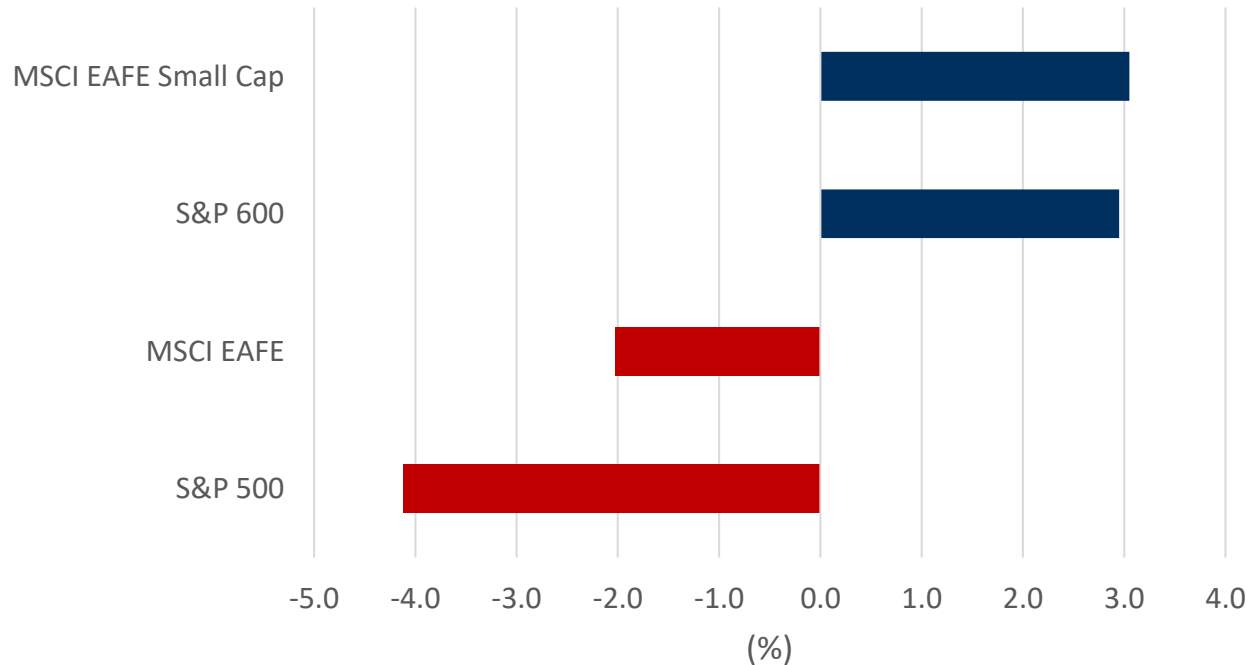


Source: The Daily Shot

# Canadian Small Caps

## Past Period of Narrow Large Cap Leadership

**The 2000's: Large Caps Lag**  
Annualized Total Returns 2000 - 2009



# Canadian Small Caps

## Volatile Gold Prices Spiked in 2024



Source: The Daily Shot



# Small Cap – Leadership

## Post Concentrated Large Cap Markets



# 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

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