



# Q4 2025 Report

December 31<sup>st</sup>, 2025

**Honours in Investment  
Management**

**Van Berkom  
Small Cap Fund**



**DESAUTELS**

Capital Management  
Gestion de capitaux



**VBSC Founding Cohort  
Class of 2025-2026**

**“An investment in knowledge  
pays the best interest.”**

**- Benjamin Franklin**

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## VBSC Fund Managers



### **Thomas-Nikolas Anastasopoulos | Strategist** [in](#)

- Investment Banking Summer Analyst  
Scotiabank, Montreal (Incoming 2026)
- Private Equity Fall Analyst  
Novacap, Montreal (Fall 2025)
- Rotational Summer Analyst  
Fiera Comox, Montreal (Summer 2025)
- Private Equity Summer Analyst  
Valstone, Montreal (Summer 2024)

Born and raised in Montreal, Thomas spent much of his time playing soccer. His interest in finance grew during his studies at André-Grasset, where his passion for mathematics and science, combined with his competitive nature, made finance a natural fit. A former competitive soccer player, Thomas thrives on setting high goals and working tirelessly to achieve them. In his free time, he enjoys biking, swimming and spending time with his family and friends.



### **Cédrik Nadeau | Senior Analyst** [in](#)

- Equity Research Intern  
Fidelity Investments, Toronto (Incoming Summer 2026)
- Private Equity Fall Analyst  
Walter Capital Partners, Montreal (Fall 2025)
- Private Equity Summer Analyst  
Valsoft, Montreal (Summer 2025)

Cédrik was born and raised in the Quebec City area. After graduating high school, he read many books about investing, which sparked a strong interest in fundamental investing and led him to start managing his personal investment portfolio once he turned 18. To deepen his understanding of the topic and meet like-minded individuals, he decided to pursue studies in finance at McGill University and joined DCM. Outside of finance, Cédrik enjoys skiing, mountain biking, and hiking.

## VBSC Fund Managers



### **Alexandre Comtois** | Junior Analyst [in](#)

- Investment Banking Summer Analyst  
TD Securities, Montreal (Incoming 2026)
- Wealth Management Summer Analyst  
National Bank Financial, Montreal (Summer 2025)

Alexandre was born and raised in Montreal, Canada. His passion for finance began in high school, when he started following markets and analyzing companies to understand what drives long-term value creation. At McGill, this curiosity led him to join Desautels Capital Management, where he developed a particular interest in small cap investing for its emphasis on deep fundamental research and close analysis of management execution. He also co-authored the proposal for the student-led McGill Ventures Fund, which he currently develops with a team of peers, reflecting his broader interest in innovative and early-stage businesses. Outside of academics, Alexandre enjoys skiing, basketball, and spending time with friends.



### **Basil Bibik** | Junior Analyst [in](#)

- Equity Research Intern  
TWM Group, Montreal (Summer 2025)

Basil was born and raised in Montreal, Canada. His passion for finance began in Cégep, where a macroeconomics class sparked his interest in capital markets. At Marianopolis Cégep, his curiosity led him to become President of the Marianopolis Investment Club. Following successes in this role he went on to co-found the Marianopolis Investment Management Program, which prepares students for exclusive University Investment Programs. He later joined Desautels Capital Management, where he jumped at the opportunity of being part of the founding cohort of the Van Berkomp Small Cap Investment Fund. Outside of academics, Basil enjoys reading, playing soccer, and spending time with friends.

## VBSC Fund Managers



### **Carl Lambert | Junior Analyst**

- Fall Equity Analyst  
Walter Public Investments, Montreal (Incoming 2026)
- Summer Analyst, Global Small Cap Equity  
Van Berkomp Asset Management, Montreal (Incoming 2026)
- *Painting Business Owner & Operations Manager*  
Montreal (2023-2025)

Born and raised in Montreal, Quebec, Carl Lambert combines an entrepreneurial drive with a disciplined passion for investing. Drawn to McGill University for its rigorous Finance program and collaborative culture, he has distinguished himself through academic excellence and hands-on leadership. Carl serves as a Teaching Assistant in Finance and operates a painting business that has successfully delivered over \$250,000 in contracts, reflecting his commitment to execution and results. His interest in equity research stems from a belief that disciplined analysis and long-term conviction can uncover exceptional opportunities. Outside of academics, he enjoys powerlifting, skiing, hiking, and exploring quantitative approaches to investing.



