CPMT Monthly Update – May 2020

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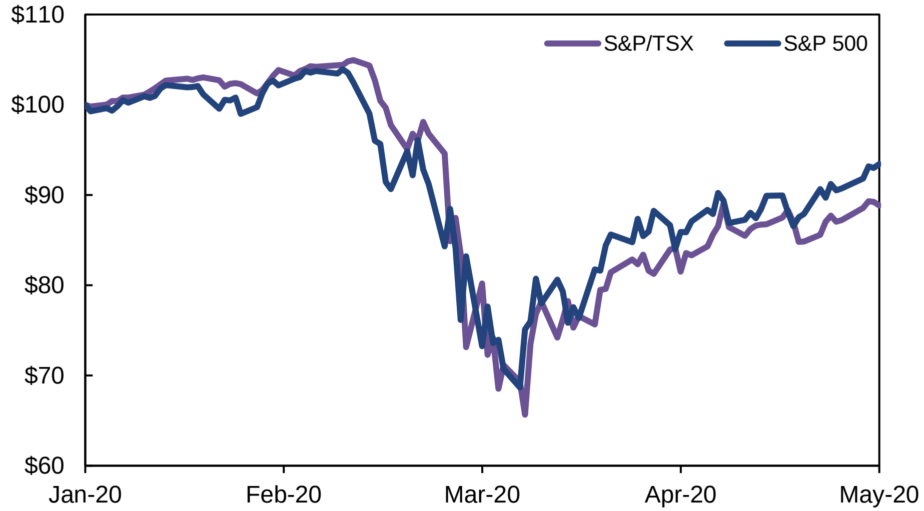
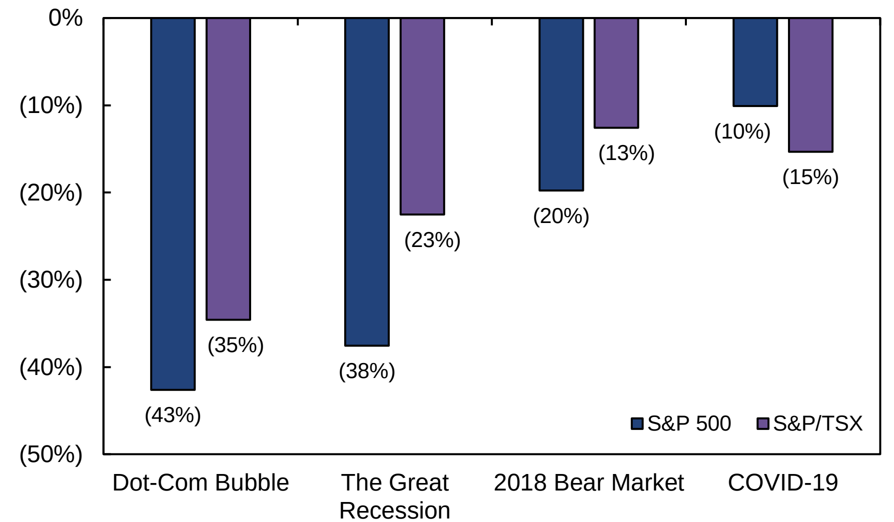
Portfolio Managers: *Helena Cherniak-Kennedy, Akash Sekar*

Macroeconomic Snapshot

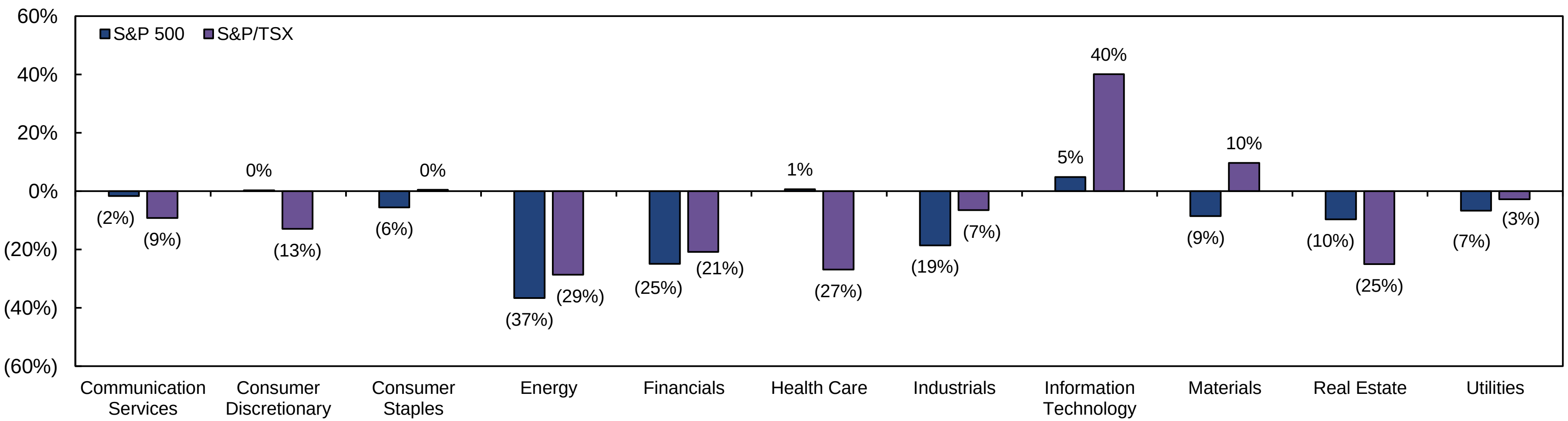
YTD Indices Performance (Indexed to $100)



Indices Performance During Recessionary Periods[1]



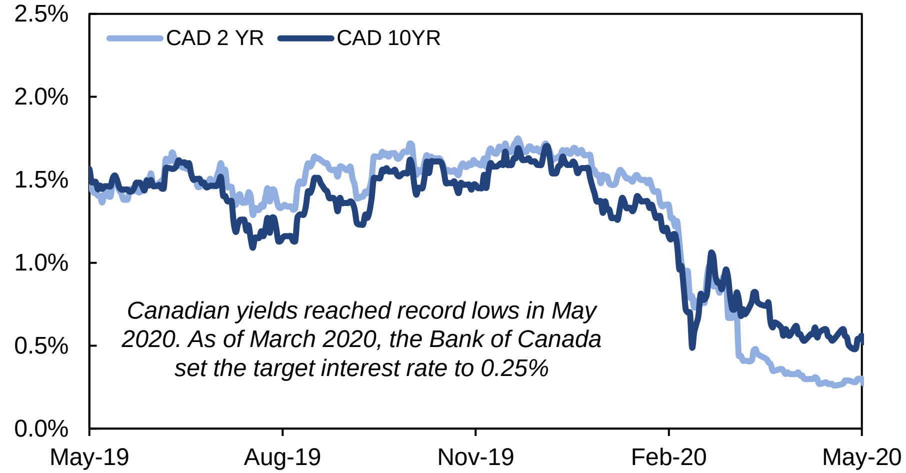
YTD Sector Returns[1]



