



# Barrantagh Small Cap Canadian Equity Fund

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## Interim Management Report of Fund Performance

Period ended June 30, 2025

# **Barrantagh Small Cap Canadian Equity Fund**

## **Semi- Annual Management Discussion of Fund Performance**

### **June 30, 2025**

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#### **Investment Objectives and Strategies**

The Fund's investment objective is to outperform the S&P/TSX Small Cap Canadian equity index over market cycles. The Fund primarily invests in common shares within the small cap area of the Canadian market. The Manager pursues a disciplined fundamental approach that seeks to identify companies that can combine a dominant business profile with proven management and a financial profile that can be independently analyzed.

#### **Risk**

The risks of investing in the Fund remain as outlined in the simplified prospectus.

#### **Results of Operations**

##### *Market Update:*

The Fund underperformed its benchmark, the S&P/TSX Small Cap Index.

It was a bifurcated market to start 2025, as increasing tariff threats and protectionist policy in the United States raised fear and uncertainty and demand for safe havens and liquidity. For Canadian small caps, this meant general selling pressure to start the period – often agnostic to the quality or underlying exposure of the business – and a growing valuation gap to similarly exposed larger cap names.

After peak fear hit in the aftermath of Trump's tariff "Liberation Day", equities surged forward through the remainder of the period. Given the outsized sell-off in Q1, small caps rallied back strongly in the second quarter, leading the equity market. Softening rhetoric and implementation delays on tariffs to allow for negotiations assuaged worst case scenarios and had investors looking to put on risk.

One area that rallied throughout the period was junior gold mining equities, continuing the trend of six of the last seven quarters. The junior golds were up 57% in the first half of 2025, with an average weight in the benchmark of ~18%. This has been a large relative headwind for the Fund as we avoid exposure to the gold mining sector due to the high cyclical and poor long term track record of returns. Like all things cyclical the music will stop, and the parabolic rise will come back to earth.

The pendulum has swung from major fear earlier in the year back to optimism. Midway through 2025, pockets of speculative, risk-seeking behaviour are evident in the market (IPO bounces, crypto rally, AI-related valuations, etc.) suggesting caution has been moved to the backburner in some areas. We expect volatility ahead as potential for delayed inflationary impacts from tariffs, job market slowdown, and fiscal concerns reemerge as topics de jour. Thankfully we don't need a crystal ball. We just need to continue to focus on owning sound businesses at reasonable valuations, set to thrive and grow. Value hunting in small cap land – an asset class that has seen underperformance – provides a robust pipeline of attractive candidates.

##### *Key Contributors/Detractors*

As noted above, no exposure to junior golds was the significant detractor for relative performance during the period. Outside of the materials sector, the Fund outperformed significantly with key contributions from health care (Andlauer take-out – see below discussion in "Recent Developments"), financials (overweight and positive selection), and consumer discretionary (strong appreciation from Pet Value).

##### *Assets*

The Fund decreased modestly during the period as modest outflows were partially offset by positive performance.

## **Recent Developments**

At the beginning of the period we added North West Co (NWC), a high quality defensive retailer with leading presence in Canada's North, Alaska and the Caribbean. They have a strong moat around their business and long-term track record of steady growth, margins and returns. NWC has resilient attributes in choppy markets with some unique growth tailwinds incoming from historic financial settlements to First Nations communities in rural Canada. All this while trading at an attractive valuation – we like the set up going forward.

Also added to the Fund during the period was Exchange Income Corp (EIF), a consolidator of niche aviation and manufacturing businesses. While on the surface EIF may look similar to other financial roll-ups in the market with mixed track records, under the 20+ year leadership of CEO Mike Pyle, they have amassed a stellar long-term track record of growth and stability and created a cash flow compounding machine. EIF is well positioned to take advantage of two key macro trends 1) increased spending globally on defence with subsidiary PAL Aerospace a leading provider of special mission aircraft focused on maritime surveillance and reconnaissance; and 2) continued/accelerated development in Canada's north with EIF the main provider of transportation infrastructure to the arctic, including passenger, cargo, rotary, and medevac air services in the region.

