BARRANTAGH Investment Management 1995 | 2020 25 Years

Q4 2025

TRADING ACTIVITY

BARRANTAGH INVESTMENT MANAGEMENT
Global Equities

Equity markets maintained their upward momentum in 4Q25. Within global markets, leadership rotated toward Healthcare, Financials, and Information Technology, most notably semiconductors and hardware. Healthcare benefited from easing drug-tariff fears, while Financials gained on improved interest-rate conditions. In contrast, Industrials, Consumer Discretionary, and Software lagged during the quarter. Global thematic trends were largely mirrored in Canadian markets, though Materials stood out as a notable exception due to the strength of mining stocks. A potential shift has emerged via signs of broadening market participation, although the durability of this move remains difficult to assess. As economic growth improves and financial conditions gradually ease, we expect the broadening trend could extend into 2026, potentially creating a more constructive setup for sectors that have been working through softer activity levels.

For much of the last few years, early-cycle equities have lagged under three converging forces: a fading COVID-era boost, high rates constraining investment, and 2025's tariff uncertainty. As policy ambiguity subsides and rates ease, the hurdle for committing capital should drop. This creates a more favorable backdrop for confidence to heal and for spending to broaden beyond a few resilient pockets.

In this environment, Industrials are often the first beneficiaries. Many businesses have seen soft routine activity, maintenance, small projects, and general capex where orders can rebound quickly once customers gain clarity. What softened fast can re-cover fast; even a modest sentiment shift can drive meaningful demand across supply chains. Transportation-oriented industrials respond early as activity lifts shipment volumes. Our position in DSV A/S fits this view: as a leading freight forwarder, it offers direct leverage to improving global trade flows, with an additional tailwind from the Schenker acquisition. While normalization de-pends on growth and inflation, the direction of travel is clearly improving.

Buys

Service Corp International
Service Corp International is an industry leader in cemetery and funeral homes in the U.S. While funeral home volumes are normalizing post the COVID spike, pre-need sales particularly in cemetery has accelerated. Only 20%-25% of baby boomers have bought a cemetery plot on a pre-need basis, reflecting plenty of room for penetration due to the aging population dynamics.

Starbucks Corp.
Starbucks is a fallen angel that is showing progress of a turnaround. Brian Niccol, with over a year in his CEO role, was instrumental in his past turnaround CEO roles at Taco Bell and Chipotle. Store efficiency initiatives coupled with the industry demand for specialty coffee will lead to a top line reacceleration

and margin recovery. The health of the coffee-away-from-home segment is strong, growing at an estimated 6.7% CAGR over next decade. The recently announced China JV with a local operator and the closure of underperforming stores in North America are also fast tracking the turnaround.

Erste Group Bank AG

Erste Bank has large exposure to Eastern Europe which is less banked and more growth versus Western Europe. The catalyst is its acquisition of a 49% stake in Santander Bank in Poland that will provide significant long-term opportunities. Within its core business, wealth management is the gem that facilitates customer relationships.

Standard Chartered

Standard Chartered is a global bank that links Western capital with Eastern growth. While they are headquartered in London, their primary business is connecting clients to opportunities across Asia, Africa, and the Middle East. They serve large corporate and institutional clients who need to move money or expand businesses across borders (e.g., a European company setting up a factory in Vietnam). In wealth and retail banking, the bank focuses heavily on the "Affluent" segment (clients with $1–10 million). This is a "sticky" business where they manage investment portfolios and deposits. Standard Chartered operates digital-only banks in places like Hong Kong and Singapore to capture the younger "emerging affluent" demographic, in addition to actively building a digital ecosystem that includes regulated services for stablecoins and crypto.

Itochu Corp

Itochu is a global trading and investment house that has successfully pivoted to a consumer-focused conglomerate that owns stable cash-flowing assets like FamilyMart, Dole, and Converse, unlike its commodity exposed peers. Financially, Itochu leads the pack in ROE (15%+ target) and 50% payout ratio (dividend + buybacks). Itochu also gives our portfolio exposure to Japan, as new political leadership in the country is stimulating the local economy and has a nationwide mandate to improve returns of Japanese companies. The Tokyo Stock Exchange is pressuring companies to boost P/B ratios, leading to record buybacks and higher dividend payouts.

Teledyne Technologies Inc.

Teledyne provides an end-to-end vision platform that includes high performance digital imaging sensors, cameras, and image processing hardware and software. Its end markets include industrial, healthcare, aerospace, geospatial, scientific, government, and defense. The company also has a strong mix of both short and long cycle businesses, along with a strong history of acquisitions.

Sells

Constellation Brands Inc, Sysco Corp
Intertek Group PLC, American Tower Corp.

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