



# 2025 Annual Report

## Honours in Investment Management



**Honours in Investment Management  
Class of 2025-2026**

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

**- Benjamin Franklin**

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# A Message from the HIM Class President

## Dear Investors,

On behalf of the Honours in Investment Management program, I would like to sincerely thank you for your continued support. Your engagement and generosity remain central to the strength of the HIM program, and we are grateful for the opportunities you help create for current and future students.

In 2025, the Global Equity Fund returned 25.5%, compared to 23.3% for its benchmark. This 220 basis points of outperformance was largely driven by idiosyncratic stock selection, with the strongest contributors being Hudbay Minerals (+125%), Bayer (+122%), and Citi (+66%). The fund's weakest performers in 2025 were UnitedHealth Group (-35%), T-Mobile (-10%), and Uber (-8%).

The Fixed Income Fund returned 2.1%, compared to 2.6% for its benchmark. The slight underperformance was primarily driven by two factors: higher exposure to USD-denominated assets, which was negatively affected by U.S. dollar depreciation, and the fund's duration positioning. For much of the year, the fund maintained a shorter U.S. duration profile than the benchmark. While this exposure was later unwound, the fund also had adverse exposure to the long end of the yield curve, which contributed to underperformance despite being partially offset by shorter-maturity holdings through barbell positioning. The fund continued to benefit from strong company selection. This year, one new corporate position was added: NCR Atleos 2029 note.

Outside of the investment funds, this year's cohorts continued the program's tradition of securing top internships and full-time positions at leading firms around the world. Students in the program also achieved strong results in case competitions across North America and Europe, earning 19 podium finishes, including nine first-place finishes. We would also like to thank the team at McGill and the alumni who once again helped organize HIM's annual trip to New York City, where students had the opportunity to learn from and network with leading industry professionals.

Finally, I would like to thank Professors Vadim di Pietro and Jiro Kondo, as well as Benoit Durand for their continued support and dedication to the program. Their guidance, time, and commitment play an essential role in the development of our students and in the continued growth of HIM. We are grateful for everything they do to help strengthen the program year after year. I can personally say that my time at McGill was shaped by what I learned and who I met in HIM. This program was the reason I came to McGill, and I am grateful for everything it has given me.

Sincerely,

**Maxime Tardif,**  
President of the HIM Program



# Launching the Van Berkom Small Cap Fund

This year marked the introduction of a brand-new investment fund under the HIM umbrella, made possible through generous donations from Sebastian van Berkom and Jonathan Goodman and with the support of Benoit Durand, the fund's Investment Director.

The new Van Berkom Small Cap Fund is a \$1 million fund dedicated to investing in small-cap equities across the U.S. and Canada. In August, the program welcomed its first cohort, composed of two senior and four junior analysts. Since then, these students have had the opportunity to pitch their investment ideas to an investment council composed of senior investment professionals from some of Montreal's top investment firms. With the addition of this new fund, DCM's assets under management now stand at \$12 million.



(From left to right: Jonathan Goodman, Sebastian van Berkom, Benoit Durand)

## 2025-2026 Case Competition Highlights

### Jeux du Commerce 2026 – Finance Case



- 1<sup>st</sup> place
- Maxime Tardif, Matthew De Fanti, Cedrik Nadeau

### Heconomie 2026 Stock Pitch Competition



- 1<sup>st</sup> place (\$2,000)
- Maxime Tardif, Maya David, Fabian Himmelstein, Manouk Taskiran

### FPHEC Montreal Investment Banking Showcase



- 1<sup>st</sup> place (\$3,000)
- Matthew De Fanti, Thomas-Nikolas Anastasopoulos, Lucas Munteanu

### Jeux du Commerce 2026 – Surprise Case



- 1<sup>st</sup> place
- Maya David

### Jeux du Commerce 2026 – CFA Ethics Case



- 1<sup>st</sup> place
- Evelyne Desmarais

### National Bank x DeGrootte 2025 Stock Pitch Competition



- 1<sup>st</sup> place (\$1,000)
- Matthew De Fanti, Alexander Moghadam

### Greenhill 2025 M&A Competition



- 1<sup>st</sup> place (\$1,000)
- Matthew De Fanti, Alexander Moghadam

### RPC x Scotiabank 2025 M&A Competition



- 1<sup>st</sup> place (\$1,000)
- Matthew De Fanti, Alexander Moghadam

### HEconomie 2025 Stock Pitch Competition



- 1<sup>st</sup> place (\$2,000)
- Evelyn Bojkov, Christophe Aclimandos, Maxime Tardif, Antoine Lavoie

### FPHEC Montreal Investment Banking Showcase



- 2<sup>nd</sup> place (\$2,000)
- Maxime Tardif, Maya David

# 2025-2026 Case Competition Highlights

## Financial Open 2026 – Surprise Case



- 2<sup>nd</sup> place
- Maya David

## Financial Open 2025 – Corporate Finance Case



- 2<sup>nd</sup> place
- Christophe Aclimandos, Thiara Subasinghe, Arjun Kapur

## HEconomie 2025 Stock Pitch Competition



- 2<sup>nd</sup> place (\$1,000)
- Maya David, Manouk Taskiran, Mateo Cordoba, Fabian Himmelstein

## Copenhagen Business School 2025 Case Competition



- 2<sup>nd</sup> place
- Mateo Cordoba, Thiara Subasinghe

## Financial Open 2026 – Stock Simulation



- 3<sup>rd</sup> place
- Engueran Turmel-Josek, Ethan Wu, Alexander Moghadam, Matthew De Fanti

## Jeux du Commerce 2026 – Marketing Case



- 3<sup>rd</sup> place
- Maya David

## Jeux du Commerce 2025 – Social Overall



- 3<sup>rd</sup> place
- Xavier Cauchon

## Jeux du Commerce 2025 – Social Case



- 3<sup>rd</sup> place
- Xavier Cauchon

## FISA & JMIS 2025 National Stock Pitch Competition



- 3<sup>rd</sup> place (\$1,000)
- Christophe Aclimandos, Maxime Tardif, Mateo Cordoba, Thibault Quelavoine



## **Our Team**

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# Executive Team



## **Morty Yalovsky | President**

Professor Morty Yalovsky is the President of Desautels Capital Management. He joined the faculty in 1974, and in addition to his academic responsibilities, he has assumed several senior administrative roles, including Vice-Principal (Administration and Finance) at the University level. Professor Yalovsky's research interests include Statistical Methodology, Forecasting Methods, and Modeling. He has also consulted in the areas of Applied Statistics and Information Technology for several leading Canadian corporations.



## **Vadim di Pietro | Chief Investment Officer**

Professor di Pietro is Co-Chief Investment Officer, Chief Compliance Officer, and registered Advising Representative for Desautels Capital Management. He joined the Faculty of Management in 2009. Prior to Desautels, Vadim was an investment strategist at J.P. Morgan in London from 2007 to 2009. He holds a B.Eng. from McGill University, a Master's in Mathematical Finance from the University of Toronto, and a PhD in Finance from the Kellogg School of Management. Vadim is also a CFA charter holder.



## **Jiro Kondo | Chief Talent Officer**

Professor Kondo joined the Finance group at the Desautels Faculty of Management in 2012 after having served on the faculty at Northwestern University's Kellogg School of Management. While at Desautels, he was Founding Advisor, the Head of Portfolio Construction (2017-2022), and the Head of Investment Committee (2023-2024) at Sarwa - the Middle East's leading digital investing and trading platform. He also served as Area Coordinator of the Finance Group at Desautels from 2022-2024. He holds an undergraduate degree in Economics from Princeton University and a PhD in Financial Economics from MIT's Sloan School of Management.

# Board of Directors



## **Richard Pan** | President & Chief Executive Officer Walter Financial

Mr. Pan is currently President & Chief Executive Officer at Walter Financial. Previously, he was Group CFO at American Iron & Metal, and Vice-President and Head of Corporate Finance at Power Corporation and Power Financial. Before joining Power Corporation, Mr. Pan was an Executive Director in Investment Banking with Goldman Sachs International based in London, England.



## **Sharon Stern** | President Eastmore Management

Ms. Stern currently serves as President of Eastmore Management. She is also President and Managing Partner of Metro Investments. Previously, Ms. Stern served as an Independent Director of Cedar Realty Trust, Inc. Prior to these roles, she was a Senior Analyst in Strategy and Corporate Development at BDC. Ms. Stern has extensive experience in investment management, corporate strategy and leadership.



## **Neil Murdoch** | Director Wm. T. Murdoch Ltd.

Mr. Murdoch is currently an Investor, Corporate Advisor and Director at Wm. T. Murdoch Ltd. Previously, Mr. Murdoch was President of Aston Hill Asset Management. Prior to that, he was Chief Executive Officer of Connor, Clark & Lunn Capital Markets Inc., and EVP, Portfolio Manager and CFO of AIC Limited. Earlier in his career, he was a Senior Manager at Price Waterhouse Management Consultants..

# DCM Industry Advisory Council

The DCM Industry Advisory Council is composed of financial sector industry leaders who are passionate about helping DCM reach new heights. Council members assist the program in a number of ways, including strategic vision, bootcamp training sessions, guest lectures, student mentorship, fundraising efforts, and industry networking. We thank Council members for their generous support.



**David Klug (Chair)** (BCom'04)  
Managing Director  
SMBC Group



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



**Aaron Stern** (BCom'06)  
Managing Partner & CIO  
Converium Capital Management



**Avinash Sarwal** (BA'99)  
President  
Bikaner Advisors



**Ryan Oldham** (MBA'07)  
Portfolio Manager  
Fidelity Investments



**Erik Groot** (BS'05)  
Analyst  
Capital Group



**Sandy Haas**  
Founder & President  
SMH Management

# HIM Alumni Council

The HIM Alumni Council is composed of HIM graduates who are passionate about helping DCM reach new heights. Council members assist the program in a number of ways, including strategic vision, bootcamp training sessions, guest lectures, student mentorship, fundraising efforts, and industry networking. The Alumni Council's dedication to the program is a testament to the sense of community established at DCM, and we would like to thank our alumni for their generous support.



**Max Adelson (HIM'12)**  
Portfolio Manager  
Fidelity Investments



**Thomas Boucher-Charest (HIM'19)**  
Group CEO  
Valstone



**Antonino Piazza (HIM'13)**  
Investment Partner  
Valsoft



**Victoire Gekas (HIM'19)**  
Transformation Director  
Dialogue









**Colton Dick (HIM'15)**  
Managing Director  
Oak Hill Advisors, L.P.



**Meagan Prins (HIM'17)**  
Head of Strategy  
Addi

# Who Makes Up HIM?

Students		38
Women		18%
Spoken Languages		10
Average GPA		3.88
Club Leadership Roles		25
Awards & Scholarships		50

# Job Placements

## Class of 2026 & 2027 Employment Status

**42%**

Investment Banking

**28%**

Public Equities

**8%**

Private Equity

**10%**

Credit

## Notable Placements



# HIM Executives



## **Maxime Tardif | President** [in](#)

- U.S. Credit Summer Analyst  
Oak Hill Advisors, New York (Incoming 2026)
- Equity Research Intern  
Fidelity Investments, Toronto (Summer 2025)



## **Maya David | Vice President** [in](#)

- Investment Banking Analyst  
Scotiabank, Montreal (Incoming 2026)
- Investment Banking Summer Analyst  
Scotiabank, Montreal (Summer 2025)



## **Fabian Himmelstein | Fixed Income Strategist** [in](#)

- Real Estate Investments Analyst  
PSP Investments, Montreal (Incoming 2026)
- Investments Intern  
Dream, Toronto (Summer 2025)



## **Ethan Wu | Global Equity Strategist** [in](#)

- Investment Banking Summer Analyst  
Bank of Montreal, Toronto (Incoming 2026)
- Corporate Banking Summer Analyst  
CIBC, Montreal (Summer 2025)

# HIM Executives



## **Thomas-Nikolas Anastasopoulos | Van Berkom Small Cap Strategist** [in](#)

- Investment Banking Summer Analyst  
Scotiabank, Montreal (Incoming 2026)
- Private Equity Fall Analyst  
Novacap, Montreal (Fall 2025)



## **Deven Seth | Chief Operating Officer** [in](#)

- Law Student  
Seton Hall Law School, Newark (Incoming 2026)
- Summer Analyst  
Bergamot Asset Management, Princeton (Summer 2025)



## **Félix-Antoine Gariépy | Network Director** [in](#)

- Investment Banking Analyst  
Scotiabank, Montreal (Incoming 2026)
- Investment Banking Summer Analyst  
Desjardins, Montreal (Summer 2025)

# Consumers



## **Aman Roshia** | Senior Analyst [in](#)

- Investment Banking Summer Analyst  
Nomura, Mumbai (Summer 2025)
- Private Equity Intern  
Rosemont Legacy, Montreal (Winter 2024)



## **Deven Seth** | Senior Analyst [in](#)

- Law Student  
Seton Hall Law School, Newark (Incoming 2026)
- Summer Analyst  
Bergamot Asset Management, Princeton (Summer 2025)



## **Isaac Rice** | Junior Analyst [in](#)

- Sales & Trading Summer Analyst  
Morgan Stanley, Tokyo (Incoming 2026)
- Private Equity Fall Analyst  
Pillar49 Capital, Toronto (Fall 2025)

# Energy & Utilities



## **Engueran Turmel-Josek** | Senior Analyst [in](#)

- Equity Research Intern  
CDPQ, Montreal (Incoming 2026)
- Private Equity Summer Analyst  
Tinto Hill, England (Summer 2024)



## **Maya David** | Senior Analyst [in](#)

- Investment Banking Analyst  
Scotiabank, Montreal (Incoming 2026)
- Investment Banking Summer Analyst  
Scotiabank, Montreal (Summer 2025)



## **Matthew Baker** | Junior Analyst [in](#)

- Investment Banking Summer Analyst  
Desjardins, Montreal (Incoming 2026)
- Summer M&A Analyst  
Valsoft, Montreal (Summer 2025)



## **Amelie Mesnier** | Junior Analyst [in](#)

- Investment Banking Summer Analyst  
National Bank of Canada, Montreal (Incoming 2026)
- Credit Summer Analyst  
BNP Paribas, Montreal (Summer 2025)

# Financial Institutions



## **Manouk Taskiran** | Senior Analyst [in](#)

- Investment Banking Summer Analyst  
Scotiabank, Montreal (Incoming 2026)
- Growth Equities Summer Analyst  
CDPQ, Montreal (Summer 2025)



## **Lucas Munteanu** | Junior Analyst [in](#)

- Equity Research Intern  
Fidelity Investments, Toronto (Incoming 2026)
- Total Fund Integration Intern  
PSP Investments, Montreal (Summer 2025)



## **Thomas Soumakis** | Junior Analyst [in](#)

- Investment Banking Summer Analyst  
Citi, New York (Incoming 2026)
- Equity and Fixed Income Research Intern  
KeyBank, New York (Summer 2025)



## **Virgile Couture** | Junior Analyst [in](#)

- Investment Banking Summer Analyst  
PJT, London (Incoming 2026)
- Equity Research Intern  
CDPQ, Montreal (Summer 2025)

# Industrials



## Frédéric Mandeville | Senior Analyst [in](#)

- Investment Banking Summer Analyst  
Liontree, New York (Incoming 2026)
- Private Equity Summer Analyst  
Altas Partners, Toronto (Summer 2025)



## Katie Chao | Senior Analyst [in](#)

- Equity Associate  
Fidelity Investments, Boston (Incoming 2026)
- Equity Associate Intern  
Fidelity Investments, Boston (Summer 2025)



## Alexander Faralla | Junior Analyst [in](#)

- Private Equity Summer Analyst  
Altas Partners, Toronto (Incoming 2026)
- Investment Banking Winter Analyst  
Herculean Group, Toronto (Winter 2025)



## Evelyne Desmarais | Junior Analyst [in](#)

- Investment Banking Summer Analyst  
National Bank of Canada, Montreal (Incoming 2026)
- Equity Research Intern  
CDPQ, Montreal (Summer 2025)

# Materials



## Emily Zheng | Senior Analyst [in](#)

- MSc Financial Economics Student  
Oxford Saïd, Oxford (Incoming 2026)
- Global Markets Intern  
TD Securities, Toronto (Summer 2025)



## Yijin Wang | Senior Analyst [in](#)

- Corporate Credit Analyst  
BNP Paribas, Montreal (Incoming 2026)
- Credit Summer Analyst  
BNP Paribas, Montreal (Summer 2025)



## Elaine Wang | Junior Analyst [in](#)

- Summer M&A Analyst  
Valsoft, Montreal (Incoming 2026)
- Summer Research Analyst  
Alpine Macro, Montreal (Summer 2025)



## Lucas Levenson | Junior Analyst [in](#)

- Private Equity Summer Analyst  
Brookfield Asset Management, Toronto (Incoming 2026)
- Equity Research Intern  
Empire Life Investments, Toronto (Summer 2025)

# Technology, Media, Telecom, & Healthcare



## **Ethan Wu | Senior Analyst** [in](#)

- Investment Banking Summer Analyst  
Bank of Montreal, Toronto (Incoming 2026)
- Corporate Banking Summer Analyst  
CIBC, Montreal (Summer 2025)



## **Alexander Moghadam | Senior Analyst** [in](#)

- Direct Lending Summer Analyst  
Ares Management, Chicago (Incoming 2026)
- Credit Investment Summer Analyst  
PSP Investments, Montreal (Summer 2025)



## **Matthew De Fanti | Senior Analyst** [in](#)

- Equity Research Intern  
Fidelity Investments, Toronto (Incoming 2026)
- Investment Banking Summer Analyst  
National Bank Financial, Montreal (Summer 2025)



## **Bill Han | Junior Analyst** [in](#)

- Investment Banking Summer Analyst  
Wells Fargo, Toronto (Incoming 2026)
- Private Equity Intern  
Intentional Capital Real Estate, Toronto (Summer 2025)

# Technology, Media, Telecom, & Healthcare



## **Brian Ly** | Junior Analyst

- Investment Banking Summer Analyst  
Raymond James, Toronto (Incoming 2026)
- Summer Investment Analyst  
Pandion Investments, Montreal (Summer 2025)



## **Charles Zhang** | Junior Analyst

- Investment Banking Summer Analyst  
Bank of Montreal, Toronto (Incoming 2026)
- Summer M&A Analyst  
Valsoft, Montreal (Summer 2026)

# Fixed Income



## **Fabian Himmelstein** | Senior Analyst [in](#)

- Real Estate Investments Analyst  
PSP Investments, Montreal (Incoming 2026)
- Investments Intern  
Dream, Toronto (Summer 2025)



## **Felix-Antoine Gariepy** | Senior Analyst [in](#)

- Investment Banking Analyst  
Scotiabank, Montreal (Incoming 2026)
- Investment Banking Summer Analyst  
Desjardins, Montreal (Summer 2025)



## **Maxime Tardif** | Senior Analyst [in](#)

- U.S. Credit Summer Analyst  
Oak Hill Advisors, New York (Incoming 2026)
- Equity Research Intern  
Fidelity Investments, Toronto (Summer 2025)



## **Juan Manuel Gutierrez** | Senior Analyst [in](#)

- Infrastructure Investments Analyst  
PSP Investments, Montreal (Incoming 2026)
- Infrastructure & Natural Resources Investments Intern  
OTPP, Toronto (Summer 2025)

# Fixed Income



## **Justin Djurovich-Thow | Senior Analyst**

- Investment Banking Analyst  
TD, Toronto (Incoming 2026)
- Investment Banking Summer Analyst  
TD, Toronto (Summer 2025)



## **Atticus Fisher | Junior Analyst**

- Investment Banking Summer Analyst  
Deutsche Bank, New York (Incoming 2027)
- Winter M&A Analyst  
Valstone, Montreal (Winter 2026)



## **Adam Xiao | Junior Analyst**

- Summer M&A Analyst  
Valstone, Montreal (Incoming 2026)
- Private Equity Summer Analyst  
Foxbridge Capital, Toronto (Summer 2024)

# Van Berkom Small Cap Fund



## Thomas-Nikolas Anastasopoulos | Senior Analyst [in](#)

- Investment Banking Summer Analyst  
Scotiabank, Montreal (Incoming 2026)
- Private Equity Fall Analyst  
Novacap, Montreal (Fall 2025)



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

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



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

- Investment Banking Summer Analyst  
TD, Montreal (Incoming 2026)
- Wealth Management Intern  
National Bank of Canada, Montreal (Summer 2025)



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

- Investment Summer Analyst  
TWM Group, Montreal (Summer 2025 & Incoming 2026)

# Van Berkom Small Cap Fund



## **Carl Lambert** | Junior Analyst

- Investment Associate  
AI Ventures at Valsef Group, Montreal (Incoming 2026)



## **Oaken Son** | Junior Analyst

- Summer Financial Analyst  
Walter Public Investments, Montreal (Incoming 2026)
- FP&A Intern  
Corentec Co., Laguna Niguel (Summer 2025)



# Fixed Income Fund

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# FIXED INCOME FUND

2025 REVIEW & 2026 OUTLOOK

**Fabian Himmelstein**  
*Senior Analyst*



**Felix-Antoine Gariepy**  
*Senior Analyst*



**Maxime Tardif**  
*Senior Analyst*



**Juan Manuel Gutierrez**  
*Senior Analyst*



**Justin Djurovich-Thow**  
*Senior Analyst*



**Atticus Fisher**  
*Junior Analyst*



**Adam Xiao**  
*Junior Analyst*



# Fixed Income Fund

## Performance Summary

### Overview

The Fixed Income Fund delivered gross returns of 2.1% in 2025, compared to a benchmark return of 2.6% (45% Barclays Aggregate Bond Index, 45% DEX Universe Bond Index, and 10% Citi International Treasury Bond Index, in CAD). In general, the fund's performance can be attributed to four main levers: corporate bond selection, duration positioning, credit exposure, and currency exposure. To generate alpha through corporate selection, the fund focuses on bottom-up fundamental analysis.

During 2025, our duration strategy had a mixed impact on performance. The fund began the year with a shorter U.S. duration than the benchmark (5.3 vs. 5.8), reflecting our view that recession risks were overstated, before moving back in line with the benchmark in late January as this positioning played out. In September, anticipating persistent inflation and a stronger labour market, the fund again shifted to a modest short U.S. duration position (5.7 vs. 5.9). Although 10-year yields rose in the final quarter, the move was modest and the limited duration differential meant it was not a meaningful driver of performance. For Canadian duration, we elected to remain in line with the benchmark at approximately 6.9. However, the portfolio had adverse exposure to the long end of the yield curve, which was offset by exposure to shorter-maturity holdings, resulting in approximately all of the underperformance.

In terms of credit spread exposure, the FI fund was positioned favorably relative to the benchmark, with slightly greater exposure to corporate credit and slightly less exposure to sovereign debt. Corporate debt spreads remain at extremely tight levels, with most sectors and credit buckets experiencing spread compression in 2025.

While we saw strong idiosyncratic performance across our individual corporate bond holdings, our two strongest positions were USD-denominated and were negatively impacted by U.S. dollar depreciation. Additional details on individual holdings will follow. Our TD 2025 maturity was rolled over into the TD 1.888% 03/08/28 corporate bond, and we initiated a new position in the NCRATL 9.5% 04/01/2029 corporate bond. Looking ahead, we will continue to focus on strong corporate bond selection driven by rigorous bottom-up fundamental analysis, while actively managing duration, credit exposure, and currency positioning, as discussed in the following sections.

Figure 1: Performance Metrics Since Inception

FIXED INCOME METRICS SINCE INCEPTION		
	Fixed Income Fund	Benchmark
Annualized Return	4.8%	5.5%
Annualized Std Dev	5.3%	6.7%
Annualized Sharpe Ratio	0.12	0.20
Beta	0.63	
Annualized Alpha	(0.2%)	
Tracking Error	0.6%	

Performance metrics are calculated gross of fees.

Figure 2: Performance Metrics in 2025

FIXED INCOME PERFORMANCE METRICS 2025		
	Fixed Income Fund	Benchmark
Return	2.1%	2.6%
Standard Deviation	5.8%	5.8%
Sharpe Ratio	(0.35)	(0.28)
Beta	0.98	
Alpha	(0.5%)	
Tracking Error	0.1%	

Performance metrics are calculated gross of fees.

# Fixed Income Fund

## Performance Summary

### Select Key Events from 2025

**(Feb 1<sup>st</sup>) Trump Imposes Tariffs on Canada, Mexico & China:** Upon taking office for his second term, President Trump invoked the IEEPA to impose 25% tariffs on goods from Canada and Mexico, and 10% on Chinese imports. Markets reacted sharply, with the overall average effective U.S. tariff rate beginning a rapid climb from 2.5%, its highest level in over a century by April. Canadian travel to the United States dropped by 40% compared to February 2024, and FX volatility spiked as investors priced in stagflation risks across North America.

**(Mar 12<sup>th</sup>) BoC Cuts 25bps Amid Trade Uncertainty:** The Bank of Canada lowered its overnight rate to 2.75%, the middle of its estimated neutral range as its 7th consecutive cut, citing escalating U.S. trade risks. The BoC acknowledged Canada's economy had entered 2025 in solid shape, but noted heightened trade tensions were already weighing on business sentiment, investment plans, and consumer confidence. The Fund maintained its neutral Canadian duration stance, monitoring the evolving trade landscape.

**(Apr 2<sup>nd</sup>) "Liberation Day":** Trump announced sweeping reciprocal tariffs on global trading partners, set to take effect on April 2nd. The S&P fell over 10% in two days following the announcement, with markets pricing in a sharp growth slowdown. However, we

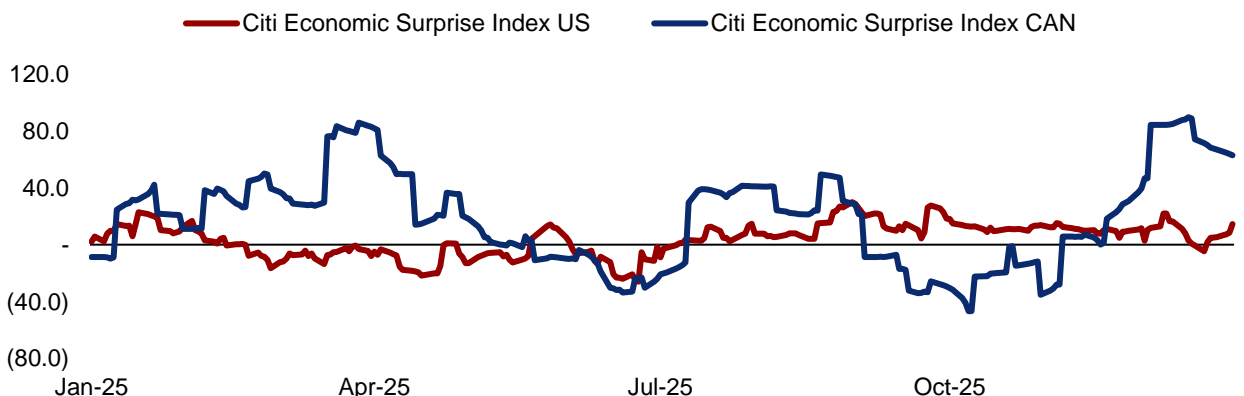
viewed this as an overreaction to a negotiating tactic, and held our duration positioning as the initial market panic subsequently partially reversed.

**(Aug 1<sup>st</sup>) US Non-Farm Payrolls Miss:** Nonfarm payrolls for July came in at just 73,000, below the consensus estimate of 100,000, with May and June figures revised sharply lower by a combined 258,000 jobs. The household survey was even weaker, showing a decline of 260,000 workers, with the participation rate falling to its lowest level since November 2022. This re-ignited U.S. recession fears and pushed markets to rapidly price in Fed rate cuts.

**(Oct 29<sup>th</sup>) BoC Cuts to 2.25%:** The Bank of Canada cut its policy rate a further 25bps to 2.25%, citing ongoing weakness in trade-exposed sectors, rising excess capacity in the economy, and GDP growth projected at just 1.2% for 2025. The BoC ended the year having cut a total of 100bps in 2025, bringing its cumulative easing since June 2024 to 225bps.

**(Dec 10<sup>th</sup>) FED Cuts 25bps in Divided Vote:** In a 9-3 vote, the FOMC cut the federal funds rate to 3.50%–3.75%, its third consecutive reduction, but signaled a significantly slower pace of easing ahead, with the dot plot pointing to just one further cut in 2026. The hawkish cut reflected divisions within the committee, as inflation remained somewhat elevated and spending stayed resilient even as job growth slowed.

Figure 3: US and Canadian Economic Surprise Indexes in 2025



Sources: Bloomberg, JP Morgan, Reuters, Federal Reserve Board, Bank of Canada

# Fixed Income Fund Performance Summary

Figure 4: FED Funds Effective Rate w/ Futures by Month

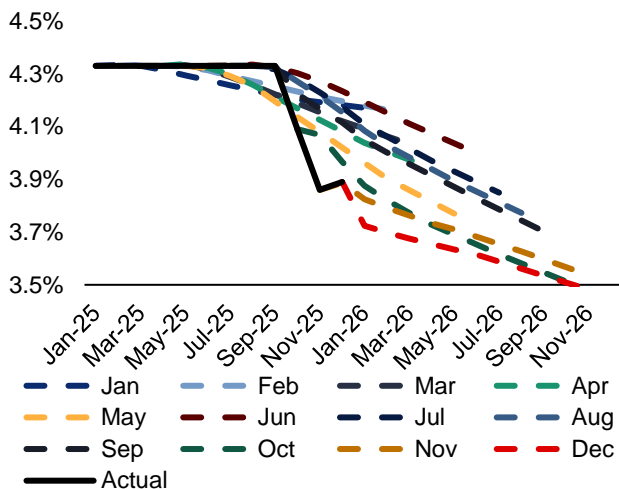


Figure 5: US Treasury Yield Curve Throughout the Year

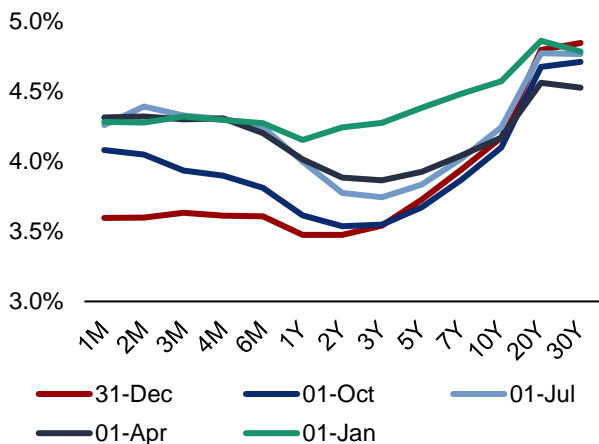
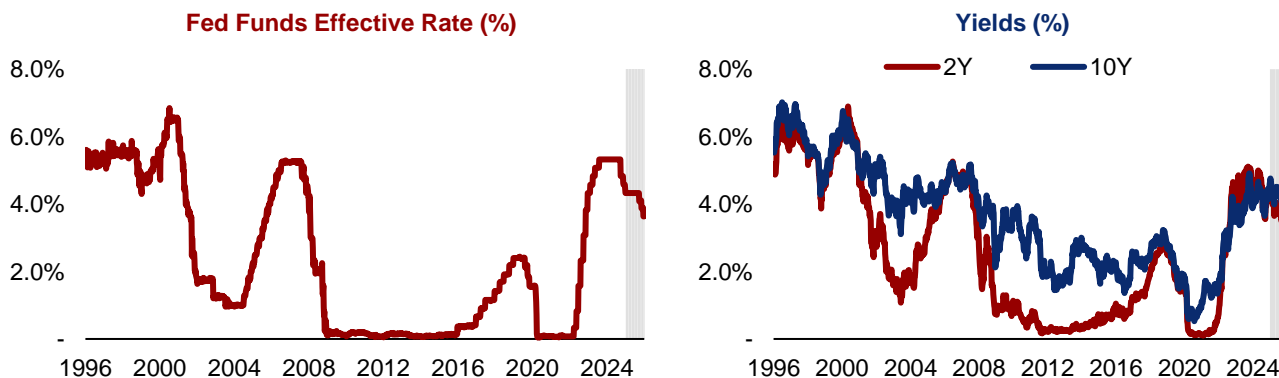


Figure 6: 30-Year Context on Rates and Yields



Sources: Bloomberg, FRED

## Rates - Overview

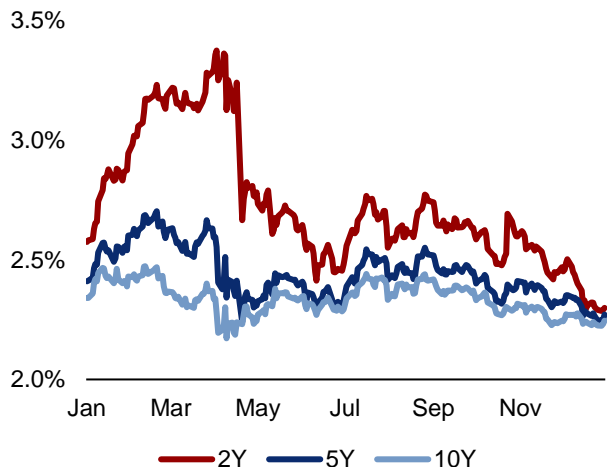
The 2025 rate story was one of patience, tariff shock, and a delayed pivot. Coming into the year, the Fed held rates in the 4.25%–4.50% range, citing a resilient labor market and above-target inflation. Powell paused through spring and summer, waiting for clarity on how tariffs would affect inflation. As seen in Figure 4, markets entered 2025 pricing in only modest easing. The April 2 "Liberation Day" tariff shock briefly drove aggressive cut expectations, but stronger-than-expected Q1 consumer spending quickly reversed them. The weak July payrolls print, 73,000 jobs added and a combined 258,000 downward revision to prior months, ultimately gave the Fed its opening. Three 25bps cuts followed in September, October, and December, bringing the fed funds rate to 3.50%–3.75% by year-end, with the dot plot signaling just one further cut in 2026.

## Yields - Overview

The yield curve definitively normalized in 2025, ending the longest inversion in modern financial history with a sustained bull-steepening into positive territory by year-end. The belly of the curve reached its trough in late summer amid recessionary fears following the payrolls miss. Three consecutive Fed cuts compressed the short end while persistent inflation kept long yields elevated. Real yields ended the year higher, consistent with the Fed's sustained higher-for-longer posture.