Finally, one key positive trend that we highlighted was the return of M&A activity to the small cap space. This proved prescient in the period as holding Andlauer Healthcare (AND), a leading provider of healthcare transportation and logistics services, announced a deal to be acquired by industry giant United Parcel Service (UPS) at a ~37% premium to the prevailing price. AND is a high-quality transportation company managing through growth headwinds (in the form of general freight recession in North America) that saw substantial multiple compression as investors shied away from small caps. The UPS bid is just the latest example of a larger strategic or financial buyer stepping in to take advantage when public markets don't value quality businesses appropriately

## **Related Party Transactions**

### *Manager, Trustee and Portfolio Adviser:*

Barrantagh Investment Management Inc. ("BIM") is the manager, trustee and portfolio adviser of the Fund. The Fund pays BIM an annual management fee of 1% for F-Series calculated, accrued and paid monthly as a percentage of the net asset value of the Fund. Unitholders in the O-Series pay a negotiated fee directly to BIM.

### *Registrar and Transfer Agent:*

RBC Investor & Treasury Services is the registrar and transfer agent of the Fund, and as such maintains all unitholder records, processes purchase and redemption orders, issues investor statements and prepares annual tax reporting information on behalf of the Fund.

### *Buying and Selling Securities:*

BIM has established an independent review committee ("IRC") which acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approval respecting any conflict of interest matters referred to it by BIM. The IRC prepares, at least annually, a report of its activities for securityholders of the Fund. The report is available on the BIM website.

There are no other related party transactions; as such, there are no relevant standing instructions requirements that securities transactions with related parties conducted by BIM (i) are free from any influence by an entity related to BIM and without taking into account any consideration relevant to an entity related to BIM; (ii) represent the business judgment of BIM uninfluenced by considerations other than the best interests of the Fund; (iii) comply with the applicable policies and procedures of BIM; and (iv) achieve a fair and reasonable result for the Fund.

## **Management Fees**

As manager and trustee of the Fund, BIM is responsible for the overall business and affairs of the Fund, including activities related to making units of the Fund available to investors, and providing, or arranging for the provision of, investment advisory services and marketing services to the fund. In consideration for the provision of such series, each series of the Fund pays BIM a management fee.

Management fees are calculated and accrued as a percentage of the net asset value of each series of units of the Fund, as at the close of business on each business day for each series and are paid monthly to BIM.

The simplified prospectus discloses a specified annual management fee rate that BIM can charge for each series of the Fund. Of the annual management fees for F-Series, 100% of investment advisory, trustee, marketing services and others are rendered.

Management Fees for each series of the Fund are payable to BIM and calculated at the following annual percentages, before GST/HST, of the daily net asset value of each series of the Fund. The management fee, breakdown of services received in consideration of the management fee, as a percentage of the management fee are as follows:

	Management Fees	<u>Breakdown of Services</u>	
		Distribution	Other
Series A	2%	10%	90%
Series F	1%	10%	90%
Series O*	n/a	n/a	n/a

\*Series O has no management fees as unitholders pay a negotiated fee directly to BIM for investment-counselling services.

# BARRANTAGH SMALL CAP CANADIAN EQUITY FUND

## Summary of investment portfolio

As at June 30, 2025

The summary of investment portfolio may have changed since June 30, 2025 due to ongoing portfolio transactions of the Fund.

<b>Top 25 Holdings</b>	<b>Percentage of Net Asset Value (%)</b>
Definity Financial Corp.	5.6
Trisura Group Ltd.	4.9
Pet Valu Holdings Ltd.	4.4
NuVista Energy Ltd.	4.4
First Capital Real Estate Investment Trust	4.1
Headwater Exploration Inc.	3.9
Jamieson Wellness Inc.	3.9
Brookfield Business Corp.	3.9
Propel Holdings Inc.	3.9
Calian Group Ltd.	3.9
Chemtrade Logistics Income Fund	3.8
Trican Well Service Ltd.	3.7
Savaria Corp.	3.6
Boralex Inc.	3.5
Gibson Energy Inc.	3.4
Exchange Income Corp.	3.4
Cargojet Inc.	3.2
Boyd Group Services Inc.	3.2
Topaz Energy Corp.	2.8
North West Co., Inc.	2.8
EQB Inc.	2.7
StorageVault Canada Inc.	2.6
Bird Construction Inc.	2.3
Cash	2.2
Mainstreet Equity Corp.	2.2
<b>Total Net Asset Value</b>	<b>\$83,646,508</b>

## Portfolio by Category

<b>Asset Type</b>	<b>Percentage of Net Asset Value (%)</b>
Equities	96.4
Cash	2.2
Short-term Investments	1.2
Other Net Assets (Liabilities)	0.2
	<b>100.0</b>

