

TRADING ACTIVITY

BARRANTAGH INVESTMENT MANAGEMENT Canadian Equities Income

Equities posted positive returns in the quarter, though there was significant dispersion across sectors. Most Energy and Materials constituents benefited from the move higher in underlying commodities. Information Technology also advanced led by strength in software and services. Companies with long-duration cash flows that employ debt in their capital structure across Real Estate, Utilities, and Energy Infrastructure deteriorated with the move higher in yields. Areas of the market, including many pockets within Industrials and Consumer sectors, that either had to absorb higher input costs before passing them through, or had exposure to the lower-end consumer, were laggards.

Optimism surrounding June's U.S.-Iran memorandum of understanding quickly faded in July when the de-escalation deal collapsed following renewed attacks on commercial vessels. In response, the U.S. restricted Iranian traffic through the Strait of Hormuz while escorting allied shipping, as Gulf nations utilized dark fleets for ship-to-ship transfers and redirected crude exports through alternative pipelines. Despite a strong recovery in Hormuz crude flows, persistent infrastructure and shipping attacks underscore ongoing security risks as Iran seeks to maintain its primary point of leverage. With diplomatic channels stalled and an economically isolated Iranian leadership seemingly unfazed by hardship, the situation remains at a tense impasse.

Revisiting the Canadian nation-building theme discussed in prior commentaries, developments throughout the quarter continue to support the case for a multi-year investment boom in Canada. Government-led initiatives featured the inaugural Canada Investment Summit, which showcased an extensive project portfolio to major global institutional and sovereign investors. On the policy front, Ottawa announced targeted tax incentives for capital spending alongside legislative action to streamline project approvals. At the corporate level, LNG Canada Phase 2 and the associated Coastal GasLink Phase 2 project were formally sanctioned in September.

Significant contributors of relative outperformance at the sector level during the second quarter included Energy and Consumer Staples. Materials and Information Technology 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.

Despite persistent inflation and elevated interest rates, economic resilience and corporate earnings growth offer a supportive backdrop for equities, allowing time

for cost pressures to ease. With the sharp rise in long-term rates suggesting the bulk of monetary adjustment may be behind us, we continue to prioritize quality businesses characterized by durable growth profiles, attractive valuations, and disciplined balance sheet leverage.

BUYS

Keyera (KEY)

Keyera is a leading Canadian midstream company focused on natural gas and natural gas liquids (NGLs). The company has been active on the corporate front over the past year, acquiring Plains All American's Canadian NGL footprint and consolidating its interest in the KAPS pipeline by buying out Stonepeak Partners' 50% stake. These recent transactions enhance Keyera's platform scale, creating a cross-Canada NGL corridor that improves market access and supply chain flexibility for its customers. Keyera is well-positioned to support Western Canada's expanding production capacity, a trend further bolstered by recent nation-building announcements around liquid natural gas (LNG) exports and West Coast oil pipelines.

SELLS

Jamieson Wellness

Jamieson entered agreement to be acquired by Kirin Holdings. This takeout closes in October/November; currently trading at a very tight spread to \$45.75 cash offer (~\$45.45).

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