# Fixed Income Fund Performance Summary

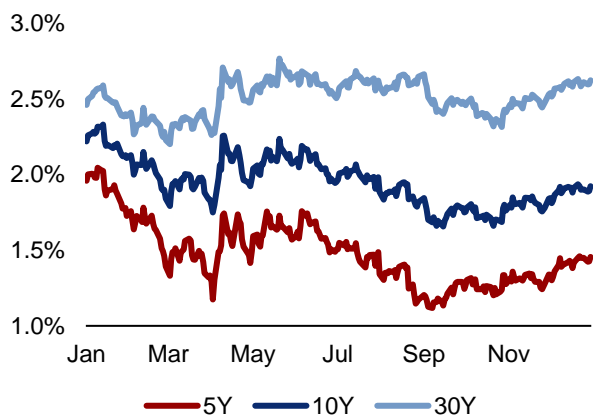
Figure 7: Breakeven Inflation Rates 2025



## BEIR and Real Yields

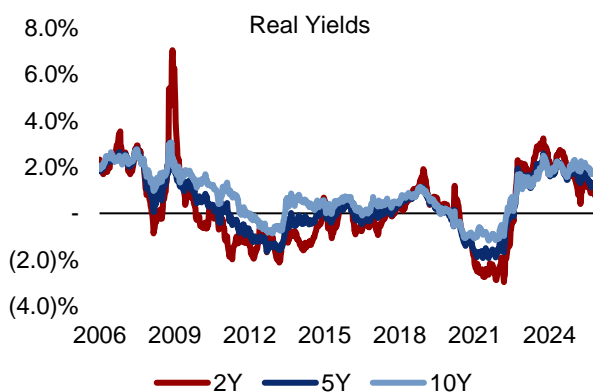
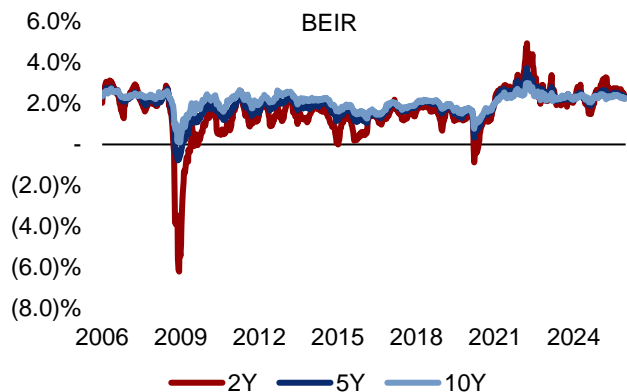
As shown in Figure 8, the dominant driver of yield moves in 2025 was shifting inflation expectations rather than real yield changes. At the short end, the 2-year breakeven inflation rate surged from 2.58% at end-2024 to 3.36% by April 8, as markets priced in the near-term inflationary impact of Trump's sweeping tariff regime. Longer-dated breakevens, however, remained relatively anchored, a signal that markets viewed the tariff shock as a temporary price-level adjustment rather than a sustained inflationary spiral. As shown in Figure 7, breakevens subsequently retreated through the summer as the tariff-driven growth scare took hold and the Fed began cutting. However, as the year closed and the Fed signaled a prolonged pause, short-end breakevens firmed again, exerting modest upward pressure on yields at the front of the curve

Figure 8: Real Yields 2025



Real yields entered 2025 at historically elevated levels, with the 10-year TIPS auctioning at 2.243% in January, the highest for that term since 2009. The 10-year real yield stood at 2.15% as of late January, well above the long-run average of 1.33% since 1998. As the Fed cut rates through September, October, and December, real yields on shorter maturities compressed, while the long end remained elevated due to fiscal concerns and term premium. Relative to historical levels, 2025 real yields remained near multi-decade highs across the curve, reflecting a structural shift in the rate environment following the post-COVID tightening cycle

Figure 9: 20-Year Context on BEIR and Real Yields (in %)



Sources: Bloomberg, FRED

# Fixed Income Fund

## Performance Summary

Figure 10: Corporate Bonds - Investment Grade OAS 2025

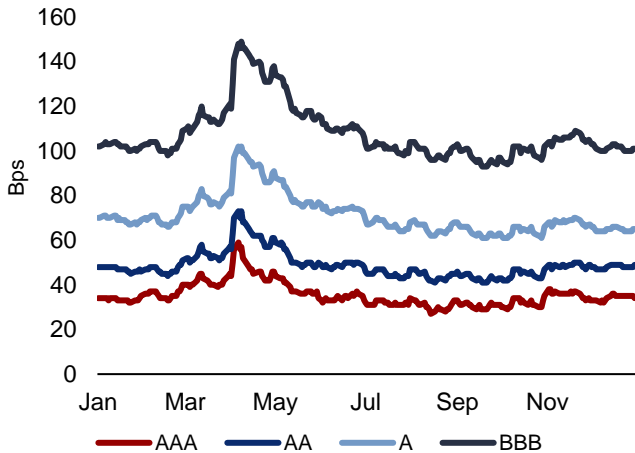
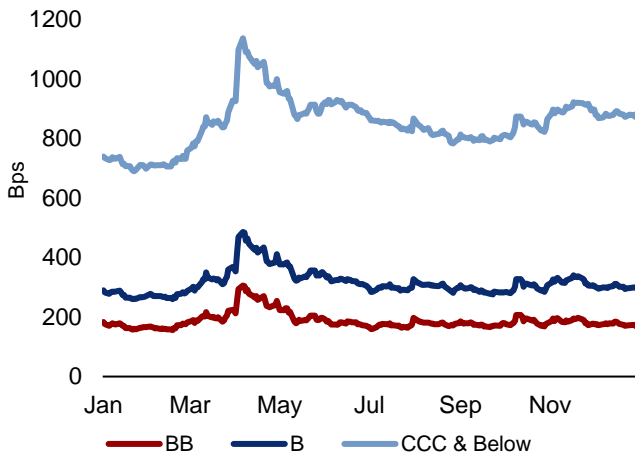


Figure 11: Corporate Bonds - High Yield OAS 2025



### Investment Grade Bond Spreads - Overview

Similar to 2024 where all categories of corporate bonds saw yield compression, almost all sectors saw compression over 2025. IG corporate bond credit spreads remain at historical low levels, ending 2025 in the first percentile of the 20-year range. Credit quality improved in 2025, driven by improved fundamentals and de-leveraging. Entering 2026, we see the war in Iran and fed interest rate movements as key items to monitor. By sector, only technology saw spread expansion. Financials continued to rally, demonstrating relative tightness compared to historical levels.

Figure 12: Corporate Bonds – Sector OAS 2025

	2025 Δ OAS	EOY	10Y Avg.	Diff.
<b>IG</b>	<b>(13.94)</b>	<b>119.90</b>	<b>131.04</b>	<b>(11.14)</b>
Communications	(12.0)	137.9	162.7	(24.8)
Con. Discretion.	(10.7)	105.2	129.2	(24.0)
Con. Staples	(11.5)	101.3	117.6	(16.3)
Energy	(14.3)	128.3	172.2	(43.9)
<b>Financials</b>	<b>(18.6)</b>	<b>124.9</b>	<b>170.1</b>	<b>(45.3)</b>
<b>Healthcare</b>	<b>(19.1)</b>	<b>110.3</b>	<b>120.7</b>	<b>(10.4)</b>
Industrials	(14.8)	100.1	117.4	(17.3)
Materials	(16.8)	122.8	165.5	(42.7)
<b>Technology</b>	<b>3.6</b>	<b>114.7</b>	<b>111.3</b>	<b>3.4</b>
Utilities	(10.5)	122.8	136.4	(13.6)
<b>HY</b>	<b>(56.80)</b>	<b>328.34</b>	<b>452.1</b>	<b>(123.76)</b>
Communications	(22.2)	487.6	489.0	(1.4)
Con. Discretion.	36.3	318.3	401.8	(83.5)
Con. Staples	(29.5)	251.4	409.1	(157.7)
Energy	15.0	320.9	568.6	(247.7)
<b>Financials</b>	<b>77.7</b>	<b>273.4</b>	<b>318.9</b>	<b>(45.4)</b>
<b>Healthcare</b>	<b>(51.8)</b>	<b>327.9</b>	<b>433.5</b>	<b>(105.6)</b>
Industrials	(23.0)	220.0	441.5	(221.5)
<b>Materials</b>	<b>74.5</b>	<b>372.4</b>	<b>402.3</b>	<b>(29.9)</b>
<b>Technology</b>	<b>109.8</b>	<b>421.7</b>	<b>422.6</b>	<b>(0.9)</b>
Utilities	(1.7)	230.0	367.2	(137.1)

### High Yield Bond Spreads - Overview

HY saw more pronounced dispersion in spread movements based on sector and credit rating. BB was the only bucket that experienced compression. In fact, the bps expansion was more pronounced in lower credit rating tiers, reflecting the impact of competition from private credit and post-liberation day flight to safety. Regardless, compared to the last 20 years high yield spreads are currently close to historic tights.

# Fixed Income Fund Performance Summary

Figure 13: 20-Year Context on Spreads

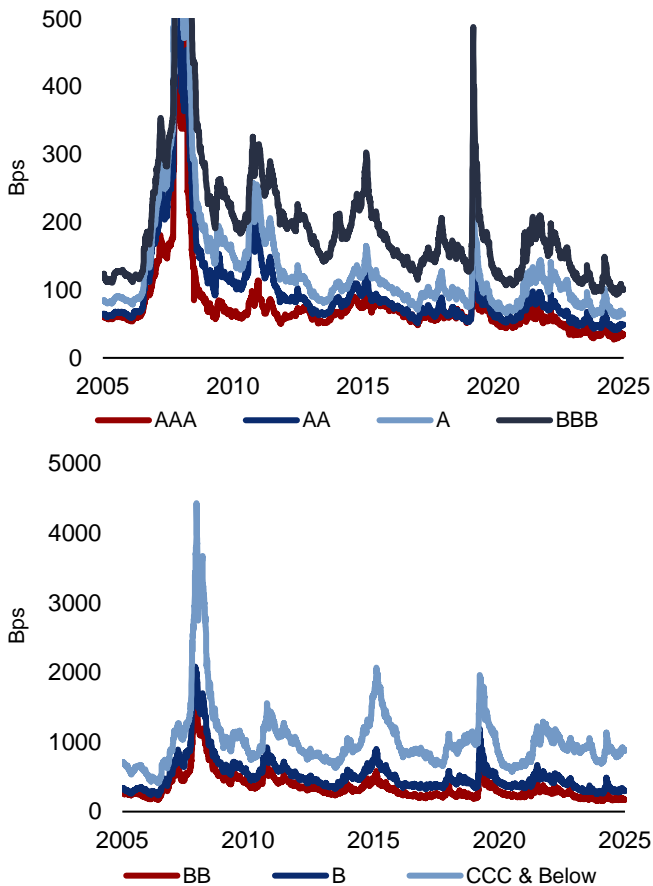


Figure 14: Spread Changes by Credit Rating

	2025 Δ OAS	EOY OAS	10Y Avg OAS	Difference
<b>IG</b>				
AAA	0	34	58.64	(-24.64)
AA	1	49	69.83	(-20.83)
A	(-5)	65	96.64	(-31.64)
BBB	(-1)	101	153.92	(-52.92)
<b>HY</b>				
BB	(-14)	169	266.39	(-97.39)
B	11	301	428.49	(-127.49)
CCC	146	885	970.38	(-85.38)

## Corporate Bond Sector highlights (Cont.)

**Healthcare** was the top performer in 2025, returning 7.4% and 8.8% in IG and HY indexes respectively. In HY, a rebound in M&A and resilient margins led pharmaceuticals and health facilities to perform especially well. Following liberation day, IG healthcare saw a flight-to-safety movement as investors rotated capital out of cyclicals like cons. discretionary, driving demand and OAS tightening. **Financials** saw mixed results across HY and IG, as non-investment grade regional banks struggled due to NII pressures from private credit and a volatile yield curve. In contrast, G-SIB banks have revenue diversification benefits from wealth management and capital market divisions, reducing reliance on traditional lending/borrowing spread fees. Combined with the risk-off macro backdrop due to uncertainty with future fed rates and liberation day, these larger and more diversified banks in IG saw spread outperformance.

**IG and HY Technology** underperformed, ending at 4bps and 110bps higher spreads respectively. The underperformance was driven by AI-caused technical pressures and monetization concerns. IG tech saw a record \$200bn issuances from AI hyper-scalers like Oracle, Meta, and Microsoft to fund data center expansion plans. This surge in supply allowed investors to demand concessions on financing terms, leading to spreads widening. HY struggled due to weaker balance sheets in a high rate environment for 1H. On the fundamentals side, many smaller hardware issuers struggled to pass on rising costs, leading to margin compression.

## Corporate Bond Credit Rating Commentary

2025 spreads were near flat in safer credit buckets and widened in riskier tiers. An aggregate rate cut of 75bps was realized through the last quarter of 2025. Price appreciation from treasury yield easing and high coupon clippings drove stellar returns of 8.62% and 7.30% in HY and IG respectively. In the current environment, we see opportunity in HY issuers that are posting strong earnings and have the potential to delever elevated balance sheets.

# Fixed Income Fund

## Performance Summary

Figure 15: 2025 Total Return by Asset

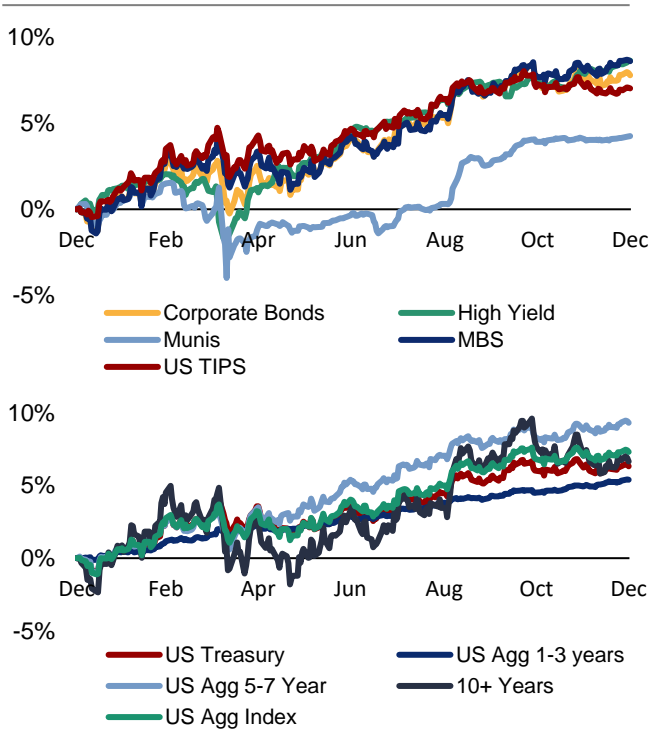


Figure 16: 2025 Total Return by Asset - Table

Asset	2025 Return	Asset	2025 Return
Corporate	7.77%	US Treasury	6.32%
High Yield	<b>8.62%</b>	Aggregate – 1-3yrs	5.39%
Municipal	<b>4.25%</b>	Aggregate – 5-7yrs	9.30%
MBS	8.58%	Aggregate – 10+yrs	6.65%
US TIPS	7.01%	Aggregate	7.30%

Figure 17: Sources of Asset Return Data

Asset	Index	BBG Code
Corporate	Bloomberg U.S. Corporate Bond Index	LUACTRUU Index
High Yield	Bloomberg US High Yield Very Liquid (VLI) Index	BVLNTRUU Index
Municipal	Bloomberg US Municipal Bond Index	LMBITR Index
MBS	US MBS Index	LUMSTRUU Index
US TIPS	Bloomberg US Treasury Inflation-Protected Securities (TIPS) Index	LBUTTRUU Index
US Treasury	Bloomberg U.S. Treasury Index	LUATTRUU Index
Aggregate – 1-3yrs	Bloomberg U.S. Aggregate 1-3 Years Bond Index	LU13TRUU Index
Aggregate – 5-7yrs	Bloomberg U.S. Aggregate 5-7 Years Bond Index	I13282US Index
Aggregate – 10+yrs	Bloomberg U.S. Aggregate 10+ Years Bond Index	I05751US Index
Aggregate	Bloomberg U.S. Aggregate Index	LBUSTRUU Index

### Asset Returns

High-yield bonds delivered the highest total return for a 2<sup>nd</sup> year straight, continuing to rally amid the rate hold and cut periods. Notably, the shift towards a more hawkish stance following the release of better-than-expected economic data supported this performance. Other securities, including MBS, TIPS, and corporate bond products, flourished.

Regarding duration, medium-duration securities outperformed short and long-term products due to non-uniform decreases in the yield curve. Notably, longer term yields didn't fall as much due to stubborn term premiums demanded by investors. In fact, 30-year yields drifted 5bps higher to 4.83% and long bonds returned a lackluster 3.73%. Overall, this year's performance can largely be tied to shifts in interest rate policy following economic sentiment ratified through relevant economic data.

### Asset Returns

The Fixed Income Fund positioned themselves well to manage these various trends. Our overweighting corporate strategy was executed smoothly, allowing us to capture the upside seen in the related indices in Figure 16.

Moving forward, we feel it is appropriate to shift closer to the benchmark following the record low corporate spreads on and noting our various points of analysis last semester have been realized.

# Fixed Income Fund

## Performance Summary

Figure 18: Fixed Income Fund performance since inception

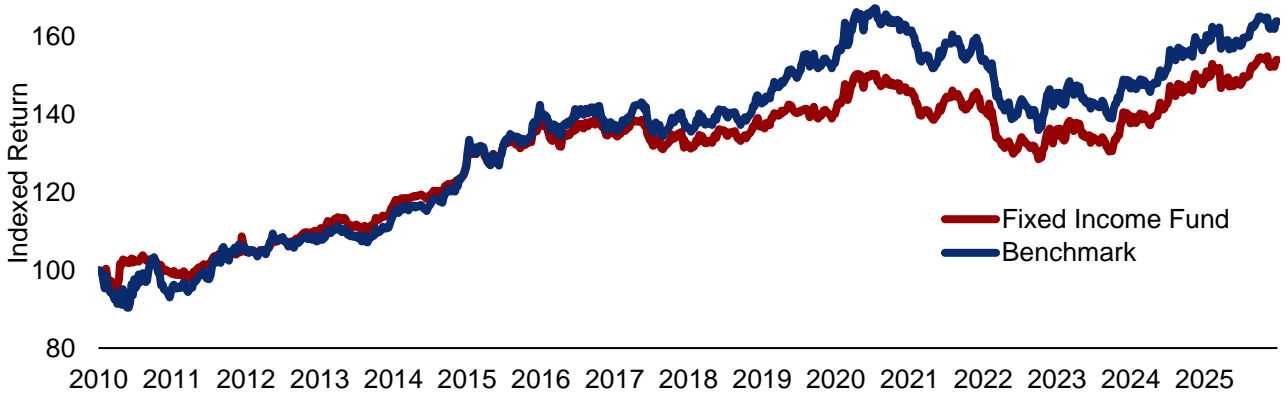
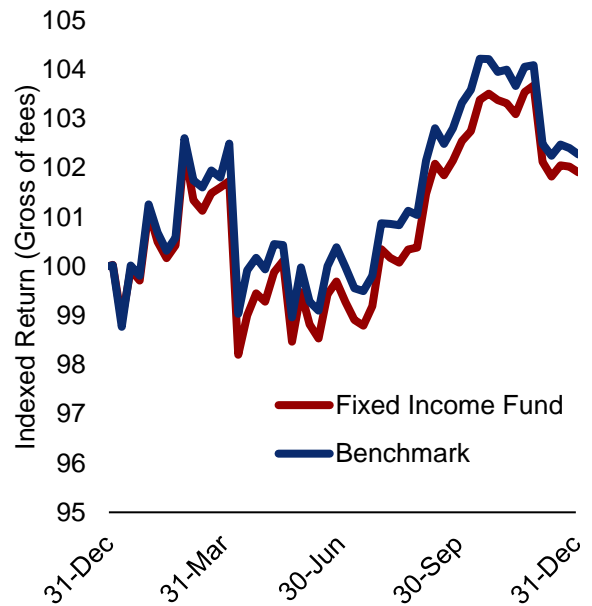


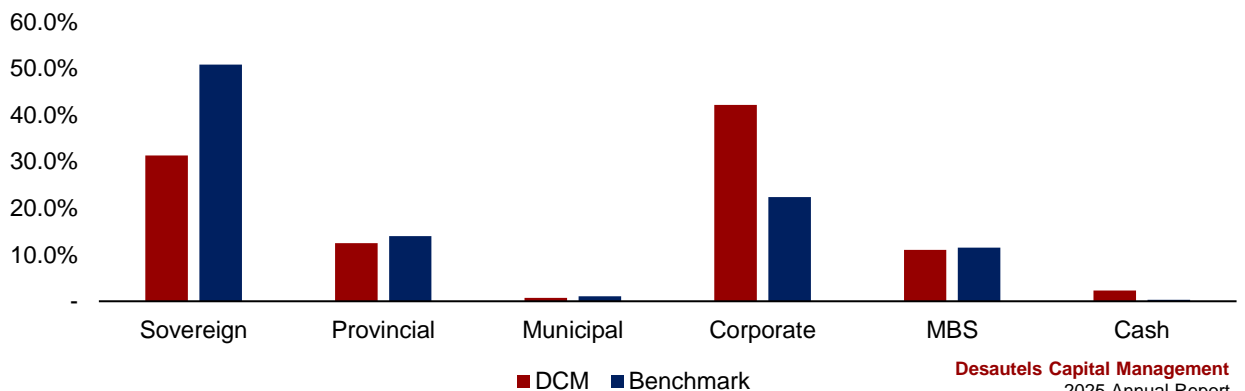
Figure 19: Fixed Income Fund 2025 Performance

FIXED INCOME FUND RETURNS			As of Dec 31, 2025
Time Period	Gross Return	Net Return	Benchmark
YTD Return	2.1%	1.6%	2.6%
Dec-25	(1.6%)	(1.6%)	(1.5%)
Nov-25	0.3%	0.3%	0.1%
Oct-25	1.2%	1.2%	1.2%
Sep-25	1.8%	1.7%	1.8%
Aug-25	1.2%	1.2%	1.2%
Jul-25	(0.5%)	(0.5%)	(0.6%)
Jun-25	0.2%	0.2%	0.4%
May-25	0.0%	(0.0%)	(0.2%)
Apr-25	(2.1%)	(2.2%)	(1.6%)
Mar-25	(0.8%)	(0.8%)	(0.8%)
Feb-25	1.3%	1.2%	1.4%
Jan-25	1.1%	1.1%	1.3%
Since Inception*	4.8%	3.9%	5.5%



\*Returns are annualized.

Figure 20: Fixed Income Fund vs Benchmark Aggregate Composition



# Fixed Income Fund

## Performance Summary

Figure 21: Total Return of Fixed Income Fund's Holdings in 2025

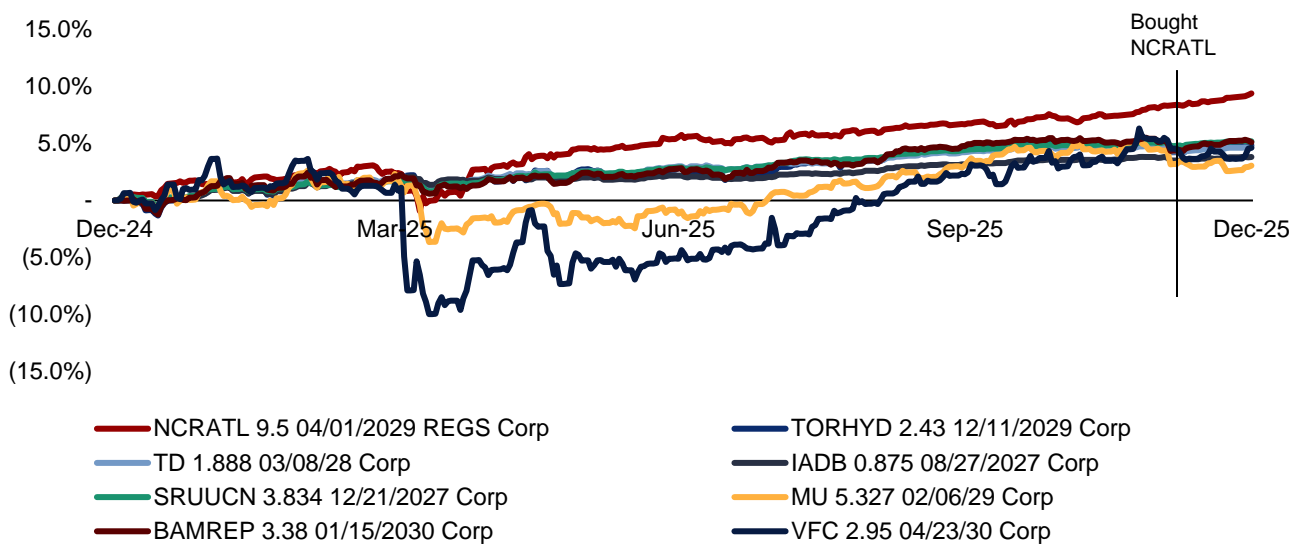


Figure 22: Duration of the Fund vs. Benchmark (As of Dec 31, 2025)

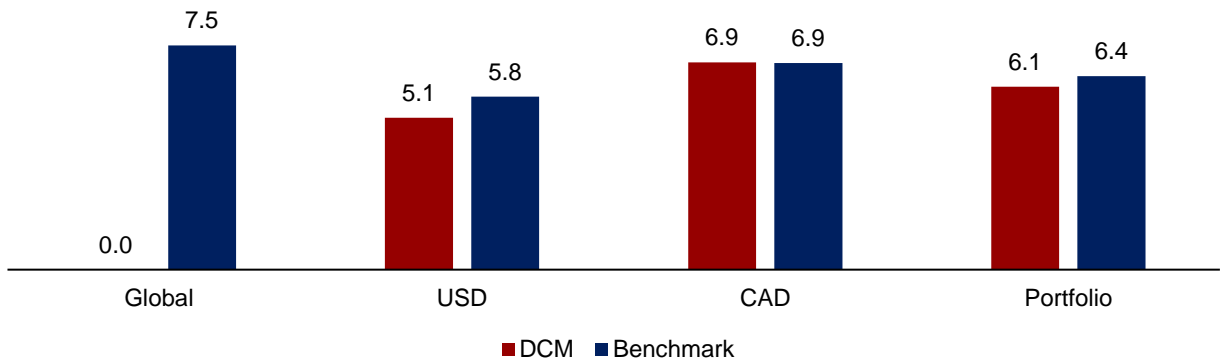
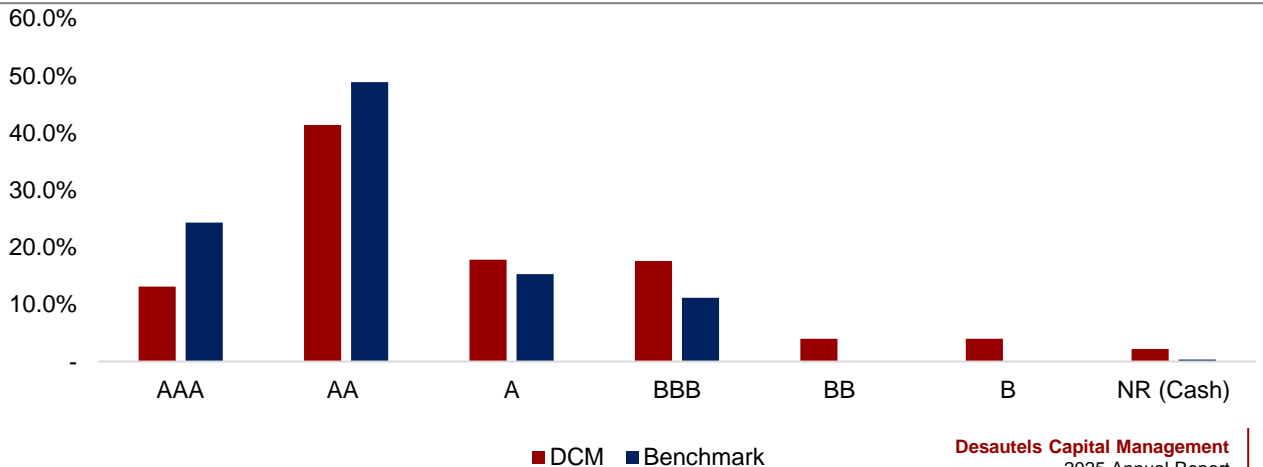


Figure 23: Fixed Income Fund's Credit Exposure (As of Dec 31, 2025)



# Fixed Income Fund

## Performance Summary

### Duration Strategy

For the first three quarters of 2025, the fund's duration remained in line with the benchmark, reflecting our dovish view on the weakening Canadian housing market and a more hawkish view on the U.S., as our expectation of a soft landing materialized. Following the Federal Reserve's 25 bps rate cut on September 16, markets began pricing in an additional approximately 100 bps of rate cuts between then and September 2026 to address a slowing labour market while still contending with persistent inflation. However, during the fund's strategic review in September, we concluded that the U.S. economy was in a stronger position than markets anticipated. We viewed the apparent labour market softening as the result of both lower labour demand and supply, rather than an emerging crisis, implying a lower equilibrium rather than a sharp downturn. In addition, persistent inflation, with CPI still at 2.6%, was supported by front-loading activity by corporations that had absorbed higher costs, leading to a lagged and sustained inflationary effect that limited the Federal Reserve's ability to cut rates aggressively. As a result, the portfolio naturally moved into a modest short-duration position, which we believed was appropriate given the uncertainty surrounding the independence of the Federal Reserve.

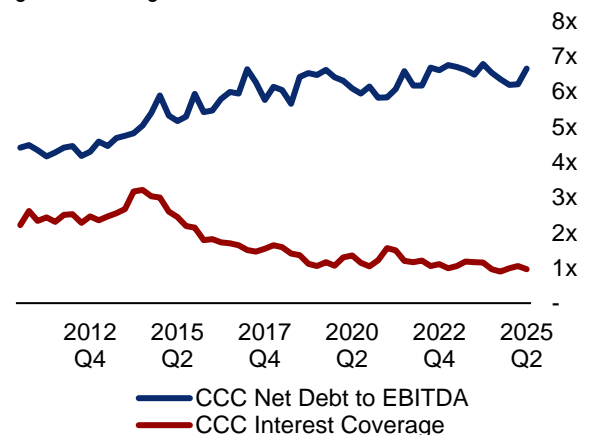
Since then, rate cut expectations have declined to approximately 75 bps, reflecting the aforementioned persistent inflation and a resilient U.S. labour market. The U.S. unemployment rate stood at 4.4% in December 2025, slightly lower than November's 4.5%, indicating a stable though modestly elevated level. We intend to maintain our current duration positioning, which has declined further due to the portfolio's position in NCR Atleos and the sale of ETFs with duration in line with the benchmark.

In Canada, while we consistently maintained a market-weight duration, the portfolio's distribution was long-tailed, with a significant allocation of 19% to the iShares Core Canadian Long Term Bond Index ETF, which has a duration of approximately 14. This position materially underperformed as yields at the long end of the Canadian yield curve, greater than 10 years, rose over the year and contributed approximately 63 bps of underperformance for the fund.

### Credit Exposure Strategy

At the beginning of the year, the Fixed Income team adopted a bullish outlook on the investment-grade (IG) segment of the credit market. This shift was driven by an imbalance between issuance levels and the high-yield (HY) maturity wall, making IG investments more appealing. By September, the team pivoted away from their bullish view on IG bonds, believing that both HY and IG spreads were too low to support fundamentals, as interest coverage had been decreasing while debt-to-EBITDA ratios were rising, particularly for HY, as shown below for CCC and similarly observed across all credit buckets.

Figure 23: Progression of Credit Metrics for CCC Bonds



# Fixed Income Fund

## Performance Summary

### Credit Exposure Strategy

At the start of 2025, the difference between option-adjusted spreads (OAS) of the HY and IG indices was 251 basis points. By December, this gap had narrowed to 208 basis points, reducing the potential for further HY spread compression while IG bonds had also compressed 14 bps.

This led the fund to begin shifting toward a neutral weight in corporates and continuing to explore idiosyncratic corporate bond opportunities. The team also explored opportunities in municipal bonds in both Canada and the U.S. to better understand the associated tax benefits, concluding that Canadian opportunities will be monitored, while the fund cannot take advantage of the tax benefits offered by U.S. municipal bonds.

### Currency Strategy

Last semester, the fixed income team decided to go overweight USD relative to our benchmark. This decision was driven by our outlook on inflation, interest rates, and the broader macroeconomic divergence between the U.S. and its trading partners. We identified that U.S. inflation would prove stickier than consensus expected, supported by resilient consumer spending, a tight labor market, and structural pressures in services and shelter costs. As a result, we anticipated fewer Federal Reserve rate cuts than markets were pricing in, which supported a stronger USD outlook. Since September, USDCAD has remained relatively range-bound, beginning and ending the year near 1.37. After thorough evaluation, we now believe the relative upside of the USD against the CAD has significantly diminished. As a result, we will no longer maintain this bias and will adjust our portfolio strategy accordingly for the coming year.

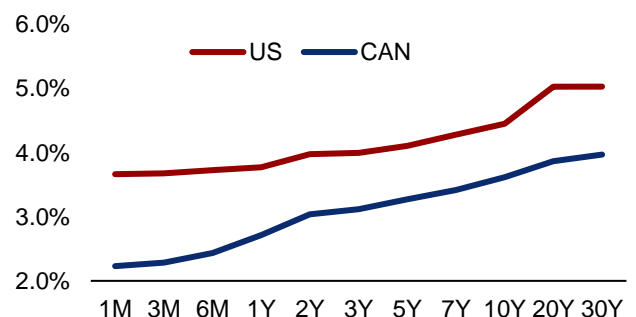
### 2026 Outlook

We enter 2026 slightly short USD duration and in-line for CAD duration. The Fed held rates at 3.50%–3.75% entering the year, with the dot plot pointing to only one cut in 2026, and market pricing has since shifted to reflect no cuts at all, as persistent inflation and a stabilizing labour market reduce urgency for easing. This higher-for-longer backdrop supports maintaining our modest short U.S. duration bias at the front end of the curve.

For Canada, the BoC held its policy rate at 2.25% as activity weakened, with GDP contracting in Q4 2025 and unemployment rising to 6.7% in early 2026. With the economy in excess supply and policy already sufficiently restrictive, we see the BoC on hold through most of 2026, with risks skewed toward a cut if labour market conditions deteriorate, supporting our in-line CAD duration stance.

On credit, we are shifting toward a neutral corporate weight following the record-tight spreads of 2025. The compression in IG financials and healthcare has largely played out, and we see asymmetric risk in adding further exposure. We will focus on idiosyncratic HY opportunities with strong fundamentals and deleveraging potential, while monitoring geopolitical developments, particularly in the Middle East, as a key tail risk to inflation expectations and credit spreads globally.

Figure 25: Current Yield Curves





# Fixed Income Fund

## Key Holdings Review – NCR Atleos (9.5% 2029) – Bought

### Company Overview

- NCR Atleos, spun off from NCR Corporation in 2023, is a leading global provider of ATM hardware, software, and ATM-as-a-Service (ATMaaS) solutions to global banks, credit unions, fintechs, and retailers
- The company operates through three segments:
- Self-Service Banking: ATMs, ITMs, and managed services for banks
- Network: Proprietary network of ATMs
- T&T: Managed enterprise infrastructure for enterprises

### Performance and Outlook

- **Improving Industry Dynamics:** The ATM industry saw improving fundamentals in 2025, with the number of ATMs in circulation growing relative to number of bank branches. ATMs are increasingly seen as a substitute for traditional bank branches, with “micro-branches”, anchored by a smart ATM, being able to perform advanced services such as cash recycling, bill payments, increased security, and video transmission to financial advisors. NCR has greatly benefitted from this structural demand increase for ATMs, as the leading self-service banking and network provider.
- **Strong Operational Performance:** As of Q3 2025, Adjusted EBITDA grew 21% compared to the prior year’s TTM period. EBITDA Margins expanded 316 bps, driven by increased ATMaaS penetration, fixed cost leverage, and internal cost productivity initiatives. Focusing on ATMaaS conversion proved to be fruitful, with the segment seeing 32% revenue growth driven by more financial institutions choosing to fully outsource their ATM management needs. As a result of the strategic focus on growth through self-service banking, ~70% of NATL’s revenue is recurring, providing clear insight into future cash flows.
- **Continued Positive Outlook:** The fixed income team believes that demand for ATMs relative to bank branches will continue to rise, driven by secular tailwinds such as digital transformation, the rise in digital currencies and assets, and overall higher cash in circulation. NATL is best positioned to capture customer contracts in this environment and utilize its scale as the largest ATM provider to realize cost synergies. Key risks include immigration policy dampening demand for Network transactions, and increased payment methods reducing the need for cash.

