



2025 Q3 REPORT

Honours Investment Management

Fixed Income Fund

Global Equity Fund



McGill



Honours in Investment Management Class of 2025-2026

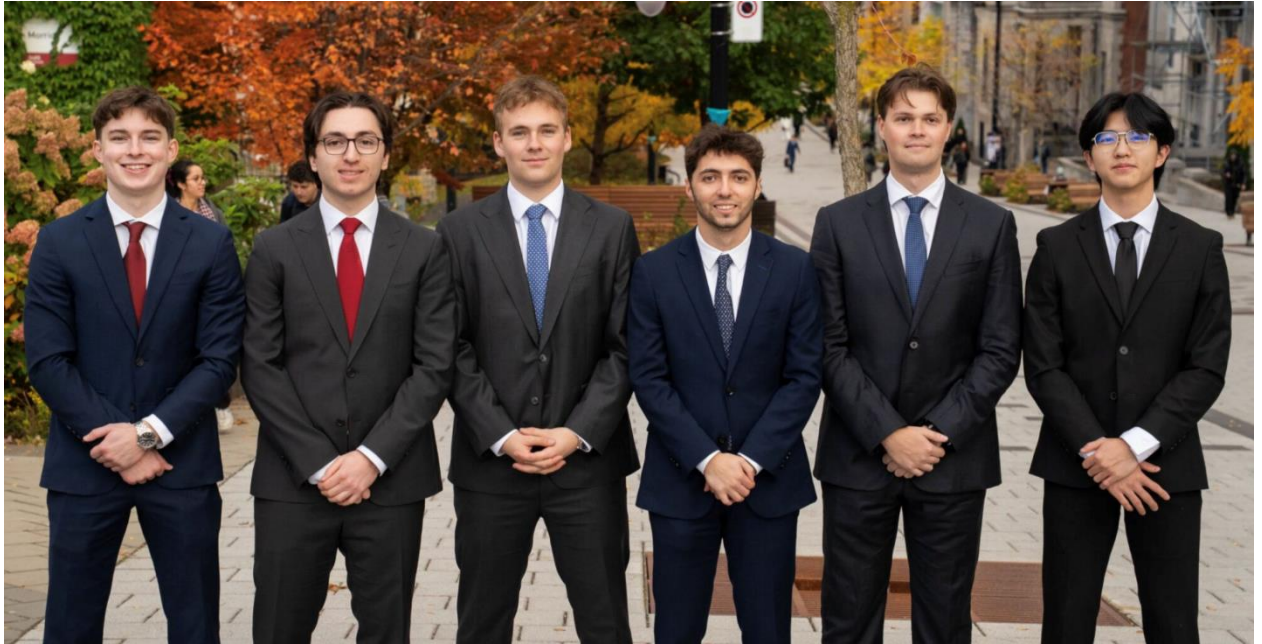
**“An investment in knowledge
pays the best interest.”**

- Benjamin Franklin

Fixed Income Fund

Recent Initiatives

Fabian Himmelstein, Strategist
 Maxime Tardif, Senior Analyst
 Felix-Antoine Gariépy, Senior Analyst
 Justin Djurovich-Thow, Senior Analyst
 Adam Xiao, Junior Analyst
 Atticus Fisher, Junior Analyst



Dear Investors,

Before we dive into performance and outlook, we'd like to give you an update on what members of the Desautels Fixed Income team have been up to over the past few months:

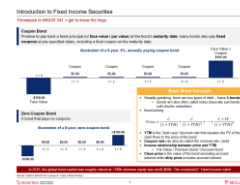
Q2 Earnings Reports (July)

The team reviewed earnings from all portfolio holdings, updated financial models, and assessed how each investment thesis has evolved to produce earnings reports and determine whether to maintain or exit our positions.



HIM Bootcamp (August)

The seniors of the Fixed Income & Global Equity Fund ran a 2-day bootcamp designed to teach best practices, as well as thesis generation and valuation to the new HIM class.



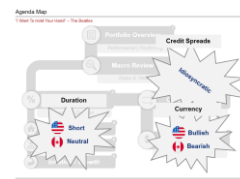
Junior Pitches (September)

The new juniors of the HIM program presented their summer pitch, a project meant to teach best practices through firsthand experience before officially starting the program.



Industry Overview (September)

The Fixed Income Fund researched and presented their views on both the Canadian and American economies to establish duration, credit rating, FX and industry positioning.



Fixed Income Fund

Q3 Performance Summary

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 Maxime Tardif, Senior Analyst
 Felix-Antoine Gariépy, Senior Analyst
 Justin Djurovich-Thow, Senior Analyst
 Adam Xiao, Junior Analyst
 Atticus Fisher, Junior Analyst

Overview

We are pleased to report that the Fixed Income Fund has returned to outperforming the benchmark in Q3, continuing a trend observed over the past five years. During the quarter, the fund achieved a gross return of 2.49%, versus 2.47% for our benchmark (45% Barclays Aggregate Bond Index, 45% DEX Universe Bond Index, and 10% Citi International Treasury Bond Index, in CAD). Year-to-date, however, the fund underperformed slightly, posting a return of 2.17% versus the benchmark's 2.47%.

Overall, performance this quarter can be attributed to two main factors: duration positioning and corporate bond selection. Historically, our alpha generation has been driven by duration management, supported by selective corporate exposure. One of our strongest contributors this quarter was VF Corp, which tightened 80 bps through Q3. Micron Technology also delivered positive results, with continued OAS compression supported by strong cash flow resilience, while SmartCentres REIT maintained stable performance and industry-leading occupancy. Full details on corporate holdings are provided in the Holdings Update section further below.

A key driver of results has been our duration strategy. While our shorter-duration stance weighed on performance earlier in the year, maintaining this position through Q3 has since proven beneficial, contributing to the recent outperformance. The fund currently holds a duration of 5.58 compared to the benchmark's 5.85, and we plan to move toward an even shorter duration for the reasons outlined below.

No trades were executed during the quarter. The most recent acquisition was VF Corp 2.950% 2030, purchased at the end of October 2024. Looking ahead, we will continue to focus on high-conviction corporate bond selection supported by rigorous fundamental analysis, while maintaining disciplined oversight of our duration, credit exposure, and currency positioning as discussed in the following sections.

Figure 1: YTD Fund Performance vs Benchmark

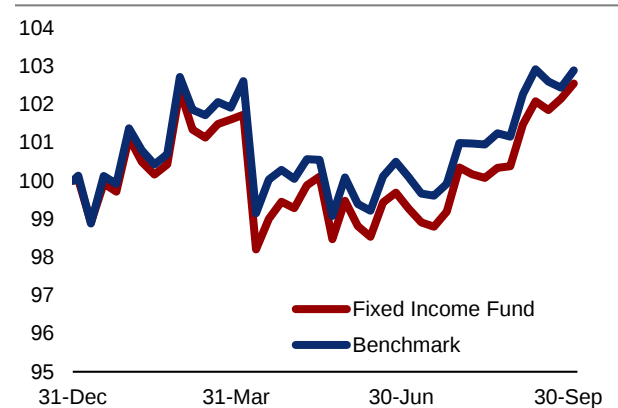


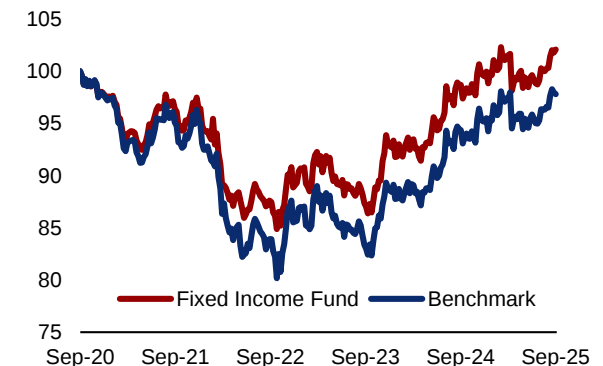
Figure 2: Performance Metrics In 2025

FIXED INCOME PERFORMANCE METRICS YTD		
	Fixed Income Fund	Benchmark
Return	2.2%	2.5%
Standard Deviation	6.4%	6.4%
Sharpe Ratio	0.02	0.02
Beta	0.98	
Alpha	(0.3%)	
Tracking Error (Weekly)	0.16%	