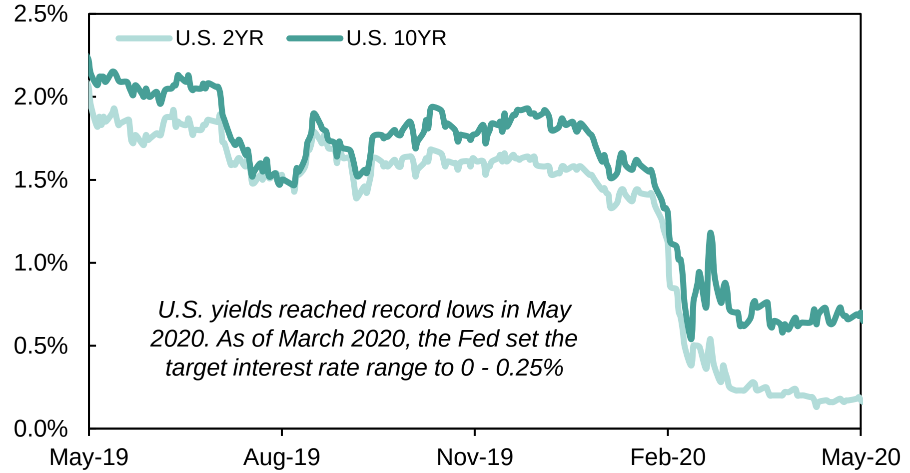
Source: S&P Capital IQ
(1) As of May 29th, 2020

Macroeconomic Snapshot

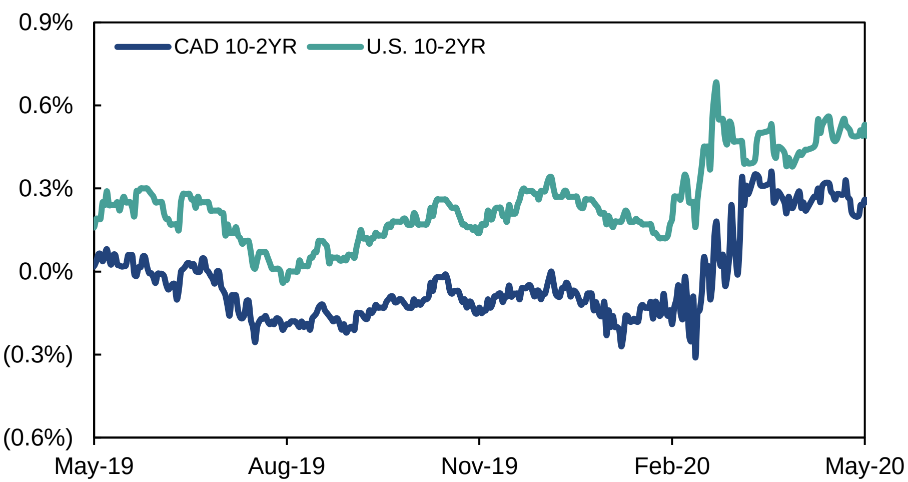
Canadian Yields



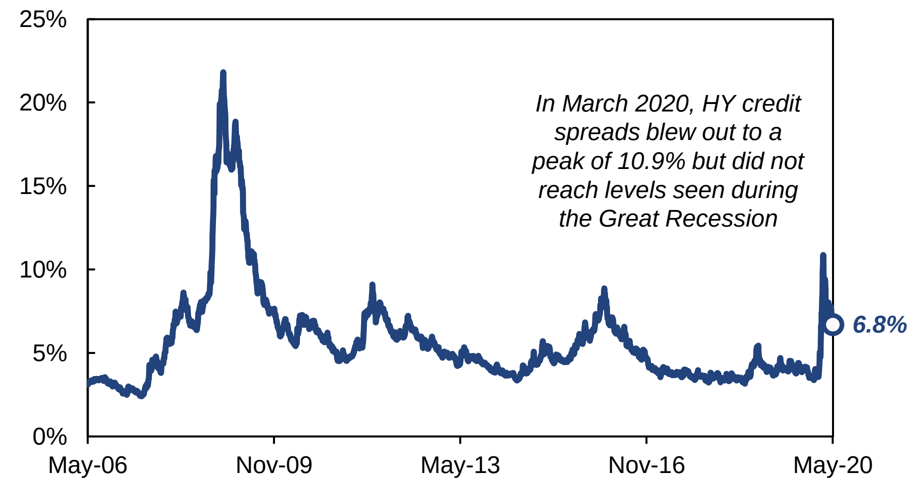
U.S. Treasury Yields



10-2 Year Yield Spreads



U.S. High Yield Spreads(1)

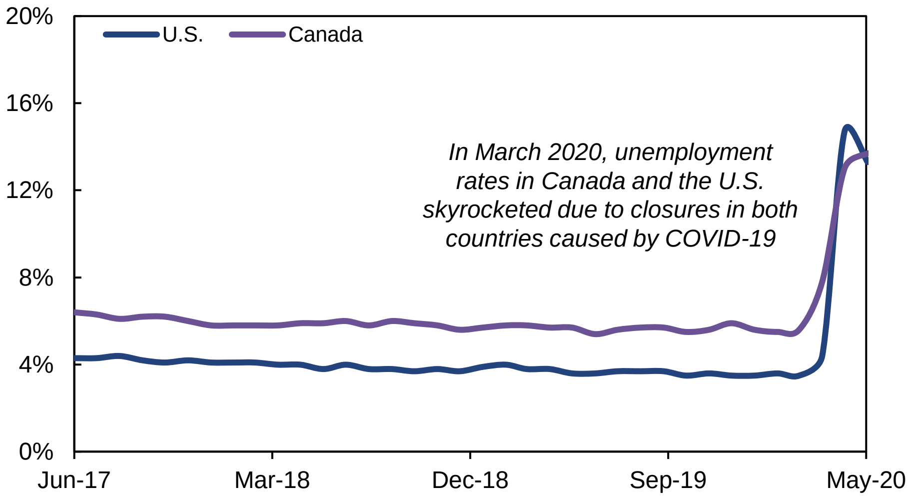


Source: FRED, S&P Capital IQ

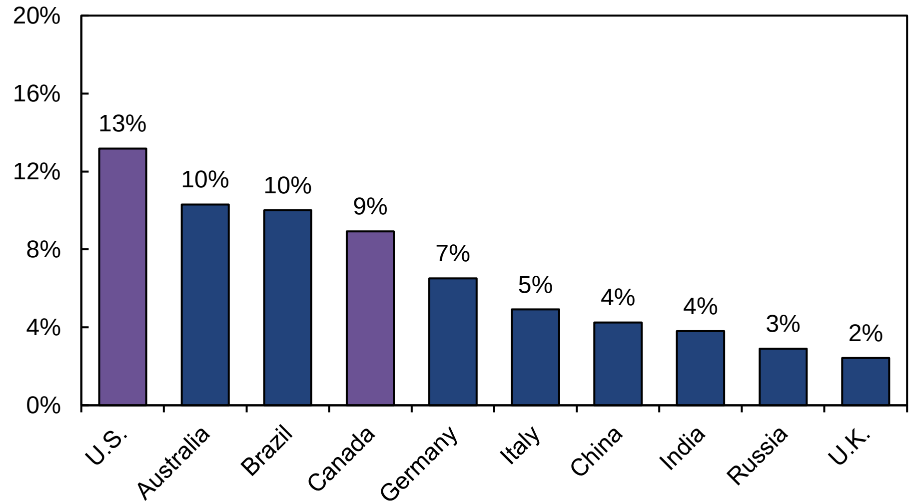
(1) ICE BofA US High Yield Index Option-Adjusted Spread