### Investment Thesis

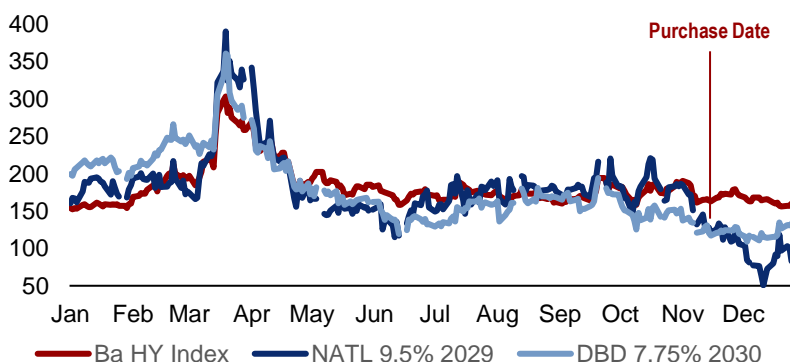
#### 1. Market is Underestimating Competitors’ Risks

Our original thesis was centered around Rogers’ underperformance in wireless (not true anymore) and TELUS Health (not that material anymore). Rogers is now riskier due to higher leverage, while TELUS is similar to Bell in terms of risk profile.

#### 2. Market is Overestimating BCE’s Upcoming Capex-Related Risks

BCE successfully implemented their CapEx spending in 2023, following guidance to a tee. We see this thesis as materialized; however, it appears the market expected this execution all along.

### Bond and Sector Benchmark Performance OAS



### Position Snapshot

Purchase Date	2025/12/05
Average Cost	US\$108.75
Value Invested	US\$44,207
Portfolio Weight	4%
Δ OAS (2025)	(173 bps)
Δ Ba Index OAS (2025)	(10 bps)

# Fixed Income Fund

## Key Holdings Review – VFC (2.950% 2030)



### Company Overview

- VF Corporation is an American global apparel and footwear company owning 11 well-recognized brands like Vans, Timberland, The North Face and Altra.
- VFC, with a market cap of \$8 billion, operates mostly in the Americas, accounting for 52% of its sales, but also has a big presence in Europe and Asia-Pacific.
- The company primarily sells through their huge wholesale channel, but also DTC with brick-and-mortar stores.

### Performance and Outlook

- **Vans Turnaround:** In the first 4 months of 2025, obscurity around the Vans turnaround plan and increasing concerns about tariff impact caused OAS spreads to widen. Vans performance "bottomed-out" in May, with aggressive channel rationalization and inventory clear-out resulting in a -20% decline in revenue. With out-of-style products cleared out, management appointed Sun Choe, former CPO at lululemon and known for her product innovation and design competencies, as head of Vans. So far the strategy is working, with Vans gaining increasing popularity with female and kids audiences, increasing brand presence through partnerships with Valentino and SZA, resulting in improvements in revenue declines to -15% in Q1 2026 and -11% in Q2.
- **Deleveraging Efforts:** VFC continues its deleveraging efforts, aiming to meet its target leverage ratio of 2.5x by FY 28. These efforts are supported by a \$1.6 bn reduction in debt, driven by proceeds used from the sale of Supreme and more recently Dickies, to pay down principal maturities. Moody's downgraded VFC's credit rating for the 7<sup>th</sup> consecutive time to Ba3 in September, due to a newly issued senior secured \$1.5 bn ABL having higher repayment priority. VFC expects leverage to be below 4.1x by fiscal 26', while Moody's projects a more modest 4.5x. Currently, net leverage ratio sits at 5.1x and interest coverage at 6.3x, weaker relative to other HY retail peers.
- **Outlook:** With improving credit metrics and early signs of a Vans turnaround, the FI team remains cautiously optimistic about VFC's future. With channel rationalization near complete and tariff concerns fading away, Vans is well positioned to drive operational improvements through a stronger portfolio of products, partnerships with leading fashion names, and a stronger focus on non-traditionally targeted audiences like women and kids.

### Investment Thesis

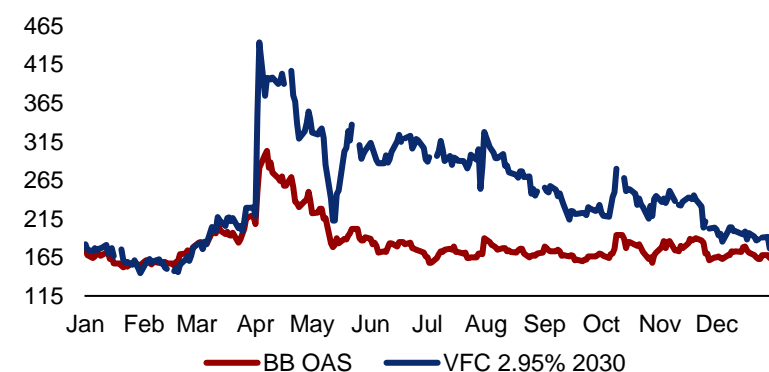
#### 1. Market Underestimates Van's Turnaround Potential

Although Vans performance has lagged, top-line performance has bottomed out and is recovering. A new management team and revamped marketing and product strategies are driving the turnaround efforts.

#### 2. New Management will Mend the Balance Sheet

The newly appointed CEO, known for successful turnarounds, has committed to reducing leverage and improving the company's balance sheet with a clear, actionable plan.

### Bond and Sector Benchmark Performance OAS



### Position Snapshot

Purchase Date	2024/12/21
Average Cost	USD\$86.85
Value Invested	USD\$43,425
Portfolio Weight	4%
Δ OAS (2025)	(6 bps)
Δ BB Index OAS (2025)	(10 bps)

# Fixed Income Fund

## Key Holdings Review – SmartCentres (3.834% 2027)



### Company Overview

- SmartCentres Real Estate Investment Trust is a diversified Canadian REIT that manages approximately \$11.7 billion of investment properties spanning 34.8M square feet of leasable area.
- Its revenue is primarily from two sources, rental income from retail, office, apartment, and self-storage, and development income from condominium and townhome sales. Its commercial tenants include national retailers such as Walmart, Canadian Tire, and Loblaws.

### Investment Thesis

#### 1. Overestimated Recessional Risks for REITs

Multifamily REITs remain resilient during recessions due to the necessity of housing. Lower interest rates in such periods reduce borrowing costs, boosting profitability and supporting portfolio growth.

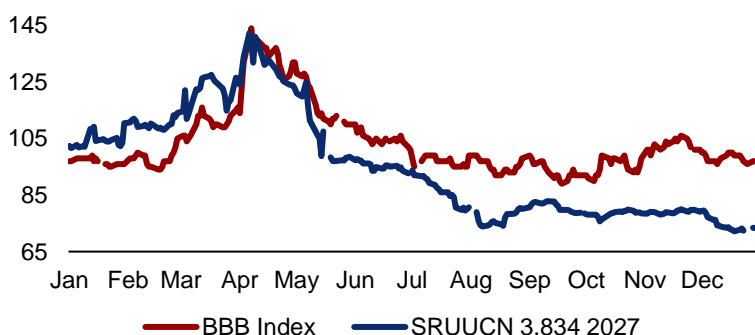
#### 2. Switching Costs Encourage Staying with SRU

Lease renewal rates remain near all-time highs at 84.3% as of Q3'25, while renewal leasing spreads remained strong at 8.4%. Industry-leading occupancy rates of 98.6% demonstrates SmartCentre's ability to retain tenants while increasing rent pricing.

### Performance and Outlook

- **Canadian REITs:** While REIT equities trade at a 14% historical discount to NAV, Canadian REIT bonds outperformed the corporate BBB OAS benchmark. SmartCentres' compression reflects systemic factors like Bank of Canada rate cuts reducing construction financing costs. Outperformance is further driven by operational improvements, declining leverage, and robust liquidity.
- **Product Portfolio Expansion:** SmartCentres made significant strides in its development pipeline throughout 2025. Projects like Vaughan NW townhomes (99% sold) and Artwalk Condo (93% pre-sold) highlight strong demand. Completing three "SmartStop" facilities in Toronto and Dorval brought the self-storage portfolio to 2.3 million sq. ft. at 100% utilization. Total gross leasable area expanded by 293,000 to 35.6 million sq. ft.
- **Refinancing Capabilities:** Demonstrating strong capital market access, SmartCentres raised \$500 million through Series AC (2029) and Series AD (2032) Senior Unsecured Debentures. This issuance refinanced \$350 million of debt maturing in December, a credit-positive transaction that cleared near-term maturities. Notably, SmartCentres secured this capital at a favorable cost relative to peers: the Series AD bonds priced at 4.318%, approximately 99 bps tighter than RioCan's 4.417% for a comparable 2032 maturity.
- **Outlook:** SmartCentres REIT remains underpinned by strong portfolio occupancy and steady SPNOI growth. Management continues to pursue a disciplined strategy focused on cautious capital allocation and accelerating the development pipeline, particularly in retail. With FFO growth, stable credit metrics, and a well-laddered maturity profile, the credit outlook for SmartCentres remains positive.

### Bond and Sector Benchmark Performance OAS



### Position Snapshot

Purchase Date	2022/12/16
Average Cost	U\$24.76
Value Invested	U\$21,294
Portfolio Weight	6%
Δ OAS (2025)	(29 bps)
Δ BBB Index OAS (2025)	(– bps)



# Fixed Income Fund

## Key Holdings Review – Toronto-Dominion Bank (1.888% 2028)

### Company Overview

- TD Bank is the 2<sup>nd</sup> largest bank in Canada and one of the 10 largest banks in the United States.
- The company provides a wide range of financial products and services around the globe with operations in Canadian retail banking, U.S. retail banking, wealth, insurance, commercial and wholesale banking.
- TD has more than 27 million customers, a network of over 2,300 branches, and 6,000 ATMs across North America

### Investment Thesis

#### 1. Bond is Trading at a Higher Spread Despite Stronger Fundamentals

Our bond trades slightly wider than its peers as maturity approaches. This was in major part due to the struggles that occurred related to the AML Lawsuit – Thesis Incorrect

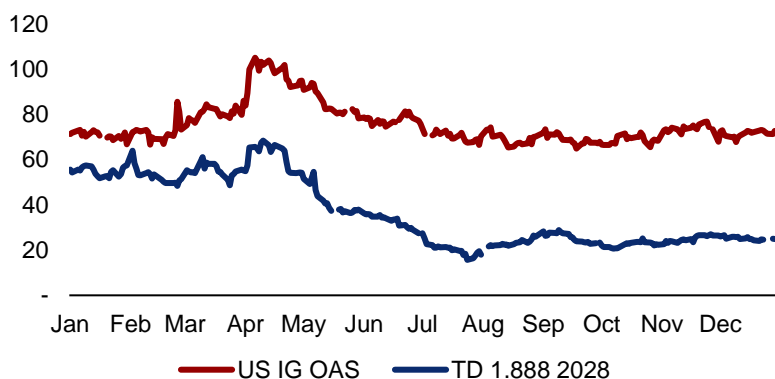
#### 2. Spread widening attributed to acquisition is likely temporary

Following the termination of the \$US13.4B acquisition of First Horizon, our bond has compressed significantly. – Thesis materialized

### Performance and Outlook

- **Mixed Performance:** TD Bank delivered mixed results in 2025, balancing strong underlying fundamentals against significant one-time regulatory charges. In Q4, adjusted net income rose 22% to \$3.9 billion, driven by record revenue in Wholesale Banking and robust Wealth Management performance. However, reported earnings were dampened by a \$485 million balance sheet restructuring charge in U.S. Retail, reflecting management's decisive action to optimize the balance sheet under new operating constraints.
- **Anti-money Laundering Resolution:** The defining credit event was the global resolution of BSA/AML investigations, resulting in \$3.09 billion in penalties and a \$434 billion asset cap on U.S. retail subsidiaries. For bondholders, this settlement removes significant litigation "tail risk" and provides a defined remediation roadmap. While the cap constrains near-term U.S. growth, the bank is prioritizing risk infrastructure investment to ensure long-term stability.
- **Strong Balance Sheet:** Despite the financial impact of regulatory fines, TD maintains a robust capital position. The bank successfully absorbed the \$3 billion penalty while repurchasing 65 million shares in fiscal 2025. Management's focus on balance sheet optimization and restructuring the U.S. investment portfolio aims to protect capital ratios and ensure sufficient liquidity throughout the remediation period.
- **Outlook:** We believe TD will reaffirm its position among the Big 5 banks as it benefits from momentum in core Canadian franchise and wholesale business lines, offset by weaker US lending growth. Credit profile remains constrained by execution risk surrounding regulatory validation, and the fixed income team will continue to monitor future developments.

### Bond and Sector Benchmark Performance OAS



### Position Snapshot

Purchase Date	2022/12/16
Average Cost	US\$24.76
Value Invested	US\$21,294
Portfolio Weight	6%
Δ OAS (2025)	(31 bps)
Δ A Index OAS (2025)	(– bps)

# Fixed Income Fund



## Key Holdings Review – Toronto Hydro Corporation

(2.430% 2029)

### Company Overview

- Toronto Hydro Corporation is a holdings company that wholly owns two subsidiaries, Toronto Hydro-Electric System Limited and Toronto Hydro Energy Services Inc.
- The former owns and operates an electricity distribution system that delivers electricity to approximately 790,000 customers located in Toronto, while the latter provides street lighting and expressway lighting services. Toronto Hydro is entirely owned by the city of Toronto.

### Investment Thesis

#### 1. Benefits related to operating in a supportive regulatory environment are underestimated

Operating in a supportive regulatory environment is crucial for facilitating projects and financial planning.

#### 2. Benefits related to operating in a strong and growing franchise area are underestimated

Toronto is a strong and growing franchise area with positive migration trends.

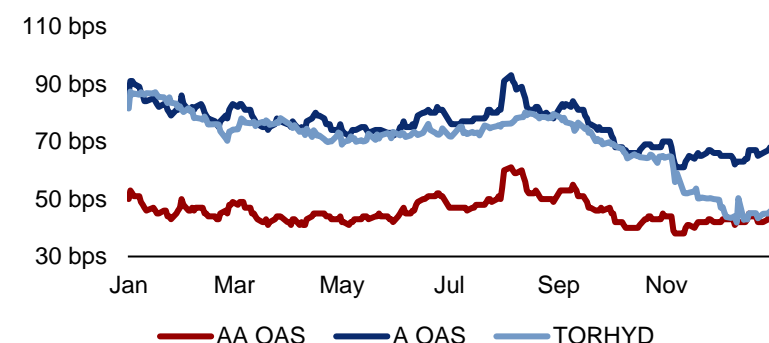
#### 3. THC's strong financial profile will ensure continued debt repayment

THC has continually paid down their debt while balancing issuance of debentures and dividends.

### Performance and Outlook

- **Operational Performance:** THC reported a revenue increase for the nine months ended September 2024, reaching \$2,204.2 million compared to \$1,995.9 million in the prior year. Notably, Q3 energy sales rose to \$794.0 million from \$726.8 million, driven by higher commodity prices, increased retail transmission charges, and elevated WMS charges.
- **Credit Rating Upgrade:** On September 27th, the company's credit rating was upgraded from A to A+, following the recent upgrade of the City of Toronto's rating from AA to AA+. This was further supported by THC's strong financial performance throughout 2024.
- **Financial Performance:** THC achieved a reduction in net debt leverage in Q3 2024, improving to 6.59x from 7.57x during the same period in 2023. The company delivered strong financial results through lower capital expenditures and adherence to its robust debt repayment program
- **Issuances:** As of Q3 2024, THC issued Series 22 on September 26th, 2024, amounting to \$250 million in 3.99% senior unsecured debentures.
- **Outlook:** With a renewed distribution license, a stable regulatory environment, a newly appointed board of directors, and an enhanced credit rating for both the company and the city it serves, THC continues to demonstrate strong earnings and results. Given its pivotal role in powering the growing metropolitan area of Toronto, we remain confident in holding our position.

### Bond and Sector Benchmark Performance OAS



### Position Snapshot

Purchase Date	2021/12/21
Average Cost	C\$102.45
Value Invested	C\$102,450
Portfolio Weight	6.4%
Δ OAS (2024)	(35.64bps)
Δ A Index OAS (2024)	(21bps)

# Fixed Income Fund



## Key Holdings Review – Micron Technology(5.327% 2029)

### Company Overview

- Micron Technology is a leading global provider of semiconductor solutions, specializing in memory and storage technologies. The Co's operates a vertically integrated business model, from silicon wafers to finished memory products
- Its revenue is primarily from two sources, DRAM (dynamic random-access memory) and NAND flash memory chips. Its DRAM and NAND production accounts for 20 % of the global market share. Micron is the largest memory chip manufacturer in the United states

### Performance and Outlook

- **Bond Performance:** In 2024, Micron was a good performer for the fixed income fund, with an OAS compression of ~21 bps. This represents slightly lower compression than the S&P US IG BBB Corp Index benchmark which compressed by ~28 bps.
- **Strong Financial Performance:** Micron reported strong earnings throughout the year for its HBM segment, seeing growth from the AI and data center capex pileup that has driven market returns in 2024. However, we have seen weaker than expected consumer segment results.
- **US-China Chip War:** Despite Micron being banned from China, the Co has received significant financial support from the US. We expect this support to continue, due to Micron's technology being critical to many industries, such as innovation and defense.
- **Industry Developments:** The semiconductor industry experienced a strong rebound in 2024, driven primarily by the growing demand for AI infrastructure and advanced memory solutions. Global semiconductor sales reached an all-time high of \$611 billion, representing a 16% growth from the previous year
- **Optimism for 2026 and Beyond:** Micron's strong performance has been a function of the growing need for memory and RAM across the globe as personal devices become increasingly demanding and artificial intelligence has become the main focus for many leading technology firms in the world. We see these trends continuing in the future and believe Micron will be at its forefront.

### Investment Thesis

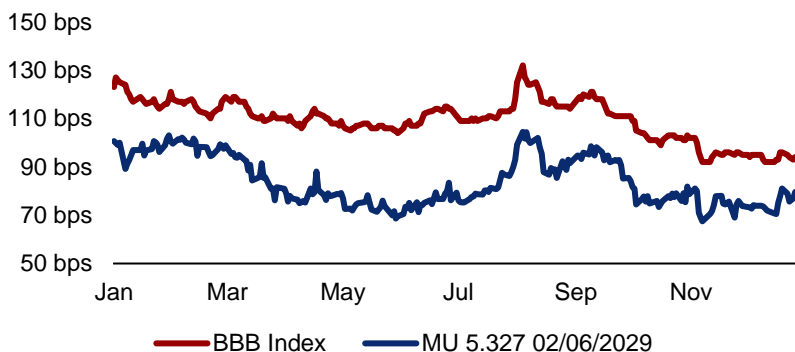
#### 1. Micron's Strong Balance Sheet is Paving the Road for a Credit Upgrade

While 2023 saw this thesis not hold, 2024 was a great year Micron as it has been able to generate positive FCF and increase credit metrics. Thesis holds

#### 2. Strong top-line growth in Micron's customer base offers support in market downturn

Micron's current product mix has proven that their compute and networking business unit (primarily serving data centers) is capable of cushioning depressed consumer demand periods. Thesis holds

### Bond and Sector Benchmark Performance OAS



### Position Snapshot

Purchase Date	2023/03/01
Average Cost	U\$98.25
Value Invested	U\$39,300
Portfolio Weight	3.9%
Δ OAS (2024)	(21bps)
Δ BBB Index OAS (2024)	(29bps)

# Fixed Income Fund

## Key Holdings Review – Brookfield Renewable Partners (3.380% 2030)

### Company Overview

- Brookfield Renewable Partners is one of the world’s largest pure-play renewable power platforms with four main energy sources: Wind, Hydroelectric, Solar, and Distributed Energy. The company is geographically diversified with 58% of revenue coming from North America, 21% from South America, and 17% from Europe.
- BAMREP’s generation portfolio consists of 35,200 megawatts of capacity, 200,000 megawatts in the development pipeline, and 57 thousands metric tons per annum of carbon capture and storage.

### Investment Thesis

#### 1. BAMREP’s top line profile supports high quality cash flows

In Q3 2024, BAMREP reported that its generation portfolio was over 80% contracted with the majority of revenues linked to inflation. This thesis remains stable.

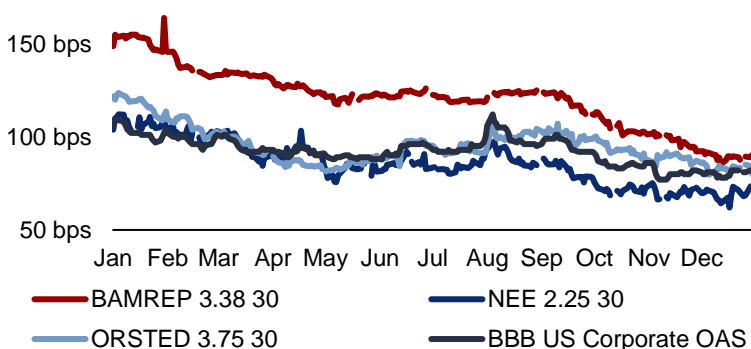
#### 2. BAMREP’s aggressive growth strategy is not adverse for creditors

As of Q3’24, Around 89% of the company’s borrowings are project level non-recourse debt. BAMREP continues to progress on asset recycling initiatives This thesis remains stable.

### Performance

- **Operational Performance:** In the nine months ended September 30<sup>th</sup>, 2024, BAMREP had \$4.444 billion in revenue, up 20% from the same period in 2023. Funds from operations improved to \$913 mm compared to \$840 mm in the first nine months of 2023. FFO per unit improved to \$1.38 compared to \$1.29 over the same period in 2023. Improvements in revenue were driven by higher realized prices and growth in capacity. Recently acquired and commission facilities contributed 12,548 gigawatt hours (GWh) of generation and \$648 mm to revenues. This was offset by asset sales which reduced generation 823 GWh and revenues by \$63 mm. On a same-store, constant currency basis, revenues improved by \$69 mm due to higher realized prices on the back of inflation. BAMREP generated 59,721 GWh of energy in the first nine months of 2024, compared to 52,698 in 2023.
- **Strategic Partnerships:** BAMREP continued to seek out corporate contracting opportunities in Q3, 2024, securing contracts to deliver an incremental 6,100 GWh of clean energy annually. In the first nine months of 2024, BAMRREP committed to invest over \$11 billion (almost \$1.5 billion net to Brookfield Renewable in acquisitions and growth initiatives).
- **Asset Recycling:** The company has continued to progress on asset recycling initiatives. In the first nine months of 2024, BAMREP executed asset recycling activities which have generated over \$2.3 billion in proceeds (\$1 billion net to Brookfield Renewable. On an aggregate basis, the company’s asset sales have generated a 25% IRR and the 2.5 times multiple on invested capital.

### Bond and Sector Benchmark Performance OAS



Sources: Capital IQ, Company Filings

### Position Snapshot

Purchase Date	2021/01/21
Average Cost	C\$110.59
Value Invested	C\$93,999
Portfolio Weight	6%
Δ OAS (2024)	(58 bps)
Δ BBB Index OAS (2024)	(29 bps)

Current Holdings (as of Dec. 31, 2025)

	Security	Shares/Par	Currency	Local Price	Local Market Value	CAD Value	Weight
1	Brookfield Renewable Partners ULC	85,000	CAD	99.38	84,477	84,477	5.6%
2	Inter-American Development Bank	100,000	CAD	97.24	97,241	97,241	6.4%
3	iShares Core Canadian Long Term Bond Index ETF	15,000	CAD	18.59	278,850	278,850	18.3%
4	iShares Core Canadian Governm	3,800	CAD	19.22	73,036	73,036	4.8%
5	SmartCentres Real Estate Investment Trust	85,000	CAD	100.79	85,671	85,671	5.6%
6	Toronto Hydro Corporation	100,000	CAD	97.66	97,664	97,664	6.4%
7	Toronto-Dominion Bank (The)	100,000	CAD	97.86	97,862	97,862	6.4%
8	iShares 7-10 Year Treasury Bond ETF	800	USD	96.16	76,928	105,588	6.9%
9	iShares Core U.S. Aggregate Bond ETF	1,100	USD	99.88	109,868	150,799	9.9%
10	iShares MBS ETF	1,000	USD	95.22	95,220	130,694	8.6%
11	iShares US Treasury Bond ETF	3,270	USD	23.03	75,292	103,342	6.8%
12	Micron Technology Inc. (USD)	40,000	USD	103.17	41,268	56,642	3.7%
13	NCR Atleos Escrow Corporation (USD)	40,000	USD	108.53	43,413	59,587	3.9%
14	VF Corporation (USD)	50,000	USD	90.52	45,262	62,125	4.1%
15	United States Dollar	4,898	USD	0.73	4,898	6,723	0.4%
16	Canadian Dollar	31,193	CAD	1.00	31,193	31,193	2.1%
					<b>Total</b>	<b>1,521,495</b>	<b>100%</b>



# Global Equity Fund

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# Global Equity Fund

## Fund Performance and Outlook

Dear Investors,

We are pleased to report that the Global Equity Fund returned +25.5% gross of fees in 2025, outperforming our blended benchmark (60% S&P TSX, 40% S&P 500) which was up +23.3% (Figure 1).

2025 was a volatile but ultimately rewarding year for equities. The year began with cautious optimism as 2024's recession fears continued to fade, only to be tested in early April when the U.S. imposed sweeping "Liberation Day" tariffs which triggered a sharp global correction, with the S&P 500 drawing down -19% from its February high. Solid earnings, renewed AI enthusiasm, and rate cuts from both the Fed and Bank of Canada subsequently powered a strong rebound. The S&P 500 and S&P TSX ended the year near all-time highs, with the latter delivering its best annual performance since 2009, propelled by a surge in precious metals amid the "fiat debasement trade."

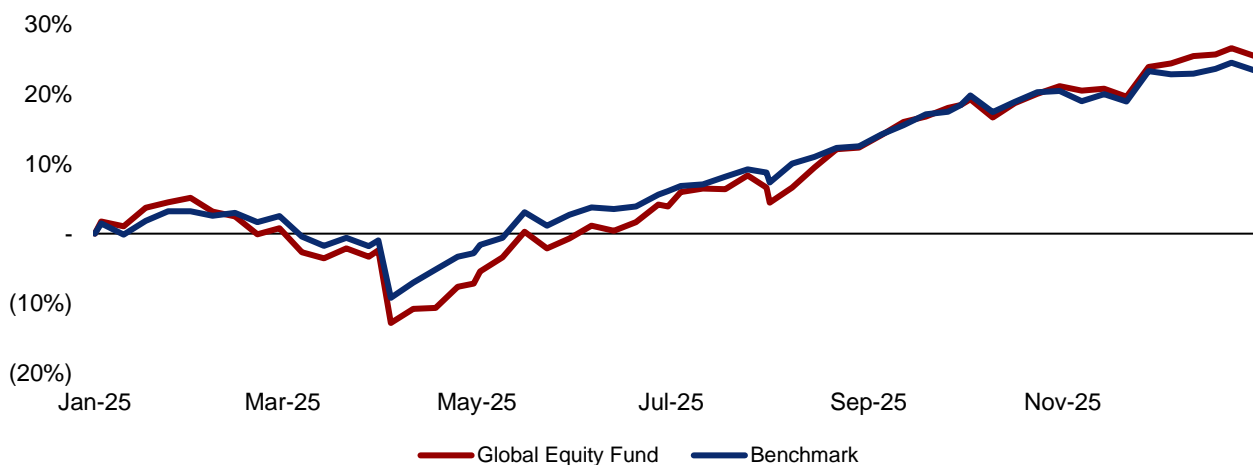
In 2025, we materially refreshed the Global Equity Fund's holdings, including a record single-day trading volume of over \$1M. We most recently added six new

positions: Becton Dickinson, BJ's Wholesale Club, Total Energy Services, LSEG, TKO Group, and Genpact, in continued pursuit of modestly valued businesses with strong competitive advantages.

Looking ahead, equity valuations remain historically elevated, supported in large part by the structural growth tailwind from AI and the productivity and profitability gains investors expect it to unlock across sectors. While elevated multiples do not preclude acceptable returns, they leave less margin for error if earnings disappoint – in fact, the greater risk lies in whether corporate earnings expectations remain achievable rather than in valuations themselves. Accordingly, we continue to manage the Global Equity Fund with a beta near one, focusing on bottom-up stock selection as our primary source of alpha rather than attempting to time broad market valuation cycles.

Overall, we believe the Global Equity Fund is well-positioned heading into 2026 and look forward to our theses continuing to materialize and generate alpha.

Figure 1: Global Equity Fund Performance in 2025



\*Note: Performance is calculated gross of fees. Benchmark is a blended 60% S&P TSX, and 40% S&P 500 (measured in CAD).







# Global Equity Fund

## Fund Performance and Outlook

### Best and Worst Performers

This year, our bottom-up stock selection process yielded a handful of great asymmetric wins and some losses. Figure 2 shows our best and worst holding period returns (HPR) for 2025.

Figure 2: 2025 Best and Worst Performing Holdings

Sector	Company	2025 HPR
Materials	 HUBBAY MINERALS	125%
Healthcare	 BAYER	122%
Financials	 citi	66%
Healthcare	 UnitedHealth Group	-35%
Comm. Svcs.	 T Mobile	-10%
Info. Tech.	 Uber	-8%

Hudbay Minerals (TSX: HBM) led our portfolio with a +125% return, as the company delivered record annual revenue & adjusted EBITDA and an eleventh consecutive year of meeting consolidated copper production guidance, all while finalizing a US\$600M Copper World joint venture with Mitsubishi that significantly de-risked its long-term growth pipeline.

Bayer (OTC: BAYRY) followed closely with a +122% gain, driven by strong momentum in its blockbuster drugs Nubeqa and Kerendia, FDA approvals for Lynkuet and Hymuo, easing Crop Science headwinds under the company's profitability improvement program, as well as constructive progress on the Roundup litigation overhang.

Citigroup (NYSE: C) returned +66% as CEO Jane Fraser's multi-year simplification strategy translated into results, with the bank hitting its highest annual revenue in over a decade and substantial share

buybacks helping drive the stock to 17-year highs.

Conversely, UnitedHealth Group (NYSE: UNH) was our weakest holding at -35%, weighed down by an expanded DOJ investigation into its Medicare Advantage billing practices, elevated medical cost utilization, the abrupt May 2025 departure of CEO Andrew Witty, and policy uncertainty around the expiration of enhanced ACA subsidies.

T-Mobile (NASDAQ: TMUS) declined -10% as a more rational competitive environment from Verizon and AT&T eroded its premium valuation, with EBITDA margins compressing under heavier promotional intensity despite continued subscriber growth and high-single-digit service revenue gains.

Finally, Uber (NYSE: UBER) slipped -8%, an outcome that obscured strong underlying fundamentals (with 2025 revenue of US\$52B up +18% YoY), as the market focused on robotaxi disruption risk and capital allocation concerns around AV investment.

As we move into 2026, we are navigating a market shaped by shifting monetary policy, persistent geopolitical uncertainty, and the continued reshaping of sector leadership driven by investments in AI. Index-level returns continue to mask large divergence beneath the surface, reinforcing our conviction that disciplined, bottom-up stock selection remains the best path to long-term outperformance. We continue to focus on selecting high-quality, well-capitalized companies trading at reasonable prices, with particular attention to free cash flow durability, durable competitive moats, and management teams with strong track records of capital allocation.

We are immensely grateful for our investors' continued support and trust, which have been instrumental in our progress. Our commitment to disciplined, research-driven investing remains unwavering, and we look forward to delivering strong results in the year ahead.

Figure 3: Global Equity Fund Performance Metrics

Metrics Since Inception	As of Dec. 31, 2025	
	GE Fund	Benchmark
Annualized Return	8.7%	11.2%
Annualized Standard Deviation	14.2%	12.7%
Sharpe Ratio	0.42	0.66
Beta	0.98	
Alpha	(2.4%)	
Annualized Tracking Error	6.7%	

Performance metrics are calculated gross of fees.

Metrics Metrics 2025	As of Dec. 31, 2025	
	GE Fund	Benchmark
Return	25.5%	23.3%
Annualized Standard Deviation	15.6%	12.6%
Sharpe Ratio	1.36	1.50
Beta	1.15	
Alpha	(0.6%)	
Annualized Tracking Error	5.9%	

Performance metrics are calculated gross of fees.