### **Oaken Son | Junior Analyst**

- Summer Equity Analyst  
Walter Public Investments, Montreal (Incoming 2026)
- Finance and Accounting Intern  
Corentec America Inc, Laguna Niguel, CA (Summer 2025)

Born and raised in Orange County, California, Oaken Son brings an entrepreneurial spirit and a deep curiosity for the infinite types of business to his study of finance. He was drawn to McGill by the strength of its Honours Investment Management Program and the cultural diversity of Montreal. Oaken is actively involved in several student organizations across business and philanthropic initiatives. He joined the VSBC fund out of interest in researching equities across sectors as well as the potential to generate alpha. In his free time, he enjoys playing hockey, golfing, skiing, and experimenting with Korean recipes.

# VBSC Investment Committee

The VBSC Investment Committee (IC) is composed of financial sector industry leaders who are passionate about helping VBSC achieve its ambitious objectives. We thank our committee members for their generous support.

The IC's primary responsibility is to evaluate and provide guidance on investment presentations prepared by Analysts, ensuring adherence to the fund's Investment Policy Statement (IPS) and upholding a disciplined, research-driven investment process.



**Chair**  
**Christine Decarie** (BCom'86)  
Former Senior VP and  
Portfolio Manager  
Mackenzie Investments



**Sebastian van Berkomp**  
Founder, Partner, Chairman  
and CEO of Van Berkomp  
and Associates Inc.



**Alexander Tiscione**  
Partner, Analyst, Global  
Equities at Van Berkomp  
Global Asset Management



**Emma Roy**  
Investment Analyst at  
Bastion Asset Management



**Nicolas Chevalier**  
Managing Partner, Director and  
Portfolio Manager Pembroke  
Management Ltd



**Elisabeth Lekhtman**  
Equity Analyst at Global Alpha  
Capital Management



**Jean-Mathieu Gareau**  
Director & Senior Portfolio  
Manager at Intact Financial  
Corporation



**Professor Jiro Kondo**  
Academic Director, Investment  
Management Program (HIM)

# Investment Philosophy

## Aligned and Competent Management

Warren Buffett once said, “I try to buy stock in businesses that are so wonderful that an idiot can run them. Because sooner or later, one will.” While we respect this view, we believe it does not apply to small caps. The companies we invest in are early in their growth and the quality of management has an outsized impact on performance.

We focus on identifying management teams that are experienced, knowledgeable, and aligned with shareholders. We assess competence by looking at capital allocation decisions, returns on invested capital, and relevant industry experience. Alignment is evaluated through insider ownership and compensation structures tied directly to measurable value creation for shareholders.

We also review the Board of Directors since it oversees management and ensures accountability. We favor boards that are independent, engaged, and free of conflicts, ensuring decisions remain focused on sustainable value creation.

## Weighting and Valuation

As the first cohort of Fund Managers, we developed a disciplined weighting framework aiming for 15 percent annual returns to double the fund over five years. All portfolio companies meet our key criteria: durable moat, capable management, strong balance sheet, and limited cyclical.

Weighting is primarily based on valuation since it drives expected returns. We also look for near-term catalysts that could help the stock converge toward our intrinsic value estimate, allowing us to remain disciplined while capturing upside potential.

## Wide and Expanding Moats

We seek companies with durable and growing competitive advantages. By using realistic assumptions and fair multiples, we estimate intrinsic values that prevent us from overpaying for growth. Higher multiple companies tend to be more sensitive to earnings or industry volatility, so we focus our top weights on names with clear upside and reduce exposure when valuations become stretched.

## Limited Downside Risk: Debt and Cyclical

We protect capital by investing in companies with clear moats and financial strength. Qualitatively, we look for brand strength, switching costs, or cost advantages. Quantitatively, we favor firms with higher ROIC and margins than peers.

We avoid companies with excessive leverage or exposure to highly cyclical industries, as both increase vulnerability during downturns. Our focus remains on resilient businesses able to compound value across market conditions.