<b>Sector</b>	<b>Percentage of Net Asset Value (%)</b>
Industrials	28.2
Energy	19.7
Financials	17.1
Real Estate	8.9
Consumer Staples	6.7
Materials	5.9
Consumer Discretionary	4.4
Utilities	3.5
Cash	2.2
Health Care	2.0
Short Term Investments	1.2
Other Assets (Liabilities)	0.2
	<b>100.0</b>

**BARRANTAGH SMALL CAP CANADIAN EQUITY FUND**The Fund's net assets attributable to holders of redeemable units per unit<sup>1</sup>**Series A**

	2025 <sup>(3)</sup>	2024 <sup>(4)</sup>	2023 <sup>(5)</sup>	2022 <sup>(6)</sup>	2021 <sup>(12)</sup>
Net assets attributable to holders of redeemable units, beginning of year	\$ 9.78	\$ 9.12	\$ 9.71	\$ 10.81	\$ 10.00
<b>Increase (decrease) from operations:</b>					
Total Revenue	0.12	0.32	0.53	0.21	0.17
Total Expenses	(0.12)	(0.25)	(0.24)	(0.26)	(0.21)
Realized gains (losses) for the year	0.10	(0.25)	(0.29)	0.36	0.11
Unrealized gains (losses) for the year	0.15	0.98	(0.32)	(0.71)	0.47
<b>Total increase (decrease) from operations<sup>2</sup></b>	0.25	0.80	(0.32)	(0.40)	0.54
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.13)	(0.01)	-	(0.03)
From capital gains	-	-	(0.11)	(0.27)	(0.02)
Return of Capital	-	-	-	-	-
<b>Total Annual Distributions</b>	-	(0.13)	(0.12)	(0.27)	(0.05)
Net assets attributable to holders of redeemable units, end of year	\$ 10.14	\$ 9.78	\$ 9.12	\$ 9.71	\$ 10.81
<b>Ratios and Supplemental Data:</b>					
Total net asset value	\$ 3,368,361	\$ 3,644,587	\$ 3,153,481	\$ 1,324,679	\$ 636,482
Number of units outstanding	332,203	372,510	345,837	136,366	58,863
Management expense ratio <sup>7</sup>	2.58%	2.52%	2.53%	2.50%	2.69%
Management expense ratio before waivers or absorptions	2.58%	2.52%	2.53%	2.50%	2.69%
Trading expense ratio <sup>8</sup>	0.09%	0.12%	0.05%	0.07%	0.13%
Portfolio turnover rate <sup>9</sup>	17.88%	27.12%	12.14%	20.56%	27.77%
Net asset value per unit	\$ 10.14	\$ 9.78	\$ 9.12	\$ 9.71	\$ 10.81

The Fund's net assets attributable to holders of redeemable units per unit<sup>1</sup>**Series F**

	2025 <sup>(3)</sup>	2024 <sup>(4)</sup>	2023 <sup>(5)</sup>	2022 <sup>(6)</sup>	2021 <sup>(12)</sup>	2020 <sup>(8)</sup>
Net assets attributable to holders of redeemable units, beginning of year	\$ 13.23	\$ 12.31	\$ 13.04	\$ 14.42	\$ 12.36	\$ 10.35
<b>Increase (decrease) from operations:</b>						
Total Revenue	0.16	0.44	0.61	0.27	0.30	0.29
Total Expenses	(0.11)	(0.21)	(0.19)	(0.20)	(0.23)	(0.18)
Realized gains (losses) for the year	0.13	(0.31)	(0.19)	0.56	0.46	(0.16)
Unrealized gains (losses) for the year	0.07	1.29	(0.74)	(1.53)	1.46	3.47
<b>Total increase (decrease) from operations<sup>2</sup></b>	0.25	1.21	(0.51)	(0.90)	1.99	3.42
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.29)	(0.08)	(0.05)	(0.02)	(0.06)
From capital gains	-	-	(0.15)	(0.36)	(0.02)	-
Return of Capital	-	-	-	-	-	-
<b>Total Annual Distributions</b>	-	(0.29)	(0.23)	(0.41)	(0.04)	(0.06)
Net assets attributable to holders of redeemable units, end of year	\$ 13.79	\$ 13.23	\$ 12.31	\$ 13.04	\$ 14.42	\$ 12.36
<b>Ratios and Supplemental Data:</b>						
Total net asset value	\$ 43,526,457	\$ 52,671,084	\$ 58,447,097	\$ 56,306,894	\$ 54,641,198	\$ 21,444,938
Number of units outstanding	3,157,270	3,980,071	4,748,396	4,316,471	3,788,129	1,734,420
Management expense ratio <sup>7</sup>	1.53%	1.47%	1.44%	1.46%	1.54%	1.61%
Management expense ratio before waivers or absorptions	1.53%	1.47%	1.44%	1.46%	1.54%	1.75%
Trading expense ratio <sup>8</sup>	0.09%	0.12%	0.05%	0.07%	0.13%	0.08%
Portfolio turnover rate <sup>9</sup>	17.88%	27.12%	12.14%	20.56%	27.77%	15.97%
Net asset value per unit	\$ 13.79	\$ 13.23	\$ 12.31	\$ 13.04	\$ 14.42	\$ 12.36