Figure 4: Global Equity Fund Standard Deviation in 2025

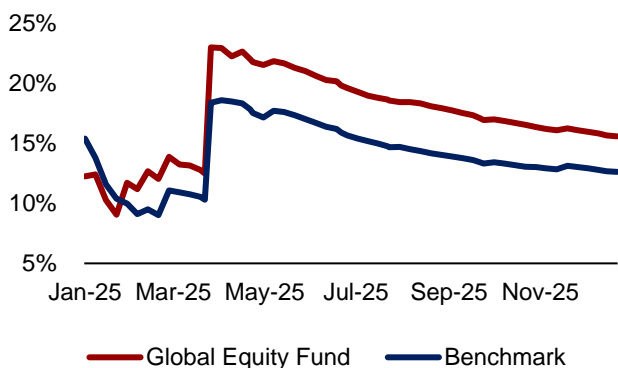


Figure 5: Global Equity Fund Sharpe Ratio in 2025

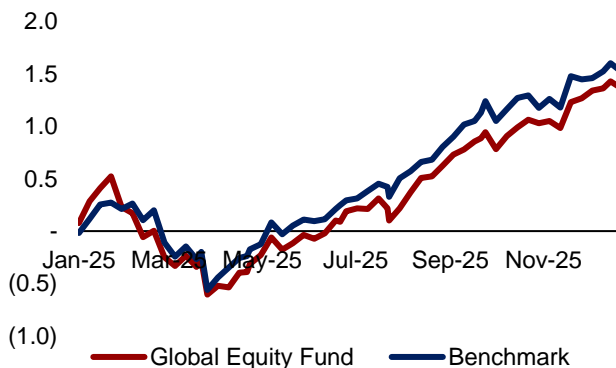


Figure 6: Global Equity Fund Beta (1-Year Rolling) in 2025

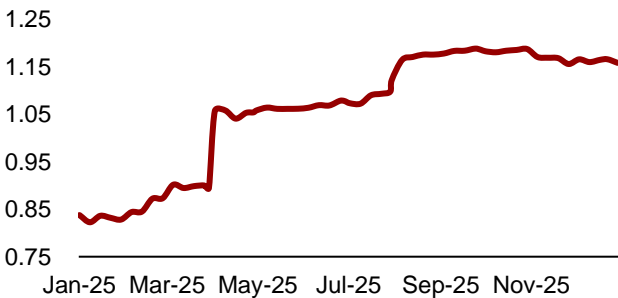


Figure 7: Global Equity Fund Alpha in 2025

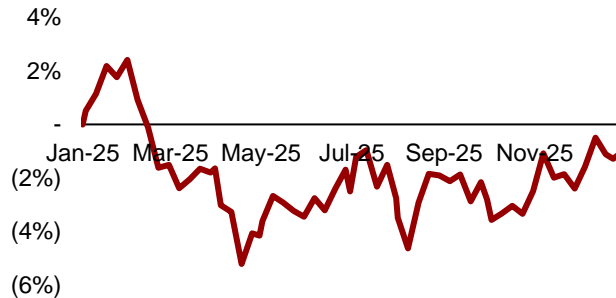


Figure 8: Performance by Sector in 2025

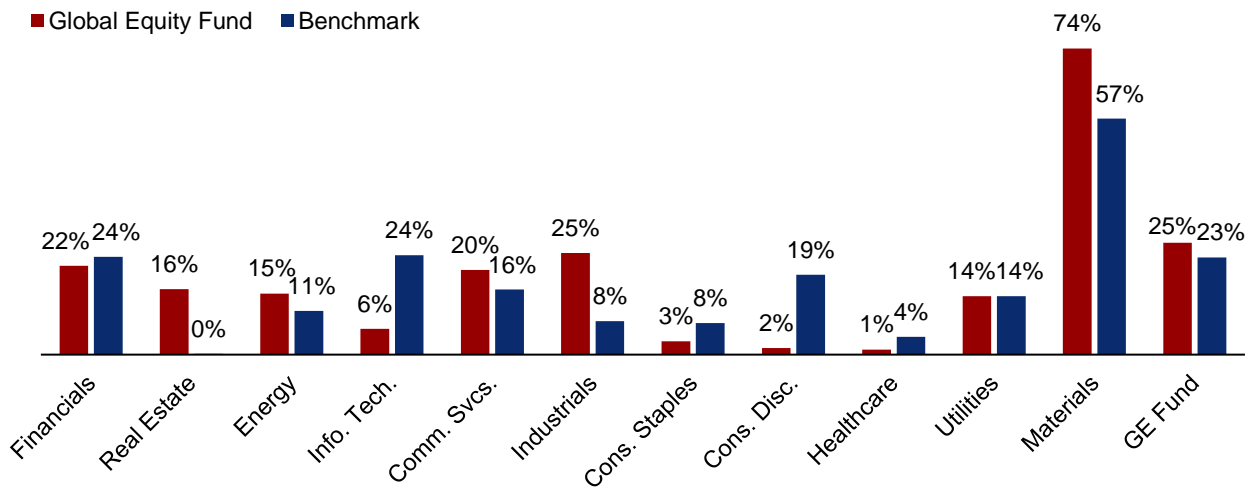


Figure 9: Current Sector Allocation Weights (as of Dec. 31, 2025)

Sector	GE Fund	Benchmark	(+/-)
Financials	24.6%	25.2%	60 bps
Real Estate	2.0%	1.6%	40 bps
Energy	9.0%	10.0%	100 bps
Information Technology	13.6%	19.6%	600 bps
Communication Services	9.9%	5.4%	550 bps
Industrials	8.7%	9.6%	90 bps
Consumer Staples	3.7%	3.9%	20 bps
Consumer Discretionary	5.0%	6.2%	120 bps
Healthcare	8.5%	4.0%	450 bps
Utilities	2.6%	2.9%	30 bps
Materials	11.3%	11.6%	30 bps
Cash	1.2%	-	120 bps
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>-</b>

Figure 10: Current Size Exposure (as of Dec. 31, 2025)

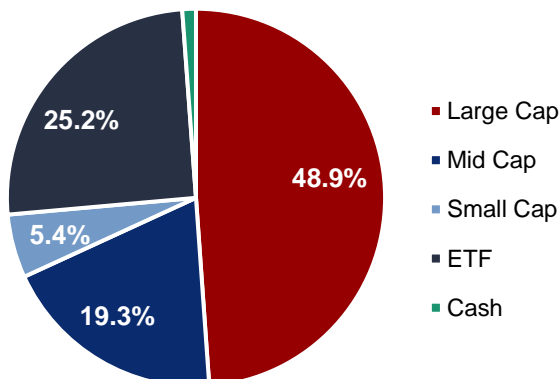


Figure 11: Current Currency Exposure (as of Dec. 31, 2025)

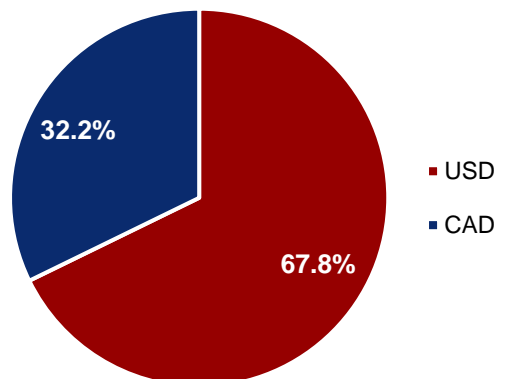


Figure 8: Current Holdings (as of Dec. 31, 2025)

Security Name	Size	Sector	Currency	Units	Price	CAD Value	Weight
Consumer Discretionary Select Sector SPDR Fund	ETF	Consumer Discretionary	USD	450	\$119.41	\$73,753	5.0%
BJ's Wholesale Club Holdings, Inc.	Mid	Consumer Staples	USD	300	\$90.03	\$37,071	2.5%
Empire Company Limited	Mid	Consumer Staples	CAD	375	\$47.72	\$17,895	1.2%
Suncor Energy, Inc.	Large	Energy	CAD	1,350	\$60.92	\$82,242	5.6%
Total Energy Services Inc.	Small	Energy	CAD	3,400	\$14.90	\$50,660	3.4%
iShares S&P/TSX Capped Utilities Index ETF	ETF	Utilities	CAD	1,200	\$31.91	\$38,292	2.6%
Bank of America Corp.	Large	Financials	USD	1,336	\$55.00	\$100,855	6.8%
Citigroup Inc.	Large	Financials	USD	410	\$116.69	\$65,667	4.4%
London Stock Exchange Group PLC	Large	Financials	USD	1,500	\$30.57	\$62,938	4.3%
Aon PLC	Large	Financials	USD	58	\$352.88	\$28,092	1.9%
iShares S&P/TSX Capped Financials Index ETF	ETF	Financials	CAD	1,350	\$78.20	\$105,570	7.1%
CBL & Associates Properties, Inc.	Small	Real Estate	USD	585	\$37.00	\$29,709	2.0%
Alphabet Inc.	Large	Communication Services	USD	200	\$313.00	\$85,922	5.8%
TKO Group Holdings Inc.	Large	Communication Services	USD	210	\$209.00	\$60,241	4.1%
Uber Technologies Inc.	Large	Information Technology	USD	700	\$81.71	\$78,506	5.3%
Roundhill Magnificent Seven ETF	ETF	Information Technology	USD	1,350	\$65.96	\$122,220	8.3%
UnitedHealth Group Incorporated	Large	Healthcare	USD	80	\$330.11	\$36,247	2.5%
Becton, Dickinson and Company	Large	Healthcare	USD	125	\$194.07	\$33,296	2.3%
Illumina Inc.	Mid	Healthcare	USD	177	\$131.16	\$31,864	2.2%
Bayer AG	Large	Healthcare	USD	1,618	\$10.82	\$24,029	1.6%
Airbus Group N.V.	Large	Industrials	USD	810	\$57.92	\$64,393	4.4%
Genpact Ltd.	Mid	Industrials	USD	1,000	\$46.78	\$64,208	4.3%
Hudbay Minerals Inc.	Mid	Materials	CAD	3,000	\$27.25	\$81,750	5.5%
CCL Industries Inc.	Mid	Materials	CAD	600	\$86.70	\$52,020	3.5%
iShares S&P/TSX Capped Materials Index ETF	ETF	Materials	CAD	800	\$41.71	\$33,368	2.3%
U.S. Dollar	Cash	USD	USD	1,991	\$0.73	\$2,733	0.2%
Canadian Dollar	Cash	CAD	CAD	14,528	\$1.00	\$14,528	1.0%
<b>Net Asset Value</b>						<b>\$1,478,069</b>	<b>100.0%</b>

# CONSUMERS

2025 REVIEW & 2026 OUTLOOK

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# Consumers

## Consumer Performance Overview

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### Overview

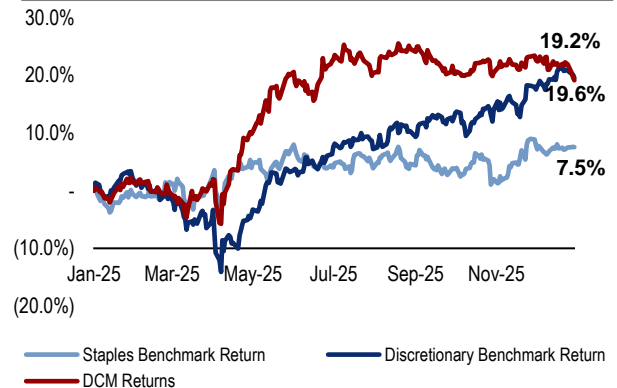
Looking back at 2025, both sectors of our coverage showed mixed returns overall. Weak consumer confidence in the first half of the year was largely driven by tariff fears and Liberation Day, which happened on April 2<sup>nd</sup>, 2025. However, the job market remained steady, and wage growth continued to outpace inflation. This allowed consumers to rebuild their purchasing power. This did begin to stall by Q4.

Consumers began the year with a highly conservative stance toward discretionary expenditures. However, as we fast-forward to the end of the year, heavy holiday-season spending showed a strong consumer recovery. Throughout 2025, there were 75 bps of rate cuts, which strongly drove growth in sectors heavily exposed to interest rates, such as auto and components. Along with this, this subsector had idiosyncratic shifts due to increased tariffs on imported vehicles and parts. This led to a large spike in purchases in Q2 as consumers pulled forward their car purchases, which subsequently led to subdued demand by year's end. The subsector had 21% return in 2025.

Within consumer staples, it remained favorable in the first half of 2025 due to the current US administration and raised geopolitical uncertainty. However, overall performance within the sector was mixed. Household and personal products fell 14%, while Food, Beverage & Tobacco and Distribution and Retailing rose 5% and 8%, respectively.

This sector faced significant pressure as investment sentiment rotated towards the AI theme. Alongside this, consumers “traded down” into a highly competitive private-label industry, and rising input prices squeezed margins. Overall, SPX consumer staples returned 0% in 2025.

Figure 2: DCM Consumers Performance, 2025



Our sector benchmark (60% TSX, 40% SPX) posted mixed performance compared to the wider market (7.5% and 19.6% for staples and discretionary, respectively). With a 2025 benchmark of 13.4% (50% staple and discretionary), DCM Consumers outperformed the benchmark, returning 19.2%.

Discretionary stocks fell during early 2025 due to tariff concerns. The rest of the year was spent rebounding from this tariff announcement. As a result, the TSX vastly outpaced the SPX discretionary (28.21% vs 6.67%). Over that horizon, DCM's discretionary holdings returned 38.5%, driven by our position in and acquisition of Tornado (TGH.V), which closed in early December. Over our investment, it returned 56%.

Meanwhile, staples had a poor year, as it is a largely defensive sector that barely grew due to heavy rotation into large-cap growth stocks. DCM held Unilever and Empire Foods. With DCM selling Unilever on December 16<sup>th</sup> at 64.37 a share and purchasing BJ's at 94.34 a share, consumer staples returned 4.9%, underperforming the benchmark.

Figure 1: S&P 500 Performance and DCM Views

Sector	2025 Δ	EV/ EBITDA	5Y AVG EV/ EBITDA	DCM View
<b>Consumer Staples</b>	<b>0%</b>	<b>14.1</b>	<b>14.1</b>	
Household & Personal Products	(14)%	14.9	18.3	N
Food, Beverage & Tobacco	5%	15.4	15.5	N
Distribution & Retailing	8%	18.1	15.8	OW
<b>Discretionary</b>	<b>8%</b>	<b>16.0</b>	<b>14.3</b>	
Automobile & Components	21%	28.3	16.4	OW
Consumer Services	5%	15.2	15.1	UW
Consumer Durables & Apparel	(8)%	13.3	11.0	N
Distribution & Retailing	4%	14.2	14.3	N

Sources: Bloomberg, McKinsey, Deloitte

# Consumers

## 2026 Sector Outlook

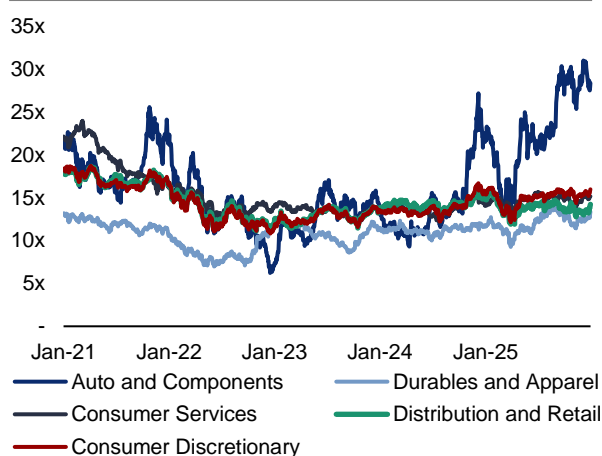
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### Consumer Discretionary

Coming out of 2025, the consumer discretionary sector faced a challenging year shaped by tariff shocks and consumer confidence fears. Liberation Day triggered a broad selloff across discretionary stocks, with the sector spending much of the year recovering. Tesla and Amazon continued to dominate index-level returns. However, when excluding both, 75% of discretionary subsectors traded below the S&P 500. Finally, the widening income gap emerged as a key theme, with high-income households sustaining spending while lower-income cohorts pulled back and traded down.

Looking into 2026, we remain cautious on the sector overall. Tariffs and a hawkish Fed continue to pressure margins and curb credit-led spending. However, we see idiosyncratic opportunities driven by the growing income gap, which favors luxury and discount. Components within autos have been overly punished, while consumer services face structural headwinds from credit stress and fading experiential spending momentum.

Figure 3: NTM EV/EBITDA Multiples



### Auto and Components (Overweight)

As of January 11<sup>th</sup> 2026, the Auto and Components subsector is trading at 28.3x NTM EV/EBITDA. The current spread is 11.9x above its 5-year historical

Sources: Federal Reserve Bank of NY, Bloomberg, Bureau of Transportation Statistics, CNBC

NTM EV/EBITDA. Looking ahead to 2026, we believe there will be both winners and losers within Auto and Components. We believe that components has been overly punished and poised for growth due to the aging US automobile with preference towards cheaper repairs. Therefore, within this subsector we plan to aim exposure there.

### Durables and Apparel (Neutral)

In the Durables and Apparel subsector, the index is trading at 13.3x NTM EV/EBITDA and is 2.3x above its historical NTM EV/EBITDA. This may suggest that the market is confident about future FED policies on interest rates. Due to the high exposure durables has to interest rates and the current relationship between the fed and the trump administration, we believe that the risk reward profile is not attractive. However, within apparel there may be some idiosyncratic growth stories in discount and luxury through a widening income gap.

### Consumer Services (Underweight)

Consumer Services is currently trading at 15.2x NTM EV/EBITDA, which is a spread 0.1x above its 5-year historical NTM EV/EBITDA. We are hesitant on exposure to this subsector as consumer spending are increasingly being financed by credit with delinquency rates continuing to rise. We believe that there will be a strong pullback in this subsector when consumers aren't given the same level of access to credit. As a result we are underweight Consumer Services.

### Distribution & Retail (Neutral)

Within Distribution and Retail, the index is trading at 14.2x NTM EV/EBITDA, which is a spread of 0.1x below its historical spread. While we do expect continued tariff and price hesitancy continuing from 2025, we do believe that there may be idiosyncratic growth stories if companies are able to mitigate margin compression by effectively navigating tariffs within their supply chain. As a result, we are neutral consumer distribution and retail.

# Consumers

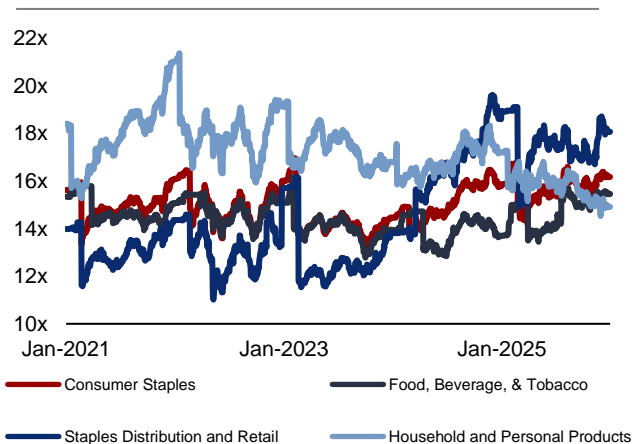
## 2026 Sector Outlook

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### Consumer Staples

Coming out of 2025, consumer staples remains a fundamentally defensive sector. While the broader consumer sector saw mixed performance through the year, staples was largely defined by trade-down behavior, margin pressure from inputs, and investor rotation toward AI investments, leaving staples returns muted overall. Entering 2026, we see consumers more used to volatility in shopping and consumption habits, reinforcing value-seeking behavior rather than a quick return to premiumization. We see three main differentiators, policy-driven category reshaping, tariff related noise, and companies that can protect mix and margins.

Figure 4: NTM EV/EBITDA Multiples



### Food, Beverage, Tobacco (Neutral)

The Food, Beverage, and Tobacco subsector, is currently trading at 15.4x NTM EV/EBITDA, which is 0.1x below its 5-year historical spread to the consumer staples index. This in-line valuation reflects two main factors: investors continuing to price in category-level uncertainties such as ingredient scrutiny where consumers are shifting away from sugar heavy categories, and investors recognizing the improvements in revenue management and cost discipline versus the high inflation during the COVID era. Looking into 2026, we expect performance to be

Sources: Bloomberg, NIQ, US HHS

idiosyncratic, with winners being brands that can generate growth without leaning too heavily on promotion and/or having defendable margins through mix rather than pricing. Something to watch would be the Trump administration's renewed focus on nutrition policy which could accelerate the aforementioned change in consumer behaviour.

### Staples Distribution and Retail (Overweight)

Currently, the Consumer Staples Distribution and Retail subsector index trades at 18.1x NTM EV/EBITDA. This is 2.3x above its historical spread. We believe this premium is earned and remains supportable into 2026 due to value-seeking behavior, higher private label penetration, and convenience-led shopping. This subsector is viewed as a relative "safe haven" within staples because it can capture trade-down behavior and adjust assortment faster than branded manufacturers. Looking into 2026, we remain overweight as we see a path for continued share gains and steady margin accretion for, even if the topline moderates. The clear risks here are: premium valuation and a more competitive pricing environment. Therefore, we would look to concentrate exposure into brands with strong private label runway, and resilient pricing structures.

### Household and Personal Products (Neutral)

The Household and Personal Products subsector trades at 14.9x NTM EV/EBITDA, which is 3.4x below its historical spread. The discount reflects persistent concerns around private label substitution, and a tougher pricing environment as consumers remain value-focused. The subsector is also more exposed to changes in input and sourcing prices, which affect margin quality. Looking forward we want to see margin normalization, as well as sustained volume while reducing promo intensity. We will look for companies that are able to consistently win over these value conscious consumers without overspending on advertising.

## Holdings Review – Empire Company Limited (TSX: EMP.A)

### Company Overview

- Empire is one of two players with national scale in grocery, operating 1,600+ stores in all 10 provinces
- The Company operates through two segments: Food Retailing and Investments and Other Operations
- Under Food Retailing, Empire has a network of Full Service, Discount, E-Commerce, and Related Business operations with brands like Sobeys, IGA, Farm Boy, FreshCo, Voila and Thrifty Foods
- Under Investments and Other Operations, Empire has a 41.5% equity stake in Crombie REIT and 37.1% to 49.0% equity stakes in the Genstar group of companies

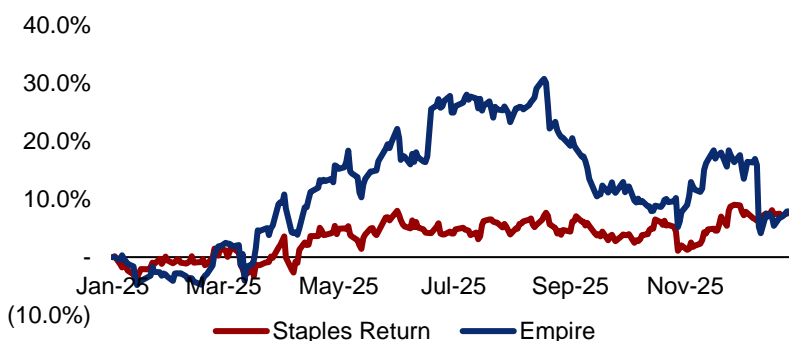
### Investment Thesis

1. **Market is overly pessimistic on margin profile, overlooking differentiated cost-lever from first-mover innovation investments – Incorrect**
  - Scene+ grew to 15m+ members and Voila merged with Longo's eCommerce business, capturing logistics and delivery synergies
2. **Pessimistic outlook on Empire's format mix is causing the market to overlook private label outperformance and expansion in its discount business – Realised**
  - Growth across the business was driven by the Discount portfolio. Empire continues to focus on expanding its Discount footprint

### Performance and Outlook

- **Share Price Impacts:** Empire shares rallied in H1 2025 driven by strong FY'25 results, specifically 8.8% EPS growth and a 9.6% dividend hike. However, momentum reversed Q2'2026 as earnings brought concerns over margins between rising sales and falling net earnings (\$159 million in 2025 vs. \$173 million in 2024)
- **Sales Growth:** Sales grew 3.0%, led by volume gains in the Discount banner. Top-line growth was partially offset by a 6.0% decline in fuel sales in late 2025, driven by lower pump prices and the removal of the carbon tax.
- **Management Updates:** CEO Michael Medline announced his retirement effective May 2026. Pierre St-Laurent has been named his successor and is currently working through a transition period to ensure strategic continuity.
- **Strategic Investments:** Throughout 2025 the digital focus shifted entirely to unit economics and profitability rather than pursuing aggressive expansion. The company focused on optimizing its existing network and leveraging third-party partnerships (Uber Eats/Instacart) to capture delivery growth using capital light options.
- **Holding Status:** While profitability is a concern going forward, we like the company with the exposure it gives us to the Canadian grocery market and the private label business. We recommend holding the stock until we have more conviction on the direction of the company's earnings.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Apr 3, 2023
Average Cost	C\$36.30
Value Invested	C\$13,279
Portfolio Weight	21.7%
2025 Return	7.9%
2025 Benchmark Return	7.5%

# Consumers

## Holdings Review – Unilever (NYSE: UL)



### Company Overview

- Unilever PLC is a British-Dutch multinational consumer goods company that produces and markets food, home care, and personal care products. Founded in 1929, the company operates in over 190 countries with over 138,000 employees
- Unilever’s business operations are composed of 5 divisions: Beauty & Wellbeing, Personal Care, Home Care, Nutrition, and Ice Cream
- Unilever possesses a diverse portfolio of more than 400 brands, including Axe, Dove, Rexona, Vaseline, and Knorr

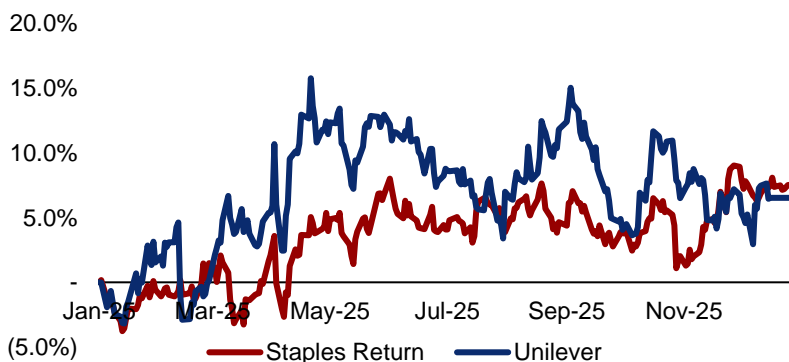
### Investment Thesis

1. **Unilever is strategically positioned to capture growth in emerging markets – Incorrect**
  - The company is addressing challenges, such as resolving price instability and optimizing retail stock levels in Indonesia. In China, management has refined channel strategies, introduced new leadership, and strengthened the competitive positioning of its power brands
2. **Market is overly pessimistic on the company’s ability to execute turnaround – Partially Realised**
  - We are confident that the separation of the Ice Cream business aligns with Unilever’s strategy, as it allows the company to focus on brands with complementary operating models, maximizing innovation and market reach

### Performance and Outlook

- **Share Price Impacts:** Unilever shares saw volatility in late 2025, culminating in the completion of the Ice Cream business spin-off on December 6th.
- **Financial Performance:** Underlying Sales Growth (USG) was 3.9%, with positive volume growth of 1.5%. The Beauty & Wellbeing segment was the top performer up 5.1%, but this was largely propped up by "premium" brands and Health & Wellbeing (e.g., Liquid I.V.). The mass-market Personal Care volumes remained weak in key regions like China, while total revenue in the region actually declined 3.5% due to significant currency headwinds.
- **Ice Cream Segment Separation:** The company completed the Ice Cream demerger in December to streamline its operating model. Capital allocation has since shifted toward defending market share in the hyper-competitive Beauty & Personal Care space. However, our research from the IO suggests that this sector faces worsening fundamentals in 2026, particularly for mass-market brands where Unilever is most exposed.
- **Holding Status - SOLD:** We exited the position in December 2025. While thesis 2 materialized, the fundamental thesis on emerging markets did not. Given the sluggish volume recovery in mass-market beauty and the unattractive sector outlook for 2026.

### Stock Price and Sector Benchmark Performance



Sources: Company Filings, Bloomberg, Capital IQ

### Position Snapshot

Purchase Date	Apr 3, 2023
Average Cost	U\$52.55
Value Invested	C\$14,241
Portfolio Weight	29.9%
2025 Return	6.5%
2025 Benchmark Return	7.5%



# Consumers

## Pitch Review – BJ’s Wholesale Club (NYSE: BJ)

### Company Overview

- BJ's is a leading warehouse club operator primarily serving the Eastern United States. The company operates over 250 clubs and 178 gas stations across 21 states
- Unlike its larger peers, BJ's differentiates itself with a smaller box format and a "supermarket-like" fresh food assortment that encourages more frequent member visits
- The business model relies on a recurring revenue stream from its 8 million members, boasting a renewal rate exceeding 90%. The merchandise mix is led by fresh produce sales and two strong private label brands, Wellsley Farms and Berkley Jensen

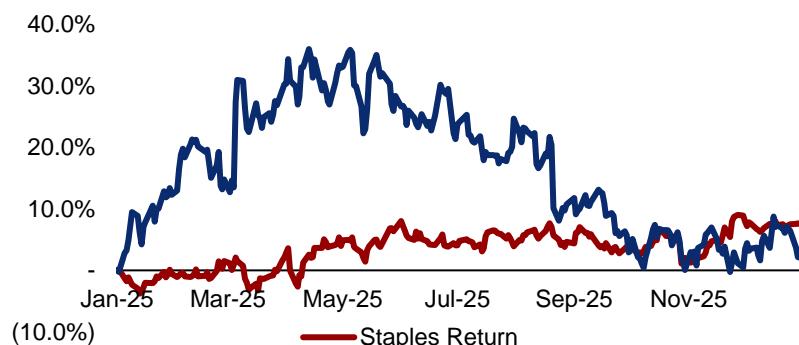
### Investment Thesis

1. **Underappreciation of business model and over punishing short-term shocks – Partially Realised**
  - The market undervalues BJ's resilient membership warehouse model, unfairly selling off on temporary macro headwinds like fuel costs which led to margin compression
2. **Underappreciation of growth and impact of margins from private label business**
  - The margin-accretive potential of BJ's expanding private label penetration remains underrecognized, as higher-margin company owned brands steadily grow share of total sales and improve profitability over time. This is a longer-term expectation for the business as private label gains traction.

### Performance and Outlook

- **Overpunished by investors on fuel volatility:** BJ's shares experienced volatility throughout 2025, initially weighed down by deflationary fuel prices which masked underlying growth. However, the stock displayed a strong revival in late 2025 and was rewarded upon strong performance
- **Strong membership fundamentals:** For the third quarter of Fiscal 2025, Net Sales increased 4.8% year-over-year. While headline comparable club sales were modest at 1.1% due to lower gas prices, the core business remained healthy with ex-gas comps up 1.8%. Membership Fee Income grew 9.8%, signaling strong retention and the successful execution of the fee increase implemented earlier in the year
- **Continued expansion momentum:** Management successfully navigated a year of commodity deflation without sacrificing margins, and in late 2025, confirmed the company's entry into Kentucky while preparing for a major push into the Texas market in early 2026, starting the Dallas-Fort Worth region

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Dec 16, 2025
Average Cost	94.34
Value Invested	\$28,302
Portfolio Weight	32.8%
2025 Return	2.8%
2025 Benchmark Return	7.5%



# Consumers

## Holdings Review – Tornado Infrastructure Equipment (TSXV: TGH)

### Company Overview

- Tornado is North America’s second-largest designer and manufacturer of hydro-excavation trucks and parts. The company serves the US and Canadian markets through a network of third-party distributors, ensuring broad geographic reach
- The company’s products are critical for non-destructive excavation in sectors including infrastructure, data centers, fiber optics, and storm response. Key customers range from fleet operators and utility owners to municipalities and independent contractors
- The company maintained a highly concentrated ownership structure throughout the year, with 45% insider ownership and little institutional participation

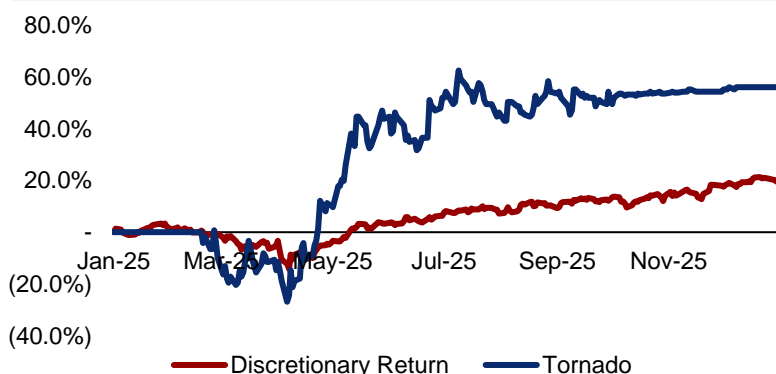
### Investment Thesis

1. **Market has been slow to recognize the secular inflection in the hydrovac market – Realised**
  - Accelerated excavation spending on infrastructure, data centers, grid hardening, fiber, O&G
  - Rising adoption rate of hydrovacs: raising awareness and rising utility strike costs
  - Tornado is well positioned to capture demand as they expand their US capacity

### Performance and Outlook

- **The Toro Company Acquisition:** Tornado shares rallied in late 2025 following the October 6th announcement that The Toro Company (NYSE: TTC) would acquire the company. The all-cash transaction was valued at C\$1.92 per share (approx. C\$279 million equity value), representing a significant premium to its historical trading range
- **Financial Performance:** The company delivered record financial performance leading up to the sale, with Last Twelve Months (LTM) net sales reaching approximately C\$161 million by September 30, 2025. This growth was driven by strong volume. Tornado sold 320 trucks in the FY’24 and maintained strong momentum in H1 2025 (87 trucks sold in Q2 alone), driven by infrastructure demand and the co-development agreement with Ditch Witch
- **CustomVac Investment:** Prior to the buyout, Tornado completed the strategic acquisition of Custom Vacuum Services Ltd. (CustomVac) in May 2025 for \$28 million. This investment was immediately accretive, expanding the product portfolio into heavier-duty industrial vacuum equipment and strengthening the value proposition that ultimately attracted The Toro Company
- **Holding Status – Sold:** We tendered our shares to The Toro Company in December 2025 at C\$1.90. The investment thesis was fully realized through this strategic exit

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Feb 20, 2025
Average Cost	C\$1.23
Value Invested	C\$13,500
Portfolio Weight	24.4%
2025 Return	56.0%
2025 Benchmark Return	19.6%

Sources: Company Filings, Bloomberg,

# ENERGY & UTILITIES

2025 REVIEW & 2026 OUTLOOK

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# Energy & Utilities

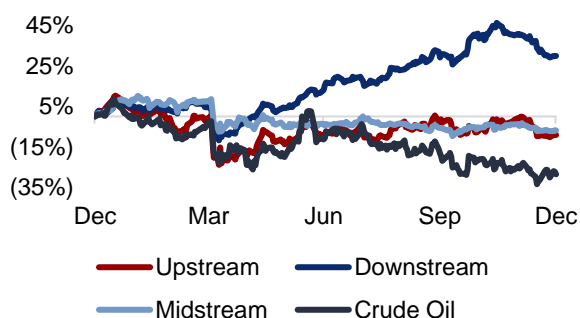
## Volatile Upstream & Strong Mid/Downstream Performance

### Sector Performance

#### Oil & Gas

Commodity price fluctuations throughout the year provide important context on sector performance. Oil prices rose briefly mid-year due to the Israel-Iran "Twelve-Day War," with Brent spiking toward \$82 per barrel in June. However, prices generally trended lower amid massive non-OPEC+ production and an OPEC+ market-share pivot, with the US maintaining record output levels. Global demand remained sluggish, partly caused by China's structural economic shift. On the natural gas side, Henry Hub saw higher volatility, averaging \$3.53 per MMBtu as an exceptionally cold North American winter spiked heating demand and caused gas well freeze-offs. The outlook remains bullish given record-breaking US LNG export capacity and expanding global infrastructure, reinforcing DCM's overweight on LNG midstream.

Figure 1: Oil & Gas Subsectors Performance, 1Y



#### Upstream

With total annual returns of (2.15%) and an average EV/EBITDA multiple of 5.9x, the sub-sector's performance was sluggish in 2025. Exploration and production is the most volatile sub-sector of all with the highest beta to oil amongst the 3 subsectors of 0.769, the companies' earnings being directly dictated by oil prices. We attribute such performance to the aggressive OPEC+ market-share increase, persistent inflationary break-even costs, and global demand reaching structural plateaus.

#### Midstream

Midstream posted total returns of 8.14%, with an EV/EBITDA multiple of 11.73x, slightly below the 10-

year average. This reflects a defensive, fee-based business model that ensures stable cash flows. Natural gas infrastructure performed particularly well this year due to a positive long-term outlook for US gas demand and production. Export capacity is set to expand from 14 Bcf/d to 25 Bcf/d by 2028 based on projects currently under construction. Key growth drivers include LNG exports, increased power generation for AI-related data centers, coal plant retirements, and industrial reshoring.

#### Downstream

Downstream was a standout performer in 2025, rebounding with a total return of 38.75% after a difficult prior year. In its final 2025 review, the EIA noted a reversal in fortunes as global crude runs were revised upward by 710,000 b/d to an average of 83.6 million b/d, driven by a massive recovery in refining margins. Improving margins were supported by aggressive demand in refined products and inventory which fell from 3-year highs to below the five-year average by Q3, supported by record non-OPEC+ supply. At 5.4 billion bbl, global forward refining throughput cover ended the year at 65 days, a tightening from the 2024 surplus and nearing the 2019 pre-pandemic average.

#### OFSE

In 2025, OFSE companies maintained momentum with a 6.67% total return, performing above the 10-year average. While the sector has moved past the decade of heavy losses, performance was more selective compared to the broader energy market. Capex remained robust, particularly in offshore and international segments, while net debt-to-EBITDA ratios hovered near record lows of 1.0x to 1.2x. Total global upstream and service deal values surpassed \$80 billion in the first half of the year alone.

Figure 2: Energy Subsectors Key Metrics, YTD

	3Y Beta	2025 Return	EV/ EBITDA	10Y Avg. Multiple	% diff.
<b>Upstream</b>	0.884	(2.15%)	5.9x	5.7x	+3.5%
<b>Midstream</b>	0.738	8.14%	11.73x	12.0x	(2.25%)
<b>Downstream</b>	0.712	38.75%	7.06x	7.09x	0.42%

# Energy & Utilities

## Lessons learned in Energy

### Sector Performance

#### Renewables

Renewables delivered a robust 31.66% annual return in 2025 via the tech-heavy QCLN, marking its best performance since 2020. Despite this rebound, sector valuations remained under pressure as the broader renewables index struggled with negative earnings while recovering from recent lows. Fed policy shifts toward "energy dominance" initially triggered volatility through administrative pauses on wind permits and narrowed tax credit eligibility. However, the rally was sustained by a massive surge in power demand from AI data centers and expectations of eased interest rates.