# Investment Policy Statement

## Investment Guidelines

The Fund invests primarily in publicly traded North American small cap equities that reflect the Van Berkomp investment philosophy. This approach focuses on high-quality, well-managed, and undervalued businesses with consistent free cash flow, strong balance sheets, and durable competitive advantages.

At the time of purchase, eligible companies must have a market capitalization between 300 million and 10 billion in their respective currency, in Canadian dollars for domestic equities and in U.S. dollars for American equities. The Fund typically targets companies in the lower to mid-range of the small cap universe where inefficiencies often create attractive opportunities.

The Fund may hold cash or cash equivalents for liquidity management or invest in small cap index funds during transition periods. These positions are temporary and may not exceed five percent of total assets or remain for longer than three months.

## Investment Objectives

The Fund aims to generate strong long-term returns by identifying small cap companies capable of doubling in value over five years or less while maintaining disciplined risk management. The strategy is bottom-up, emphasizing fundamental research, management quality, and business durability. The resulting portfolio is concentrated, conviction-driven, and designed for long-term value creation rather than short-term market movements.

## Investment Constraints and Risk Management

Cash reserves may not exceed five percent of portfolio value except during the Transition Period. Index fund holdings follow the same limit. Individual positions must represent between one and seven percent of the portfolio. Holdings that rise above seven percent are trimmed, and those exceeding intrinsic value or long-term valuation norms are sold.

Diversification is central to risk control. No sector generally exceeds forty percent of total assets. Companies with leverage greater than three times debt to EBITDA are excluded at purchase. The Fund avoids cyclical or commodity-based businesses and focuses on companies with recurring cash flows and predictable growth.

Portfolio turnover should remain moderate, typically below forty percent per year, consistent with a long-term investment horizon and compounding approach.

## Benchmark and Asset Allocation

Performance is measured against a blended benchmark of fifty percent S&P/TSX small cap Total Return Index and fifty percent Russell 2000 Total Return Index, both in Canadian dollars. The Fund targets an equal allocation between Canadian and U.S. equities, with flexibility to adjust between thirty-five and sixty-five percent in each market depending on opportunity and valuation.

## Transition Period

A Transition Period allows for the gradual and efficient build-up of the portfolio. It remains in place until at least twenty securities are held. During this stage, cash holdings may exceed five percent, and the allocation between Canadian and U.S. equities may fall outside the thirty-five to sixty-five percent range.

Once twenty holdings are established, all standard investment constraints, allocation targets, and benchmark comparisons apply. Cash balances are invested overnight through Desautels Capital Management to ensure funds remain productive and aligned with fiduciary principles.

# Fund Performance

## Opening Summary

Since inception and as of December 31, 2025, the Van Berkom Small Cap Fund generated a return of -0.52% compared to 5.41% for our benchmark. While relative performance is always important, we think it is equally important to look through the headline number and focus on what is driving returns at the individual holding level, especially this quarter. A meaningful portion of the portfolio remained invested in a money-market ETF as we built our opportunity set and paced new deployments, which intentionally reduced volatility but also created a “cash drag” versus a fully-invested equity benchmark in a strong tape.

## Market Movement

Over 2025, small-cap performance was defined by a sharp Canada–U.S. divergence. The S&P/TSX Small Cap materially outperformed, driven largely by multiple expansion (forward P/E re-rating) and a powerful resources tilt, particularly strong performance in materials/gold-linked names. In contrast, the Russell 2000 delivered a more muted outcome, with returns more dependent on earnings while valuations remained more constrained given higher rate sensitivity and periodic risk-off episodes.

In the most recent quarter, markets were choppy and more rotational, with performance increasingly shaped by rate-path expectations and sector leadership. Canada continued to be influenced by materials/resource momentum, while U.S. small caps remained more exposed to shifts in financial conditions, leading to sharper moves around macro data and central-bank messaging.

## Fund Decisions and Evolution

During the quarter, our priority was to protect capital while building conviction. We initiated/maintained two core

equity positions (each currently ~2% of the portfolio) and allocated the remaining capital to a BMO money-market ETF to preserve liquidity while we advanced due diligence on additional ideas. This structure gave us two benefits: (1) measured equity exposure so security selection can start compounding, and (2) optionality to add to best ideas (or deploy into new names) quickly if volatility creates attractive entry points.

