Barrantagh Investment Management 1995 | 2020 25 Years

Q2 2026

TRADING ACTIVITY

BARRANTAGH INVESTMENT MANAGEMENT

Canadian Equities Income

Equities posted a strong rally in the second quarter, with positive contributions from many sectors. Canadian markets were led by Financials, driven by stellar performances across the banking sector. The industry benefited from major tailwinds, including a strong earnings season, robust capital markets, and a regulatory easing of capital requirements.

Conversely, sectors linked to commodities underperformed the broader indices. These sectors faced headwinds from a stronger U.S. dollar and easing supply constraints, highlighted by progress toward reopening the Strait of Hormuz. This progress followed the signing of a Memorandum of Understanding (MOU) between the U.S. and Iran to reduce regional tensions and pursue a lasting ceasefire.

Oil tanker activity has begun to recover in the Persian Gulf, though it remains well below pre-conflict levels, even when accounting for vessels that may have turned off their transponders. Despite the tanker tracking data, some reports suggest that as much as half of normalized oil volumes are transiting the strait. Looking at oil prices, a decent amount of normalization seems priced in, though Iran's continued desire to control traffic through the strait hints at the potential for ongoing volatility stemming from this dynamic.

Focusing on Canada, headlines related to nation-building activity continued apace from both government and corporate sources. Notably, Shell plc's agreement to acquire ARC Resources has fueled speculation that a greenlight for LNG Canada Phase 2 is highly likely. We expect this trend of greater positivity toward infrastructure and resource development to be a multi-year event, and we have increased our exposure to this theme through the purchase of Black Diamond Group (BDI), which we expand upon below.

Significant contributors of relative outperformance at the sector level during the second quarter included Materials, Industrials and Financials. Information Technology, Consumer Discretionary and Communications 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.

Black Diamond Group (BDI) and Hudbay Minerals (HBM) were added to the portfolio during the quarter and Colliers International Group (CIGI) was sold. Several trims and adds were also executed.

Looking ahead, strong corporate earnings and positive economic indicators continue to buoy market optimism. However, some near-term uncertainty persists as markets digest the transition to new Fed Chair Kevin Warsh and await a clearer resolution in the Middle East. Taking these factors into account, the Portfolio remains well-diversified across sectors, supported by a strategic allocation to themes like nation-building that operate largely independent of the broader macroeconomic climate.

BUYS

Black Diamond (BDI)

Black Diamond Group (BDI) is a leading provider of modular space and remote workforce accommodation solutions across Canada, the U.S., and Australia. The company is exceptionally well-aligned with future nation-building projects slated for remote regions. Its large rental fleet has ample capacity for increased utilization, enabling the company to absorb new project demand with minimal capital requirements to drive high-quality growth.

Hudbay Minerals (HBM)

Hudbay Minerals (HBM) is a diversified Canadian mining company best described as a North American copper growth story. Its recent acquisition of Arizona Sonoran has bolstered an already enviable project pipeline that should drive organic growth for years to come. The Copper World asset is a key part of this portfolio, with project sanctioning expected by the end of this year.

SELLS

Colliers International (CIGI).

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