Figure 3: Energy & Renewables Key Metrics, 1Y

Sector	Perf.	PE	Multiple Expansion
Energy	7.8%	16.61x	0.8%
Renewables	31.6%	23.91x	11.5%
S&P 500	17.7%	29.10x	20.7%

Nuclear energy was the breakout star of 2025, with the NLR ETF delivering a massive 56.5% total return and significantly outperforming the broader market. This performance was fueled by the power demands of AI data centers and Trump administration policies aimed at quadrupling U.S. capacity by 2050. Global nuclear generation reached a record 2,667 TWh in 2024, maintaining its position as the world's second-largest clean energy source. The year saw a shift from theoretical interest to contractual commitment, highlighted by Meta's landmark 6.6 GW agreement to power its AI infrastructure. While uranium spot prices fluctuated, they found support near \$80 per pound, bolstered by physical investment trusts and the fast-tracked restart of reactors like Three Mile Island.

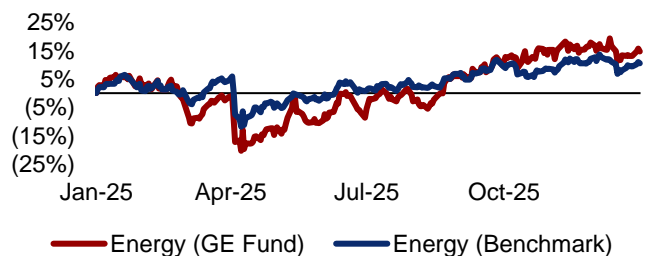
### DCM Performance

The DCM Energy sector returned 14.8% vs. sector benchmark of 10.6%. Performance was largely driven by Suncor, the funds only holding for most of the year. Suncor (SU) remained the cornerstone of our 2025 performance, delivering a total return of 27.3%. This was fueled by a record-breaking operational year, with total upstream production hitting an all-time high of 860,000 bbls/d and refinery utilization reaching 103%.

Conversely, the portfolio was heavily penalized by Shoals Technologies Group (SHLS), which plummeted (66)%. While revenue grew 32.9% year-over-year, the company consistently missed earnings-per-share estimates, posting just \$0.07 against a \$0.13 forecast in Q3. The primary detractors were escalating legal fees - surging by \$5.7 million due to ongoing warranty and intellectual property litigation and significant insider selling.

In the fall, we exited SHLS to pivot toward Total Energy Services (TOT.TO), entering the position at \$14.95 in November. This move into the midstream equipment sub-sector allowed us to capitalize on a massive fabrication backlog, which exceeded \$380 million by late 2025. TOT is uniquely positioned to benefit from the AI data center boom, as demand for their compression and process equipment surges to meet new electricity infrastructure needs. Since our purchase, the stock has returned 5%, providing a more defensive and value-oriented stance.

Figure 4: DCM Energy Sector Performance, 1Y



# Energy & Utilities

## Lessons learned in Energy

### Sector Performance

#### Renewables

Sector-wide valuations were penalized throughout the year. Based on the WilderHill Clean Energy Index, Renewables earnings remain negative in 2024 but are recovering slowly from the lows of 2022. Trump's victory in November greatly contributed to keeping earnings negative despite growth, as the newly-elected president has long criticized climate policies and wants to direct the US's attention to oil & gas instead. Right after the election, the MAC Global Solar Energy Index (SUNIDX) was down 10%. More generally, solar performance was also hurt by an oversupply of global module-manufacturing capacity (mostly in China), with module prices declining over 50% since Biden took office.

Figure 3: Energy & Utilities Key Metrics, 1Y

Sector	Perf.	Earnings Growth	Multiple Expansion
Energy	5.1%	-22.1%	(22.2)%
Renewables	(22.4)%	22%	N.A.
S&P 500	24.1%	9.86%	(10.41)%

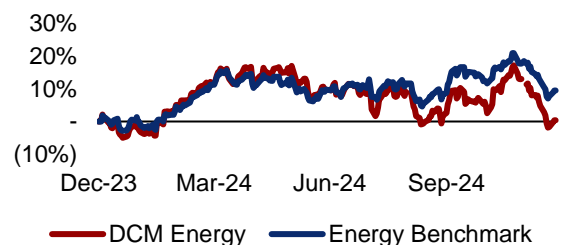
#### Nuclear Energy

The nuclear industry is set for significant growth, driven by ambitious goals to triple global nuclear capacity by 2050. In 2023, global nuclear electricity generation increased to 2,602 TWh, up from 2,544 TWh in 2022, contributing 9% of the world's electricity supply—making it the second-largest clean energy source after hydropower. The latter half of 2024 saw major nuclear energy announcements from Microsoft, Constellation, AWS, Talen, and Meta, highlighting the integration of "new nuclear" solutions within the data center industry. However, a key challenge for investors remains the limited number of publicly traded companies in the nuclear energy sector, despite its rising popularity.

### DCM Performance

The DCM Energy sector returned 0.6% vs. sector benchmark of 9%. Performance was largely driven by Suncor. SU has provided excess returns of 20%, led by record annual production of 827,000 bbls/d, up 11% from 2023, as well as high utilization rates in both the upstream and downstream segments. CTRA provided returns of (7%), driven mainly by decreased net earnings due to lower realized crude oil prices and refined product realizations. The Energy Sector also suffered from SHLS's plunge of (66)%, even though returns are categorized under Information Technology. This underperformance was driven by consistently missed earnings and more importantly legal issues. While we could not know that SHLS would face legal battles, one lesson we took from this investment was to look closely at insider selling, a metric we overlooked which indicated a lack of investor confidence, notably and importantly from its founder and ex-CEO. Determining whether there was a reason for the sale or if this was merely him liquidating his share for personal reasons was complex, and the binary bet proved not to be lucrative. In the fall, we decided to redirect our attention to oil & gas and more particularly midstream, which reduced our beta to oil and would allow us to take a more defensive position in times of geopolitical uncertainty. Energy Transfer proved to be the ideal candidate, driven by strong financials (including high insider buying) as well as attractive positioning in both the Permian Basin and the booming data center industry. The stock returned 5% since its purchase in November 2024.

Figure 4: DCM Energy Sector Performance, 1Y



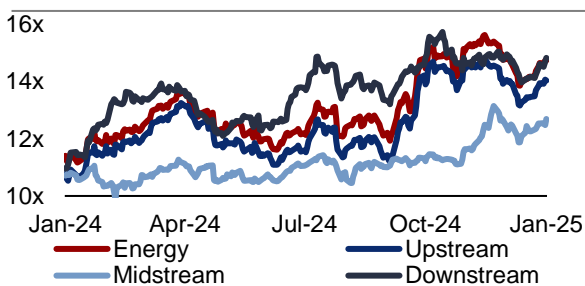
# Energy & Utilities

## 2026 Outlook

### Outlook – Oil & Gas

The oil market oversupply is here, evident in the price swings in both directions in recent weeks. Geopolitical events, such as the U.S. attacking Venezuela, have moved oil up, but the hikes and dips have been relatively short-lived and smaller than they would have been if the markets were tight or balanced. The market is heading to add as much as 3.84 million bpd of supply exceeding demand in 2026, as confirmed by the IEA’s December report. On the other hand, it is quite clear that Trump intends to pump as much Venezuelan crude as he can and ship it back to the United States, but it’s more about global dominance through energy than it is about simply “stealing Venezuela’s oil”.

Figure 1: Subsectors 1Y Forward P/E



### Upstream

Upstream Oil markets are oversupplied heading into 2026, pressuring prices and favoring integrated majors and midstream infrastructure over pure upstream exposure. Oil still dominates energy headlines, but the fundamentals heading into 2026 are unmistakable. The geopolitical “fear premium” that supported oil prices through 2024 and early 2025 has largely faded. Supply growth has not only continued; it has diversified. The global oil map is no longer centered on OPEC and U.S. shale alone. Instead, production growth is increasingly

driven by what might be called the Atlantic Basin Triad: the United States, Brazil, and Guyana. Demand growth is also losing momentum. China, long the single most important source of incremental oil demand, is undergoing a structural shift. Its rapid adoption of electric vehicles likely represents a permanent erosion of future oil consumption. For investors, this has clear implications. The easy gains in pure-play exploration and production are likely behind us. In a \$60 oil world, margins compress quickly for smaller shale producers.

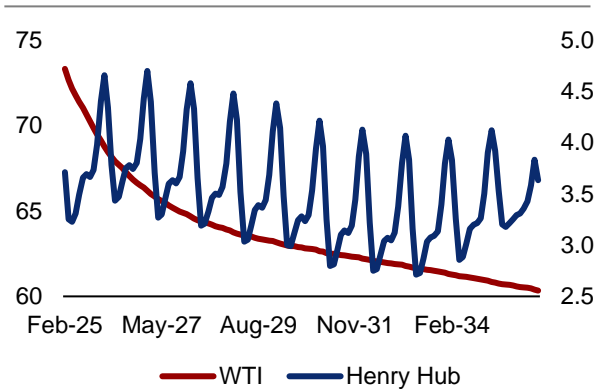
### Midstream

Midstream U.S. natural gas pipeline capacity is set for its biggest one-year expansion since 2008. Surging demand from LNG exporters, data centers, and manufacturing is driving a \$50 billion investment boom. The Permian Basin remains the focal point, with new projects like ExxonMobil’s stake in Enterprise’s Bahia pipeline and TC Energy’s forecast of a 45 Bcf/d demand surge by 2035 highlighting the sector’s long-term growth outlook. Chemical and manufacturing industries and data centers looking for reliable energy supply drive increased domestic consumption, while the booming LNG exports from the Texas and Louisiana coasts, and at least half a dozen new export plants expected to start up by the end of the decade, are prompting new-built or expanded links to feed gas to the LNG facilities. With a favorable in-state regulatory landscape in both Texas and Louisiana, and with the Trump Administration supporting the U.S. energy dominance, it’s no surprise that many projects for new or expanded pipelines are on track to enter into service in the coming months.

# Energy & Utilities

## 2026 Outlook

Figure 2: WTI Future (\$/Barrel), HH Future (\$/MMBtu)



European natural gas prices in 2026 are expected to decline as a large wave of new global LNG supply comes online, marking a shift from market tightness to oversupply. While early 2026 may see volatility due to low storage and geopolitical risks, analysts forecast an average TTF price around €30/MWh, with a broadly bearish trend over the year.

### Downstream

The imbalance between supply and demand has weighed heavily on profitability and pushed many producers into states of emergency. This is resulting in multiple plant closures as industry participants fight to secure future viability in an increasingly competitive and evolving sector. At the same time, the industry is simultaneously navigating the broader influence of the energy transition that demands high levels of investments in decarbonisation, circularity, and other sustainability-led channels. China's aggressive capacity expansion and desire to move away from energy import dependency have contributed significantly to the structural oversupply in

commodity petrochemicals and polymers. This has led to persistently low operating rates across most value chains. China no longer absorbs global production surpluses and is even emerging as an exporter in some products. Refining crack spreads are forecast to average US\$8–12/bbl with diesel cracks leading the pack with seasonal and regional variations.

### Renewables

The most interesting energy outlook of 2026 is not oil or gas. It is the power grid. If 2025 was the year we talked about AI's energy appetite, 2026 will be the year it collides with physical reality. The scale of data-center construction is running headlong into a system built for decades of stagnant demand. That collision became impossible to ignore after PJM Interconnection (the largest grid operator in the United States) conducted its late-2025 capacity auction. Prices surged dramatically, sending a clear signal that the grid is short on firm power. After nearly twenty years of flat electricity demand, the U.S. is now experiencing sustained load growth of 2–3% annually. Data centers, electrification, reshoring, and population growth are all contributing. For a capital-intensive industry accustomed to stagnation, this is transformative and disruptive. Wind and solar continue to expand, but they cannot solve this problem alone. Data centers require extreme reliability. They cannot pause operations when the sun sets or the wind dies. That reality is forcing a pragmatic shift in 2026.

# Energy & Utilities

## 2026 Outlook

Renewable natural gas generation is staging a revival, as utilities delay coal retirements and fast-track new peaker plants. At the same time, nuclear power is re entering the conversation in a meaningful way. For the first time in decades, large customers (particularly technology firms) are willing to pay a premium for carbon-free baseload power.

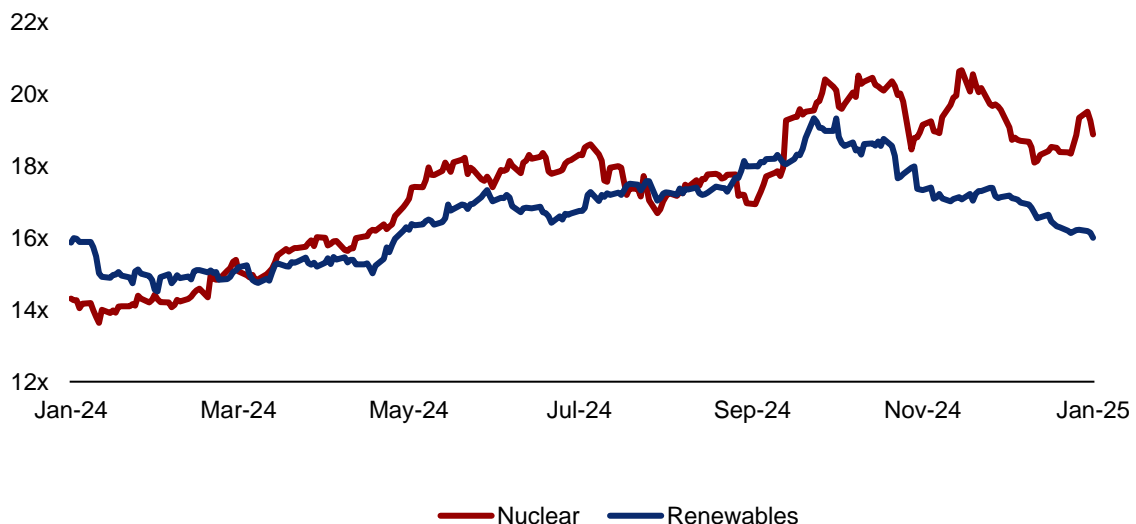
### Nuclear

Nuclear power has the ability to change energy production and improve energy security, but costs, project overruns, and financing challenges must be addressed for it to become a viable alternative. Last year, the sector experienced a 31.87% expansion in forward P/E. The sector is also trading at elevated levels, currently sitting 28.96% above its 10-year historical average.

Looking ahead to 2026, nuclear remains a promising but uneven investment theme. Policy support tied to decarbonization and energy security continues to drive demand, particularly for next generation solutions like SMRs. However, execution risks, especially cost overruns and project delays, still constrain broader adoption.

Given the sector's elevated valuation after last year's re rating, further upside will likely depend more on tangible earnings delivery than on multiple expansion. As a result, performance should become increasingly tied to fundamentals, with investors favoring companies that demonstrate strong execution and scalable models.

Figure 1: Subsectors 1Y Forward P/E



### Company Overview

Suncor is a Canadian integrated O&G company based in Calgary, Alberta, which mainly focuses on the Athabasca oil sand. The company explores, develops bitumen, synthetic crude oil and related products. It also engages in the upstream segment, as well as the downstream segment mostly in the East Coast of Canada.

### Risks and Catalysts

#### Risks

- Geopolitical tensions which can greatly influence crude oil prices

#### Catalyst

- Continuing to return capital to shareholders at an increasing pace while maintaining solid cash flow levels

### Investment Theses

#### 1. Suncor is more efficiently integrated than peers (Hold)

Suncor refinery utilization averaged 93% in 2024 vs US 5-year average of 89%. Suncor can leverage its integrated asset base, focus on value over volume, and react to changing market conditions. However, Suncor has completed various transactions and has been continually beating production records, so we believe that its efficiency regarding its operational efficiency should now be reflected in the stock price.

#### 2. Downstream more robust than competition in downturn scenario (Hold)

Due to being a fully-integrated company, Suncor fairs better than purely upstream peers, as lower crude costs can be partially mitigated by its downstream operations. While WCS remains low and uncertain which may disadvantage peers, Suncor can benefit from these price changes by selling to its downstream operations for lower costs.

#### 3. Unjustified market pessimism (Hold)

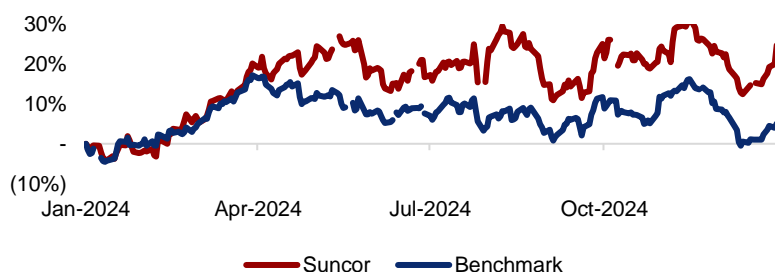
When acquired, Canadian upstream companies were on a bearish run and major players were moving out of Alberta. There was a WSC-WTI outlook differential of 40%, which we believed was too aggressive, as pipeline capacity was on the verge of increasing. Since then, Suncor's multiples have narrowed to peers with a P/E of 12.2x and peers at 12.3x.

### Performance and Outlook

**Upstream:** In 2025, Suncor continued to demonstrate stable upstream performance, supported by its long-life oil sands assets and improved reliability across operations. The full-year contribution from the Trans Mountain Expansion materially improved market access for Canadian heavy crude, helping narrow the WCS–WTI differential and reducing exposure to regional pricing constraints. This enhanced realizations and reduced volatility in cash flows, reinforcing the value of Suncor's upstream asset base despite a more uncertain oil price environment.

**Downstream:** Downstream operations remained a key stabilizer in 2025, with refinery utilization improving following planned maintenance activity in the prior year. While refining margins normalized from post-2022 highs, Suncor's integrated model continued to offset upstream price pressure through consistent throughput and cost discipline. Ongoing operational improvements and cost control initiatives supported resilience in earnings, positioning the downstream segment as a reliable counterbalance in a moderating commodity cycle.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	2022/12/16
Portfolio Weight	3.1%
2025 Return	24.72%
2025 Benchmark Return	5.07%

# Energy & Utilities

## Holdings Review – Valaris (NYSE:VAL)

### Company Overview

Valaris is a leading offshore drilling contractor, providing exploration and production services to major oil and gas companies worldwide. With one of the industry's largest and youngest fleets, including drillships, semisubmersibles, and jack-up rigs, Valaris operates across key offshore basins, supporting both shallow and deepwater projects. Following its 2021 restructuring, the company emerged with a stronger balance sheet, positioning itself for growth amid rising offshore activity.

### Investment Theses

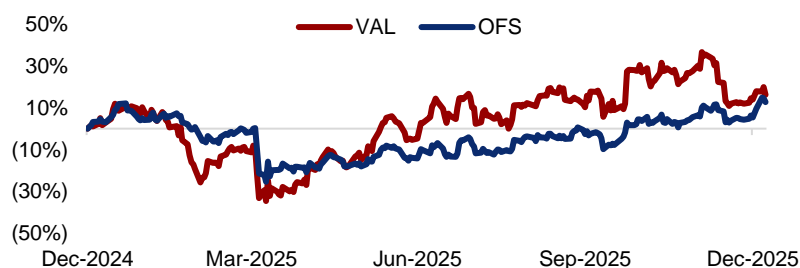
We argue that Valaris remains the best-positioned offshore driller to capitalize on rising day rates, thanks to its high-specification fleet, disciplined capital allocation, and targeted market presence. Unlike competitors such as Transocean, Seadrill, Noble, and Borr, Valaris has focused on maintaining a lean and modern fleet, led by seventh-generation drillships that earn premium day rates in the most competitive offshore markets. While peers such as Transocean continue to carry speculative eighth-generation builds, Valaris has pursued a more prudent strategy by retiring less competitive rigs, most recently the DPS-3, DPS-5, and DPS-6 semisubmersibles in Q1 2025, and concentrating capital where it delivers the highest return. By doing so, Valaris continues to modernize its fleet, improve asset quality, and support higher utilization in a supply-constrained market. This disciplined approach reduces operational complexity, limits maintenance capital requirements, and enhances pricing power as customers increasingly prioritize high-specification assets. As offshore demand recovers and available supply remains constrained by years of underinvestment and rig retirements, Valaris is structurally positioned to capture outsized upside from improving contract economics relative to more leveraged and less modern peers.

### Performance and Reason for Sale

Valaris delivered meaningful fundamental progress during our holding period in 2025, driven by stronger contract execution, rising day rates, and continued expansion of its backlog. The company added significant multi-year contracts in 2025, with the backlog climbed to approximately \$4.5 billion by late 2025, supported by a steady flow of new awards and extensions across both floater and jackup fleets, reflecting broader improvement in offshore markets.

We exited the position in December as part of a reassessment of our exposure to upstream energy. While our fundamental view on Valaris remained intact, we became less comfortable with the portfolio's sensitivity to oil price dynamics and the inherent cyclicality of upstream markets. Given increased uncertainty around oil prices at the time, we chose to reduce upstream exposure and reallocate capital toward opportunities with more predictable return profiles.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	2025/02/13
Average Cost	US\$45.71
Sell Price	US\$57.64
Return During Holding	26.1%
2025 Return	12.7%

# Energy & Utilities

## Holdings Review – Shoals Technologies Group (NASDAQ: SHLS)

### Company Overview

- Shoals Technologies Group is a Portland, Tennessee-based provider of electrical balance of systems (EBOS) solutions that focuses on solar, battery storage, and electric vehicle charging infrastructure.
- The company manufactures proprietary components, such as the Big Lead Assembly (BLA) and combiner boxes, that substantially reduce installation labor and costs for utility-scale projects. Shoals operates primarily in the United States, selling its products to engineering, procurement, and construction firms (EPCs) for projects totaling over 62 GW of capacity globally.
- After a successful IPO in Q1 of 2021, the company has grown to 835 employees and issued 35+ patents.

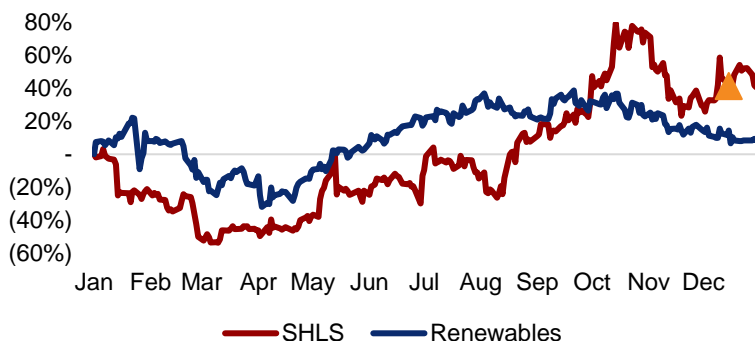
### Investment Theses

- **1) Differentiated Product Defended by Strong Moat (SELL):** The largest advantage of Shoals' product comes from its patented above-ground installation method leading reduced maintenance costs over the life of the project, contributing to increased market share. The lack of need for licensed electricians backs its advantage further. While new patents 375 and 376 maintain this protect this intellectual property, we are uncertain about shoal's ability to enforce it in the overseas market which it's planning to enter.
- **2) IRA and Overblown China Tariffs Benefit Shoals (SELL):** The original IRA solar credits have been shortened by the OBBBA. Any company seeking to utilize these credits must start their projects before July 4<sup>th</sup>, 2026, and be finished by 2027. This has resulted in strong revenue growth and a full order book as the entire industry rushes to meet deadline. However, the "cliff" created by the OBBBA is very real. If Shoals hasn't fully pivoted to international markets and battery storage by 2027, they could face a significant drop in US demand.

### Performance and Exit

- Shoals executed a significant turnaround in 2025, driven by a Q1 guidance raise and significant growth over Q2/Q3, as well as a patent victory and entry into data centers in September that catalyzed a significant re-rating.
- DCM believes that the core elements of our original thesis have weakened: a) SHLS derived limited benefit from the IRA due to vague implementation timelines and underwhelming realized incentives + new credit rollbacks set in place by the OBBBA b) in order to be less dependent on US tax credits, SHLS is diversifying overseas where they will face weak IP protection overseas and witness margin deterioration c) tariffs pose a significant threat to solar industry growth given its reliance on China.
- DCM decided to liquidate the position at US\$8.40 a share following the post Q3 earnings sell-off (despite strong revenue growth) which we believe evidenced excessive optimism. Since the stock's purchase in late 2023 and up until the recent sale, it returned (42.82%).

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Average Cost	US\$14.69
# of Shares	1,600
Value Invested	28,853
Portfolio Weight	-
2025 Return	40.50%
2025 Benchmark Return	8.44%
Return Since Purchase	(42.82%)

# Energy & Utilities

## Holdings Review – Total Energy Services (TSX:TOT)

### Company Overview

- Total Energy Services Inc. is a Calgary, Alberta-based energy services company that provides a diverse range of products and services to the oil and natural gas industry.
- The company operates through four key business segments: Contract Drilling Services (Savanna Drilling), Rentals and Transportation (Total Oilfield Rentals), Compression and Process Services (Bidell and Opsco), and Well Servicing. Total Energy has a significant international footprint, conducting operations across Canada, the United States, and Australia.
- In 2024, the company expanded its global reach by acquiring Saxon Energy Services Australia, adding 11 rigs to its fleet and establishing itself as a leading land driller in the Australian market.

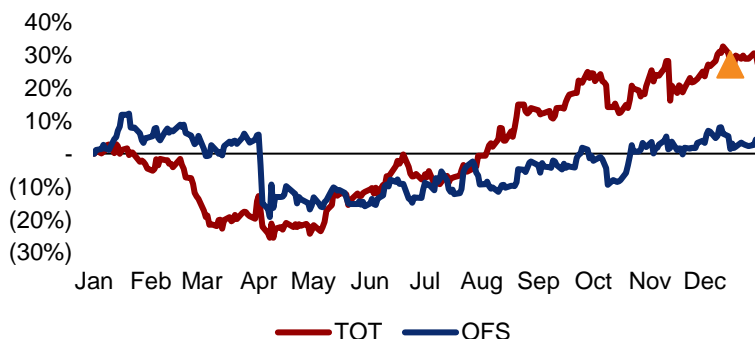
### Investment Theses

- **1) Best Positioned to Benefit from Growing Demand for LNG Exports (BUY):** As Canada's largest compressor supplier, TOT is uniquely positioned to capture the uplift in compression needs driven by growing Asian LNG demand, capitalizing on the West Coast export route's strategic advantage, which slashes transit times from 28 to 11 days and reduces shipping costs by up to 40% by bypassing the Panama Canal, to unlock trapped production in the Montney and Duvernay basins. Additionally, TOT benefits from a distinct fabrication-and-sales model that we believe will outperform the contract-rental approach of peers, allowing the company to rapidly monetize the upcoming capital cycle through immediate high-margin equipment deliveries and throughput, while strategically avoiding the heavy balance sheet drag and maintenance capex associated with managing a large fleet of leased.
- **2) Best Positioned to Capture Long-Term Contracts in the Australian Market (BUY):** TOT leverages its expanded high-spec fleet, bolstered by the strategic Saxon acquisition, to capitalize on Australia's structural gas deficits and the "Permian-like" ramp-up of the Beetaloo Shale, securing long-term, multi-well contracts that provide "sticky utilization" and multi-quarter visibility through repeatable, deep-well drilling programs. TOT also benefits from the strategic location of its Toowoomba service hub (which supports the NT/QLD corridor), allowing for rapid rig recertification and upgrades to meet strict safety specifications, enabling the company to command premium dayrates and capture significant pricing power in a tightly constrained land-rig market.

### Performance and Purchase

- DCM purchased 3,400 shares of TOT on December 16<sup>th</sup>, 2025, at an average cost of C\$14.95. Since the fund's purchase, TOT returned 6.46%.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Average Cost	C\$14.95
# of Shares	3,400
Value Invested	50,872
Portfolio Weight	3.69%
2025 Return	27.24%
2025 Benchmark Return	3.48%
Return Since Purchase	6.46%

# FINANCIAL INSTITUTIONS

2025 REVIEW & 2026 OUTLOOK

**Manouk Taskiran**  
*Senior Analyst*



**Lucas Munteanu**  
*Junior Analyst*



**Thomas Soumakis**  
*Junior Analyst*



**Virgile Couture**  
*Junior Analyst*



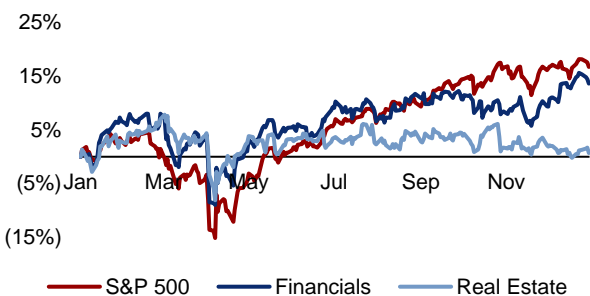
# Financial Institutions

## 2025 In Review

### Overview – 2025 Performance

Financials returned 13.56% in 2025, underperforming the broader S&P500 by 309 basis points and marking a sharp decline from the prior year's 26.5% return. The year was particularly difficult for the Real Estate sector returning a mere 0.66%. Within the 11 GICS sectors, they ranked 5th and 11th, respectively.

Figure 1: Financials and Real Estate Performances



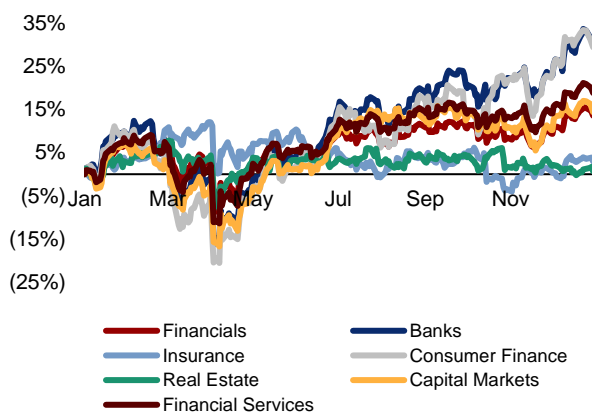
The Financials Sector performance this year was primarily driven by a normalizing yield curve, strength in capital markets, healthy credit markets, stabilized funding costs, and continued deregulation. The sector did however face an outsized negative impact from economic uncertainty earlier in the year, a slightly weaker consumer, as well as an overall shift in investor behavior into defensive themes and away from U.S. assets.

### Subsector Review

#### Large Cap & Regional Banks

With a return of 30.34%, Banks improved its position from 2024 as the second-best performing to the top performing sub-sector within Financials for 2025. Performance was driven by diversified bank fee-based income including investment banking, trading, and wealth management. Profitability for banks trended up as net interest income (NII) reached its highest point in 3Q25, driven by expanding net interest margin earlier in the year (NIM) and strong loan growth for diversified banks. Bank loan loss reserves spiked in 2Q25 primarily due to an uncertain economic environment regarding U.S. trade policy and Capital One-Discover merger but decreased

Figure 2: Sector and Subsector Performances



1.6% year-over-year. Tariff-induced slowdown exposed high-profile fraud related losses later in the year at JPMorgan, Zions and Fifth Third. Although initially denting market confidence, banks remained confident about credit quality, reaffirmed by the Shared National Credit (SNC) report which indicate credit risk associated with large, syndicated bank loans remains moderate. Total deposit growth remained lackluster through 2025 with a 4.2% year-over-year increase which is significantly lower than the 8-17% peaks in deposit growth historically seen during FED easing cycles. Strength in total loan growth was driven by C&I loans to NBFIs (nonbank financial institutions), was up 23% compared to 2024 following the recent switch by regulators to allow banks more flexibility to pursue leveraged loans. This benefitted diversified banks that have more exposure to NBFIs than regional names. Regional banks delivered a modest performance in 2025, as they continued to work through credit issues from office loans amid high vacancy rates, and minimal loan growth. Reflecting a stabilizing commercial real estate market and a rise in office attendance, regional banks are either trimming or holding stable their CRE loan-loss reserves—a reversal of the heavy provisioning seen over the last two years.

#### Consumer & Specialty Finance

Consumer Finance was the second-best performing subsector in Financials. The performance was driven by more resilient, higher income bracket, consumer than

# Financial Institutions

## 2025 In Review

expected going into the year. Credit card and consumer loan delinquencies started to flatten toward the end of the year while demand for both sharply increased toward the end of the year. Auto loan demand on the other hand declined due to high financing costs and tight supply.

### Financial Services

Financial Services returned 18.77% with venture capital funding stabilizing around fewer, more mature companies. Meanwhile, the BNPL sector matured into a mainstream credit product as it faced increased regulatory scrutiny and a shift toward financing essential daily expenses. The year was also marked with numerous deals consolidating the payfac space and partnerships including Klarna's partnership with JP Morgan Chase to expand merchant services offering.

### Capital Markets

Capital Markets, which returned 14.32%, was led by investment banks and alternative asset managers who benefitted from increased volatility and equity highs aiding IPO pricing. Mergers and acquisitions volume surged to \$5.1 trillion in 2025 up 42% from 2024, driven by global megadeals. Total trading & IB Fees saw an increase of ~15% in 2025, marking the highest year-over-year increase since 2020. In 2025, passive investing continued to pressure traditional asset managers, while firms with differentiated active strategies or scaled private-market exposure outperformed.

### Insurance

Insurance returned 2.57% with life insurers continuing to benefit from a constructive macroeconomic environment, characterized by normalized interest rates, appreciating asset values, and more stable credit conditions. Conversely, while the defensive nature of Property & Casualty (P&C) insurers provided early-year stability, the subsector underperformed as the market rotated toward AI-driven growth in July. While fundamentals remain solid, the outlook is moderating; downward revisions to revenue growth, plateauing Return on Equity (ROE), and historically high valuations cooled investor sentiment.

Sources: S&P Global, Bloomberg, FDIC, St-Louis Fed

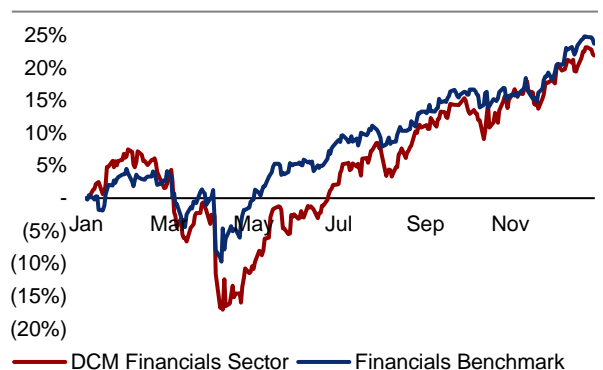
### Real Estate

Real estate only returned 0.66%, a drop from last year's return amid macro-economic uncertainty surrounding interest rates, the job market, tariffs, inflation, etc. REITs were basically flat since late April, awaiting a catalyst to help fuel improved earnings growth. Health-care REITs gained 24.4% in 2025, the only sector to top the S&P 500. Senior-housing strength fueled share-price gains for companies like Welltower while disappointing guidance helped fuel weakness for data-center REITs

### DCM Sector Performance

In 2025, the DCM Financials Sector returned 21.86%, slightly below our blended benchmark's return of 23.67%. DCM's performance here was driven by our exposure to US Banks: Citigroup (NYSE: C) and Bank of America (NYSE: BAC). Earlier in the year we established a position in a REIT: CBL & Associates Properties Inc (NYSE: CBL) to exploit an idiosyncratic opportunity regarding nonrecourse debt. Our holding in AON PLC (NYSE: AON) stifled our performance due to macroeconomic factors having an outsized impact on insurance companies. In December, we pitched the London Stock Exchange Group Plc. (LON: LSEG) and decided to invest as we believed the market was incorrectly grouping LSEG with "AI Losers" and underappreciating its partnership with Anthropic. Finally, we ended the year by exiting our position in M&T Bank Corp (NYSE: MTB) as our theses had materialized and as we observed a deterioration of its credit quality.