Looking ahead, our intention is to gradually increase active exposure as our pipeline matures and as we achieve higher conviction

## Total Portfolio Weighted Return

	<b>1 Mo.</b>	<b>Since Inception</b>
		<b>2025-09-30</b>
VBSC Fund	(0.37%)	(0.52%)
Russel 2000	(2.52%)	0.61%
S&P/TSX Small Cap	2.38%	10.20%
50% - 50% Benchmark	(0.07%)	5.41%
<b>Value Added</b>	<b>(0.29%)</b>	<b>(5.93%)</b>
<i>(Portfolio minus Benchmark)</i>		

\*All in CAD

## Stock Performance Since Entry



## Victory Capital Holdings

NASDAQ: VCTR

Fiscal Year-end December 31.

### Company Overview

Victory Capital Holdings (NASDAQ: VCTR) operates a multi-boutique asset management platform that partners with autonomous investment franchises to deliver differentiated strategies across equities, fixed income, and alternatives. Through its disciplined, capital-light operating model, the firm empowers its affiliates to maintain independent investment processes while benefiting from centralized distribution, operations, and risk management. Victory Capital drives growth primarily through targeted, extremely large acquisitions, supported by a scalable platform and strong client relationships.

### Investment Thesis

**1. Net Flows Neutrality** : Expanded global distribution through the Amundi partnership and improved U.S. reach position Victory for flat-to-positive net flows. Early traction across institutional and retail channels supports continued flow stabilization.

**2. Large Acquisition Catalyst** : With leverage at a post-IPO low and management signaling readiness, Victory is well positioned to execute a large strategic acquisition. Such a transaction would enhance scale, earnings durability, and growth visibility.

**3. Stabilizing Fee Rate** : A growing mix of higher-fee “Solutions” strategies is slowing fee compression. This product shift supports fee stabilization and improves the quality of long-term revenue.

### Competitive Advantage

Victory Capital operates a unique multi-franchise model that combines fully autonomous investment boutiques with a lean, centralized corporate platform providing distribution, infrastructure, compliance, and capital. This capital-light structure delivers the highest EBITDA margins in the industry, allowing Victory to extract more value per dollar of AUM and to outbid competitors in large acquisitions that most peers lack the scale or expertise to execute. Strong incentive alignment—through revenue-based compensation and meaningful equity ownership—ensures franchise managers remain focused on performance, asset retention, and fee discipline, enabling Victory to scale through acquisitions without diluting its entrepreneurial culture.

### Management Alignment

Victory Capital’s management is highly aligned with shareholders, rooted in its 2013 management buyout origins. CEO David Brown is a significant owner, with over \$150 million invested personally, and compensation is predominantly performance-based, directly tying management incentives to shareholder returns.

### Company Summary

Market Cap (\$M)	\$3,974.7
Total Debt (\$M)	\$1,019.1
Enterprise Value (\$M)	\$4,878.2
Shares Outstanding (M)	64.9
Float (%)	70.33%
Dividend Payout	48.36%
Total Return – 3 Months	6.35%
Total Return – 6 Months	(2.35%)
Total Return – 1 Year	9.39%

### 5 Year Dividend Adj. Return



### Profitability Ratios

	FY-2	FY-1	FY	FY+1	FY+2
ROE	28%	20%	27%	25%	23%
ROIC	11%	11%	13%	10%	12%
EBITDA %	48%	49%	51%	51%	51%
EBIT %	43%	44%	48%	46%	48%

### Leverage Ratios

	FY-2	FY-1	FY	TTM
TD/E	94%	95%	88%	43%
TD/TC	48%	49%	47%	30%
TD/EBITDA	2.4x	2.5x	2.1x	1.7x
ND/EBITDA	2.2x	2.2x	1.8x	1.5x

### Growth Over Prior Year Metrics

	FY-2	FY-1	FY	FY+1	FY+2
Rev. (%)	(4%)	(4%)	9%	46%	16%
EBITDA (%)	(3%)	(3%)	15%	32%	20%
EPS (%)	(5%)	(2%)	20%	16%	10%

## Interparfums, Inc

NASDAQ: IPAR

Fiscal Year-end December 31.

