

## TRADING ACTIVITY

### BARRANTAGH INVESTMENT MANAGEMENT Canadian Equities Income

The second quarter began on a decidedly negative note as investors struggled to come to grips with the U.S. administration's exceedingly aggressive tariff agenda that appeared to signal an appetite for a trade war. Financial markets clearly disapproved of such a shock and awe approach and quickly retrenched. Whether in response to market forces, or at the behest of more moderate voices, a seeming rethink on at least tariff messaging was a welcome development. The announcement of a 90 day pause on the implementation of reciprocal tariffs (ex-China) was the first sign of a change in tactic, that was shortly followed by a de-escalation of tensions with China. All in, the quarter was highly influenced by communication from the U.S. administration with markets moving higher in tandem with improving expectations for global terms of trade.

Market sentiment has turned positive on expectations of a less volatile future trade environment; however, some near-term events could put that view to the test. Trade rhetoric has intensified in advance of an August 1<sup>st</sup> deadline for

countries to finalize framework deals with the U.S., so volatility could return. Still, markets are less concerned than earlier in the year about the current uncertainty, as the U.S. administration has recently proven more pragmatic than initially feared. Greater economic clarity would be welcomed by all, and the

next couple of months should provide better insight into the path forward if negotiation teams are successful in concluding trade deals.

Focusing on Canada, the newly elected government has begun its pursuit of more efficient practices to facilitate economic growth and competitiveness. This includes the recent passing of Bill C-5, also known as the "One Canadian Economy Act." One component of this bill enables the fast-tracking of projects deemed to be in the national interest, with the goal of reducing regulatory burden and expediting approval timelines. Priority project proposals will originate from various industries, including natural resources. Consultations over the summer are expected to yield a shortlist of initiatives to move forward.

Significant contributors of relative outperformance at the sector level during the second quarter included Industrials, Health Care and Utilities. Information Technology, Materials and Energy negatively impacted relative performance.

Versus the benchmark, the largest sector overweights include Industrials, Utilities and Health Care, and the largest underweights are Materials, Information Technology and Consumer Discretionary.

## BUYS

### CCL Industries (CCL)

CCL Industries is a leading global provider of specialty packaging and labelling solutions to customers spanning a diverse range of industries. The company is highly integrated with its customer's operations and its critical solutions are only small fraction of its client's cost of goods sold. CCL has a strong track record and is targeting to grow its topline by 8-10% over the next several years split from organic growth and M&A. Sentiment has been hurt by the global trade war, but given the local-to-local nature of sales and customer end markets the company should not be significantly impacted.

## SELLS

Dye & Durham (DND) and Gibson Energy (GEI) were sold.

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