Figure 3: FIG Performance vs Benchmark



# Financial Institutions

## 2026 Outlook

### Large Cap & Regional Banks (Overweight)

As we look ahead to 2026, large-cap banks are well-positioned for continued strong performance, supported by favorable macroeconomic conditions and a constructive regulatory environment. The Federal Funds rate has stabilized near 3.25%, with two additional rate cuts expected by year-end. C&I loan growth is expected to accelerate meaningfully, driven by the December 2025 regulatory shift that withdrew 2013 leveraged lending guidance. Combined with robust M&A activity and data center financing demand, C&I-related loans could see double-digit growth. Markets-driven revenues remain a critical differentiator, with trading revenues surging 16% in the first nine months of 2025, while M&A and capital markets activity is expected to rebound, driving advisory revenue growth.

Large-cap banks trade at 1.9x P/TBV (excluding OCI), a premium to their long-term average reflecting improved profitability. For 2026, we expect 5-9% earnings growth to drive performance. Risks include persistent inflation, the widening K-shaped consumer recovery, and competition from private credit (\$1.4 trillion AUM). However, the favorable regulatory environment and C&I lending inflection make large-cap an interesting opportunity (to which we currently have exposure).

### Regional Banks (Underweight)

Regional banks face structural vulnerabilities entering 2026. They hold over \$1.6 trillion in CRE loans—four times higher than large-cap banks—with nearly half exceeding regulatory concern thresholds. Research reveals reported delinquencies understate risks by a factor of four. Nearly \$1 trillion in CRE loans mature in 2026, with loans originated at 4.76% needing to refinance at 6.24%. S&P Global projects provisions could rise to 24% of net revenue, offsetting NIM expansion. The market has priced in 25-30% earnings growth, leaving no room for disappointment.

After a rally in 2025, regional banks trade at 1.6x P/TBV with forward P/E of 11.0x, slightly above historical

Averages but failing to compensate for elevated risk. Analyst consensus shows only 10-15% upside. For banking exposure, large-cap banks offer superior risk-adjusted returns through better diversification, funding stability, and "too big to fail" status.

### Consumer & Specialty Finance (Market weight)

Consumer finance navigates a complex landscape with moderating credit growth and BNPL disruption. Credit card balances are projected to rise just 2.3% in 2026 (the smallest increase since 2013) while delinquencies remain elevated at 2.57% and APRs hit 21.39%. BNPL transaction value is projected to reach \$442.6 billion by 2027. The K-shaped recovery continues, with higher-income spending up 2.6% versus 0.6% for lower-income households. Credit card issuers trade at 40% above their 10-year average P/TBV, limiting upside..

### Commercial & Residential Real Estate (Market weight)

The recent increase in the 10-year U.S. treasury yields since Trump's election is expected to impact both the commercial and residential real estate market. The increases are unlikely to stop in 2025, as risks related to inflation remain, mainly driven by potential tariffs and increased U.S. government budget deficit. Higher long-term rates may negatively impact transaction volumes from both commercial and residential buyers, although current valuations reflect these concerns.

### Insurance (Market weight)

Property and casualty insurance faces more balanced prospects in 2026. Combined ratios improved to 94% in 2025 but are expected to normalize to 96-97%, with return on surplus moderating from 10.1% to 9.1%. The hard market is giving way to varied conditions, with commercial pricing moderating to low single-digits. Annual catastrophe losses have exceeded \$100 billion for five consecutive years. The sector trades at 2.13x P/TBV (+29% premium vs 10y avg), limiting upside in the sector due to elevated valuations.

# Financial Institutions

## Holdings Review – CBL (NYSE:CBL)



### Company Overview

- CBL & Associates Properties is a self-managed, self-administered, and fully integrated REIT specializing in the ownership, development, acquisition, leasing, and management of regional malls and other retail properties, primarily in the Southeast and Midwest U.S.
- The Company currently owns 88 properties with ~53.2M sq. ft. across 22 states, including 55 high-quality enclosed malls, outlet centers and lifestyle retail centers, as well as more than 25 open-air centers
- Headquartered in Chattanooga, Tennessee, the Company currently has ~400 employees

### Investment Thesis

- **The market underappreciates CBL's fundamentals, creating a rerating Opportunity:** We believe concerns over CBL's financials are overblown and that its use of non-recourse debt and shift toward higher-quality tenants mitigate risk, positioning it to trade more in line with peers

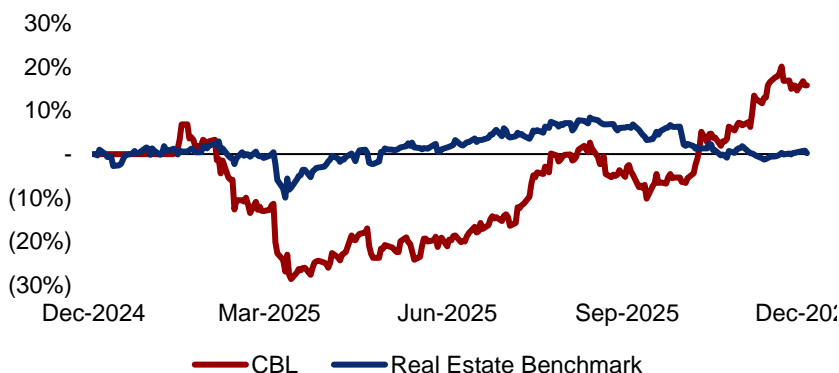
### Risks

- CBL's tenants are sensitive to consumer spending. A significant decrease would mean that CBL may not be able to renew leases at desired rates
- If rates don't come down as the market expects, CBL could be punished as its exposure to floating rates would hurt it rather than help it

### Performance Outlook

- CBL returned 15.8% from February through year-end 2025, significantly outperforming the broader real estate index, which was essentially flat over the same period
- Through November, CBL sold approximately \$240M of lower-yield open-air centers, redeploying proceeds toward debt repayment and higher-yielding assets. The company also acquired four B-grade malls from WPG for \$180M across FL, KY, CO, and MT at an attractive initial yield of ~15%, funded through asset sale proceeds and the renegotiation of the Beal Bank USA loan at a 7.7% fixed rate
- CBL successfully extended its \$800M term loan in November and remains on track to extend maturities further into 2027. Management also renegotiated improved terms on several non-recourse loans, reducing near-term refinancing risk and strengthening financial flexibility
- CBL is well positioned to continue optimizing its portfolio and demonstrating the durability of its cash flows, helping alleviate prior market concerns around leverage and asset quality. Increasing visibility and improving fundamentals have begun to attract renewed investor attention, reinforced by the recent initiation of coverage by Ladenburg Thalmann, which we view as a positive validation of the company's progress and improving market perception.

### Stock Price and Sector Benchmark Performance



Sources: Capital IQ, Company Filings

### Position Snapshot

Purchase Date	Feb 10
Average Cost	\$30.73
Value Invested	\$25,660
Portfolio Weight	2%
HP Return	15.80%
2025 Benchmark Return	0.20%

# Financial Institutions

## Holdings Review – Citigroup Inc. (NYSE:C)



### Company Overview

- Citigroup Inc. is a financial services holding company, offering consumer banking and credit, corporate and investment banking, securities brokerage, trade and securities services, and wealth management. With a customer base of around 200 million accounts, Citigroup operates across more than 160 countries and jurisdictions.
- Citi operates through 6 segments: services (26.5%), banking (6.1%), markets (23.4%), US personal banking (26.7%), wealth (10.2%), and all other (7.1%)

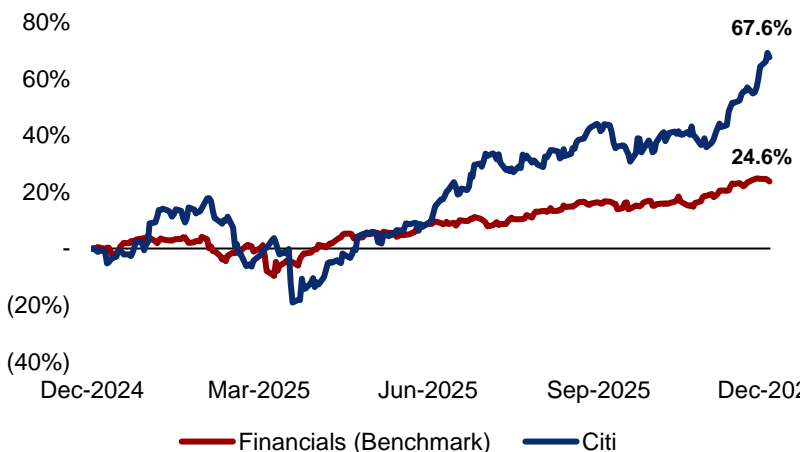
### Investment Theses

1. **The restructuring will be different this time around.**  
Citi is becoming simpler and focusing on its high-margin business with a new reporting structure, international consumer franchises divestitures and significant headcount reductions.
2. **The market underappreciates Citi's US Personal Banking segment (USPB)**  
Citi has one of the strongest credit card portfolios and improving ROTCE in USPB will shine light on the value of this hidden gem

### Performance Outlook

- Citi significantly outperformed both the broader market and our benchmark in 2025, delivering a total return of 68%. Performance was driven by increasing investor confidence in management's restructuring execution and tangible improvements in efficiency and returns.
- Regarding Thesis I, Citi made meaningful progress in 2025, with its global efficiency ratio improving to 63.5% from 65.8% and adjusted ROTCE reaching 8.8%, in line with management's targets. The bank fully exited its Banamex stake and received internal approval for the sale of AO Citibank, expected in 1H26. These actions support the ongoing simplification of the business and a clearer focus on higher-return operations.
- Regarding Thesis II, The US Personal Banking segment continues to deliver on expectations, with the efficiency ratio improving by ~200 bps to 46% and ROTCE reaching 13.2%. This confirms the strength of the franchise and reinforces its role as a key earnings driver within Citi's portfolio.
- Citi is well positioned to further deliver on Thesis I with the completion of the AO Citibank sale and continued cost discipline. Management's guidance update on ROTCE target and further efficiency ratio improvement will be key catalysts going forward. While a potential credit card fee cap represents a risk given Citi's higher exposure to cards, we view the likelihood of near-term materialization as low

### Stock Price and Sector Benchmark Performance



Sources: Capital IQ, Company Filings, Bloomberg

### Position Snapshot

Purchase Date	Apr 1st, 2024
Average Cost	U\$61.35
Value Invested	25,154
Portfolio Weight	3.5%
2025 Return	67.18%
2025 Benchmark Return	23.7%

# Financial Institutions

## Holdings Review – Aon PLC (NYSE:AON)



### Company Overview

- Aon plc operates as a professional services company worldwide.
- The company is a leading insurance brokerage firm connecting a large range of businesses to insurance providers. It also provides advice to clients focused on their risk, retirement, and health needs globally. Aon PLC generates revenues primarily through commissions, compensation from insurance and reinsurance companies for services it provides to them, and fees from customers.
- The company operates through four principal products and services: Commercial Risk Solutions, Reinsurance Solutions, Health Solutions, and Wealth Solutions.

### Investment Theses

1. **Aon's long-term growth potential driven by P&C exposure and hedged by captive management is underappreciated by the market.**

Aon's 71% P&C and reinsurance exposure provides stability during downturns, while its captive insurance consulting mitigates risk of lower volume, securing a floor for Aon's growth outlook

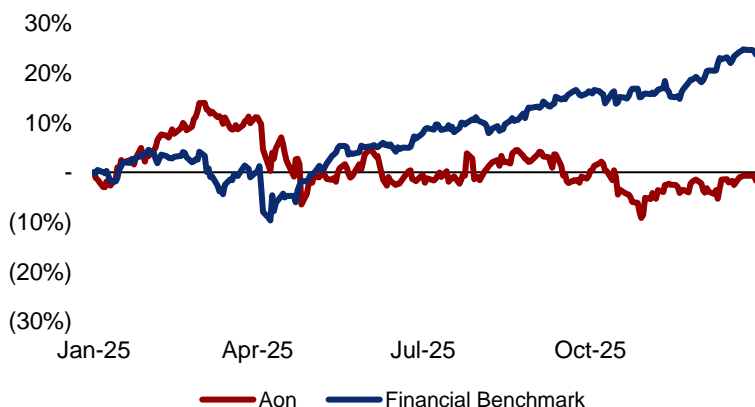
2. **The market underappreciates Aon's margin expansion capabilities.**

The Aon United strategy and its cost-cutting track record create value, with high margins signaling potential for continued expansion through operating leverage and technological leadership

### Performance Outlook

- Despite meeting internal operational targets, AON shares significantly trailed the broader market in 2025. Over the 2025 period, the stock declined approximately 3%, failing to keep pace with the S&P 500's ~17% gain and the benchmark's 23.7% gain.
- Underperformance was rooted in the end of a brokerage supercycle as property insurance rates began to soften and industry-wide organic growth normalized from double digits to the mid-single-digit range. Investor sentiment was further dampened by the high interest burden of the NFP acquisition debt and a rotation out of defensive value stocks as the macroeconomic outlook for other sectors improved.
- The narrative for 2026 has shifted to capital optimization; following the \$2.7 billion divestiture of NFP's wealth units, Aon has fully repaid its acquisition term loan, clearing the path to scale share repurchases to a projected \$2.5–\$3.5 billion this year. Additionally, Aon is positioned to lead the AI-infrastructure insurance market, with its expanded data center program targeting a monumental \$10 billion in new premium volume potential in 2026.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Jan 19, 2024
Average Cost	US\$311.58
Value Invested	US\$18,072
Portfolio Weight	1.9%
2025 Aon Return	(1.7%)
2025 Benchmark Return	23.7%

# Financial Institutions

## Holdings Review – Bank of America (NYSE:BAC)

### Company Overview

- BAC is the second-largest bank in the US by total asset with ~\$2.57 trillion.
- It provides financial services and products to individual consumers, small and middle-market businesses, and large corporations through its banking and non-banking subsidiaries throughout the U.S. and selected international markets.
- BAC operates through four major business segments: Consumer Banking (42%), Global Wealth & Investment Management (21%), Global Banking (25%), and Global Markets (20%)

### Investment Theses

#### 1. Resilience and Favorable Market Trends

When pitched in 2016, we anticipated BAC would benefit from a rising rate environment, improving NII, and operational efficiency. These factors have materialized, with BAC achieving consistent NII growth despite rising deposit costs.

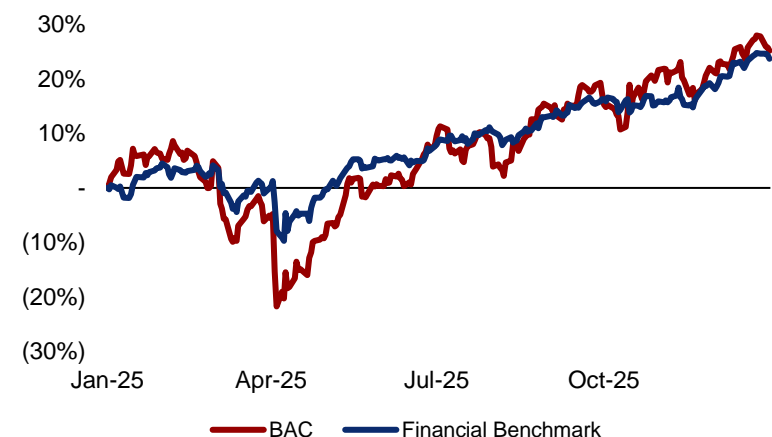
#### 2. Valuation Convergence with Peers

BAC was trading at a discount to peers such as JPMorgan Chase in 2016. Over time, its P/E and P/B ratios aligned closer to competitors due to stronger earnings, operational improvements, and growing investor confidence. While convergence has largely materialized, differences in business models leave limited room for further re-rating.

### Performance Outlook

- BAC shares appreciated approximately 25% during 2025, outperforming the S&P 500's sector benchmark but lagging behind primary rivals like JPMorgan (+34.4%) and Wells Fargo. The stock enters 2026 trading around \$53–\$55, having retraced slightly from its 52-week high of \$57.55 following the recent earnings beat.
- Results were driven by the un-inversion of the yield curve, which allowed the bank to reprice approximately \$15 billion in low-yield pandemic-era securities into higher rates each quarter. Performance was further bolstered by the One Big Beautiful Bill (OBBB) Act, which provided permanent tax certainty and stimulated a 12% surge in business investment.
- The recommendation remains a HOLD as the 2026 deregulation cycle and a roughly capital neutral Basel III re-proposal provide a path to distribute hundreds of billions in excess capital. With management guiding for 5–7% NII growth in 2026, the current valuation discount to JPMorgan (1.7x P/TBV vs. 2.4x) offers a compelling entry point for multiple expansion.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Oct 26, 2016
Average Cost	US\$18.191
Value Invested	US\$24.302
Portfolio Weight	6.8%
2025 BAC Return	25.1%
2025 Benchmark Return	23.7%

# Financial Institutions

## Holdings Review – LSEG (LON:LSEG)

### Company Overview

- Leading global financial infrastructure provider serving 44,000+ customers across 170 countries with integrated data, trading, and post-trade platforms spanning the entire trade lifecycle
- Highly resilient business model with 70%+ recurring revenue driven by long-term data subscriptions, index licensing, and post-trade services, providing exceptional earnings visibility and counter-cyclical stability
- Powerful network effects : proprietary data from clearing and trading activity enhances analytics and benchmarks, positioning LSEG as the core operating system embedded directly into client workflows

### Investment Theses

- 1. Market is underappreciating LSEG’s strength in its Data & Analytics operating segment**  
The market has over punished LSEG on near-term AI worries and integration execution
- 2. LSEG’s Microsoft and Anthropic Partnerships**  
LSEG’s partnership strategy will capture significant market share by using AI

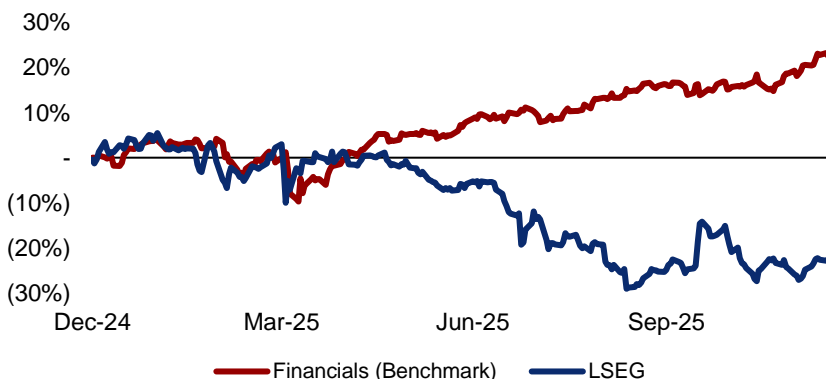
### Risks

- If LSEG's competitors improve their Data & Analytics offering, they could steal market share
- LSEG’s top 150 enterprise clients represent >60% of D&A ASV and losing key clients can have a significant negative impact on earnings

### Performance Outlook

- Since initiating our position, we continue to see our theses play out in an accelerated manner due to the recent investor activism by Elliott Management, who share our view on AI and are encouraging management to both return more shareholder capital and educate the market on the effect of AI on LSEG’s business.
- **Thesis 1:** In Q4 2025, LSEG signed £1.9B in Long-Duration Agreements (up to seven years), which now represent 16% of D&A subscription run-rate revenue, up from 6% in December 2022. These commitments from global banks signal that sophisticated customers believe data grows more valuable in an AI world. Reinforcing this moat, LSEG's real-time network peaks at over 15 million data points per second — infrastructure built on "physics, not probability" that generative AI models simply cannot replicate.
- **Thesis 2:** LSEG has embedded its data into OpenAI, Anthropic, and Microsoft Copilot, converting hundreds of unauthorized access attempts into direct sales leads. Cloud demand is accelerating, with Tick History consumption growing 39% per annum over two years via Snowflake and Databricks. Since launching its MCP server, over 60 financial institutions have already connected, reflecting strong early demand for integrating LSEG data into proprietary AI agents.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Dec 16, 2025
Average Cost	
Value Invested	\$77,000
Portfolio Weight	5.3%
HP Return	4.02%
2025 Benchmark Return	23.7%

# Financial Institutions

## Holdings Review – M&T (NYSE:MTB)



### Company Overview

- M&T Bank Corporation was founded in 1856 and is headquartered in Buffalo, New York
- M&T Bank Corporation is one of the largest regional banks in the US operating 1,000+ branches located throughout the Northeastern region of the country
- With total assets of \$211.8B, M&T is the 21st largest bank in the US as of December 2024.
- The bank currently has a tier 1 capital ratio of 11.5% and a total capital ratio of 14%
- Ownership in the bank is quite pulverized with institutions representing 87% of the equity while insiders only own 0.39% of the company

### Investment Theses

- 1. Defensively, M&T is the least levered regional player and has strong fundamentals vis a vis peers (Materialized)**  
With liabilities to TBV of 10.2x and one of the lowest net-charge-offs level, M&T's provisions have been among the most stable for the past decade, testifying of its loan underwriting skills.
- 2. M&T's higher variable-rate exposure gives it an underappreciated opportunity for mean-reversion (Materialized)**  
M&T's high variable-rate exposure has driven strong NIM performance, and proactive adjustments position it to sustain stable earnings as rates decline.

### Performance Outlook

- We sold M&T Bank because its premium valuation of roughly 1.7x Tangible Book Value ignores a sharp deterioration in fundamental credit and earnings quality. In the third quarter of 2025, Net Charge-Offs spiked to 42 basis points driven by unexpected Commercial & Industrial defaults, prompting management to slash share buybacks by 63% in a move that signals defensive capital hoarding rather than confidence. This credit degradation is compounded by low-quality earnings inflated by nearly \$50 million in non-recurring gains and accounting adjustments, while the Federal Reserve's December rate cut turns the bank's asset sensitivity into a headwind that will compress Net Interest Margin just as credit costs accelerate.
- Thesis I: Defensively, M&T is the least levered regional player...: This thesis is no longer intact. While M&T successfully managed its leverage ratios historically, the Q3 spike in C&I charge-offs and the simultaneous reduction in reserve coverage challenges the view of M&T as the safe haven of the sector. The defensive premium we previously identified is now a liability, as the market has not yet priced in the migration of credit risk from CRE to the broader commercial portfolio
- Thesis II: M&T's higher variable-rate exposure gives it...opportunity for mean-reversion: This thesis has fully played out and is now reversing. The bank capitalized on the rising rate environment to expand margins, however, with the Fed cutting rates in December 2025, that asset sensitivity has flipped from a tailwind to a headwind. The mean reversion is now working against the bank, as loan yields will fall faster than deposit costs can be cut, compressing the margin we previously saw expanding

### Transaction Snapshot

Purchase Date	Apr 12, 2023	Market Value of Sale	US\$30,643
Average Cost	U\$117.27	Realized Gain (\$)	US\$13,052
Value Invested	U\$17,591	Realized Gain (%)	74.05%

# TMTH

## 2025 REVIEW & 2026 OUTLOOK

**Ethan Wu**  
*Senior Analyst*



**Alexander Moghadam**  
*Senior Analyst*



**Matthew De Fanti**  
*Senior Analyst*



**Bill Han**  
*Junior Analyst*



**Brian Ly**  
*Junior Analyst*



**Charles Zhang**  
*Junior Analyst*



# TMTH (TMT)

## Sector Review and Looking Back at 2025

### Overview (TMT)

In 2025, our TMT portfolio outperformed the S&P 500 by focusing on platform-scale AI monetization. Alphabet (Google) was a top contributor as its Gemini 3 rollout secured search dominance, while Uber delivered alpha through mobility scale and advertising growth. In December, we added TKO Group Holdings to capitalize on the rising value of live sports rights. After rotating out of 2024 winners like T-Mobile, we enter 2026 confident that our concentration in Google, Uber, and TKO offers the best risk-adjusted path to further gains.

A significant 2025 trend was the "picks and shovels" pivot toward data storage. Seagate Technology (STX) saw a remarkable 225% gain as the massive volume of data generated by generative AI necessitated a global overhaul of high-capacity HDD and SSD infrastructure. Additionally, software-centric firms like Oracle and Apple (+28%) benefited from the successful rollouts of integrated AI features—specifically Apple Intelligence and its partnership with Alphabet—which helped sustain consumer hardware cycles even in a maturing market.

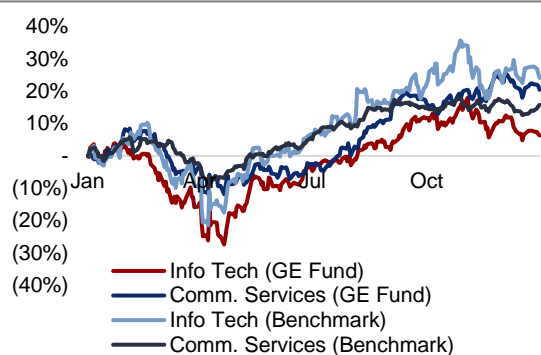
### 2025 Communication Services Sector Review

The Communication Services sector posted a 31.6% return and ranked first among GICS classifications. The sector's P/E ratio expanded by 2.4x, significantly higher than the S&P 500's expansion of 1.4x, while EPS growth showed strong momentum at 19%, closing the gap with the broader market.

Alphabet (GOOGL) was the sector's crown jewel in 2025, with shares surging 65%. Investors were won over by the release of the Gemini 3 AI model and the company's ability to defend its search dominance against AI-powered competitors. Our position in Alphabet captured this tailwind, benefiting from its dual-threat status as both a value play at the start of the year and a high-growth AI infrastructure provider by the end.

The landscape for social and streaming platforms saw more mixed results. Meta achieved a 14% return; while its core advertising business remained robust, massive capital expenditures on AI data centers (upward of \$70 billion) led to investor caution regarding short-term margins. Netflix (+18%) saw a volatile year, finishing higher on strong subscriber retention but facing headwinds late in the year following a massive \$83 billion bid for Warner Bros. Discovery, which signaled a shift toward deeper consolidation in the streaming wars.

Figure 1: DCM TMT Sector Performance, 2025



### 2025 Information Technology Sector Review

In 2025, the Information Technology sector achieved a 23.6% return, continuing to outpace the broader S&P 500 (which returned 17.9%) and maintaining its position as a primary engine for market growth. While the valuation expansion seen in previous years began to stabilize, the sector's P/E ratio still expanded by approximately 1.8x, reflecting sustained investor appetite for high-growth tech. EPS for the sector grew by roughly 18%, fueled by the shift from speculative AI interest to tangible enterprise adoption.

The dominant theme of 2025 was the maturation of the AI "arms race," moving beyond just processors and into specialized infrastructure and storage. Broadcom (AVGO) emerged as a standout, returning 50.4% as demand for its custom AI ASICs and networking solutions surged.

Sources: Capital IQ, Company Filings, Oxford, Reuters.

# TMTH (TMT)

## 2026 Outlook – Areas for Potential Value and Selected Subsectors

While 2024 was defined by the AI hardware "arms race" (Nvidia +171%) and 2025 centered on the data repositories powering those models, 2026 marks the transition to Inference Economics and Agentic Orchestration. We have identified four key areas where value is currently overlooked by the broader market as the TMT sector moves from speculative build-outs to tangible ROI.

### The Inference Pivot: Specialized Semiconductors

The narrative has shifted from training models to running them at scale. Deloitte predicts that inference will account for two-thirds of all AI compute power by the end of 2026. While general-purpose GPUs remain essential, we see outsized value in custom ASICs and specialized chips designed for energy efficiency.

**Opportunity:** Companies like Broadcom (AVGO) and Marvell (MRVL) are benefiting from hyperscalers (Google, Amazon) increasingly designing their own silicon to lower the "cost per token."

**Moat:** Unlike the volatile training cycle, inference is a recurring operational expense. Firms that provide the interconnects and specialized packaging for these "edge" and data-center chips have more predictable, long-term cash flows.

### Agentic Commerce & Logistics

2026 is the year AI moves from "chatting" to "doing." Autonomous AI Agents are now orchestrating complex workflows—not just predicting what you want to buy, but executing the transaction and logistics.

**Opportunity:** Uber and Amazon are the primary beneficiaries here. Uber has evolved into the physical "operating system" for agent-led delivery, while its high-margin ad business (leveraging first-party intent data) is seeing significant valuation re-ratings.

**Moat:** We view platforms that own the "last mile" of both data & physical delivery as the ultimate winners in a world where AI agents handle middleman tasks.

### Artificial Intelligence & Machine Learning

2026 marks the transition from training massive foundation models to the Inference Phase. As firms move >70% of AI projects into full production, the focus is on "Inference Economics"—lowering the cost per transaction. The rise of Agentic AI—autonomous systems that can execute multi-step workflows independently—has replaced simple "chat" interfaces. MLOps (Machine Learning Operations) becomes essential infrastructure for managing agents at scale.

### Security

With AI phishing/deepfakes becoming commoditized for attackers, traditional perimeter defense is obsolete. Cybersecurity in 2026 is centered on Identity and Access Management (IAM) and Zero Trust architectures. Security Operations Centers (SOCs) are heavily automating their detection and response workflows; 80% of major enterprises consolidated into unified platforms to eliminate "tool sprawl" and combat the 200-day average breach detection window.

### Software

The traditional "per-seat" SaaS model faces structural decline. In 2026, usage-based and outcome-oriented pricing have become the industry standard, aligning software costs directly with the "work" or value generated by AI agents. We also see dominance of Vertical SaaS 2.0—specialized platforms for industries like legal, construction, and healthcare—that offer built-in regulatory compliance and domain-specific models which horizontal generalists cannot match.

### Tech Hardware

Hardware is currently in a massive Memory Supercycle similar to the 1990s boom. Demand for HBM3E and HBM4 (High Bandwidth Memory) has created structural shortages, with HBM market revenue projected to grow by 58% this year. Simultaneously, as AI accelerators exceed 1,000W of power consumption, liquid cooling has transitioned from a niche luxury to a baseline requirement for 50% of new data center builds.



# TMT

## Holdings Review – TKO Group Holdings (NYSE: TKO)

### Company Overview

TKO Group Holdings was formed in 2023 through the strategic merger of the UFC and WWE, a powerhouse that controls two of the world's most valuable live-sports entertainment intellectual properties

- Core Business: The company operates via two primary segments: UFC and WWE
- Global Reach: TKO delivers over 350 annual live events across 170+ countries. Its revenue is primarily generated through media rights, ticket sales, and premium sponsorships
- As of 2024, the company generated \$2.8B in total revenue, with 77% originating from North America, followed by EMEA (14%) and Asia Pacific (7%)

### Investment Theses

#### 1. Sponsorship Lift from Streaming

- Sponsorship accounts for only 12% of revenue, less than half the proportion of comparable peers like Formula 1 (25%). Netflix and ESPN distribution broadens the viewer base beyond the core 18-50 male demographic, attracting a wider range of mainstream advertisers

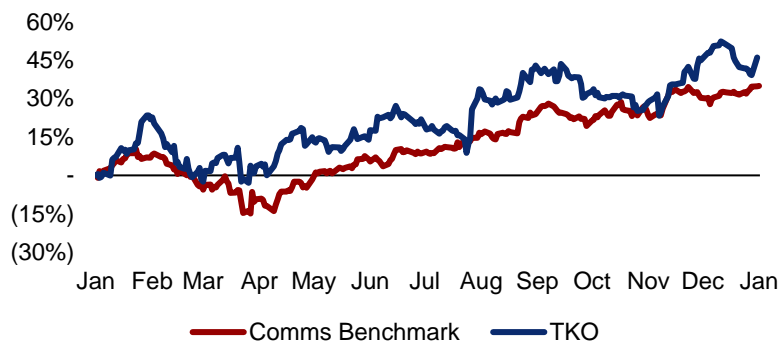
#### 2. Consolidation of Global Boxing (Zuffa Boxing)

- TKO is leveraging Dana White's management expertise to fix boxing's fragmented structure by consolidating champions under one organization, mirroring the UFC's successful blueprint.

### Performance and Outlook

- TKO Group Holdings Inc. entered late 2025 as a "dislocated value play," currently trading at 11.2x EV/NTM EBITDA, the lowest multiple relative to its most comparable sports and entertainment peers. TKO delivered strong operational results throughout the year, with total revenues for the FY2025 supported by a record 7-year, \$7.7 billion partnership with Paramount Skydance for the UFC. Performance was further bolstered by the expansion of the viewer base to an estimated 480 million+ potential yearly viewers following the integration with Netflix's 300 million+ subscriber network. Adjusted EBITDA margins are projected to remain resilient at approximately 36% in the base case, with significant expansion potential as high-margin sponsorship revenue begins to represent a larger portion of the total mix
- Looking ahead, TKO projects a consolidated revenue growth trajectory through 2026, driven by a projected 17.8% increase in the WWE segment as it capitalizes on the full-year impact of the Netflix distribution deal. Free cash flow is expected to be supported by disciplined capital management. While risks regarding consumer tastes and partnership shifts remain, TKO's "AV-agnostic" approach to live content and its unified championship structure position it to maintain its monopolistic advantage in the global combat sports ecosystem

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Dec 29, 2025
Average Cost	U\$TBA
Value Invested	U\$TBA
Portfolio Weight	TBA
2025 Return	TBA
2025 Benchmark Return	34.92%

Sources: Capital IQ, Company Filings, Nasdaq, Statista

## TMT

### Holdings Review – Uber (NYSE: UBER)

#### Company Overview

- Established in 2009, Uber Technologies, Inc. is a technology company that is involved in the development and operation of proprietary technology applications supporting mobility, delivery, and logistics.
- It provides ride-hailing services, as well as food and package delivery, along with freight transportation and logistics services.
- Uber oversees the management of the Uber app, Uber Eats, and Uber Freight.
- The company's revenue stream is dominated by its Mobility and Delivery segments.

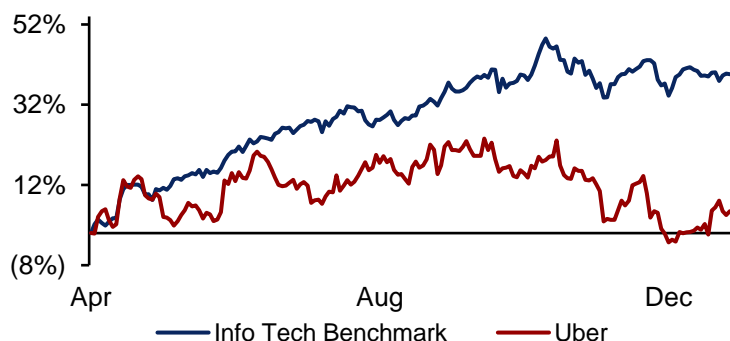
#### Investment Theses

- An Underappreciated Marketplace**
  - UBER's marketplace is underappreciated despite its two-sided network effect, which allows it to hold a significant competitive advantage
- A Misunderstanding of Uber & AVs**
  - Uber's 20% per-ride commission is relatively low compared to the substantial value it delivers, making direct
- A Misunderstanding of Uber & AVs**
  - Uber's Uber's largest competitor for freight brokerage just went bankrupt and the tender rejection rates have jumped from 3.1% to 6.4%

#### Performance and Outlook

- Uber Technologies, Inc. closed 2025 with a stock price of US\$81.26, up approximately 32%, outperforming the broader S&P 500 index by 15% and demonstrating resilience against mixed sector trends. Uber delivered strong results in 2025, with revenues for their 2025 FY expected to reach approximately \$48.6 billion, a 19% YoY growth, driven by robust trip volumes and expanded user engagement. Gross Bookings grew 21% YoY in Q3 alone, supported by a 22% increase in trips and a 17% rise in Monthly Active Platform Consumers (MAPCs) to 189 million, highlighting the platform's compounding network effects. Adjusted EBITDA margin expanded to 4.5% of Gross Bookings, with total Adjusted EBITDA reaching record highs.
- Looking ahead, Uber projects gross bookings growth of roughly 15.2% in 2026, driven by steady user base expansion and frequency gains in both Mobility and Delivery. Free Operating Cash Flow (FOCF) is expected to accelerate to approximately \$7.2 billion in 2026, enabling continued organic investment and shareholder returns. Management plans to further capitalize on "cross-platform" habits, noting that customers who use both Mobility and Delivery spend significantly more than single-product users. While regulatory landscapes remain dynamic, particularly regarding gig-worker classification, Uber's push into autonomous vehicle partnerships and its "AV-agnostic" network strategy position it to maintain its structural advantage in the evolving transportation ecosystem.