Figure 3: Performance Metrics in Q3 2025

FIXED INCOME PERFORMANCE METRICS Q3 2025		
	Fixed Income Fund	Benchmark
Return	2.5%	2.5%
Standard Deviation	3.5%	3.5%
Sharpe Ratio	0.42	0.42
Beta	0.95	
Alpha	0.1%	
Tracking Error (Weekly)	0.14%	

Figure 4: 5-Year Fund Performance vs Benchmark



Fixed Income Fund

Q3 Yield Curve and Credit Overview

Yield Curve

The US yield curve remained relatively flat in Q3, with the front-end rallying slightly on fed rate cut expectations due to lackluster new jobs data and pressure from President Trump to cut rates. As for 10-to-30-year yields, they remained rangebound on continued sticky core inflation and a cautious federal reserve stance.

In Canada, the yield curve steepened with short-term rates (≤ 1 year) dropping more than 20 bps, while the 30-year rate rose about 10 bps. This move reflected growing expectations that the Bank of Canada would begin easing policy in 2026 as cracks start to emerge in both the labor and housing market due to the higher rate environment and tariffs.

Credit Spread Overview

Over the past year, credit spreads have continued to tighten across both the investment-grade (IG) and high-yield (HY) segments, reflecting strong demand for fixed income amid ongoing equity market uncertainty. Within investment grade, the BBB, A, and AA-rated buckets have experienced modest compression, tightening by roughly 10–20 basis points. In contrast, the high-yield segment has seen more pronounced spread tightening, ranging from approximately 20 to 70 basis points depending on the credit tier.

This broad-based compression has been driven by several factors: sustained investor inflows into the bond market as rate volatility subsides, limited corporate issuance keeping supply constrained, and increasing expectations for Federal Reserve rate cuts in 2025. Together, these forces have supported valuations and fueled demand across the credit spectrum.

However, the tightening has also pushed spreads toward historically low levels. The relative spread between HY and IG has narrowed substantially, making high-yield bonds appear increasingly expensive compared to investment-grade debt. With HY spreads roughly 0.9 standard deviations below their long-term average, the margin for further tightening seems limited.

Figure 5: US Yield Curve Movement in Q3

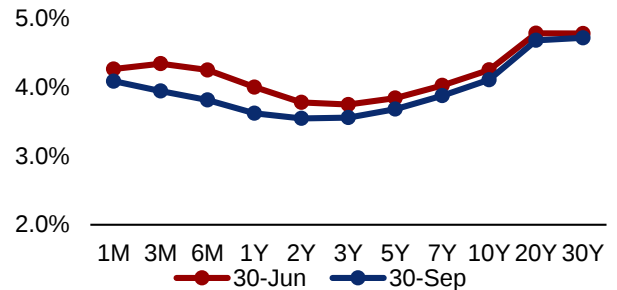


Figure 6: Canada Yield Curve Movement in Q3

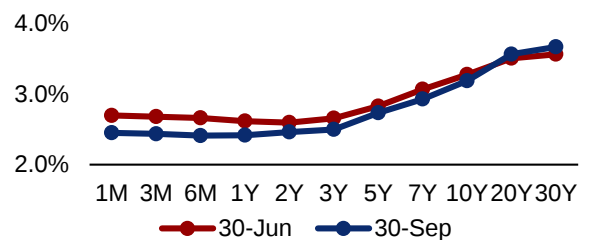


Figure 7: Investment Grade OAS Performance

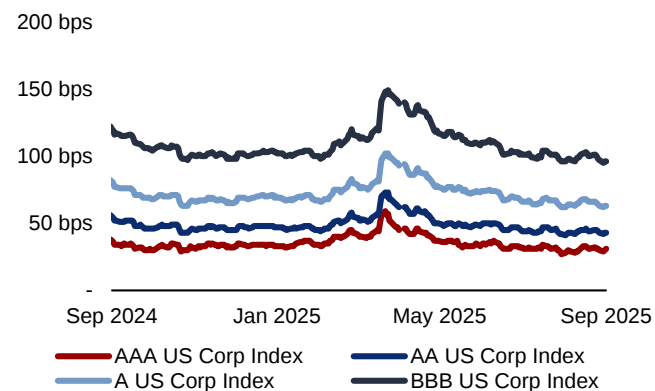
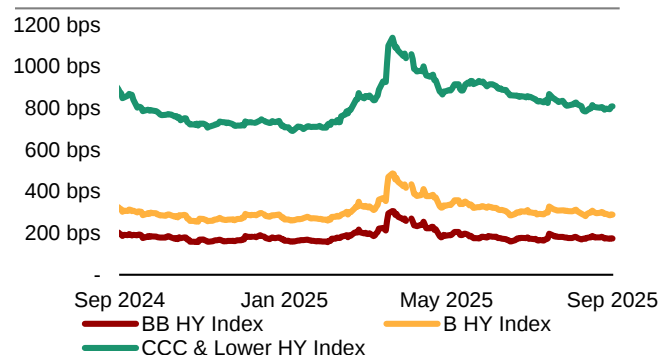


Figure 8: High Yield OAS Performance



Fixed Income Fund

Q3 Strategy Overview

Duration Outlook

The Fixed Income Team reassessed duration positioning this quarter amid diverging monetary policy and mixed inflation trends. Markets are currently pricing roughly 100 bps of Fed cuts and 30 bps of BoC cuts by late 2026, but we believe the U.S. market remains overly optimistic. Persistent core inflation and resilient labour conditions suggest the Fed will ease more cautiously, while Canada's weaker housing and consumer backdrop supports an earlier, deeper BoC easing cycle.

The Fund therefore maintains a short U.S. duration stance to guard against bullish steepening if the Fed resists market-priced cuts, and a neutral-to-slightly-long Canadian duration to capture carry and roll-down as the BoC stays dovish. With a portfolio duration of 6.6 years versus 6.7 for the benchmark, positioning remains balanced — short enough to limit downside from rising U.S. yields yet long enough to benefit from gradual curve normalization in Canada.

Looking ahead, we expect U.S. yields to stay range-bound near 4–4.25%, while Canadian yields drift lower as growth softens. Our focus remains on active curve management, overweighting the 5–10-year segment in Canada and keeping the U.S. long end light, with flexibility to extend duration tactically should inflation continue to moderate.

Credit Exposure Outlook

Corporate spreads tightened further during the third quarter, leaving valuations across investment grade, high yield, and sovereign sectors historically compressed. The risk premium investors receive for taking on credit exposure remains limited, with markets pricing in a benign default environment and a soft-landing scenario. Against this backdrop, we view broad credit as fully valued and see limited opportunity in traditional spread compression trades. Our focus has therefore shifted toward idiosyncratic alpha generation

rather than sector or rating-based positioning. The team continues to identify company-specific opportunities where fundamentals are improving or where technical dislocations have created temporary mispricing. Strong balance sheets, stable cash flows, and prudent capital allocation remain central to our selection process.