The Fund's net assets attributable to holders of redeemable units per unit<sup>1</sup>**Series O**

	2025 <sup>(3)</sup>	2024 <sup>(4)</sup>	2023 <sup>(5)</sup>	2022 <sup>(6)</sup>	2021 <sup>(7)</sup>	2020 <sup>(8)</sup>
Net assets attributable to holders of redeemable units, beginning of year	\$ 13.38	\$ 12.46	\$ 13.21	\$ 14.61	\$ 12.50	\$ 10.42
<b>Increase (decrease) from operations:</b>						
Total Revenue	0.17	0.45	0.60	0.28	0.29	0.26
Total Expenses	(0.04)	(0.08)	(0.06)	(0.06)	(0.09)	(0.07)
Realized gains (losses) for the year	0.12	(0.32)	(0.14)	0.56	0.51	(0.28)
Unrealized gains (losses) for the year	0.31	1.34	(0.81)	(1.62)	1.49	2.38
<b>Total increase (decrease) from operations<sup>2</sup></b>	0.56	1.39	(0.41)	(0.84)	2.20	2.29
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	(0.45)	(0.21)	(0.19)	(0.14)	(0.13)
From capital gains	-	-	(0.15)	(0.37)	(0.02)	-
Return of Capital	-	-	-	-	-	-
<b>Total Annual Distributions</b>	-	(0.45)	(0.36)	(0.56)	(0.16)	(0.13)
Net assets attributable to holders of redeemable units, end of year	\$ 14.02	\$ 13.38	\$ 12.46	\$ 13.21	\$ 14.61	\$ 12.50
<b>Ratios and Supplemental Data:</b>						
Total net asset value	\$ 36,751,690	\$ 37,878,603	\$ 37,266,803	\$ 43,513,865	\$ 43,542,442	\$ 28,553,048
Number of units outstanding	2,621,502	2,829,982	2,991,920	3,293,851	2,980,627	2,284,366
Management expense ratio <sup>7</sup>	0.45%	0.42%	0.41%	0.40%	0.49%	0.60%
Management expense ratio before waivers or absorptions	0.45%	0.42%	0.41%	0.40%	0.49%	0.69%
Trading expense ratio <sup>8</sup>	0.09%	0.12%	0.05%	0.07%	0.13%	0.08%
Portfolio turnover rate <sup>9</sup>	17.88%	27.12%	12.14%	20.56%	27.77%	15.97%
Net asset value per unit	\$ 14.02	\$ 13.38	\$ 12.46	\$ 13.21	\$ 14.61	\$ 12.50

## Notes to Financial Highlights

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets attributable to holders of redeemable units and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year. This table is not intended to be a reconciliation of the net asset value per unit.

### Ratios and Supplemental Data

(3) For the period ended June 30, 2025

(4) For the year ended December 31, 2024

(5) For the year ended December 31, 2023

(6) For the year ended December 31, 2022

(7) For the year ended December 31, 2021

(8) For the year ended December 31, 2020

(9) The management expense ratio is based on total expenses (excluding commissions and other portfolio costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. It is calculated by dividing the total of operating expenses (excluding commissions and portfolio transaction costs) and management fees, including applicable taxes, by the average net asset value of the Fund for the financial period, then multiplying the result by 100.

(10) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(11) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(12) For the period from April 30, 2021 (date of commencement of operations) to December 31, 2021