Macroeconomic Snapshot

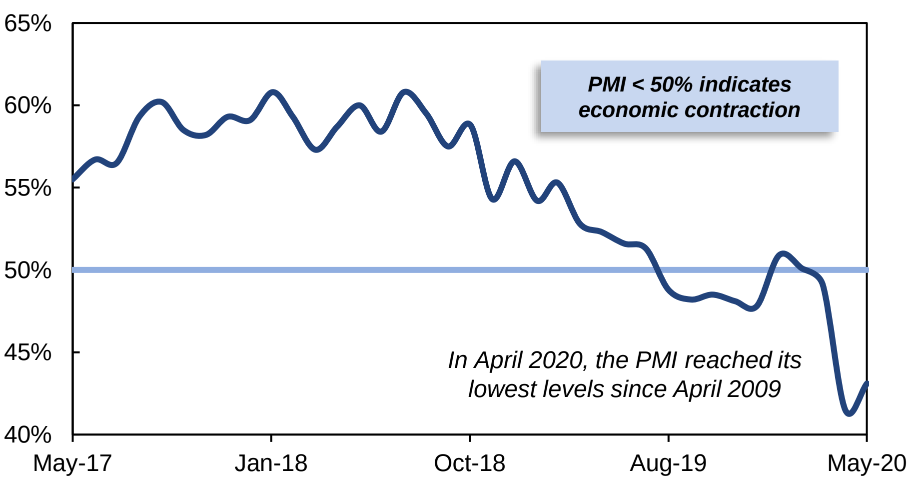
Unemployment Rates



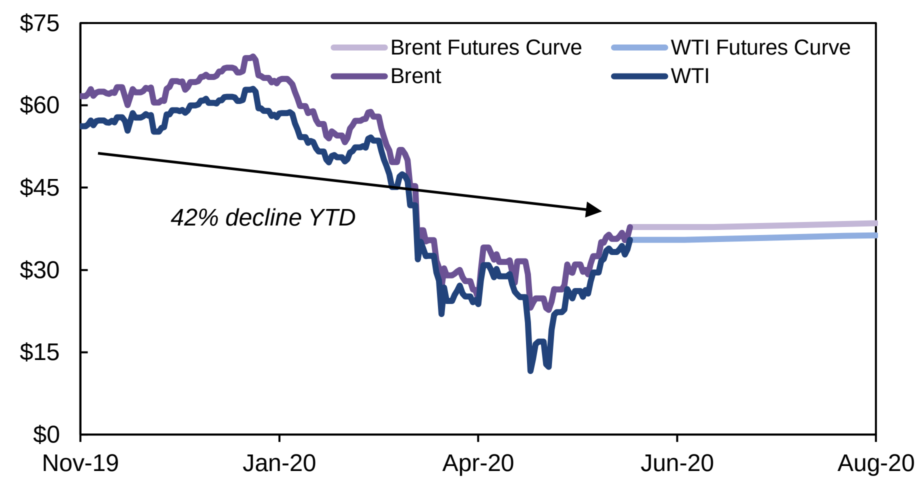
COVID-19 Fiscal Spending[1][2]



U.S. Manufacturing PMI



Crude Oil Pricing[3] (US$)



Source: IMF, ISM, S&P Capital IQ

(1) As a % of Real GDP

(2) As of June 15, 2020

(3) Futures curve as of May 29, 2020

Calgary Portfolio Management Trust

Consumers

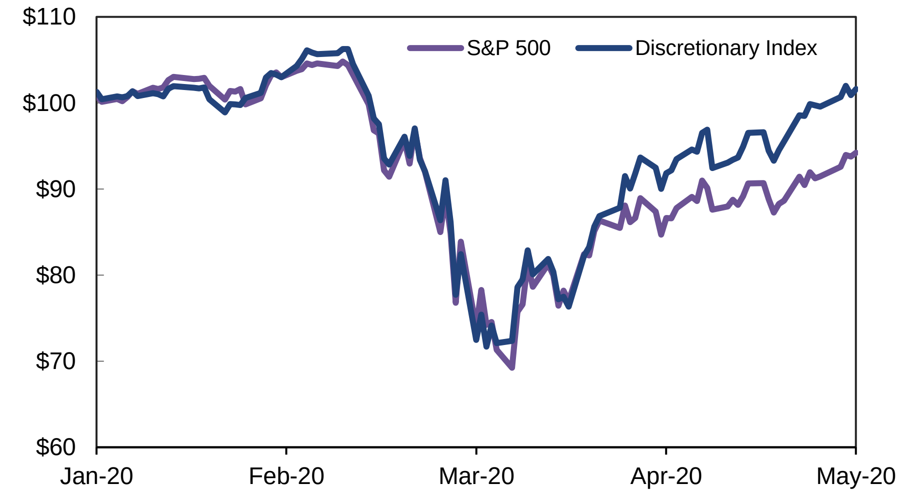
Portfolio Manager: *Breanna Schollaardt*
Investment Analysts: *Jack Morgan, Abhishek Sewak*

Consumer Discretionary

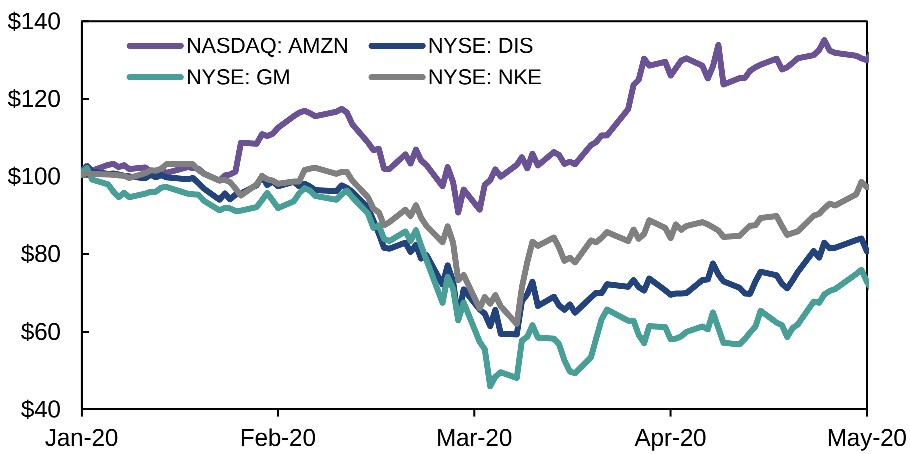
Sector News

- Despite being less defensive than Consumer Staples, the Discretionary sector has outperformed the overall market YTD. In May alone, the sector outperformed the S&P 500 by 2.7% but has yet to recover to pre-COVID levels. This performance is mainly attributable to the expectation of increased activity as malls and firms begin to open and cities loosen restrictions on public shopping and retail
- Luxury conglomerates experienced a rebound in China as the Discretionary sector began to recover from COVID-19. Though the industry lagged through the pandemic, customers are expected to lean towards high-discretion brands with the gradual reopening of shopping centres across North America
- Brick and mortar retailers are at risk of a downgrade in credit ratings due to incremental debt undertaken in March and April
- The outlook around the sector is gradually improving as markets have reflected hope in the reopening and progression toward accelerated consumer expenditure

Discretionary Index vs S&P 500 YTD (Indexed to $100)



Heavyweight Trading Performance YTD (Indexed to $100)



Heavyweight Industry Performance

- Amazon (NASDAQ: AMZN) was one of the few names that benefitted from the mass social restrictions induced by the COVID-19 pandemic. E-commerce has proven to be a progressive and resilient industry, thriving in the COVID-induced downturn
- The Walt Disney Company (NYSE: DIS) realized an 18.9% decline YTD despite the demand for personal media increasing during the pandemic. This is partially due to losses experienced from park shutdowns and delayed theatrical releases due to COVID-19 restrictions
- General Motors (NYSE: GM) has suffered heavily, recording a 29.6% loss YTD, primarily due to stay-at-home orders. The orders have led to a decrease in automotive demand of 13%, with Canadian automotive sales plunging 48% in March alone
- Nike (NYSE: NKE) remained relatively unscathed in the face of operational shutdowns in China throughout Q1 2020. A strong growth in online retail of 36% YoY provided a sturdy crutch for the textile and apparel giant