While top-down valuation signals caution, fundamentals across corporate issuers are generally solid, supported by strong liquidity buffers and access to refinancing. We remain vigilant toward refinancing risk in smaller, more leveraged issuers as maturities cluster in 2026–27, but do not expect systemic stress in the near term. The fund's credit stance is therefore neutral overall, emphasizing diversification, quality, and rigorous bottom-up analysis to generate excess return in an environment where broad credit beta offers limited upside.

Currency Strategy

This semester, we took the stance of being overweight USD. This decision was based on relative central bank policies, structural weakness in the U.S. labour market, and our view of persistent inflation in the U.S. Early retirements among older workers and tighter immigration have reduced labour force participation, keeping supply structurally weak and limiting the potential for rate cuts. On the inflation side, while headline CPI has remained relatively stable, we believe U.S. consumers will gradually bear more of the tariff-related cost pressures that firms have so far absorbed through lower margins and pre-buying inventories. As these buffers fade, inflation is likely to rise modestly and remain sticky through 2025 onwards. In contrast, the Canadian dollar faces weaker support as its correlation with oil prices continues to decline significantly since the Russia-Ukraine war, reducing its historical appreciation to commodity gains. Ultimately, we believe the Fed will remain more hawkish than the BoC, supporting our overweight position in USD.

Fixed Income Fund

Q3 Labour Outlook

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 Justin Djurovich-Thow, Senior Analyst
 Adam Xiao, Junior Analyst
 Atticus Fisher, Junior Analyst

Labour Market Dynamics and Duration Positioning

The labor markets in both the US and Canada showed weakness in August, with unemployment rates reaching 4.3% and 7.1% respectively—the highest levels since Q3 2021, reflecting subdued business appetite for hiring. In Canada, higher immigration levels have disproportionately impacted youth unemployment, which approached 20% in August. Meanwhile, the US 4-week moving average of initial jobless claims sits near three-year highs at 237,500. Across sectors and demographics, both coincident and leading indicators point to softening labor demand.

Divergence from Consensus

The Street's consensus view anticipates both economies will need to create "fewer jobs for fewer workers," implying room for significant monetary easing. However, DCM takes a more hawkish stance based on structural labor supply constraints. We identify two critical factors driving persistent supply contraction: first, early retirements among the 55-66 age cohort have materially reduced labor force participation rates; second, the Trump administration's policies curtailing foreign worker supply continue to reduce net workforce entrants. Crucially, these supply-side dynamics are insensitive to monetary policy—rate cuts will not reverse retirement decisions or immigration restrictions, meaning the labor market may tighten faster than traditional models suggest as demand stabilizes.

Implications for Duration

Given our view that structural supply constraints will prevent significant labor market slack from developing, we see less urgency for aggressive rate cuts than the market currently prices. This is reinforced by the ongoing US government shutdown limiting real-time data visibility, and Canada's policy rate already at 2.5%, leaving limited room for further cuts. We therefore position for less duration extension than consensus, expecting terminal rates to settle higher than current market expectations.

Sources: Bloomberg, Federal Reserve, FRED, RBC, TD Economics

Figure 9: Trailing 5 Year Unemployment Rate

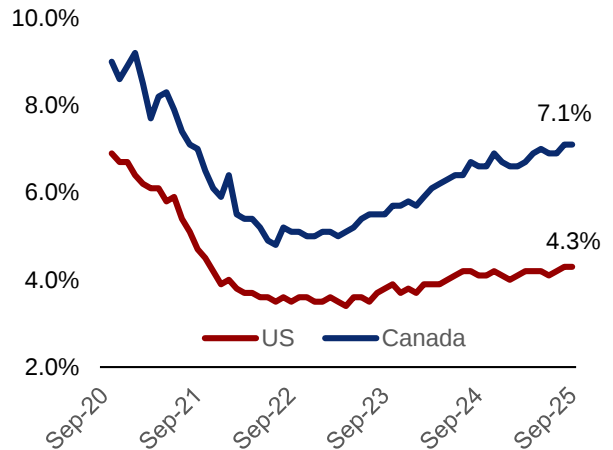


Figure 10: Labour Force Participation Rate, Ages 55+

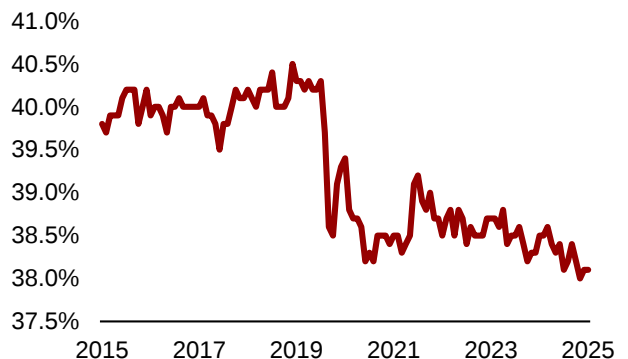
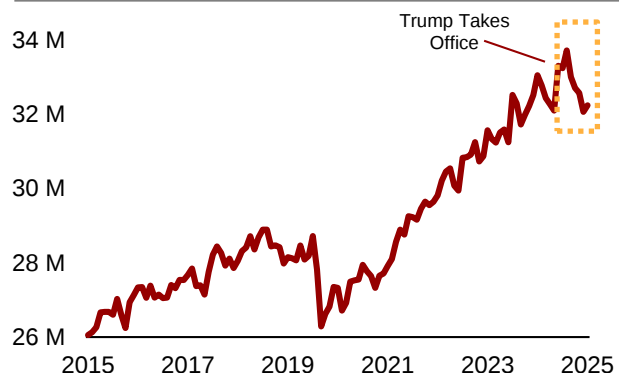


Figure 11: Foreign-born Labour Force Growth



Fixed Income Fund

Q3 Inflation Outlook

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 Atticus Fisher, Junior Analyst

Inflation Outlook

Inflation dynamics across North America have begun to diverge, with the United States showing a delayed response to recent tariff measures while Canada appears to have absorbed much of the impact already. In the U.S., while headline CPI has gradually climbed since the implementation of retaliatory tariffs, it hasn't surpassed 3 percent since the start of 2025 (see Figure 12), suggesting the economy has yet to feel the full effects. Rather than passing higher import costs to consumers, many American firms have temporarily shielded households by absorbing these expenses (see Figure 13) through margin compression and inventory stockpiles. Companies also accelerated purchases ahead of tariff implementation to lock in pre-tariff pricing, delaying higher consumer prices.

A useful case study can be seen in perishable imported goods, which cannot be pre-bought or stockpiled. Since the start of 2025, coffee and banana prices in the U.S. have risen by over 15 percent (see Figure 14) and 7 percent, respectively, illustrating how quickly tariffs can feed through to consumers when firms have limited flexibility. As broader inventories are depleted, we expect a similar pattern across other categories, gradually lifting prices. Market indicators reinforce this outlook, with both two-year and ten-year breakeven inflation rates sitting above the Fed's 2 percent target, signaling expectations for persistent inflation.

In contrast, Canada's inflation adjustment appears further along. CPI has already increased by roughly 50 basis points since the start of the year, reflecting the more immediate pass-through of tariffs to consumers. Unlike in the U.S., inflation expectations remain well anchored, with both two-year and ten-year breakeven rates near the Bank of Canada's 2 percent target. While both economies remain above their inflation goals for now, the U.S. is likely to face more gradual and persistent upward pressure as the delayed effects of tariffs continue to materialize.

