

TRADING ACTIVITY

BARRANTAGH INVESTMENT MANAGEMENT Global Equities

The U.S. presidential election was the defining moment for the quarter as markets digested the potential implications of Trump's second term in office. Taken at face value, Trump's 'America First' trade policy would impose broad import tariffs on all goods entering the U.S. and likely disrupt global trade flows while also stoking inflation. The policy that ultimately will be put in place may be more targeted, yet uncertainty has been injected into the outlook and weighed on sectors and geographies sensitive to either global trade or higher long-term U.S. interest rates (which rose due to the threat of higher inflation). Trade exposed sectors such as Industrials and Consumer Discretionary underperformed as did traditional defensive sectors such as Real Estate which was pressured by the higher long-term interest rates. Technology stocks were the star performers, particularly those driving strong Artificial Intelligence (AI) related growth. Financials also posted solid gains benefiting from the shifting yield curve. Regionally, U.S. equities outperformed in Q4 due to a meaningful technology weighting, solid local economic prospects, and less trade related uncertainty.

As the year progressed, the U.S. economy differentiated itself from the majority of the globe by consistently surprising to the upside while also maintaining solid prospects for the coming year. The introduction of tariff risks added another layer of complexity to global growth prospects that had already been experiencing some pockets of weakness. These risks disproportionately affected regions outside the U.S. such as Europe and emerging markets where reliance on global trade and export-driven growth is more pronounced. The growing divide in global economic conditions also translated to the equity markets with the U.S. significantly outperforming most other regional exchanges.

While our strong focus on high-quality US companies has been a cornerstone of our portfolios, we believe it is equally important to maintain strategic exposure to quality companies with European and Asian revenues, particularly given the relative value opportunities that currently exist in these regions. Despite the political and economic uncertainties facing Europe and Asia, we see potential in sectors and companies that are undervalued relative to their long-term growth prospects.

Buys

Marvell Technology Inc. (MRVL)

Marvell is a leader in optical connectivity in datacenters, which is increasing in importance as the AI story ramps. Marvell also has a custom ASICs accelerator chip business that is also early in its life cycle, with key customers such as Google, Amazon, and Microsoft.

Intertek Group PLC (IKTSF)

Intertek is a global leader in the fragmented assurance, testing, inspection, and certification (ATIC) subsector. ITRK's robust assurance business has been driven by secular tailwinds such as product recalls and ESG scrutiny. In the meantime, ITRK's consumer product testing segment is starting to see an end market recovery, as branded companies invest more on innovation and testing. ITRK's global scale advantage and asset light model makes it a recession resilient business.

Sells

None.

FOR MORE INFORMATION PLEASE CONTACT:

Barrantagh Investment Management
100 Yonge Street, Suite 1700
Toronto, ON, Canada M5C 2W1

Alan Daxner, CFA
Senior Vice President
416.864.7958
adaxner@barrantagh.com

Robin Ferguson
Vice President
778.990.3445
rferguson@barrantagh.com

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