### Company Overview

Interparfums (NASDAQ: IPAR) utilizes a capital-light, general contractor model, outsourcing manufacturing to prioritize the formulation, marketing, and global distribution of prestige fragrances. Anchored by licensed heavyweights like Jimmy Choo, Montblanc, and Coach, the company drives growth through a combination of blockbuster launches and brand extensions, alongside strategic wins like Lacoste. Supported by a well-balanced global footprint and gross margins expanding to nearly 64%, Interparfums is now pivoting beyond traditional licensing into selective brand ownership. By acquiring assets such as Solferino, Off-White, and Goutal, the firm aims to secure full creative control and higher margins, building lasting equity in the ultra-luxury segment.

### Investment Thesis

**1. The market does not price in any major license acquisitions :** The market misprices Interparfums' growth prospects, ignoring its unique position to win future licenses. While luxury brands fail at in-house fragrance, IPAR's proven operational scale makes it the partner of choice. With key competitors constrained, IPAR's strong balance sheet perfectly positions it to capture high-value licenses.

**2. Brand Portfolio Shift and E-Commerce Scaling to Support Margin Growth :** Interparfums is structurally expanding margins by pivoting to trademark ownership and accelerating high-margin e-commerce sales. Despite de-risking the portfolio by drastically reducing reliance on any single brand, shares trade at a significant discount to historical averages, failing to reflect this shift toward higher profitability and stability.

### Competitive Advantage

Interparfums' specialized expertise creates a deep competitive moat, evidenced by the longevity of its partnerships. Luxury brands face high barriers to entry in fragrance, including complex supply chains and distinct consumer dynamics, making in-house production costly and risky. Partnering with Interparfums allows brands to leverage a proven, award-winning platform, significantly de-risking the category while ensuring execution excellence.

### Management Alignment

Interparfums is defined by exceptional insider alignment, with founders Jean Madar and Philippe Benacin owning over 43% of the stock to anchor the firm's disciplined, long-term strategy. This leadership continuity is fortified by CFO Michel Atwood, whose executive experience at Procter & Gamble and Estée Lauder provides institutional-grade operational depth. Together, this structure secures both high-conviction ownership and a robust path for future succession.

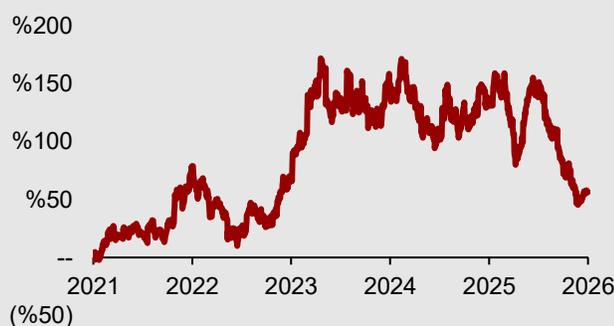
Capital IQ

All \$ amounts in USD

### Company Summary

Market Cap (\$M)	\$3,116.7
Total Debt (\$M)	\$229.9
Enterprise Value (\$M)	\$3,442.3
Shares Outstanding (M)	32.1
Float (%)	56.3%
Dividend Payout	61.4%
Total Return – 3 Months	(13.0%)
Total Return – 6 Months	(34.3%)
Total Return – 1 Year	(32.1%)

### 5 Year Dividend Adj. Return



### Profitability Ratios

	FY-2	FY-1	FY	FY+1	FY+2
ROE	20%	22%	22%	23%	23%
ROIC	13%	15%	16%	17%	18%
EBITDA %	20%	20%	21%	20%	19%
EBIT %	19%	19%	19%	19%	18%

### Leverage Ratios

	FY-2	FY-1	FY	TTM
TD/E	27%	22%	20%	21%
TD/TC	21%	18%	17%	17%
TD/EBITDA	0.9x	0.7x	0.6x	0.7x
ND/EBITDA	NM	0.0x	NM	0.1x

### Growth Metrics

	FY-2	FY-1	FY	FY+1	FY+2
Rev. (%)	24%	21%	10%	3%	2%
EBITDA (%)	35%	24%	13%	(2%)	(5%)
EPS (%)	42%	20%	10%	(1%)	(5%)

## Disclaimer

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