Figure 12: U.S. CPI TTM

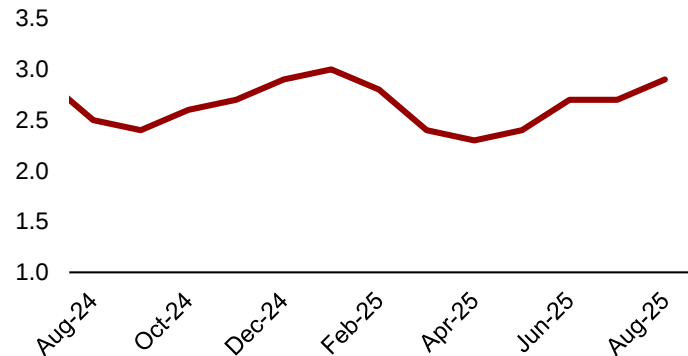


Figure 13: Contribution to Tariff Bills

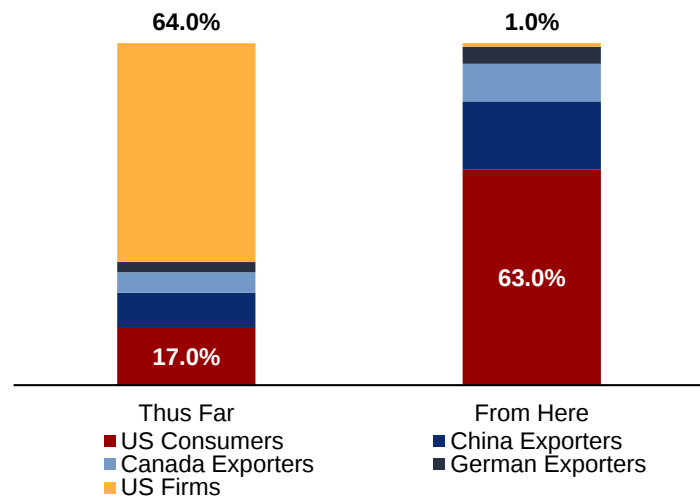
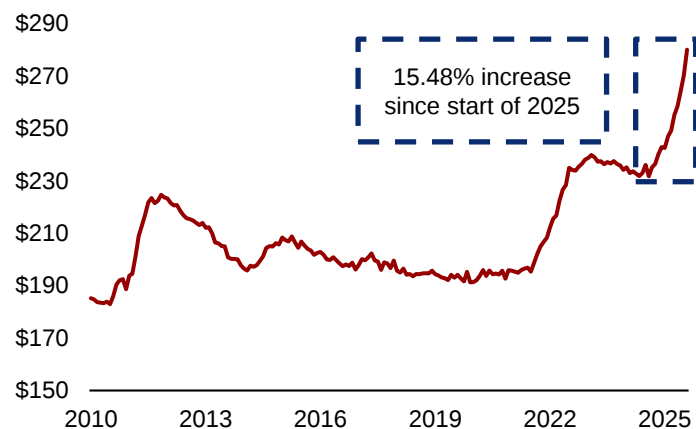


Figure 14: Coffee Prices (\$USD)¹



1. Index 1982 –1984 = 100

Fixed Income Fund

Q3 Select Holdings Update

Micron Technology, Inc.



MU 5.327% 2029

In Q1 2023 the Fixed Income Fund initiated a position in Micron's 6.750% bond maturing in 2029. Originally pitched during November of 2022, the Fixed Income Fund believed that the company's forecasted cash flows were being overly punished by the market leading a mispricing of the bond's risks. Specifically, the Fixed Income Fund believed that the diverse end market of Micron's DRAM products would support the company's top line numbers during a market downturn.

The bond was pitched with a target OAS of 39 bps above the S&P Corporate Bond Index. While it was trading at 102 bps above the index in November 2022, it now trades around 12 bps below the index, passing our target spread. Since our purchase, the Micron bond has been one of the fund's top performers. Q3 continued to be positive for Micron; the bond saw OAS compression of 22 bps compared to 8 bps for the S&P500 Corporate Bond Index.

SmartCentres REIT



SRU 3.834% 2027

We initiated a position in SRU 3.834% 2027 in Q1 2019 after screening for recession-resilient issuers with strong recurring revenue. SmartCentres' focus on necessity-based retail and its tenants' high switching costs supported steady performance and materialized our initial thesis of stability through cycles. Risks related to its extensive development pipeline were mitigated through disciplined project selection and sector diversification, including exposure to trending asset classes such as self-storage. SmartCentres continues to lead the industry in occupancy at 98.6%, outperforming peers such as First Capital REIT and RioCan REIT.

Q3 was another strong quarter for our SRU holding, with OAS compressing 14 bps compared to 11 bps for the ICE BofA BBB U.S. Corporate Index.

Management continues to execute selective asset dispositions even in a difficult commercial real estate investment environment, reinforcing balance sheet discipline and liquidity strength.

VF Corp.



VFC 2.950% 2030

We initiated a position in V.F. Corp 2.950% 2030 bonds in Q4 2024 at an OAS of ~180 bps, driven by conviction in Vans' turnaround potential and management's robust plan to repair the balance sheet. At the start of 2025, the bonds experienced notable spread widening as the turnaround showed limited progress. However, as underperforming stores closed, wholesale distribution was streamlined, and new nostalgia-driven campaigns launched, operating metrics began to improve—leading to sustained spread compression since April 2025. The bond was our top performer in Q3, tightening 80 bps compared to 16 bps for the ICE BofA US High Yield Index.

Gross margin expanded 270 bps, net debt declined \$1.4 billion YoY, and leverage is now approaching the 2.5× target that management reaffirmed—a key milestone the fund anticipated. In addition, V.F. Corp's \$600 million cash sale of Dickies to Bluestar Alliance further supports deleveraging efforts and underscores the marketability and value of its brand portfolio.

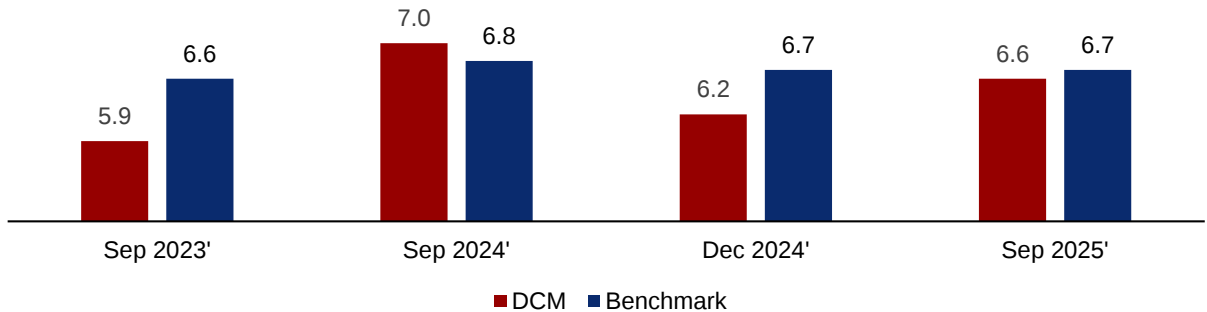
While near-term risks remain, V.F. Corp's strategic realignment, improving fundamentals, and demonstrated resilience justify maintaining a HOLD rating. The fixed-income team will continue monitoring Vans' turnaround progress, leverage trends, and macroeconomic conditions to reassess positioning in upcoming quarters.