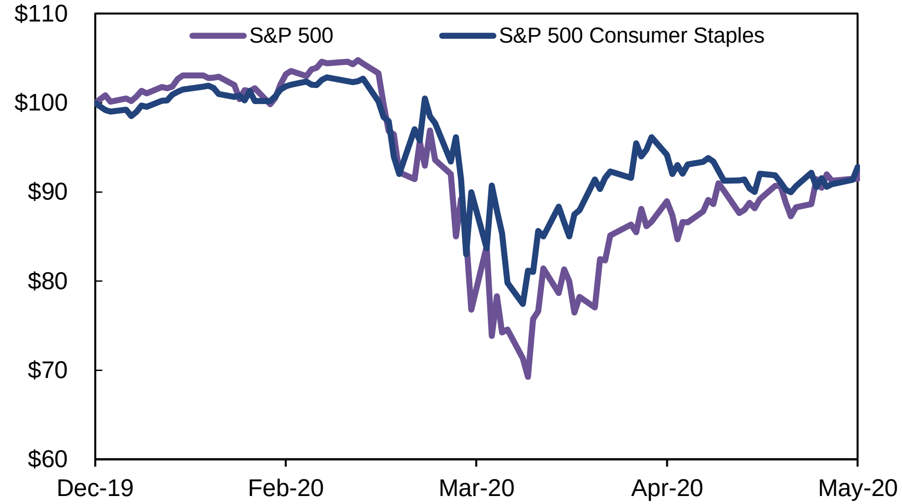
Source: Company Filings, Forbes, S&P Capital IQ, Wall Street Journal

Consumer Staples

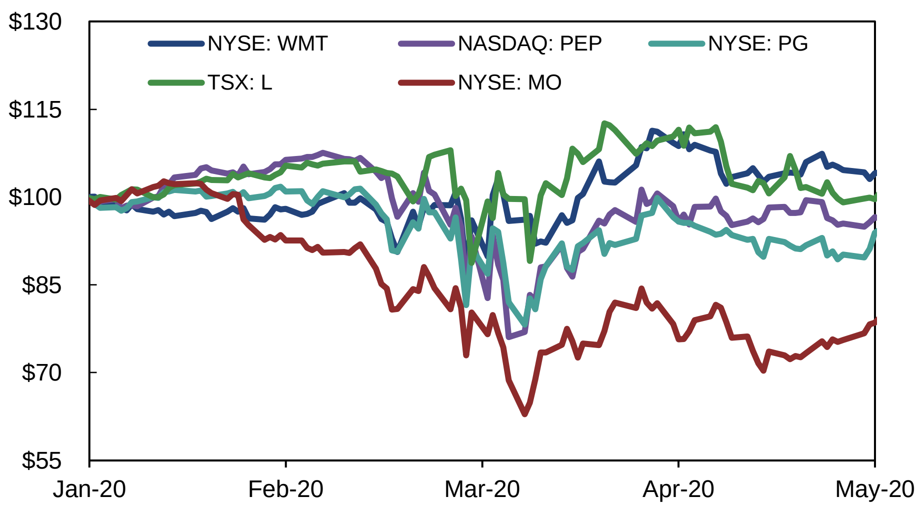
Sector News

- The Consumer Staples sector has performed relatively in line with the S&P 500 during the pandemic. This is due to panic buying, stock piling, and changing consumer sentiments on essential products
- Companies like P&G (NYSE: PG) and Johnson & Johnson (NYSE: JNJ) have embraced the challenge of declining sales of non-essential products, further using the opportunity to divert their technology into producing healthcare amenities for consumers around the globe
- Canned goods, frozen meat & vegetables, and light snacks have been among the most popular consumed goods, as individuals and families have been in social isolation preparing their own meals.
- Cigarette and Tobacco Staples companies have been among the hardest hit through the pandemic due to a reduction in individuals' disposable incomes, and closure of international airports which have reduced duty-free sales
- As more companies are encouraging people to work from home, there has been a strong increase in demand for office supplies and computers

Staples Index vs S&P 500 (Indexed to $100)



Major Players' YTD Performance (Indexed to $100)



Earnings and Consumer Reports

- Major Consumer Staple companies, such as Walmart (NYSE: WMT), Target (NYSE: TGT), Home Depot (NYSE: HD), and Kohl's (NYSE: KSS), rolled out their first quarter earnings. The majority missed the analyst targets
- Across Consumer Staple companies, booming e-commerce operations provided tailwinds, while increasing wages and overhead costs produced headwinds
- According to a report published by the University of Michigan, consumer sentiment in the U.S. rose to a May reading of 72.3, up from 71.8 in April. Much of this sentiment was credited to the grants and checks issued by the government which raised individuals' spending levels on essential items during the pandemic
- Although personal income in the U.S. rose by 10.5% in April, consumer spending fell 13.6%. Shoppers are becoming increasingly cautious of when and what they buy as the closure of malls, restaurants, and stores continues
- In addition, a potential second wave of the novel virus in the U.S. and Canada might deter consumers from rushing into public places

Source: Company Filings, MarketWatch, S&P Capital IQ

COVID-19 Impact

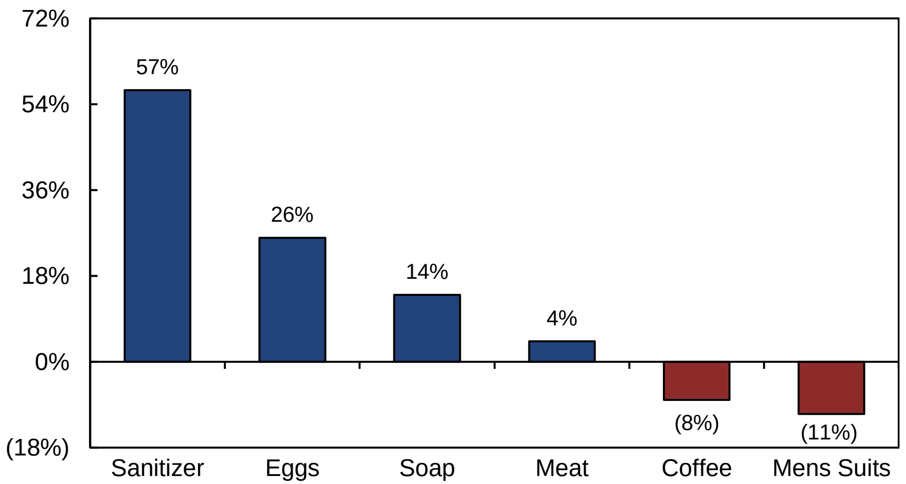
Impact of the Pandemic on the Consumer Sector