#### Stock Price and Sector Benchmark Performance



#### Position Snapshot

Purchase Date	Apr 30, 2025
Average Cost	U\$TBA
Value Invested	U\$TBA
Portfolio Weight	TBA
2025 Return	TBA
2025 Benchmark Return	39.8%

Sources: Capital IQ, Company Filings, Nasdaq, Statista

# TMT

## Holdings Review – Alphabet (NASDAQ: GOOG)

### Company Overview

- Alphabet’s Google Services segment consists mainly of products such as Search, YouTube, Android, and Chrome, which utilize advertising and subscription models to assist users in accessing information and digital content while enabling businesses to reach global audiences.
- Alphabet’s Google Cloud segment sells an integrated suite of infrastructure, data analytics, and collaboration tools through Google Cloud Platform and Google Workspace that allows enterprise customers to build applications, manage data, and enhance productivity.

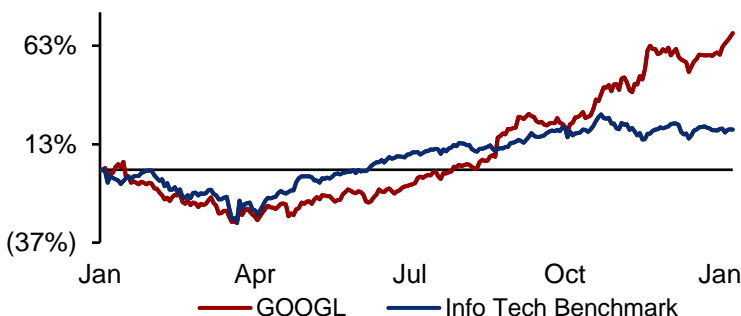
### Investment Theses

- Street is over pessimistic on DOJ lawsuit**
  - Browser and mobile OS markets could become less efficient and result in lower quality experience
- Market is overly pessimistic about Google's ability to outperform Ad-revenue estimates**
  - Google reiterated that AI Overviews are increasing overall Search engagement and user satisfaction, and also monetizing at roughly the same rate as non-AI searches. We foresee that continues strong quarter could help shift the narrative from the search trial and allow for multiple expansion.

### Performance and Outlook

- Alphabet Inc. closed 2025 with a stock price of US\$335.97, up ~65%, significantly outperforming the broader S&P 500 index and cementing its position as the second most valuable company globally with a market capitalization exceeding \$4 trillion. The stock’s historic rally, its strongest since 2009, was fueled by shifting investor sentiment regarding its AI capabilities, particularly following the launch of Gemini 3 and the strategic validation of its custom "Ironwood" AI chips. Valuation multiples expanded as the market rewarded Alphabet's transition to an AI-first infrastructure model, with the stock trading at roughly 29 times forward earnings.
- Looking ahead to 2026, Alphabet projects continued acceleration in its Cloud division, where revenue growth could potentially exceed 50% driven by the conversion of its massive AI-infrastructure backlog. The company plans to introduce advertisements within Gemini in 2026, opening a new high-margin monetization front for its generative AI investments. However, significant regulatory headwinds persist; following a September 2025 court ruling prohibiting exclusive default search contracts, Alphabet must navigate a new landscape of data-sharing mandates and non-exclusive partnerships.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Jan 22, 2025
Average Cost	U\$TBA
Value Invested	TBA
2025 Return	TBA
2025 Benchmark Return	36.8%

Sources: Capital IQ, Company Filings, Nasdaq, Statista

# TMTH (Healthcare)

## Sector Review and Looking Back at 2025

### Overview (Healthcare)

The Healthcare benchmark finished 2025 positive at **+4.3%** for the year – a modest gain that understates how choppy and unsettled the sector felt through the year vs. a broader market that continued to reward growth and multiple expansion.

The biggest shock in 2025 came from **Managed Care**, where utilization overwhelmed pricing. A defining storyline was the Medicare Advantage margin reset: utilization accelerated (amidst normalization of deferred care normalized and unexpectedly high senior care activity), while reimbursements did not fully offset the cost trend. In practice, this culminated in Managed Care providers announcing earnings/guidance resets and increasingly prioritizing profitability over revenue growth (e.g., exiting unprofitable Medicare counties).

Policy remained a **persistent valuation overhang**, as the Trump 2.0 U.S. administration settled in, even as fundamentals stayed solid with attractive earnings growth prospects. Throughout 2025, investors continued to apply a discount to Healthcare earnings because the policy path remained noisy – particularly around drug pricing implementation (e.g., IRA Medicare negotiations) and broader regulatory scrutiny (e.g., on billing practices, pricing transparency, and PBMs).

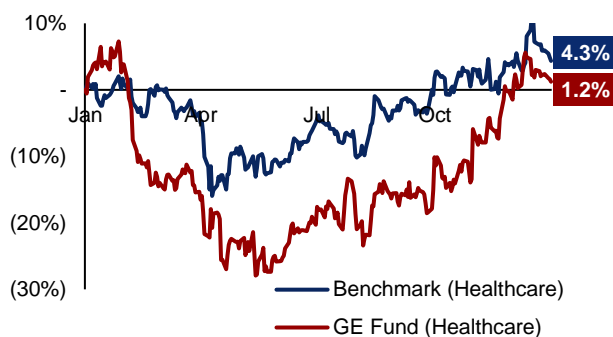
Valuation became the core **“why own Healthcare” argument** by mid-year. Healthcare screened as historically cheap relative to its own history and versus the market: ~17.1x forward P/E for Healthcare vs. ~23.7x for the S&P 500 (spread of negative ~6.6x), or roughly 2.0 $\sigma$  below history. Moreover, Healthcare’s share of overall market cap fell to its lowest levels in ~15 years.

Across subsectors, 2025 was a tale of dispersion rather than a uniform sector trade. In simple terms: Pharma and Biotech were the pockets of strength, while Tools/Equipment were more muted and Managed Care delivered the year’s most headline-driven volatility.

### Sector Performance

The GE Fund’s Healthcare sector returned **+1.2%** in 2025, underperforming the Healthcare benchmark’s **+4.3%** by ~310bps. Relative performance was shaped by a sharp mid-year drawdown driven by stock-specific shocks, followed by a material recovery in H2.

Healthcare 2025 Performance – DCM vs. Benchmark



**Mid-year underperformance was driven primarily by UnitedHealth-specific issues.** UNH sold off sharply due to higher-than-expected Medicare Advantage utilization compounded by heightened regulatory and legal scrutiny around Medicare billing practices and leadership disruption, which together weighed heavily on investor sentiment. Given UnitedHealth’s weight in the portfolio, these factors were the largest contributors to the fund’s drawdown and relative underperformance.

**Exposure to Life Sciences Tools and Pharma delayed a recovery in H2.** Danaher and Illumina underperformed in the first H1 as tools and diagnostics names lagged amid cautious customer spending and uneven demand recovery, causing the fund to trail the benchmark through mid-year. The fund recovered in the second half of the year on strong rebounds in Illumina and Bayer. Illumina rallied sharply in the latter half of the year, including a large ~25% single-day move, as it returned to profitability. Bayer also performed strongly from favorable rulings and a renewed growth outlook, helping offset earlier weakness and contributing meaningfully to the fund’s late-year catch-up.

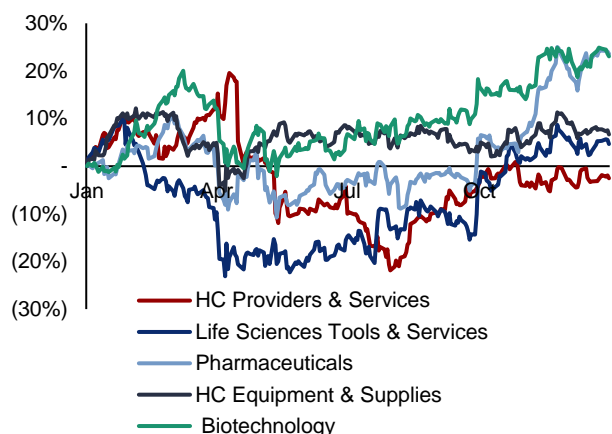
# TMTH (Healthcare)

## Sector Review and Looking Back at 2025

### Subsector Overviews (Healthcare)

Although the Healthcare sector ended roughly flat for the year, returns varied meaningfully across its subsectors depending on exposure to innovation, capital flows, and regulatory pressure in 2025.

#### Healthcare Subsectors 2025 Performance



### Pharmaceuticals (+23.6%)

- **Durable cash flows & late-cycle defensiveness.** Large-cap Pharma continued to attract capital as investors favored predictable earnings and strong balance sheets amid ongoing policy uncertainty elsewhere in Healthcare.
- **Continued GLP-1 ecosystem strength.** Continued momentum around obesity and cardiometabolic franchises supported sentiment across diversified Pharma portfolios, especially for the biggest names like Eli Lilly which became the first ever Healthcare company to hit a \$1T market cap in Nov. 2025.

### Biotechnology (+23.0%)

- **Patent-cliff-driven M&A by big Pharma** pulled the subsector higher into year-end. A clean example is the Metsera bidding war where Pfizer ultimately won against Novo Nordisk to acquire Metsera for its oral GLP-1 pill pipeline; but paid a hefty ~\$10B.

### Health Care Providers & Services (-2.6%)

- **Medicare Advantage utilization shock was the defining driver of volatility.** The clearest moment: UnitedHealth cut its 2025 forecast in Apr. 2025 after a worse-than-expected care use spike in Medicare Advantage – UNH fell sharply, and the drawdown reverberated across managed care.
- **The second-half recovery was largely “clarity-driven.”** As 2025 progressed, payers worked to reprice plans/adjust benefits and investors got more forward visibility on medical cost trends (e.g., UNH outlining actions like cutting MA plans and raising prices); subsector regained footing into year-end.

### Life Sciences Tools & Services (+4.6%)

- **Tools lagged because demand recovery was slower and dispersed.** Even as Biotech rallied, Tools spending stayed cautious. Moreover, demand was defined by dispersion, as recurring / consumables held up, while cyclical exposures didn't. In fact, Platforms with steadier consumables / service mixes were more resilient, while capital equipment and services tied to tighter customer budgets saw a more muted rebound.

### Healthcare Equipment & Supplies (+6.7%)

- **Struggled to produce upside as “defensive” wasn't enough without a catalyst.** Equipment performance in 2025 reflected steady fundamentals but limited re-rating — especially versus the excitement in Pharma/Biotech and other fast-growing sectors in the market.
- **Procedure mix and reimbursement sensitivity remained the key overhang.** Investors stayed cautious around volume/procedure mix uncertainty (including second-order GLP-1 impacts) and constrained pricing power, which capped margin expansion and kept returns muted.

# TMTH (Healthcare)

## 2026 Outlook

### Outlook Overview

Following a challenging 2025 marked by policy uncertainty, elevated medical cost trends, and weak investor sentiment, the healthcare sector enters 2026 positioned for gradual normalization rather than a sharp rebound. While reimbursement pressure and regulatory scrutiny persist, several 2025 headwinds, including unusually high post-pandemic utilization and election-driven uncertainty, are expected to ease, allowing fundamentals to reassert themselves.

Structurally, healthcare remains supported by long-duration demand drivers, including an aging population, rising chronic disease prevalence, and sustained innovation across biotechnology and life sciences tools. With valuations compressed to historically discounted levels relative to the broader market, 2025 presents a more favorable risk-reward backdrop as downside scenarios appear increasingly priced in.

### Sub-Industries We Like

We remain optimistic on **Biotechnology and Life Sciences Tools** in 2026, where innovation intensity, improving capital markets access, and renewed strategic M&A activity support medium-term growth. Large pharmaceutical companies facing patent cliffs are increasingly incentivized to acquire external innovation, reinforcing valuation support across high-quality biotech and enabling platforms.

Within **Healthcare Providers & Services**, investor pessimism has created selective opportunities, particularly among scaled players with exposure to value-based care models and operational leverage from AI-

driven cost efficiencies. While near-term margin pressure remains, normalization in utilization trends and pricing discipline could drive earnings recovery beyond 2025.

### What We're Watching

In 2026, we are closely monitoring the evolution of U.S. healthcare policy under the new administration, particularly leadership appointments at HHS, CMS, the FDA, and the FTC. Regulatory posture toward drug pricing, Medicare Advantage reimbursement, and healthcare M&A will materially influence sentiment and capital allocation across the sector.

Additionally, we are tracking whether normalization in medical utilization and insurers' pricing actions translate into improving medical loss ratios over the course of the year.

Figure 1: Avg. EV/EBITDA Multiples S&P500

Subsector	EV/EBITDA
Healthcare Providers & Services	15.0x
Biotechnology	16.5x
Healthcare Equipment & Supplies	24.2x
Pharmaceuticals	14.4x
<b>Healthcare Sector</b>	<b>17.1x</b>

# Healthcare

## Holdings Review – UnitedHealth (NYSE: UNH)



UnitedHealth Group®

### Company Overview

- UnitedHealth Group Incorporated is an American multinational managed healthcare and insurance company headquartered in Minnetonka, MN.
- The company is the world's 7<sup>th</sup> largest company by revenue and holds the title of the largest healthcare company by revenue, as well as the largest insurance company by net premiums.
- UnitedHealth Group is structured into two main divisions: UnitedHealthcare, focusing on insurance services, and Optum, dedicated to health services. UnitedHealthcare generates the majority of the Group's overall revenue.

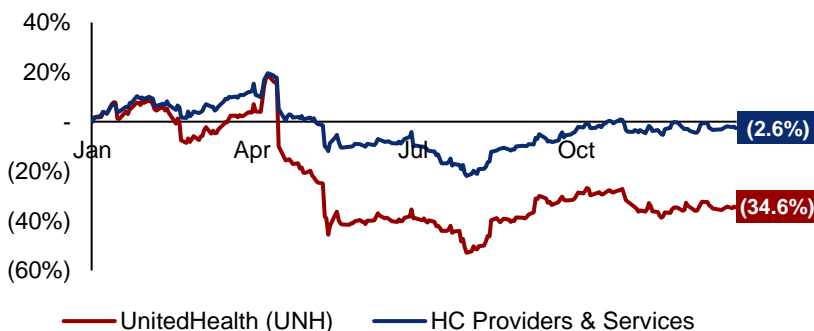
### Investment Thesis

1. **Well Positioned for Demand Changes in Coverage Expectations (incl. in MA)**
  - UNH has a strong ability to effectively provide insurance and services that align with the evolving landscape of consumer expectations and healthcare demands.
2. **Continued Investments (incl. in Value-Based Care) to Diversify and Recession-Proof**
  - UNH's investments in VBC, coupled with internal actions and a focus on analytics and preventative care, are expected to benefit its insurance business and provide a level of recession resistance to the company.

### Performance and Outlook

- **Performance:** UNH materially underperformed in 2025 (-34.6%) due to a series of company-specific shocks leading to the stock declining from the low \$500s to the low \$330s. The key drawdown catalyst occurred in April, when UNH cut its profit outlook due to higher-than-expected Medicare Advantage utilization. This triggered a >20% single-day selloff and drove a broader re-rating across Managed Care. Regulatory scrutiny and leadership disruption extended pressure through mid-year. Ongoing DOJ attention on Medicare billing practices and a mid-year CEO transition added uncertainty, keeping valuation compressed despite resilient demand. Stabilization emerged in the second half as fundamentals held up. UNH reaffirmed FY25 guidance later in the year, and Berkshire Hathaway disclosed a ~\$1.6B stake in Q2 2025, adding confidence for the stock to recover off its lows.
- **Outlook:** DCM increased its position in Dec. 2025, adding 56 shares at \$336.60. After such a valuation reset, the market was pricing a prolonged impairment to managed care profitability. Our base case is margin normalization in 2026. Management actions on pricing, benefit design, and plan mix are expected to offset the 2025 utilization shock as trends stabilize. Optum remains a long-term stabilizer thanks to its scale, data, and care-delivery capabilities supporting earnings durability beyond insurance underwriting. Key risks are regulatory and cost-trend related, not demand-driven. We believe these risks are nearly fully reflected in valuation following the 2025 reset.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

**Initial Purchase Date:** Dec 13, 2022  
**Average Cost:** \$397.43 USD  
**Market Value:** \$44,137 CAD  
**Portfolio Weight:** 3.0%  
**2025 Return:** (34.6%)  
**2025 Benchmark Return:** (2.6%)



### Company Overview

- Becton Dickinson (“BD”) is a global MedTech (including equipment, supplies, software) company headquartered in Franklin Lakes, New Jersey, historically operating across 4 areas:
  - Medication delivery products and consumables;
  - Medication management systems and patient-monitoring equipment;
  - Interventional devices;
  - Life sciences diagnostic/collection products.
- BD is transitioning from “Old BD” (all areas above) to a simpler “New BD” (without Life sciences).

### Investment Thesis

BD today is priced as a low-growth conglomerate, even though it’s a dominant player with a credible path to become a focused MedTech platform, as the spin-off of its Life Sciences segment is a catalyst for re-rating and headwind mitigation.

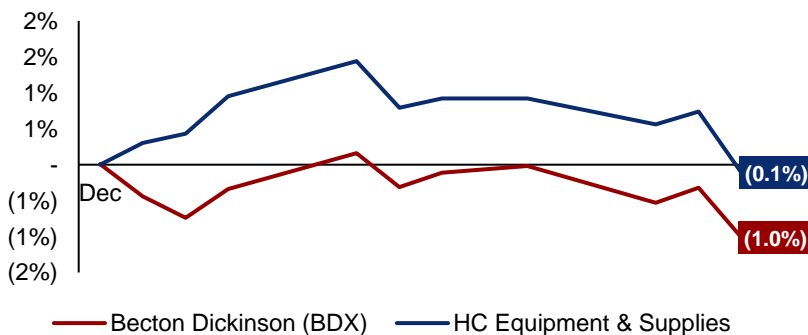
This thesis’s two interconnected pillars are:

- Credible Path for Attractive Mix Shift in the Growing MedTech Space**
- Under-Appreciated RMT Spin-Off of its Life Sciences Segment**

### Performance and Outlook

- Performance:** BDX is a newly initiated position, pitched in Nov. 2025 and purchased in Dec. 2025, so performance commentary is naturally early. Since purchase, the stock is positive (+2.2%) as of Jan. 13, 2026.. Importantly, there have been no negative thesis breaks since initiation. Late-2025 updates reinforced that BD continues to execute through a complex transition period, with core MedTech operations holding up as expected.
- Outlook:** Our focus in 2026 is on execution and confirmation rather than new catalysts. Specifically, we are monitoring the following: i) Progress and clarity around the Life Sciences spin-off – key markers include timeline certainty, separation mechanics, and communication around RemainCo capital allocation once the transaction is completed; ii) Early evidence of re-rating potential for “New BD” – we are watching whether the market begins valuing the post-spin business more in line with pure-play MedTech peers as complexity declines and business mix improves; and iii) Containment of known operational and policy risks – these include device-related regulatory issues and tariff-related cost pressures; deterioration beyond management’s current framing would be the primary downside risk. At current trading levels, we believe the balance of risks remains skewed to the upside for BDX if execution stays on track.

### Stock Price and Sector Benchmark Performance



### Position Snapshot

**Purchase Date:** Dec 16, 2025  
**Average Cost:** \$197.20 USD  
**Market Value:** \$34,220 CAD  
**Portfolio Weight:** 2.3%  
**Return Since Purchase:** +2.2%  
**Benchmark Return Since Buy:** +0.5%

# Healthcare

## Holdings Review – Bayer (NYSE: BAYN)



### Company Overview

- Bayer develops, produces, and markets products in the fields of healthcare, agriculture, and high-tech polymer materials
- Bayer is a multinational company operating through three primary segments: Pharmaceuticals, Consumer Health, and Crop Science
- Bayer operates through a global network, employing over 100,000 associates. Its research and development, manufacturing, sales, and administrative facilities span across more than 90 countries

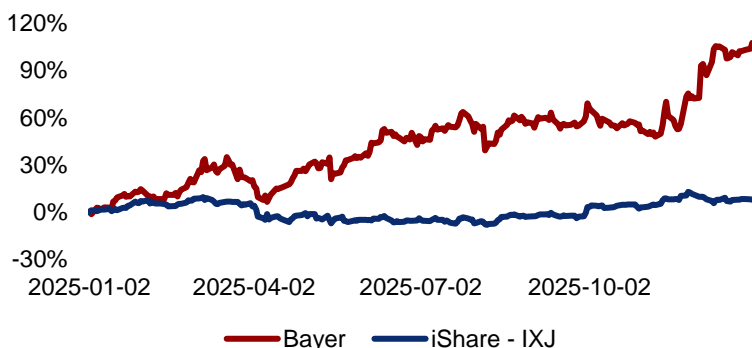
### Investment Thesis

- **Undervalued for Reasonable but Addressable Reasons:** In 2025, Bayer's share price re-rated meaningfully as litigation risk became more bounded and investor sentiment normalized, validating the original mispricing thesis while still leaving valuation supported by improved earnings visibility and reduced uncertainty
- **Strategic Restructuring for Value Creation:** During 2025, management's restructuring efforts shift from planning to execution, with cost discipline, organizational simplification, and portfolio optimization significantly translated into improved cash flow and investor confidence

### Performance and Outlook

- **Performance:** In 2025, Bayer's operating performance stabilized following a volatile 2024, and improving earnings visibility, cost discipline, and reduced litigation uncertainty drove a significant equity re-rating. As a result, the stock materially outperformed sector benchmarks, reflecting growing investor confidence in management's execution
- **Pharma:** The Pharmaceuticals division in 2025 showed improved execution discipline, with continued advancement of late-stage pipeline assets in oncology and cardiovascular indications. Although competitive pressures persist, investor focus has shifted toward pipeline quality and capital efficiency rather than near-term revenue
- **Strategic Priorities:** In 2025, management prioritized restoring credibility through cost control, organizational simplification, and clearer capital allocation frameworks. These initiatives aim to improve profitability in core businesses while reducing structural complexity and investor uncertainty
- **Outlook:** Looking ahead to 2026, Bayer is positioned for gradual earnings improvement driven by operational leverage, restructuring benefits, and normalized demand in Crop Science. Management remains focused on margin expansion and disciplined capital allocation rather than aggressive top-line growth

### Stock Price and Sector Benchmark Performance



### Position Snapshot

**Purchase Date:** Jan 18, 2024

**Average Cost:** \$8.91 USD

**Market Value:** \$14,416 CAD

**Portfolio Weight:** 1.8%

**2025 Return:** +107.8%

**2025 Benchmark Return:** +7.5%

### Company Overview

- Illumina designs, manufactures, and markets innovative systems for the analysis of genetic variation and function, with a focus on life sciences, genomics, and healthcare. It primarily operating through its segments: Sequencing Systems, Sequencing Consumables, and Microarrays
- Illumina operates globally with thousands of employees. Its research and development, manufacturing, and commercial operations serve customers in over 140 countries, enabling advancements in personalized medicine and genomic research

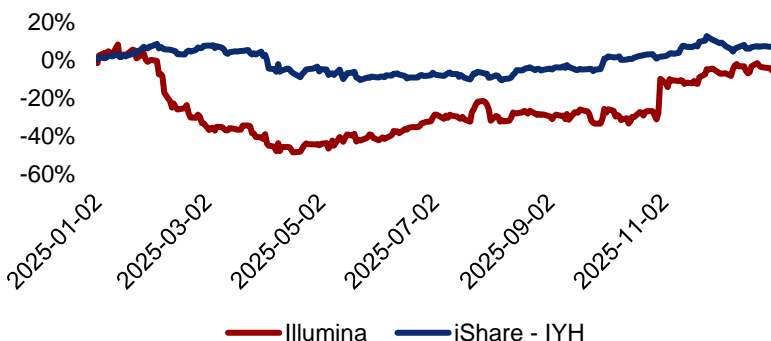
### Investment Thesis

- **The Market is Underappreciating Illumina's Large & Diverse Moats:** In 2025, Illumina's shares underperformed as prolonged biotech funding pressure and delayed customer purchasing decisions overshadowed the company's dominant installed base and recurring consumables revenue, leaving the durability of its moat underappreciated by the market
- **Management Successfully Starts Vertical Integration Through M&A:** During 2025, management's emphasis on operational discipline, selective M&A, and workflow integration has yet to fully translate to equity upside, as investor skepticism around the pace of recovery and integration execution continues to weigh on sentiment despite improving internal fundamentals

### Performance and Outlook

- **Performance:** In 2025, Illumina's shares were volatile, declining sharply in the first half of the year amid weak biotech funding and delayed customer purchasing, before rebounding materially in the back half as end-market conditions stabilized. The late-year recover was driven more by sentiment improvement and reduced downside risk than by a significant change in revenue growth
- **Operational Efficiency and Margin Discipline:** Management focused on cost control and organizational streamlining to protect margins in a muted demand environment. These actions supported cash flow stability but did not fully offset top-line pressure
- **2026 Outlook:** Illumina is positioned for gradual improvement, with upside dependent on a sustained recovery in biotech funding and sequencing demand. Growth is expected to be driven primarily by consumables and workflow integration
- **Strategic Priorities:** In 2025, Illumina emphasized disciplined capital allocation, platform innovation, and ecosystem partnerships to rebuild credibility. Execution remains key to converting stabilization into durable equity performance

### Stock Price and Sector Benchmark Performance



### Position Snapshot

**Purchase Date:** Dec 9, 2024  
**Average Cost:** \$147.53  
**Value Invested:** \$26,113 CAD  
**Portfolio Weight:** 1.8%  
**2025 Return:** (6.5%)  
**2025 Benchmark Return:** 6.5%

# INDUSTRIALS

2025 REVIEW & 2026 OUTLOOK

**Frédéric Mandeville**  
*Senior Analyst*



**Katie Chao**  
*Senior Analyst*



**Alexander Faralla**  
*Junior Analyst*



**Evelyne Desmarais**  
*Junior Analyst*



# Industrials

## 2025 Review

Katie Chao, Senior Analyst  
 Frederic Mandeville, Senior Analyst  
 Evelyne Desmarais, Junior Analyst  
 Alexander Faralla, Junior Analyst

### DCM Overview

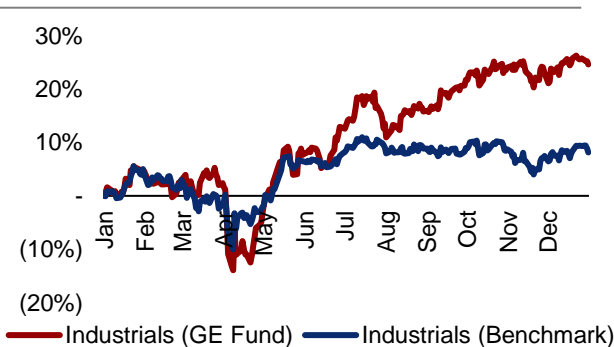
The DCM Industrials sector returned +24.6% in 2025, overperforming the benchmark, which returned +8.1%. The sector (by GICS classification) delivered higher returns than the S&P 500 (+14.5%), primarily driven by large AI-related infrastructure spending that benefited companies in the capital goods sector, as well as increased global defense spending that benefited Aerospace & Defense companies.

This year, Airbus yielded a return of +27.1% as investors increasingly focused on a strong commercial aerospace upcycle and rising pricing power driven by Airbus' record backlog (~8,700 aircraft, ~11 years of production), while ongoing supply-chain issues were viewed as manageable constraints rather than threats to long-term earnings. Against this backdrop of strong air travel, Southwest Airlines also performed well in 2025 with a return of +28.6% prior to our exit in December, supported by passenger demand growth of ~5% YoY, headcount reductions (~15% of its corporate workforce), and departing from their "Bags Fly Free" policy expected to contribute hundreds of millions of dollars in incremental revenue.

Recently, we added another position to our portfolio in Genpact, as we believe the market underestimates growth in its AI-driven services and overestimates the risk of decline in its core outsourcing business.

We are pleased with our overperformance relative to our benchmark in 2025 and we are looking into more stocks to add to diversify our holdings in this coming year.

Figure 1: DCM Performance, 2025



Sources: Bloomberg, ISM Research, S&P Global, US Federal Reserve, Fidelity Research

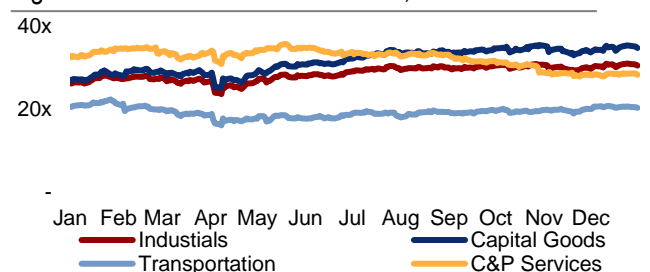
### 2025 In Review

In 2025, Industrials ran in a clear "two-speed" economy: datacenter/electrification and other long-cycle capex themes stayed strong, while many short-cycle verticals (automation, transportation, building products, chemicals) saw lackluster volumes and an extended "industrial recession" feel. Datacenter infrastructure was the standout, with ~+40% datacenter sales and ~+70% order growth, and liquid cooling growing ~30–40%. Leading indicators for the short cycle remained soft, PMI was 48.2 in November (9 months in contraction) with New Orders at 47.4, yet customer inventories stayed low, a preview to higher production.

Against that mixed backdrop, 1H'25 tariff pre-buy and channel build largely normalized in 2H'25, with US wholesale inventories easing to ~+2% YoY by September, improving the setup into 2026. Structurally, capex intent strengthened, with capex trackers accelerating to ~+24% YoY as manufacturing and non-residential spending broadened beyond datacenters. Electrification and power remained the tightest cycle, supported by accelerating grid and generation investment and materially higher turbine and high-voltage equipment backlogs since 2021. In construction, 776 North American non-residential megaprojects over \$1B were identified, with ~15% already started, underpinning multi-year demand visibility.

While fundamentals were uneven across subsectors, investor exposure to Industrials remained relatively low, leaving room for upside as leading indicators stabilize. Overall, 2025 highlighted a shift toward structurally supported, long-duration industrial demand, even as the broader cyclical recovery remained incomplete.

Figure 2: PE Subsector Performance, 2025



# Industrials

## 2026 Outlook

Katie Chao, *Senior Analyst*  
Frederic Mandeville, *Senior Analyst*  
Evelyne Desmarais, *Junior Analyst*  
Alexander Faralla, *Junior Analyst*

### Sector Drivers and Themes

The industrials sector faces a mixed but stabilizing outlook in 2026, with growth driven by infrastructure investment, automation, energy transition, and global supply chain realignment. The U.S. Manufacturing PMI, ended 2025 at 47.9, with forecasts seeing moderate expansion and stabilization after the 2025 contractions. This reflects market caution due to persistent supply chain challenges and cost pressures in high-demand and capital-intensive industries.

The main themes for industrials in 2026 include:

**AI Infrastructure, Datacenter and Electrification:** Capital spending on grid modernization, energy transition, and industrial automation continues, supported by government infrastructure programs and long-duration project backlogs. Industrial equipment tied to datacenter construction has become a primary source of growth.

**Decarbonization and ESG Initiatives:** Global commitments to net-zero targets are driving renewable energy and carbon-reducing technologies. Federal ESG support remains uncertain, but private sector and state initiatives should sustain momentum.

**Automation and Digitalization:** Firms are deploying automation and advanced technologies to address labor shortages, improve efficiency, and reduce costs. Timelines and productivity are still feeling constraints.

**Reshoring and Trade Policy Effects:** Tariff uncertainty and geopolitical risk are influencing corporate investment decisions, contributing to higher equipment spending and changes in supply chain strategies.

### Capital Goods

Performance in 2026 is expected to be mixed. Tailwinds from defense and infrastructure remain supportive, but growth is tempered by uneven end-market demand and macro uncertainty.

### Aerospace and Defense (Neutral)

Fundamentals remain solid, with aftermarket expected to grow at a double-digit rate and defense spending supported on a bipartisan basis. However, OEMs have become more cautious on production increases. Defense primes with exposure to priority programs remain well positioned. A&D trades at a 26.8x NTM EV/EBITDA, with a spread 6.4x wider than its historical trend, leading us to recommend a **neutral weighting**.

### Engineering and Construction (Neutral)

Backlogs remain elevated and IIJA funding continues to support to medium-term outlook, with growth expected to inflect in 2026. Secular tailwinds such as AI adoption, energy transition, and grid modernization remain intact; however, near-term demand has been muted across several construction end markets. Given the sector trades at a NTM EV/EBITDA of 19.5x, with a spread 2.0x wider than its historical average, we recommend a **neutral weighting**.

### Machinery and Equipment (Overweight)

Offers the most attractive valuation within Capital Goods, trading at 16.9x NTM EV/EBITDA, trading 1.5x above its historical average. Companies positioned closest to electrification bottlenecks and automation workflows are seeing stronger relative performance, as demand is increasingly drive by AI infrastructure, reshoring, and productivity-driven capex. While some end markets remain cyclical, we believe the US is in the early innings of a multi-year capex upcycle, supported by policy, re-industrialization, and improving ROI on efficiency investments. Potential rate cuts could further unlock demand in more cyclical verticals. Give attractive valuation and improving fundamentals, we recommend **overweighting** the sector.

# Industrials

## 2026 Outlook

Katie Chao, Senior Analyst  
Frederic Mandeville, Senior Analyst  
Evelyne Desmarais, Junior Analyst  
Alexander Faralla, Junior Analyst

### Transportation

Transportation faces a mixed outcome for 2026, with air freight benefiting most from industrial restocking and capex-driven trade, while ground and marine transportation face softer pricing and policy risks.

#### Air Freight and Logistics (Overweight)

Air freight and Logistics are well positioned for 2026, with improving industrial production, US reshoring, and inventory restocking supporting higher-value and time-sensitive volumes. While broader freight markets are slowly exiting recession, air networks disproportionately benefit from data-center, electronics and capex-related lanes. Trading at mid to high teens EBITDA multiples, the sector offers attractive risk-reward, so we recommend **over weighting** this subsector.

#### Ground Transportation (Neutral)

Ground transportation should transition from tough to modest growth in 2026, with shippers expecting only low-single-digit volume increases after a broad freight recession. Rail shipper surveys point to rate hikes of about mid-2% range, below long-term norms. Supported by US reshoring and infrastructure capex but constrained by competition and labor costs, we recommend **neutral weighting** Ground Transportation.

#### Marine Transportation (Neutral)

Marine Transportation enters 2026 with seaborne trade gradually improving alongside higher industrial and capex activity, but with earnings still constrained by prior-cycle capacity additions and tariff uncertainty. US reshoring and evolving tariff dynamics reduce visibility on some long-haul Asia-US routes. On the other side, geopolitical rerouting, energy and project cargo, and a more balanced supply-demand backdrop argue against a strongly negative stance. We therefore recommend neutral weighting Marine Transportation.

Sources: Capital IQ

### Business Services

Business services outlook for 2026 is mixed. Defensive business models with pricing power and recurring revenue remain more attractive, while labour-sensitive and discretionary spend-exposed areas face a slower recovery.

#### Consulting and Professional Services (Neutral)

Demand for consulting remains uneven, with clients cautious on discretionary spend following a slower macro backdrop. However, longer-term opportunities tied to digital transformation, AI implementation, and regulatory complexity remain supportive. We see balanced risk-reward between strong secular tailwinds and near-term budget pressure. Given it trades at EV/EBITDA of 15.7x, we maintain a **neutral** weight.