Fixed Income Fund

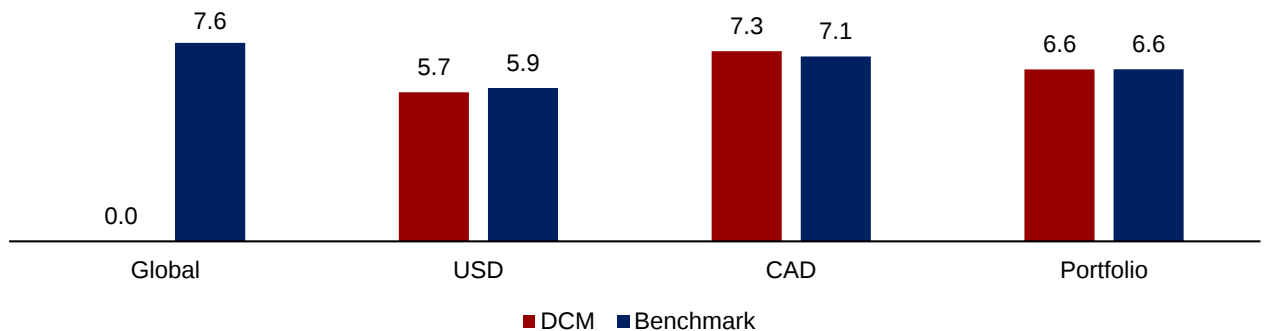
Q3 Fund Overview

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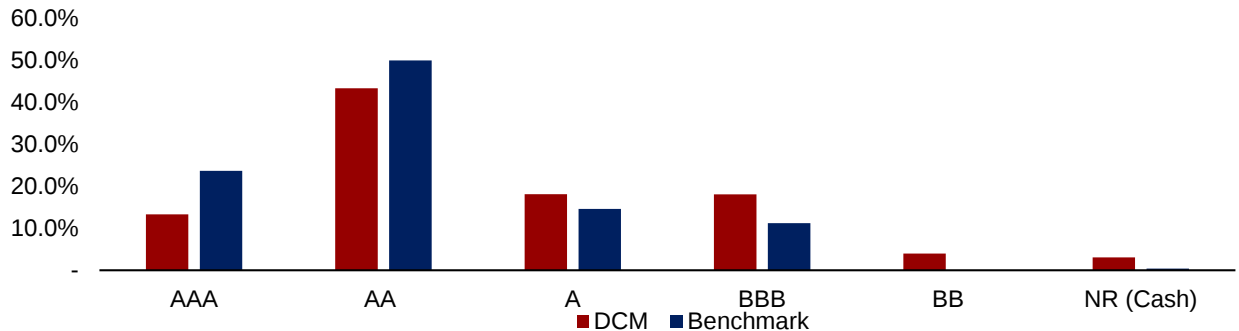
Fixed Income Fund Duration vs. the Benchmark



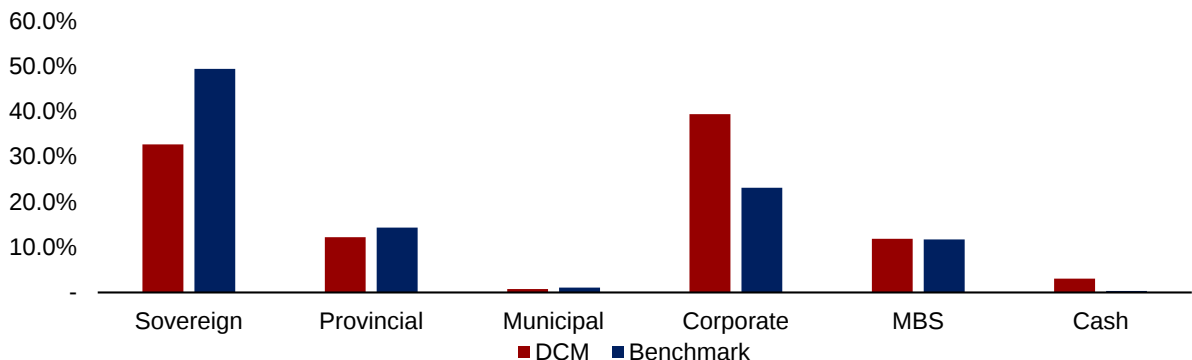
Currency Duration: Fixed Income Fund vs. the Benchmark



Fixed Income Fund Credit Rating Exposure vs. the Benchmark



Fixed Income Fund Sector Allocation vs. the Benchmark



Sources: DCM

Global Equity Fund

Q3 2025 Fund Update

Performance Overview

Dear Investors,

The Global Equity Fund delivered a gross return of **14.0%** in Q3 2025 vs. **11.6%** for our blended benchmark (comprised of 60% S&P TSX and 40% S&P 500). YTD Fund performance is equal to that of our benchmark at **18.4%**.

As discussed in more detail later in this newsletter, the Fund's relative performance improved during Q3, as the strength of our prior stock selection and the rebound of tariff-sensitive holdings helped eliminate the gap with our benchmark.

This semester, we were pleased to formally onboard 15 new Junior Analysts to the Global Equity Fund. The caliber of students joining the HIM program continues to impress, as reflected in the quality and analytical rigor of their individual summer stock pitch projects.

On behalf of the HIM program, we thank you, our investors. The experience and skills we gain through our work in HIM would not be possible without your continued support. We also thank Professors Vadim di Pietro and Jiro Kondo for their continuous guidance and mentorship. We hope you enjoy reading this newsletter.

Market Recap

Equity markets advanced strongly in 2025, though the path was uneven. The year began with cautious optimism, as recession fears from 2024 faded, earnings expectations improved, and a pro-business U.S. policy backdrop followed the late-2024 U.S. election.

That optimism was tested by late Q1, as trade tensions began to dominate headlines as the new U.S. administration floated tariff proposals. These concerns peaked in early April with the sweeping "Liberation Day" tariffs, triggering a sharp correction across global markets and pressuring trade-sensitive sectors.

Markets rebounded through the summer as solid earnings and renewed AI enthusiasm lifted growth expectations. By mid-year, moderating inflation allowed the Fed and Bank of Canada to begin rate cuts, reinforcing risk appetite and supporting equity valuations.

Canada's resource-heavy market further benefited from surging metal prices, with gold reaching record highs amid the "fiat debasement trade" and copper climbing on tight supply and electrification demand. In the U.S., the rally broadened beyond technology into industrials, financials, and consumer discretionary sectors, as easing policy and resilient growth boosted confidence. By September 30, the S&P 500 and S&P TSX were up 13.7% and 21.4% year-to-date, respectively; both at all-time highs.

Notes: All figures reflect data as of market close on Sept. 30, 2025; (2) Annualized.