- Due to the nature of essential and non-essential goods, the Discretionary Sector is particularly susceptible to economic cyclicality, while Staples remain defensive and less vulnerable to the market volatility induced by COVID-19. Consumers tightened their grip on personal expenditures and abstained from luxury expenditures, focusing on financial stability
- The Consumers Sector rallied in May as the detrimental impact of the lockdowns in March and April began to subside; however, customers are still wary of the virus
- Recent consumer surveys have shown a generational divide in individuals' attitudes towards returning to in-store shopping following the pandemic. 29.4% of baby boomers surveyed do not feel comfortable returning to in-store shopping in the foreseeable future, while 78.5% of Gen Z consumers would be willing to return within six months or less
- As COVID regulations are beginning to be lifted, malls and other retail centres are opening, decreasing the amount of stay-at-home-orders in major cities across Canada
- Stores face issues surrounding the daily operations and the purchasing behaviour of customers as COVID-19 impacts not only the physicality of shopping, but also the atmosphere and experiential portion. This primarily impacts luxury brands, which rely heavily on emotionality and consumer perception
- As a result of store closures, online retail has not only been a driver of revenue during the lockdown, but has also been a key indicator of categorical shifts in consumer spending during the pandemic
- COVID-19 has changed consumer purchase behaviour by altering consumer perception toward hands-on retail, initiating a profound and likely permanent shift in the way stores operate

Changing Consumer Sentiments

- According to a global consumer survey conducted by McKinsey & Company, consumers' net intent[(1)] is expected to be above 50% for buying Groceries, compared to below 50% for Restaurant, Accessories, Furnishing & Appliances, and Personal Care Services
- The changing dynamics have forced consumers to alter their shopping habits. Online fitness, curbside pickups, buying groceries online & contactless delivery have become the new norm
- A survey conducted by Accenture displays that consumers are starting to buy more consciously, sustainably, and locally. According to this survey, 68% of people are limiting food waste and 59% are shopping more health consciously, with these proportions expected to grow.
- Technology has played a vital role during the pandemic, allowing people to adopt new hobbies. With most of the workforce working from home, consumers have expressed their intentions of spending more time with their families, as well as continuing to use digital entertainment

Commodity Pricing Effects of COVID-19



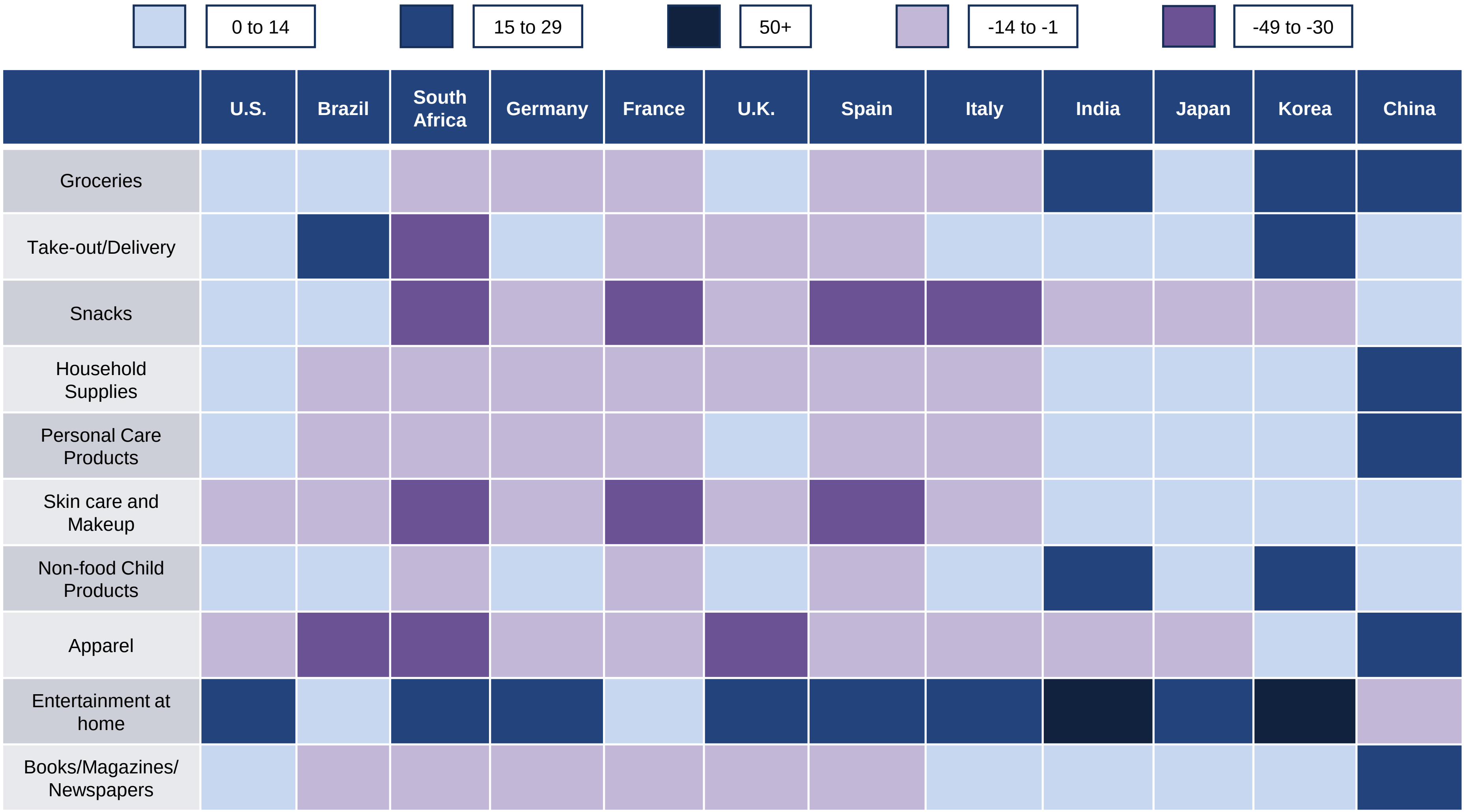
Source: Accenture, McKinsey & Company

(1) Net Intent = % of respondents stating they expect to increase time spent - % of respondents stating they expect to decrease the time

E-Commerce is on the Rise

Expected Change in Online Shopping Frequency per Category from May 5 – May 18, 2020

The following visual represents the expected change in net intent (%)(1) in online shopping frequency of global consumers across different segments



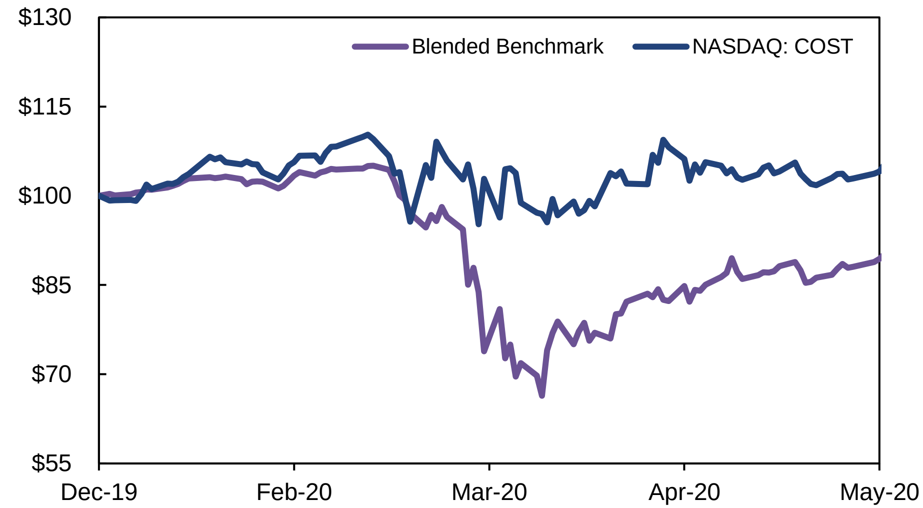
Source: McKinsey & Company
(1) Net Intent = % of respondents stating they expect to increase time spent - % of respondents stating they expect to decrease the time