#### Waste Management (Overweight)

Waste Management remains one of the most defensive areas within Services, supported by recurring revenue, contractual pricing, and high barriers to entry. Pricing power has remained strong, allowing operators to offset cost inflation and protect margins. Additionally, ongoing consolidation and growth in value-added services support earnings durability. We believe the sector's stability and visibility justifies its EV/EBITDA of 17.6x, thus, we recommended **overweighting** the sector.

#### Staffing Services (Underweight)

Staffing remains highly cyclical and closely tied to hiring trends, which have softened amid cautious corporate sentiment. Temporary staffing volumes have yet to meaningfully recover, and pricing power remains limited. While a potential rate-cutting cycle could eventually support a recovery in hiring, visibility into a sustained rebound remains low. Given weaker near-term fundamentals and limited catalysts, we recommend **underweighting**.

## Holdings Review – Airbus (NYSE:AIR)

### Company Overview

- Airbus SE is a global aerospace, defense, and related services leader founded in 1970 by government initiative from Germany, the U.K. and France.
- The company designs, manufactures, and delivers various aircraft, including commercial jets, military fighter jets, helicopters, satellites, and space systems.

### Catalysts

- Increased demand in defense spending alongside geopolitical tension
- Boeing complications continue to persist
- Increased investments throughout the supply chain

### Risks

- Tariffs on parts within the supply chain
- Slower turnaround in the supply chain
- Rising competition from China

### Investment Theses

#### 1. Supply Chain Turnaround

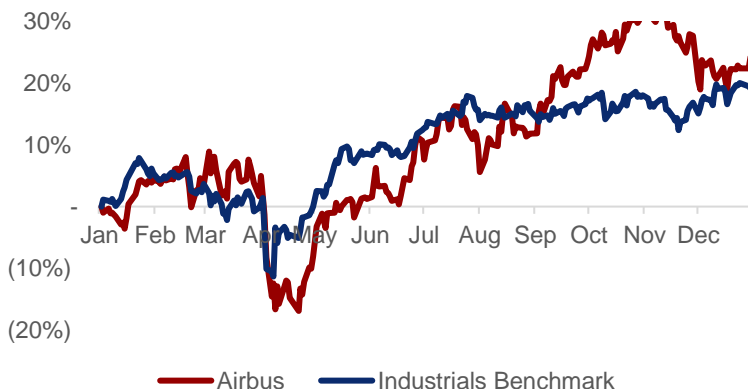
- In 2024, Airbus faced challenges in clearing its order backlog of 8,700+ planes due to supply chain delays, particularly in receiving engine parts from Pratt & Whitney and CFM International. This bottleneck slowed progress in fulfilling its orders. We believed was an inflection point in sight given strong alignment on plans between Airbus and key bottleneck suppliers.
- Airbus had set its delivery targets to 770 planes for the end of 2024, they were able to produce 766 planes. Deliveries spiked higher in November after engine maker CFM and Airbus reached a deal over short-term engine supplies.
- While supply chain headwinds lingered in 2025, management reaffirmed FY25 delivery target of ~820 aircraft.

#### 2. Pricing Power

- The market has yet to fully reflect Airbus' strengthened pricing power, as the company gains market share from Boeing's ongoing safety and reputational struggles, stemming from the 2019 MAX crisis and recent incidents.
- **Airbus Pricing Strength:** Airbus has reduced its pricing discounts from 60% in 2017 to 56% in 2023, demonstrating its growing pricing power in the competitive market. In contrast, Boeing's pricing discount has risen from 52% in 2017 to 60% in 2023

***Our price target of €188.70 has been reached, but we will continue to hold as we monitor the materialization of our theses as it executes on new order pricing backlog and deliveries.***

### Stock Price and Sector Benchmark Performance



Sources: Bloomberg, Capital IQ, Company Filings

### Position Snapshot

Average Cost:

# of Shares:

Value Invested:

Portfolio Weight:

YTD HPR

YTD Benchmark Return:

Excess Return

# Industrials

## Holdings Review – Genpact (NYSE:G)

### Company Overview

- Genpact is a global professional services firm that provides technology, business process outsourcing, and consulting services.
- Following a spin-off from GE in 1997 as a pure-play business process outsourcing company Genpact expanded to process re-engineering in 2012 and recently rebranded to focusing heavily on tech & AI products & services

### Catalysts

- Increase in new logo wins would signal that Genpact’s solutions are resonating in the market
- Increase in client budgets for IT services could drive a greater rebound in core revenue

### Risks

- Client pushback on pricing due to implementation of AI despite outcome-based pricing model
- Macro uncertainty driving lower IT services spend

### Investment Theses

#### 1. Underappreciated Advanced Technology Solutions Segment

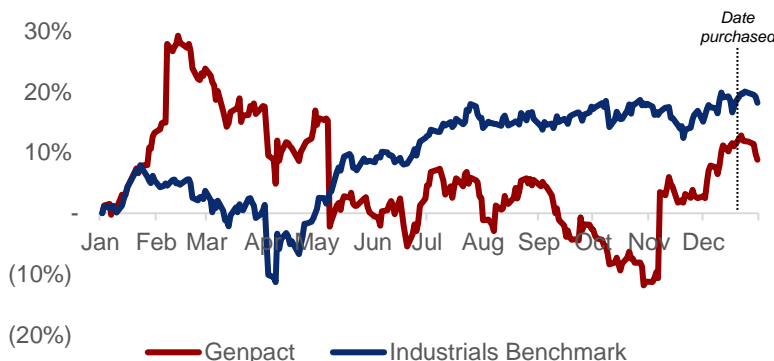
- In Q2’25, mgmt. announced GenpactNext, a rebrand focused on growing Genpact’s technology and AI related services, shifting its revenue mix towards higher revenue/margin projects. We believe the market underappreciates Genpact’s technology solutions given its history as a pure-play BPO originally (although diversified away from that for over a decade now). Genpact is uniquely positioned given its existing relationships with C-suite, access to company data & well-informed of how their clients business work gives an advantage to propose new projects.
- Price compression fears due to reduction of billable hours by AI are overblown due to outcome-based pricing model. Genpact’s gross margins are expanding, clients are investing more in AI-led solutions, and higher-value ATS work is growing at 20+% annually with >2x revenue per employee.

#### 2. Stability of Core Business Services

- Cannibalization fears of core business services segment overstated. Less than half of Genpact’s total revenue is from its legacy business process outsourcing services (BPO). We believe Genpact’s decision support services projects within this segment are well positioned to be bundled with its technology projects
- Demand for BPO continues to grow at a stable rate. These operations require domain expertise, data governance, and integration capabilities, creating high switching costs and structural barriers to insourcing

***Our price target of \$64.68 has not been reached yet. We will continue to monitor the firm for updates on the materialization of our theses.***

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Average Cost:  
 # of Shares:  
 Value Invested:  
 Portfolio Weight:  
 YTD HPR  
 YTD Benchmark Return:  
 Excess Return

# MATERIALS

2025 REVIEW & 2026 OUTLOOK

**Emily Zheng**  
*Senior Analyst*



**Yijin Wang**  
*Senior Analyst*



**Elaine Wang**  
*Junior Analyst*



**Lucas Levenson**  
*Junior Analyst*



# Materials

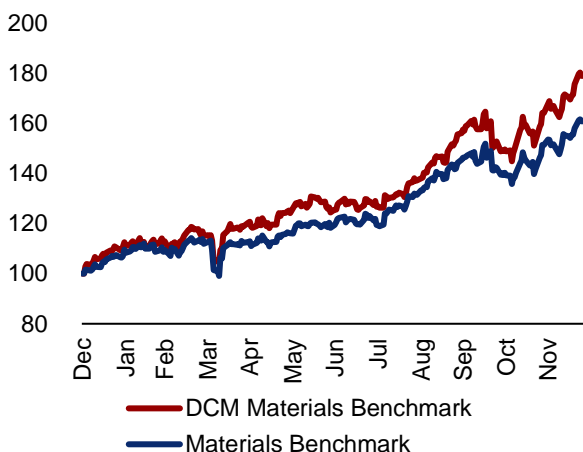
## 2025 Review

Emily Zheng, Senior Analyst  
 Yijin Wang, Senior Analyst  
 Elaine Wang, Junior Analyst  
 Lucas Levenson, Junior Analyst

### Overview

The DCM Materials sector ended 2025 returning 74.2% versus 54.2% for the Materials benchmark. The sector outperformed the S&P by 40% as AI hype dwindled in Q4 and tariffs disproportionately affected consumer and industrial sectors. Gold and silver were the highlights of the year, rallying 65% and 150% respectively. Our returns were driven by Hubday's 148% gain, on the back of copper's strong performance and operational efficiencies. In 2025, we exited our position in Nutrien, generating a return of 10.5%.

Figure 1: Materials Sector Performance 2025

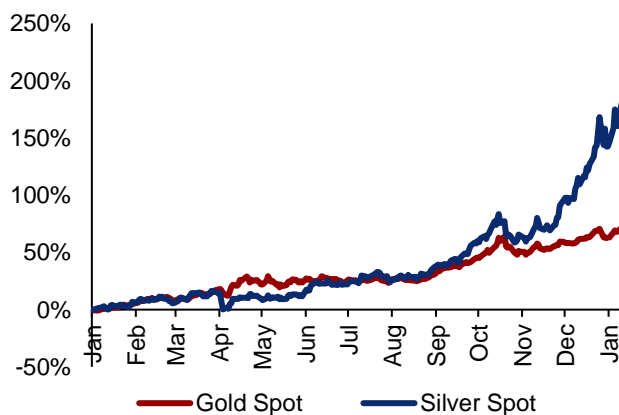


In 2025, the containers and packaging subsector ended the year with a 16.24% decline, largely reflecting a correction following strong outperformance in 2024, as well as weaker demand and packaging volumes amid tariff-related uncertainty. Meanwhile, the chemicals subsector declined 3.86%, driven primarily by inventory front-loading by end-market customers in the first half of the year, which led to weaker purchasing volumes in the second half. Specialty chemicals proved more resilient, supported by continued growth in AI, electric vehicles, and semiconductor-related end markets. Fertilizer markets faced earnings pressure in 2025 as pricing normalized from prior highs and demand remained uneven amid cautious farmer purchasing and inventory adjustments.

The metals and mining sub-sector returned 76% on the back of copper, silver and gold miners. Copper had a stellar year, rising 45%, with copper equities closely following, up 46%. Demand has been driven by four key verticals: AI, the energy transition, defense spending, and resilient core industrial demand. At the same time, supply continues to tighten. Ore grades at existing mines are declining, the world's second-largest copper mine in Indonesia experienced disruptions following a mudslide, and new projects are increasingly difficult to bring online due to regulatory hurdles and inflationary cost pressures. Aluminum has also benefited, as it is often viewed as a substitute metal, particularly in EVs and select energy applications. But the biggest highlight was silver and gold miners who returned 167% driven by parabolic movements in the metals.

Construction materials companies performed strongly in 2025, with the sector index up 23%, driven by expectations of a major infrastructure build-out across the U.S. and Europe. Tariffs increased supply-chain volatility for builders, with key inputs such as aluminum and steel facing tariffs of up to 50%. At the same time, labor costs continued to rise, up 5–7% for the year, reflecting persistent skilled labor shortages. Residential construction also lagged, as new housing starts remained stagnant amid elevated interest rates and the disproportionate impact of cost pressures on this sub-sector.

Figure 2: Gold and Silver, 2025



# Materials

## 2026 Outlook

Emily Zheng, Senior Analyst  
 Yijin Wang, Senior Analyst  
 Elaine Wang, Junior Analyst  
 Lucas Levenson, Junior Analyst

### Overview

The materials sector enters 2026 amid continued macro and policy uncertainty. Precious metals have pulled back in early 2026 following a strong rally at the end of 2025, contributing to increased market volatility. Despite this, metals and mining are expected to remain a key performance driver, supported by structural demand for copper, battery metals, and other critical inputs. Overall, sector performance in 2026 is expected to remain uneven, with selective opportunities across subsectors.

### Growth Opportunities in Containers and Packaging

Growth opportunities in the containers and packaging subsector are expected to persist in 2026, supported by smart packaging and digital innovation. Adoption of RFID, 2D barcodes, and AI-enabled systems is improving supply chain visibility, product traceability, and demand forecasting, while AI-driven design tools are increasingly used to generate packaging mockups and material prototypes, reducing development time and physical iteration costs. AI-enabled automation and machine vision continue to enhance production efficiency and quality control. Growth in live e-commerce, already well established in China and increasingly adopted in North America through platforms such as TikTok Shop, is further supporting demand for differentiated and track-and-trace-enabled packaging solutions.

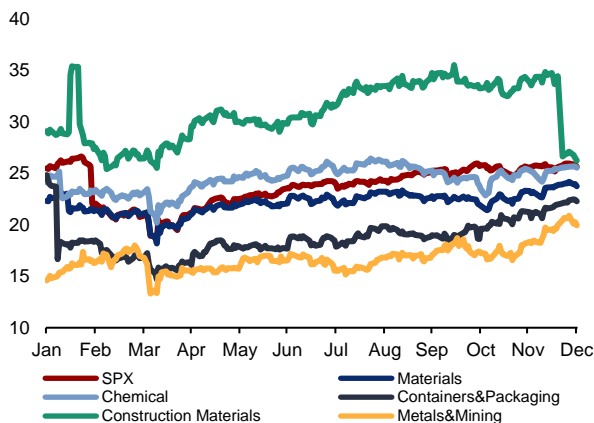
### Sustainability and Regulatory Pressures in Containers and Packaging

Sustainability regulation remains a key structural driver shaping the containers and packaging industry. Extended Producer Responsibility (EPR) programs are being rolled out across U.S. states and Canada, with most jurisdictions moving into full implementation between 2024 and 2025, and cost impacts expected to carry through 2026. While EPR may raise near-term compliance and input costs, it also incentivizes material efficiency, reuse, and recycled content adoption over time. In Europe, the Packaging and Packaging Waste Regulation (PPWR), implemented in 2025, establishes a phased transition toward a circular packaging economy, with targets for all packaging to be recyclable by 2030, reinforcing long-term investment in sustainable materials and packaging redesign.

### Regulatory Headwinds for Chemicals

Chemical demand growth is expected to remain muted in 2026, following inventory front-loading in 2025 ahead of tariff implementation, a dynamic unlikely to persist. Regulatory pressures, including EU's Carbon Border Adjustment Mechanic and broader sustainability requirements, are expected to raise input and compliance costs, while ongoing overcapacity in commodity chemicals continues to pressure pricing and margins. Offsetting these headwinds, specialty chemicals tied to semiconductor manufacturing are expected to benefit from continued AI-driven investment, supporting selective growth opportunities.

Figure 3: PE Multiples for each subsector in 2025



	10y AVG EV/EBITDA	Current EV/EBITDA	10y AVG Spread	Current Spread	Premium/Discount	DCM view
S&P 500	14.19	17.10	-	-	-	
Materials	12.71	12.34	-1.49	-4.77	-28%	OW
Subsectors						
Chemicals	14.09	14.92	1.39	-2.18	-13%	UW
Metals & Mining	9.26	8.19	-4.83	-8.91	-52%	OW
Construction Materials	16.42	17.87	7.15	0.77	5%	-
Container & Packaging	11.54	10.48	-4.88	-6.62	-39%	-

Sources: Bloomberg, Capital IQ, Deloitte, Reverse Logistics Group, European Commission

# Materials

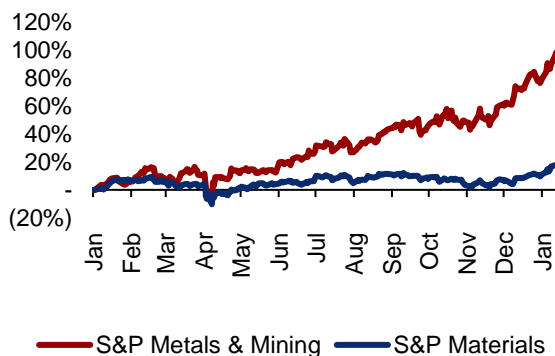
## 2026 Outlook

Emily Zheng, Senior Analyst  
 Yijin Wang, Senior Analyst  
 Elaine Wang, Junior Analyst  
 Lucas Levenson, Junior Analyst

### Digging into Metals and Mining

After a strong year, copper is well positioned to deliver further gains as demand drivers continue to strengthen and supply constraints persist. Energy transition demand is unlikely to slow, with copper usage in renewables expected to increase by 83% between now and 2040. Copper remains a critical input in renewable power generation—particularly solar—as well as in upgrading aging grid infrastructure and wiring. AI-related demand should also remain robust, as copper is essential for data centers, from power delivery systems to liquid cooling infrastructure. AI-driven copper demand is projected to rise from 1.1 million tons today to 2.5 million tons by 2040. On the supply side, miners continue to face rising input costs and declining ore grades, while long development timelines for new mines persist due to regulatory and ESG constraints. Although governments have attempted to support supply through legislation—such as the SPEED Act introduced under Trump—these measures are likely to have limited impact. As a result, improving operational efficiency will be critical for miners going forward.

Figure 4: Metals & Mining Index Performance, 2025

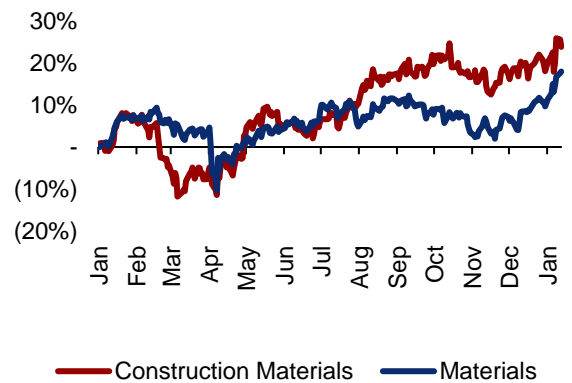


Similar to copper, expectations around grid renewal and AI infrastructure build-outs supported silver demand, allowing it to outperform gold this year. For miners, these price dynamics have translated into significantly higher cash flows that are likely to persist into the new year.

### Breaking Down Construction

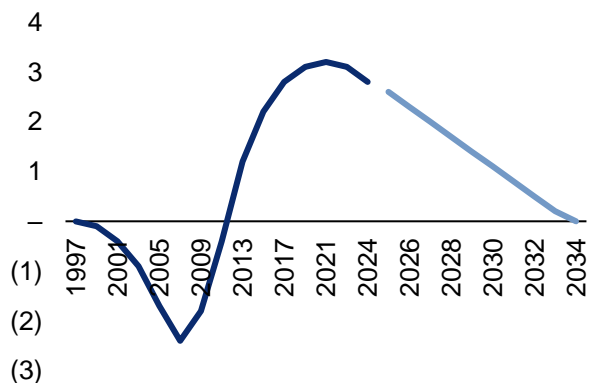
Construction materials have a strong outlook with great tailwinds from federal governments. U.S. demand will continue to be supported by renewed public spending under the IIJA as well as robust growth in specialized end markets such as manufacturing and data centers. Europe will also have a similar story with sustainable building regulation driving new builds.

Figure 5: Construction Materials Performance, 2025



Residential construction conditions are beginning to improve. Labor cost inflation has started to moderate, interest rates are expected to decline, and the structural undersupply of housing remains acute. Together, these factors position residential construction for a potential rebound in 2026.

Figure 6: Residential Housing Supply Deficit



### Company Overview

- Nutrien is a Canadian company listed on the TSX and NYSE
- The firm produces and sells potash, nitrogen and phosphate-based fertilizers to customers globally
- Nutrien is a global leader in the potash segment
- Nutrien has a dominant retail segment (> 2,000 locations in NA, SA, Australia), which offers services (lending) and products (crop nutrients & protection, seeds...) to growers
- Company originated from the merger of PotashCorp and Agrium in 2018 and employs ~25,000 globally

### Catalysts

- Fertilizer bull cycle
- Spin-off of retail segment
- Continued successful growth in Brazil

### Risks

- “Hard landing” scenario materializes, deep recession affects farmer’s yields
- China lifts export restrictions on phosphate fertilizers
- Ukraine war settlement: Belarussian and Russian exports increase potash supply

### Investment Theses

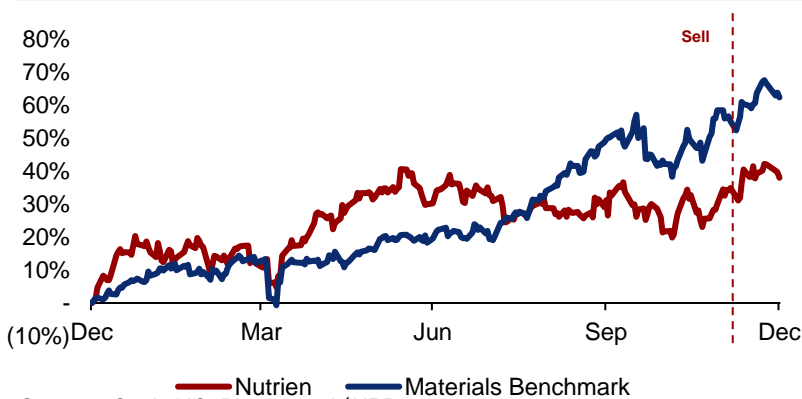
#### 1. Nutrien's Resilience and Long-term Positioning in the Fertilizer Market

- Nutrien excels with best-in-class potash production, leading to margins surpassing peers, leveraging the scarcity of this resource for market advantage
- Unlike competitors in Russia/Belarus, Nutrien operates without geopolitical risks, ensuring a consistent and stable potash supply to the global market
- Nutrien's diversified portfolio extends to nitrogen and phosphates, underpinned by a strong retail network

#### 2. Nutrien's Retail Segment

- Nutrien's retail arm, the largest global Ag-Retail network, boasts 2000+ locations and is rapidly expanding, notably through strategic acquisitions in Brazil
- The retail segment's margins outperform the commodity business, reflecting its proprietary product mix and suggesting an undervalued market potential
- Trading at par with peers, Nutrien's unique retail asset warrants a premium valuation, backed by a SOTP analysis indicating a 20% equity premium

### Stock Price and Sector Benchmark Performance



### Position Snapshot

Purchase Date	Jan 19, 2024
Average Cost	\$68.04
Sell Date	Nov 25, 2025
Sell Price	\$80.11
2025 Return <sup>1</sup>	10.5%
Benchmark Return	54.2%

# Materials

## Holdings Review – CCL



### Company Overview

- CCL Industries is a Canadian company listed on the TSX with global manufacturing operations.
- The firm designs and manufactures specialty packaging and labeling solutions for consumer, healthcare, and industrial end markets.
- CCL is a global leader in pressure-sensitive labels, operating through segments including CCL Label, Avery, Checkpoint, and Innovia.
- The company provides RFID and loss-prevention solutions used by retailers to improve inventory visibility and supply-chain efficiency.

### Catalysts

- Expansion opportunities in emerging market through acquisition
- Eco-friendly Packaging
- RFID Technology Adoption

### Risks

- Russian Joint Venture
- Inflation and Tariffs
- Distribution Risk from Foreign Operations

### Investment Theses

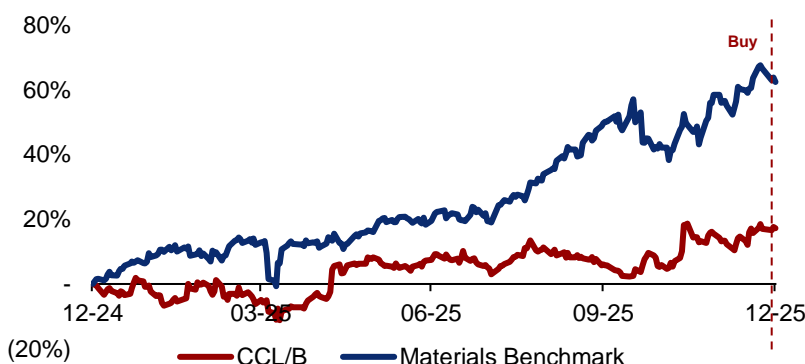
#### 1. Market is Underestimating CCL's Growth in RFID Industry

- CCL is a direct beneficiary of structural, regulation-driven RFID adoption, with Checkpoint positioning the Company at the center of global traceability and automation trends.
- CCL's unique ability to bundle RFID into its labels and packaging materially lowers adoption friction, creating a scalable competitive advantage versus pure-play RFID peers.
- The market continues to value CCL as a traditional packaging company, underappreciating its embedded RFID growth optionality and re-rating potential.

#### 2. Market is Missing CCL's Strong M&A Runway

- CCL operates in a highly fragmented labelling and packaging industry that structurally favors disciplined serial acquirers with scale and integration expertise.
- With a strong balance sheet, decades of acquisition experience, and proven synergy realization, CCL is positioned as the acquirer of choice as M&A activity normalizes.
- The market is overly focused on near-term acquisition softness and fails to price in CCL's long-term, ROIC-accretive M&A runway and EBITDA uplift potential.

### Stock Price and Sector Benchmark Performance



Sources: Capital IQ, Bloomberg

### Position Snapshot

Purchase Date	Dec.29, 2025
Average Cost	\$86.25
Value Invested	\$60,375
Portfolio Weight	3.5%
2025 Return	17.2%
Benchmark Return	54.2%

### Company Overview

- Hudbay is a Canadian company listed on the TSX and NYSE
- The firm is engaged in the discovery, production, and sale of base and precious metals, primarily copper, zinc, and gold
- Hudbay is a leading producer in the copper mining segment, with significant operations in Canada, Peru, and the United States, and currently operates three active mines
- The company originated in 1927 as Hudson Bay Mining and Smelting Co., Limited, and employs approximately 2,000 people globally.

### Catalysts

- The sanction/DFO decision expected mid -2026 for Copper World backed by Mitsubishi
- Continued geopolitical conflicts driving gold prices
- Increased construction of data centers driven by accelerated AI demand, copper shortage

### Risks

- Protests and blockades disrupting operations at the Constancia copper mine in Peru, delaying concentrate shipments
- Rising operating costs (labor, energy, equipment and logistics)

### Investment Theses

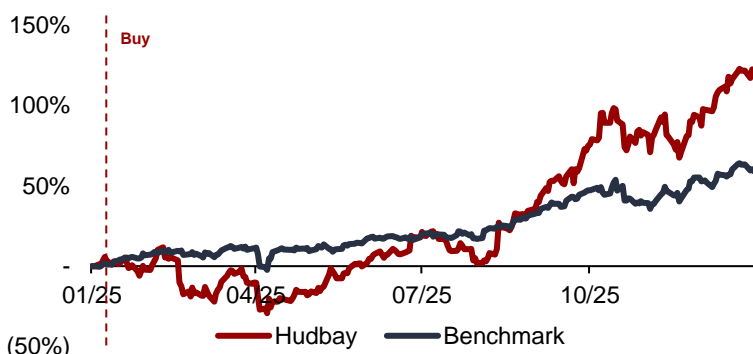
#### 1. Hudbay Catching Strong Tailwinds through Gold & Copper Exposure

- Gold prices are supported by macroeconomic uncertainty, including rising inflation, geopolitical risks, and record central bank purchases, creating a highly favorable environment for producers with significant exposure
- Accelerated Copper demand by global energy transition and AI infrastructure development driving potential supply shortage. HBM's Copper World project expected to produce ~85,000 tonnes of copper per year over a 20-year mine life, strategically positioned as "Made-in-America copper," a priority for US critical mining strategy
- Hudbay generates 30% of its revenue from gold, benefiting from its position as the copper producer with the largest gold exposure and leveraging this diversification to drive long-term growth

#### 2. Hudbay Positioned to Narrow Valuation Gap with Industry Peers

- Hudbay is trading at a 29% discount to peers on 1YR forward EV/EBITDA due to commodity cyclicality driving volatile earnings forecasts and project execution risk on Copper World despite being fully permitted
- The new management team is delivering stronger results than their predecessors, supported by a performance-driven compensation structure closely aligned with long-term shareholder interests
- With low leverage, Hudbay has flexibility to execute strategic initiatives, achieve guidance targets, and advance the Copper World project, building credibility and narrowing the valuation gap with industry peers

### Stock Price and Sector Benchmark Performance



Sources: Capital IQ, Bloomberg

### Position Snapshot

Purchase Date	Jan 22, 2025
Average Cost	\$12.46
Value Invested	\$37,380
Portfolio Weight	5.5%
2025 Return	148%
Benchmark Return	57.2%



## Program Alumni

# Program Alumni

Aiwei Dong, 2025

Olivier Tremblay, 2025

Kelly Zhang, 2024

Alexandra Barcza, 2025

Oscar Gallifet, 2025

Owen Anderson, 2024

Alyson Charles, 2025

Ryan Murray, 2025

Philippe Rabello, 2024

Arjun Kapur, 2025

Sara Chouinard, 2025

Roy Liu, 2024

Camille Herau, 2025

Shibo Cong, 2025

Serena Hua, 2024

Christophe Aclimandos, 2025

Thiara Subasinghe, 2025

Thibault Quelavoine, 2024

David Pivetta, 2025

Xavier Cauchon, 2025

Yoakim Turgeon, 2024

Elisa Bonnet, 2025

Alan Zhang, 2024

Tina Zhang, 2024

Evelyn Bojkov, 2025

Alexis Bruneau, 2024

Holden Kangas, 2025

Benjamin Doherty, 2024

Juliette Lacombe de Repentigny,  
2025

Britton Quirk, 2024

Charles Kiriazis, 2024

Katherine Lake, 2025

Colin Murphy, 2024

Marc Abi Nakhoul, 2025

Jeremy Moses, 2024

Mateo Cordoba, 2025

Jordan Rindler, 2024

Maysa Nahas, 2025

# Program Alumni

Alexa Goulas, 2023

Param Sahajpal, 2023

Sayeed Yousuf Ahmed, 2022

Beatrix Mogos, 2023

Sophie Song, 2023

Annina Deluca, 2022

Benjamin Williamson, 2023

Wenhan Hu, 2023

Brian Spivak, 2022

Bingcheng Peng, 2023

Michael Long, 2023

Ze Yi Lin, 2022

Collin Wang, 2023

Killian Ladal, 2022

Dillon Graveline, 2022

David Fishman, 2023

Benjamin Soucy, 2022

Benjamin Takacs, 2022

Declan Kingston Fry, 2023

Mirella Deng, 2022

Morgan Gill, 2022

Quynh Huynh, 2023

Zoe Wong, 2022

Jasmine Liu, 2023

Jeremy Chalifoux, 2022

Rachel Tang, 2023

Mohammed Souit, 2022

Julia Jin, 2023

Grace Danner, 2022

Julien Seguin, 2023

Leo Tousignant, 2022

Larry Ge, 2023

Frank Shen, 2022

Marc-Antoine Millaire, 2023

Joshua Levy, 2022

Matt Pein, 2023

Kehui Tong, 2022

# Program Alumni

Maxime Barbeau, 2021	Shelly Qian, 2021	Riley Wolever, 2020
Zhao Kang Chen, 2021	Ekaterina Semenova, 2021	Roy Chen Zhang, 2020
Amine Kabbadj, 2021	Kanishk Shah, 2021	Selena Zhu, 2020
Lauren Kirigin, 2021	Alexandra Tremblay, 2021	Tejas Saggi, 2019
Serge Krikorian, 2021	Sisi Wang, 2021	Ludovic Van Den Bergen, 2019
Darius Kuddo, 2021	Benjamin Caron, 2020	Eric Van Hees, 2019
Frederic Lam, 2021	Miller Cressman, 2020	Thomas Boucher-Charest, 2019
Marc Latif, 2021	Jared Gaffe, 2020	Kyle Costanzo, 2019
Jesse Li, 2021	Andrew Guerrand, 2020	Josiah Derksen, 2019
Jinghong Lin, 2021	Cody Jones, 2020	Victoire Gekas, 2019
Paul Mangoni, 2021	Rakan Lamy, 2020	Émilie Granger, 2019
Duncan McHattie, 2021	Alessio Marcogliese, 2020	Ian Jiang, 2019
Sean McNally, 2021	Timothy Sung, 2020	George Koutsos, 2019
Hashaam, Nadeem, 2021	Arasan Thangavelu, 2020	Alexandra Ma, 2019
Seth Obadia, 2021	Stanislav Timoshenko, 2020	Daniel Milne, 2019

# Program Alumni

Victoria Perlman, 2019	Jaskrit Singh, 2018	Anish Shah, 2017
Noah Thomas Petkau, 2019	Olivier Babin, 2017	Jayden Van, 2017
Matei Popescu, 2019	Quentin Batista, 2017	Jamie Wilson, 2017
Alexander Bibic, 2018	Neil Corber, 2017	Drew Allen, 2016
Robert Chen, 2018	Andre Cote-Barch, 2017	Naomie Gendron, 2016
Mackenzie Chisholm, 2018	Sercan Demirtas, 2017	Peter Huo, 2016
Charles Feng, 2018	Michael Fishman, 2017	Christophe Lussier, 2016
Antoine Francoeur, 2018	Kendyl Flinn, 2017	Jordan Owen, 2016
Sabrina Frias, 2018	Jonathan Kamel, 2017	Philippe Rich, 2016
Noah Gillard, 2018	Lambert Lefebvre, 2017	Alexandre Verroneau, 2016
Alaa Hachem, 2018	David Marcovitch, 2017	Henri St-Pierre, 2016
Ariane Laurin, 2018	Adam Marcovitz, 2017	Sean Saggi, 2016
David Meyers, 2018	Meagan Prins, 2017	Christie Wei, 2016
Thomas Milne, 2018	Tony Ren, 2017	Angel Bohorquez Colombo, 2015
Noah Petkau, 2018	Michael Saskin, 2017	Colton Dick, 2015

# Program Alumni

Edouard Gaudry, 2015	Alexandre Castonguay, 2014	Ivan Di, 2013
Joe Kaprielian, 2015	Mohammad Chowdhury, 2014	Fedric Garnier-Landurie, 2013
Xavier Le Sieur, 2015	Nicholas Di Giorgio, 2014	Emily Ren, 2013
Andrew Marcovitch, 2015	Mak Doric, 2014	Noah Senecal, 2013
Alyssa Obert, 2015	Samantha Fu, 2014	Jimmy Xie, 2013
Debra Kelsall, 2015	Rami Karabibar, 2014	Max Adelson, 2012
Jeremy Kertzer, 2015	Tyler Maxey, 2014	Marc-Antoine Allen, 2012
Daniel Kraminer, 2015	Stefano Reghelin, 2014	Matthew Corbett, 2012
Daniel Sorek, 2015	Anna Wright, 2014	Nicolas Bellemare, 2012
Alexandra Witteveen, 2015	Shuang Yun, 2014	Adam Dufy, 2012
Belal Yassine, 2015	Ali Abdullah, 2013	Roberta Klein, 2012
Alan Ang, 2014	Mohammad Awada, 2013	Jakub Kucmierz, 2012
Simon Bibeau, 2014	Rafael Barroso, 2013	Phillip Levy, 2012
Nicholas Bigelow, 2014	Simon Bouchard, 2013	Molly Newborn, 2012
Rene Boissonnault, 2014	Michael Commisso, 2013	Shimone Slomowitz, 2012

# Program Alumni

Amirali Assef, 2011

Bronwyn James, 2010

Shu Wai Chi, 2010

Matthieu Boulianne, 2011

Hadi Kamzi, 2010

Lincoln Zheng, 2010

Tigran Karapetian, 2011

Jason Kirsh, 2010

Mark Li, 2011

Kyle Marta, 2010

Michal Marszal, 2011

Sarah Mahafy, 2010

Gregory Randolph, 2011

Philippe Morissette, 2010

Jamie Tucker, 2011

Daniel Peretz, 2010

Erdel Altintas, 2010

Brian Rosen, 2010

Gabriel Bonnel, 2010

Thibaud Sonntag, 2010

Neil Cuggy, 2010

John Tarraf, 2010

Emir Coskun, 2010

Raja Uppuluri, 2010

Fatoumata Dinae, 2010

Jehangir Vevaina, 2010

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