Global Equity Fund

Assets Under Management (AUM): \$1.4M

Ethan Wu | Global Equity Strategist
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Q3 2025 Fund Performance

Global Equity Fund: 14.0%
Benchmark: 11.6%
(+/-): 2.4%

YTD Fund Performance

Global Equity Fund: 18.4%
Benchmark: 18.4%
(+/-): 6 bps



Metric	GE Fund	Benchmark
Return	18.44%	18.38%
Std. Deviation ⁽²⁾	17.14%	13.45%
Sharpe Ratio	0.89	1.13
Beta	1.20	
Tracking Error ⁽²⁾	6.35%	

YTD Fund Performance by Sector

Best Performing Sectors

Materials: **57.5%**
Industrials: **21.7%**
Information Technology: **14.8%**

Worst Performing Sectors

Healthcare: **(15.1%)**
Real Estate: **(2.9%)**
Consumer Discretionary: **3.4%**

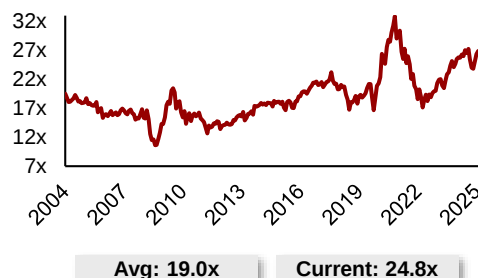
Market Valuations & Outlook

Equity valuations remain elevated relative to historical averages. As of Sept. 30, the S&P 500 traded at a forward P/E of ~24.8x, above its long-term average of ~19.0x. The CAPE (or Shiller P/E) ratio – which compares prices to inflation-adjusted average earnings over 10 years to smooth out cyclical effects – tells a similar story at ~38.0x vs. a historical average of ~21.6x. The Fed Model – which compares the equity earnings yield to the 10-year U.S. Treasury yield – has also turned slightly negative at -0.5% vs. a historical average of +1.9%, indicating that equities now “yield less” than bonds.

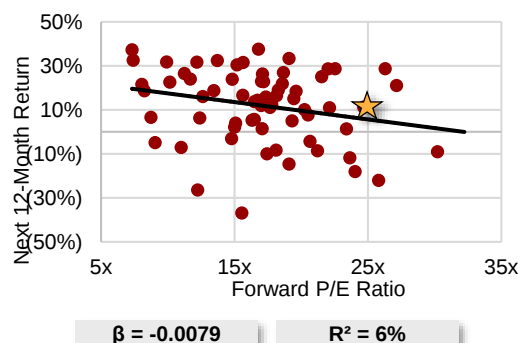
That said, the market’s starting valuation levels (measured by forward P/E) have historically explained little about the subsequent 12-month returns, as shown in our regression analysis’s low R^2 of ~6%. In practice, elevated valuations can persist when supported by structural factors such as solid earnings growth, low real yields, and credible long-term growth themes. More recently, markets have continued to price in a durable structural growth tailwind from advances in artificial intelligence (AI), which investors expect to enhance productivity and profitability across sectors.

In our view, current valuations may make the market “expensive” but not necessarily overvalued. The greater risk lies in whether corporate earnings expectations remain achievable, rather than in valuations themselves. Current valuation levels may not preclude acceptable equity returns, but do reduce the margin for error if earnings disappoint. Accordingly, we continue to manage the Global Equity Fund with a beta near one – focusing on bottom-up stock selection as the primary source of alpha, rather than attempting to time broad market valuation cycles.

S&P 500 – Forward P/E Ratio



Forward P/E vs. Next 12-Month Return



Sector Outlooks

At the start of each academic year, our sector teams deliver Industry Overview presentations highlighting key subsectors and themes of interest for the year ahead. These insights help shape our research priorities and stock screening focus throughout the year. Below are subsectors or verticals identified as areas of continued research or potential overweighting positioning.

Overweight Subsectors & Verticals

Energy	Healthcare	FIG	Consumers	Industrials	TMT	Materials
Midstream	Providers & Svcs.	Insurance	Auto & Comp.	Machinery	Entertainment	Containers & Pkg.
	Biotech	Exchanges & Data	Staples D&R	Air Freight & Log.	Liquid Cooling	Metals & Mining

For example, within Energy, the Midstream subsector was highlighted for its underappreciated exposure to rising U.S. LNG exports and data center energy demand – drivers that support steady throughput growth despite policy worries that have compressed multiples. Meanwhile, within TMT, the Entertainment subsector’s Sports Rights & IP Owners vertical emerged as a theme amid surging private capital inflows into sports. Investor sentiment is shifting favorably given the vertical’s stable, contractual revenues backed by loyal fans and expanding streaming partnerships. As the financialization of sports continues, rising private-market multiples reinforce the scarcity value of the few publicly-traded premium franchises like TKO Group.

Top Performers YTD

Hudbay Minerals (TSX:HBM)

Price: \$21.08 – **Cost:** \$12.47



73.8% YTD – We invested in HBM for leveraged copper and gold exposure under a rebuilt management team restoring cost discipline and execution credibility. Our thesis of margin recovery and balance-sheet repair has played out: unit costs fell to record lows, copper output rose, and higher gold revenue (~38% share in Q1) further strengthened margins. Rising copper and gold prices then drove sharp earnings growth. The new US\$600M JV with Mitsubishi on Copper World validated long-term growth and derisked the pipeline. With net leverage at historical lows and durable commodity tailwinds, we continue to hold as HBM remains positioned for structural copper deficits and further rerating potential.

Tornado Infra. Equipment (TSXV:TGH)

Price: \$1.90 – **Cost:** \$1.24



58.3% YTD – We invested in TGH as a high-conviction micro-cap play on North America's infrastructure-driven demand acceleration for hydrovac. TGH's operational leverage, expanding production capacity, and rising market share positioned it to convert the sector's secular demand into outsized earnings. Execution validated this thesis: the accretive CustomVac acquisition and a four-year Ascend Hydrovac supply deal secured multi-year revenue visibility, while scale efficiencies lifted margins and cash generation. This strength and niche leadership ultimately attracted The Toro Company's all-cash C\$1.92/share acquisition of TGH (~C\$279 M), crystallizing a strategic control premium.

Bayer AG (OTC:BAYRY)

Price: US\$8.29 – **Cost:** US\$7.72



69.9% YTD – We invested in BAYRY for a mispriced turnaround of its Pharma business, legacy liability de-risking, and repositioning of its Crop Science platform under a new leadership team. Our thesis is coming into focus: blockbuster drugs Nubeqa and Kerendia posted 50%+ YoY sales growth, driving upgraded FY'25 guidance. Meanwhile, provisions for U.S. herbicide litigation (notably Roundup) are moderating, cleaning the path for value unlock. With the balance sheet strengthening and restructuring momentum accelerating, we continue to hold as we believe further upside remains as the market continues re-rating BAYRY's stronger growth and lower risk, as it still trades below peers.

Airbus SE (OTC:EADSY)

Price: US\$58.22 – **Cost:** US\$41.04



46.1% YTD – We invested in Airbus for exposure to the commercial aerospace upcycle through the stronger side of the Boeing–Airbus duopoly, as the market underappreciated its backlog-driven pricing power while over-fixating on temporary delivery issues. As global traffic and replacement demand normalized, Airbus executed on its production ramp towards its 2025 target of 820 aircraft, benefitting from a favourable A321neo and A350 mix. Margins expanded on scale efficiencies and improving supply chains, and backlog monetization remains strong with pricing discipline intact as Boeing's constraints persist. We continue to hold as Airbus remains best positioned for sustained growth.

Worst Performers YTD

UnitedHealth Group (NYSE:UNH)

Price: US\$345.30 – **Cost:** US\$539.98



(31.7%) YTD – We invested in UNH for its dominant integrated platform (UnitedHealthcare + Optum) positioned to capture secular growth in Medicare Advantage and value-based care. The stock's decline first began after the targeted killing of UnitedHealthcare's CEO in Dec. 2024, which has since amplified headlines around PBM reform, DOJ scrutiny, and elevated medical cost utilization. While these risks are real, the underlying cash-flowing business remains resilient: UNH reaffirmed FY'25 guidance, membership growth continues, and Berkshire Hathaway disclosed a ~US\$1.6B stake in Q2 2025. We continue to hold as fundamentals remain robust relative to the risks now reflected in valuation.