Holdings Update

Costco

- Costco Wholesale Corp. (NASDAQ: COST) currently owns and operates 787 warehouses, 547 of which are in the U.S. and Puerto Rico, while the other 240 are spread around the globe
- COST reported its Q3 2020 Earnings on May 28, 2020 declaring US$838mm in earnings ($1.89/share) compared to US$906mm ($2.05/share) in the previous year (-7.51% decline YoY). COST experienced strong sales in home-cleaning essentials, protein & meat, and office supplies
- Increased efforts to reduce the risk of COVID-19 resulted in pre-tax expenses of $283mm attributed to increased wages and extra sanitation
- Although e-commerce sales skyrocketed by 86% in April, same-store sales fell by 4.7% during the month. This also includes a 3.3% drop in U.S. same-store sales
- Segments like optical, hearing aid, photo, and much of the food court were closed for the majority of Q3 2020, which negatively affected earnings. Additionally, approximately 8.4% of decreased sales in April were affected by lower volumes and price deflation in the gasoline business

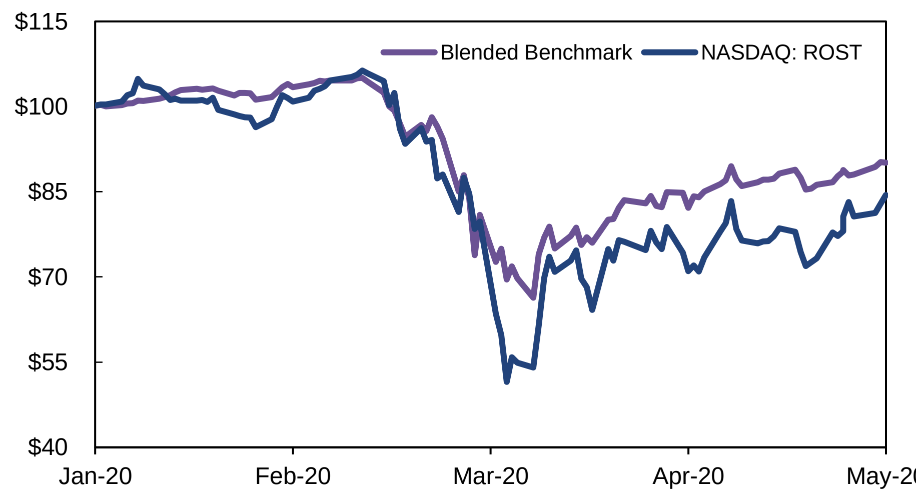
COST Trading Performance vs Blended Benchmark (Indexed to $100)



Ross Stores

- Ross Stores (NASDAQ: ROST) is an American apparel retailer operating 1,546 fashion stores in 39 states across North America and Guam
- ROST reported its Q1 2020 earnings on May 21st, revealing major losses of US$1.8B in sales, down 52.6% YoY 2020. Net losses were US$306mm for the quarter (-$0.87/share) resulting in the first quarterly operating loss for ROST in over thirty years
- In order to compensate for these losses, ROST issued $2B in a public bond offering and has cut capital expenditures and operating expenses for FY 2020
- ROST has been re-opening brick and mortar locations starting May 14, 2020 and now has over 700 stores open, expecting to have all locations open with social-distancing measures by the end of June
- Despite losses, the CPMT believes ROST is poised for a healthy return with a growing customer segment, strong management, and sound market positioning

ROST Trading Performance vs Blended Benchmark (Indexed to $100)



Source: Forbes, MarketWatch, S&P Capital IQ

Energy

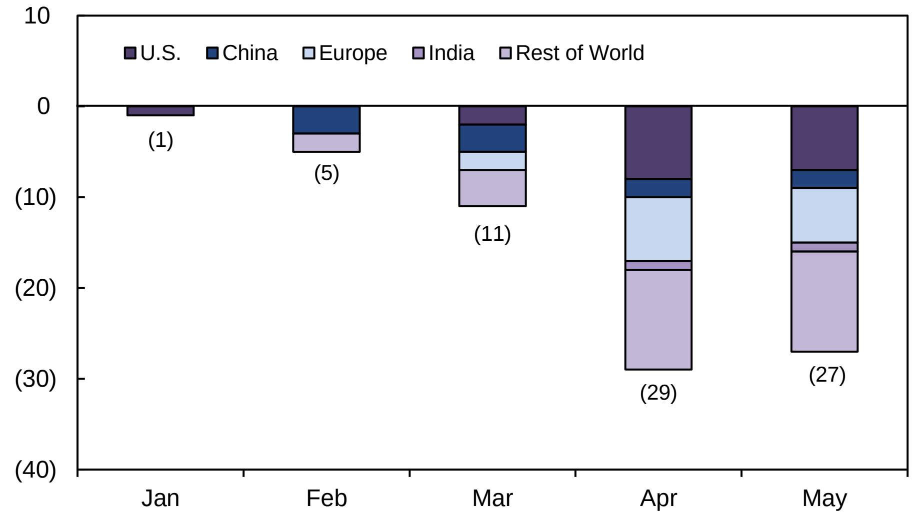
Portfolio Manager: *Helena Cherniak-Kennedy*
Investment Analysts: *Jack Morgan, Katie Tu*

Industry Overview: Demand

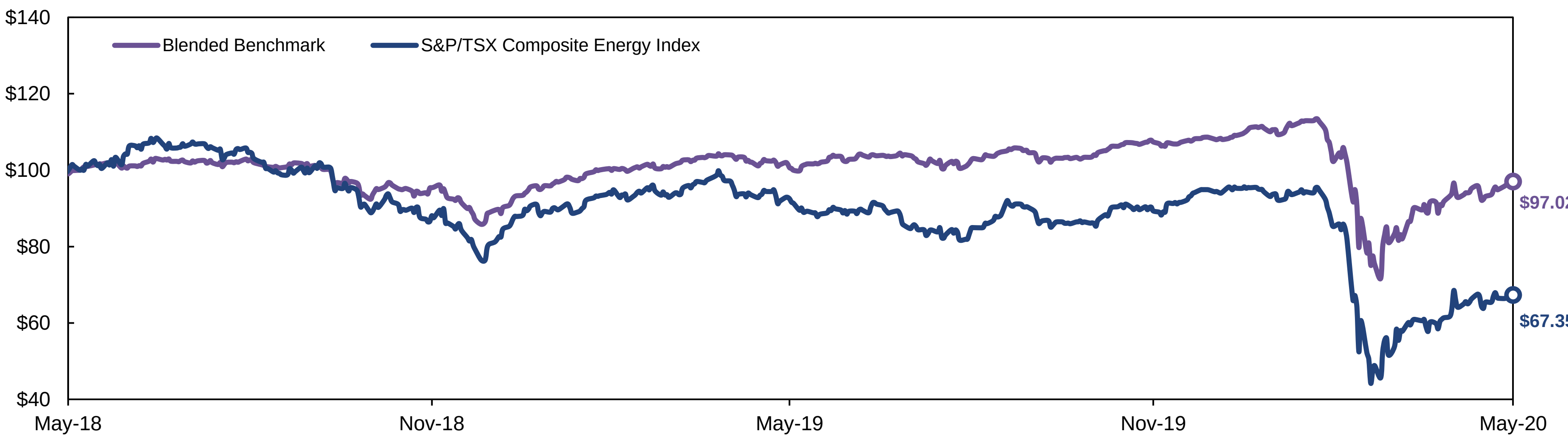
COVID-19 Impact and Outlook

- Drastic curtailment of global economic activity and mobility during Q1 2020 caused global energy demand to decrease by 3.8% YoY. If lockdowns persist and recoveries are slow worldwide, annual energy demand will likely drop by ~6% in 2020
- Large declines in global oil demand occurred in March and April, when demand relative to 2019 decreased by approximately 11 mmbbl/d and 29 mmbbl/d, respectively. Travel restrictions and the closures of workplaces and borders sharply reduced demand for personal vehicle use and air travel, while the decline in global economic activity led to a reduction in the use of fuel oil for shipping. As economies begin to re-open, demand for gasoline and diesel is expected to improve, while recovery for jet fuel and asphalt is expected to lag
- Global demand for natural gas declined by ~2% in Q1 2020. The drop in demand in major markets (China, Europe, and the U.S.) was softened by continued low prices for gas. The decline in global natural gas consumption is expected to continue in all sectors, with power generation accounting for most of this decline