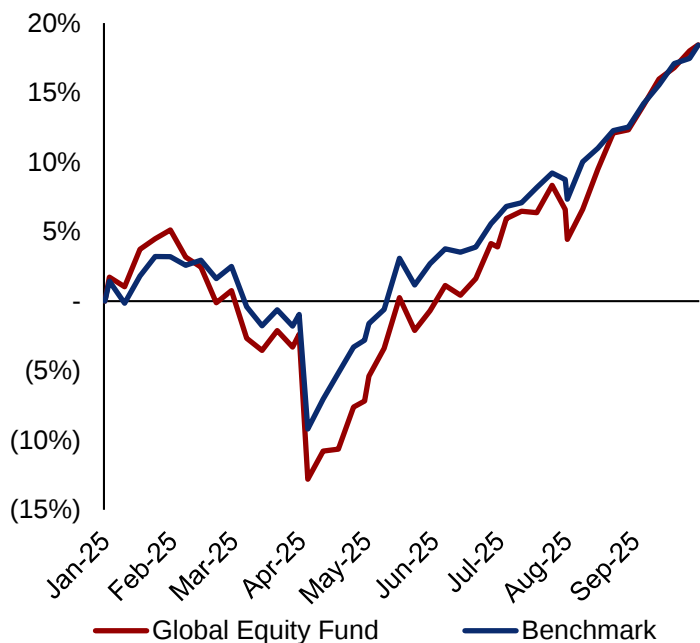
Illumina Inc (NASDAQ:ILMN)

Price: US\$94.97 – **Cost:** US\$145.91



(28.9%) YTD – We invested in ILMN for its many underappreciated moats in genome sequencing (~80% market share) and M&A runway post-GRAIL divestiture. The stock's decline reflected competitive concerns, China's export ban (single-digit revenue impact; now lifted), and lingering post-GRAIL spin-off sentiment. With this overhang now behind it, ILMN has refocused operations, launched a US\$100M cost-savings program, and advanced M&A to broaden its multi-omics reach (notably its ~US\$350M SomaLogic acquisition). With Q3 results marking a return to profitability, margin recovery, and upgraded FY'25 guidance, we continue to hold as valuation still discounts a dominant market leader.

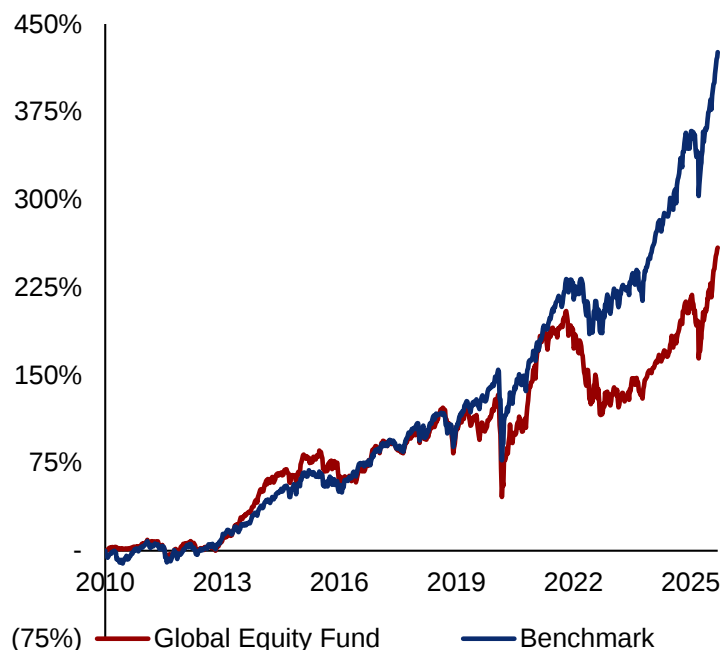
Performance Metrics YTD⁽¹⁾



Metric	GE Fund	Benchmark	(+/-)
Return	18.44%	18.38%	6 bps
Std. Deviation ⁽²⁾	17.14%	13.45%	369 bps
Sharpe Ratio	0.89	1.13	(0.24)
Beta	1.20		
Tracking Error ⁽²⁾	6.35%		

Year to date, the Global Equity Fund has returned **18.44%**, in line with the benchmark's **18.38%**. The Fund's beta over the period was slightly elevated at 1.20, largely due to our holdings happening to be more sensitive to U.S. tariff headlines, which was not a deliberate positioning choice. Excluding the temporary impact of the "Liberation Day" tariff shock, our fund's beta measures close to our target beta of 1.00. Tariff sensitivity also contributed to higher YTD volatility of 17.1%, slightly lowering our Sharpe ratio. Going forward, we plan to reduce our exposure to tariff risk in order to lower tracking error, given that we do not have a differentiated view on how tariff policy will play out.

Performance Metrics Since Inception⁽¹⁾



Metric	GE Fund	Benchmark	(+/-)
Return	8.45%	11.11%	(266 bps)
Std. Deviation ⁽²⁾	14.22%	12.69%	153 bps
Sharpe Ratio	0.40	0.66	(0.26)
Beta	0.99		
Alpha	(2.54%)		
Tracking Error ⁽²⁾	6.77%		

Since inception, the Global Equity Fund has returned **8.4%** annually, compared with the benchmark's **11.1%**. The Fund's shortfall has been driven primarily by its historical value-oriented tilt and underweight to large-cap growth stocks, particularly U.S. technology leaders such as the "Magnificent 7" which have dominated market performance in recent years. This positioning reflected a disciplined focus on valuations and controlled systematic risk, but it also meant less participation in the extended growth rally, leading to a lower Sharpe ratio. Looking ahead, we are reassessing the balance between value and growth to ensure structural style exposures do not constrain long-term performance.