Change in Monthly Oil Demand (mmbbl/d) 2020 Relative to 2019



Energy Index vs Blended Benchmark (Indexed to $100)



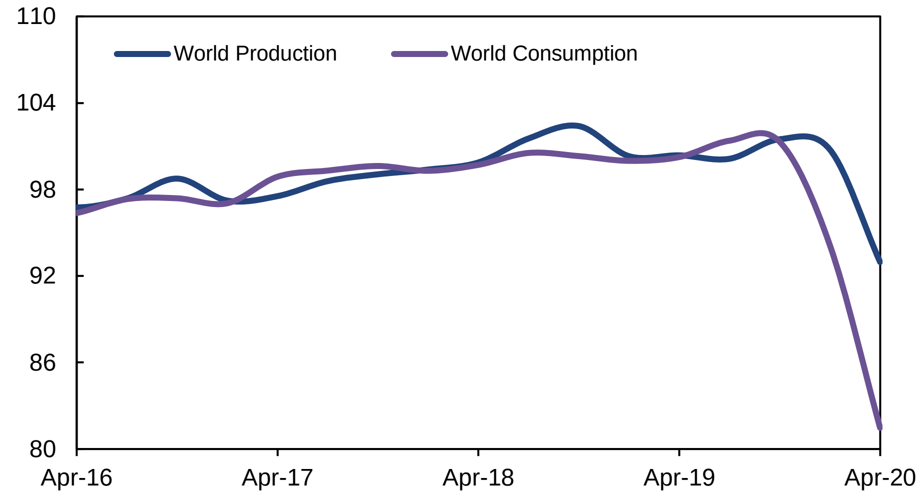
Source: IEA, S&P Capital IQ

Industry Overview: Supply

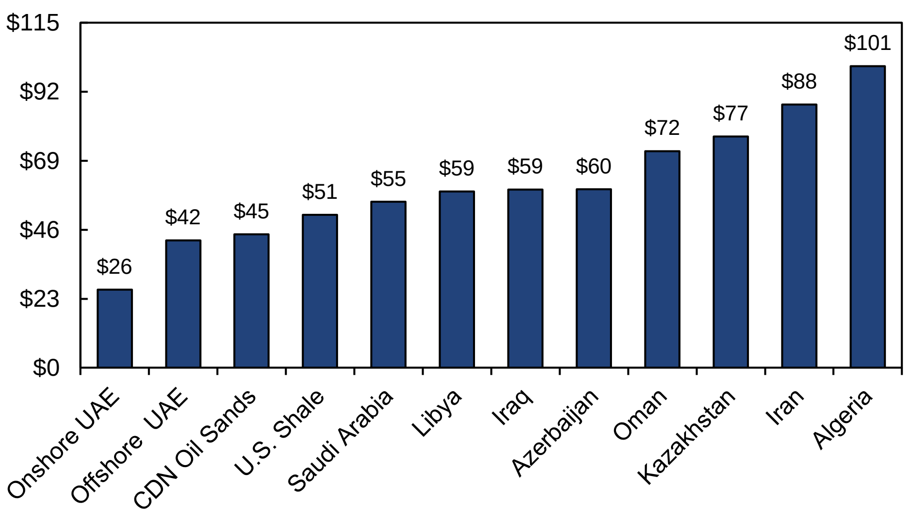
COVID-19 Impact and Outlook

- Global oil supply has been cut steeply in response to the COVID-19 pandemic. With the expedited drop in demand for petroleum and gas products caused by COVID-19, oversupply posed a significant risk as many energy companies were hesitant to cut production in an already tumultuous environment
- The necessity for production cuts was exacerbated by an expiring front-month WTI futures contract falling to -$37.63/bbl late in Q1 2020, a collapse partially triggered by lack of storage in North America
- OPEC and Russian production cuts of nearly 10 mmbbl/d have helped mitigate the supply crisis. Saudi Arabia also confirmed a cut of 1 mmbbl/d starting June 1, 2020 to assist in rebalancing the supply/demand equilibrium
- In Cushing, OK, refinery utilization has risen from 69% to 71% and storage decreased by 3.4 mmbbl in May, creating some breathing room for the American production industry
- May posted the best month for WTI crude in history with returns reaching 88.4%, still only sitting at $35.32 as of May 29, 2020. With supply cuts taking effect and demand on the rise, concerns surrounding oversupply are likely to be mitigated

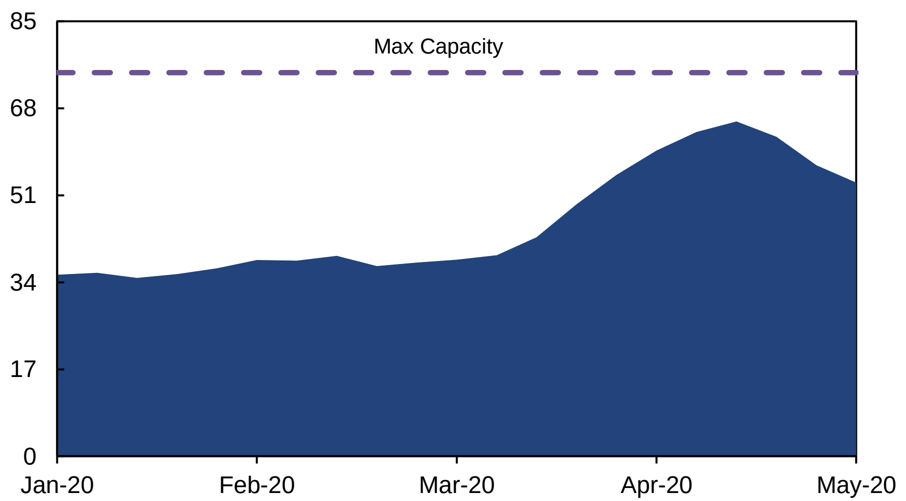
Global Production vs Consumption (mmbbl/d)



Breakeven Oil Prices by Region (US$/bbl)



Cushing Storage Levels vs Max Capacity[1] (mmbbl)