Fund Statistics

Global Equity Fund AUM

\$1,391,491

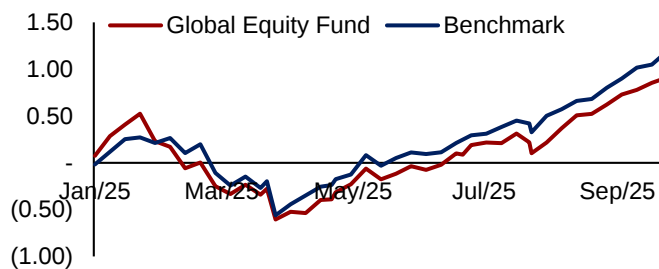
Fund Return YTD

18.44%

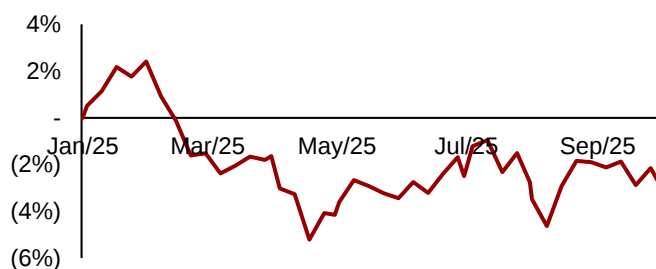
Benchmark Return YTD

18.38%

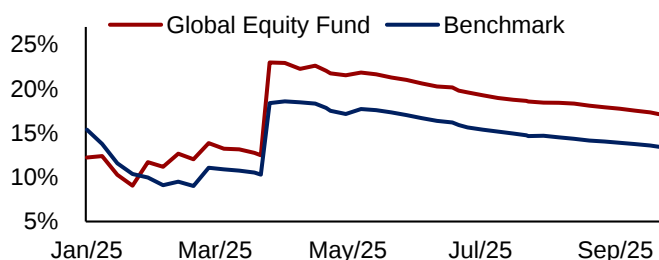
Sharpe Ratio YTD



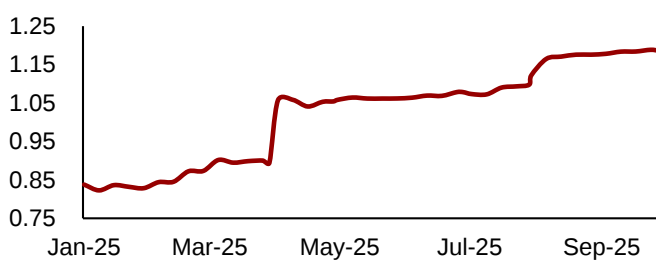
Alpha YTD



Annualized Standard Deviation YTD

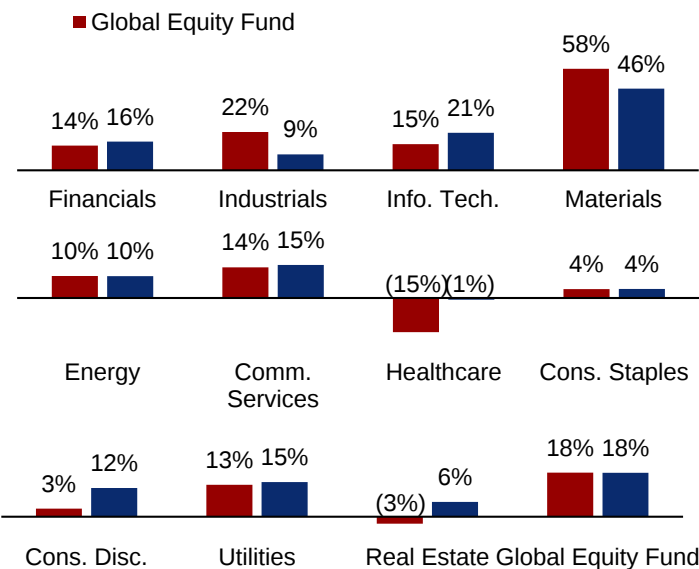


Beta (1-Year Rolling) YTD



Sector Statistics

Performance by Sector YTD



Current Sector Allocation Weightings

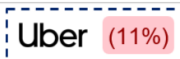
Sector	GE Fund	Benchmark	(+/-)
Financials	22.5%	24.6%	(210 bps)
Industrials	14.7%	10.1%	460 bps
Info. Tech.	13.9%	19.9%	(590 bps)
Materials	13.2%	10.9%	240 bps
Energy	9.7%	10.6%	(100 bps)
Comm. Services	5.8%	5.3%	50 bps
Healthcare	5.1%	3.7%	140 bps
Cons. Staples	4.5%	4.0%	50 bps
Cons. Disc.	3.5%	6.1%	(260 bps)
Utilities	2.8%	3.1%	(30 bps)
Real Estate	1.9%	1.8%	10 bps
Cash	2.3%	-	230 bps
Total	100%	100%	-

Notes: All figures reflect data as of market close on Sept. 30, 2025.

Holdings Overview

#	Security Name	Size	Sector	Currency	Units	Price	Weight
1	Bank of America	Large	Financials	USD	1,336	\$51.59	6.9%
2	Citigroup	Large	Financials	USD	410	\$101.50	4.2%
3	M&T Bank	Large	Financials	USD	150	\$197.62	3.0%
4	Aon PLC	Large	Financials	USD	58	\$356.58	2.1%
5	iShares S&P/TSX Capped Financials ETF	ETF	Financials	CAD	775	\$71.28	4.0%
6	Airbus SE	Large	Industrials	USD	810	\$58.22	4.7%
7	Southwest Airlines	Large	Industrials	USD	550	\$31.91	1.8%
8	Tornado Infrastructure Equipment	Small	Industrials	CAD	11,000	\$1.90	1.5%
9	Veralto	Large	Industrials	USD	20	\$106.61	0.2%
10	Industrial Select Sector SPDR Fund	ETF	Industrials	USD	365	\$154.23	5.6%
11	Alphabet (Class A)	Large	Information Technology	USD	200	\$243.10	4.9%
12	Uber Technologies	Large	Information Technology	USD	250	\$97.97	2.4%
13	Roundhill Magnificent Seven ETF	ETF	Information Technology	USD	900	\$64.86	5.8%
14	Hudbay Minerals	Mid	Materials	CAD	3,000	\$21.08	4.5%
15	Nutrien	Large	Materials	CAD	360	\$81.78	2.1%
16	iShares S&P/TSX Capped Materials ETF	ETF	Materials	CAD	1,955	\$37.37	5.2%
17	Suncor Energy	Large	Energy	CAD	725	\$58.24	3.0%
18	Valaris	Mid	Energy	USD	380	\$48.77	1.9%
19	Shoals Technologies Group	Small	Energy	USD	1,600	\$7.41	1.2%
20	First Trust Energy AlphaDEX Fund	ETF	Energy	USD	1,450	\$16.30	2.4%
21	Live Nation	Large	Communication Services	USD	200	\$163.40	3.3%
22	T-Mobile US	Large	Communication Services	USD	100	\$239.38	2.4%
23	Illumina	Large	Healthcare	USD	177	\$94.97	1.7%
24	Bayer AG	Large	Healthcare	USD	1,618	\$8.29	1.3%
25	Danaher	Large	Healthcare	USD	60	\$198.26	1.2%
26	UnitedHealth Group	Large	Healthcare	USD	24	\$345.30	0.8%
27	Empire Company (Class A)	Mid	Consumer Staples	CAD	375	\$49.95	1.3%
28	Unilever	Large	Consumer Staples	USD	300	\$59.28	1.8%
29	Vanguard Consumer Staples ETF	ETF	Consumer Staples	USD	50	\$213.73	1.1%
30	Consumer Discretionary Select Sector SPDR Fund	ETF	Consumer Discretionary	USD	137	\$239.64	3.3%
31	BMO Equal Weight Utilities ETF	ETF	Utilities	CAD	1,390	\$25.15	2.5%
32	CBL & Associates Properties	Small	Real Estate	USD	585	\$30.58	1.8%
33	iShares Core S&P/TSX Capped Composite ETF	ETF	Canadian Market	CAD	2,200	\$47.87	7.6%
34	BMO Money Market Fund ETF	ETF	Money Market	CAD	420	\$49.85	1.5%
35	U.S. Dollar	N/A	USD	USD	4,436	N/A	0.4%
36	Canadian Dollar	N/A	CAD	CAD	8,759	N/A	0.6%
Net Asset Value						\$1,391,745.90	100.0%

Holdings⁽¹⁾ Excess Returns YTD⁽²⁾ vs. Respective Sector Benchmarks

Financials	 +1%	 +28%	 (11%)	 (17%)
Industrials	 +37%	 (14%)	 +53%	 (4%)
Info. Technology	 +4%	 (11%)		
Materials	 +37%	 (19%)		
Energy	 +4%	 0%	 +24%	
Comm. Services	 +11%	 (6%)		
Healthcare	 (30%)	 +69%	 (14%)	 (32%)
Consumer Staples	 +10%	 +1%		
Real Estate	 (1%)	 Holdings most recently pitched (by the latest HIM cohort)		

Notes: All figures reflect data as of market close on Sept. 30, 2025; (1) Excludes ETF holdings – currently no holdings in Utilities or Consumer Disc. sectors. (2) Or since DCM initiated the position if the holding was bought after Jan. 1, 2025.

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