Sources: BOE Report, Citigroup, EIA, IMF, Knoema, S&P Capital IQ

(1) Cushing max working capacity is 76 mmbbl

Suncor Energy

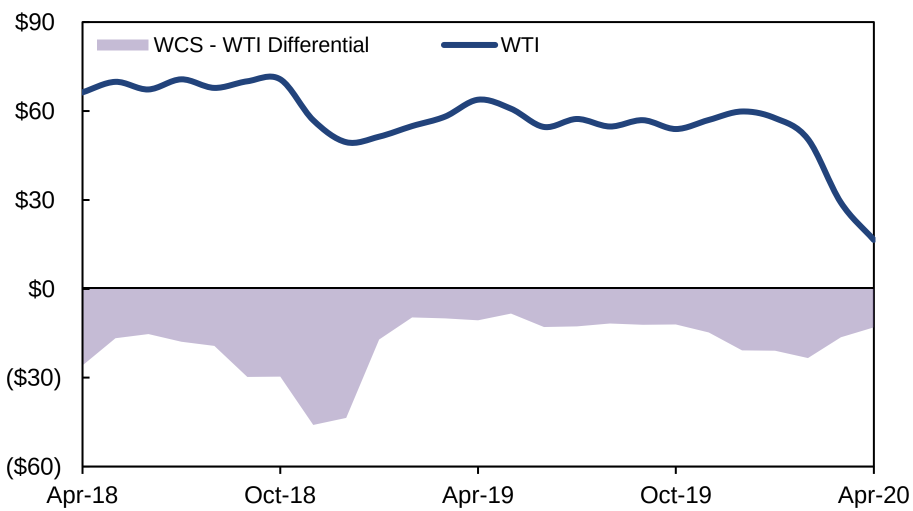
Q1 2020 Results

- Suncor Energy's (TSX: SU) funds from operations (FFO) decreased by 61.3% YoY to $1.00B this quarter
- Total upstream production was 739.8 mboe/d this quarter compared to 764.3 mboe/d in Q1 2019, representing a 3.2% decrease YoY. However, synthetic crude oil (SCO) production was 503.6 mbbl/d, the third best quarter of SCO production in SU's history
- Refined product sales decreased 2.1% YoY to 531.5 mbbl/d, as demand for transportation fuels declined as a result of the COVID-19 pandemic
- SU's 2020 mid-point capital program was trimmed by around 10% to $3.8B
- SU repurchased $307mm of its common shares in Q1 2020. Given the current business environment, share repurchases have been suspended and the Company has decided not to renew its normal course issuer bid. Quarterly dividends were reduced from $0.47 per share to $0.21 per share, representing a 54.8% decrease from Q4 2019

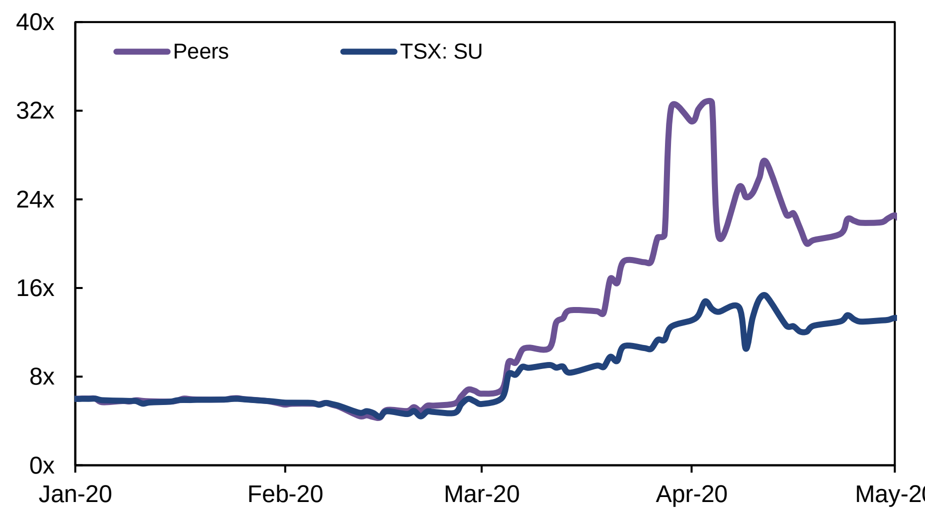
Investment Thesis and Outlook

- During periods of low commodity prices, SU's strength is based on the flexibility of its integrated asset base. In response to recent market conditions, SU was able to maximize price realizations by shifting its upstream product mix to higher priced light crude and its refined product mix to higher value distillates
- Although the dividend cut reduced shareholder distributions in Q1 2020, it demonstrated a proactive step to limiting debt accumulation and preserving balance sheet health
- The outlook for refinery throughput in the Company's Refining and Marketing segment has been revised to utilization rates of 84% to 91% from 95% to 99%, equating to a refinery throughput of 390 - 420 mbbl/d
- Refined product sales are forecasted to decrease from the previous range of 530 - 560 mbbl/d to 500 - 530 mbbl/d, assuming improving gasoline and diesel demand in the second half of 2020, with the recovery of jet fuel and asphalt expected to lag

Monthly WTI Prices and WCS Differential (US$/bbl)



EV/NTM EBITDA Multiple vs Peers[1]



Source: Company Filings, Government of Alberta, S&P Capital IQ

(1) Peer Group: TSX: CNQ, CVE, HSE, IMO

Enbridge

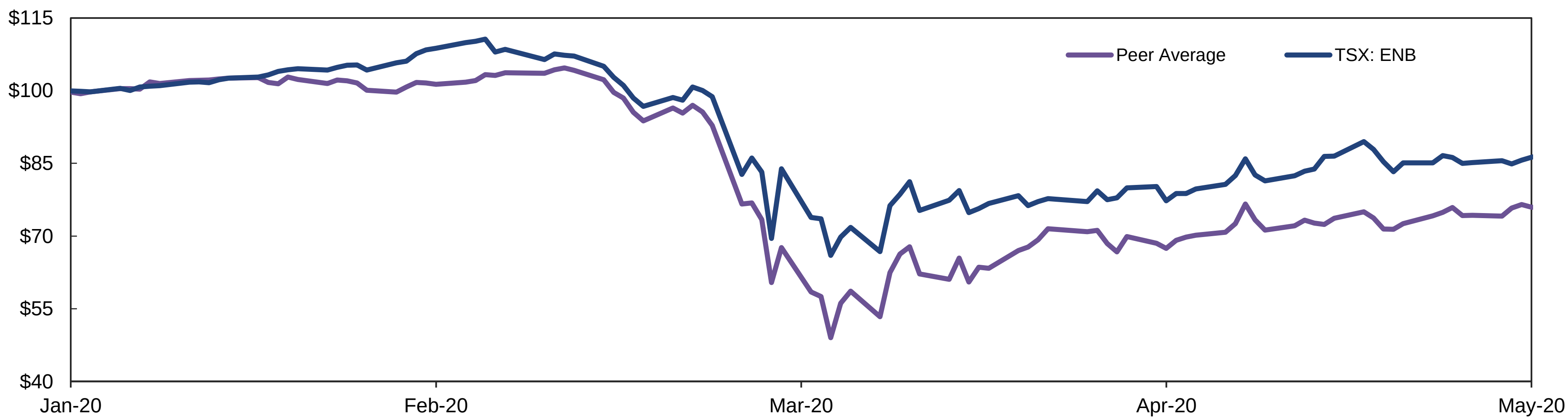
Q1 2020 Results

- Enbridge (TSX: ENB) recorded Distributable Cash Flow this quarter of $2.71B, a decrease of 1.89%, derivative of $1.43B in losses in Q1 2020 as opposed to the $1.89B earnings reported in Q1 2019
- Adjusted Earnings were $1.67B ($0.83 per share), representing minimal growth of 1.7% YoY, while adjusted EBITDA accounted for a rise of just 0.16% YoY to $3.76B. Cash provided by Operating Activities was $2.81B, compared with $2.18B in 2019
- In response to hostile industry conditions, ENB announced $300mm in cuts to operating costs in order to increase name resiliency against the muting effects of the COVID-19 pandemic. Additionally, $4B in term debt was issued at attractive rates in order to strengthen liquidity given the current uncertainty in the energy sector
- ENB also announced $300mm in additional asset divestitures, including the Montana Alberta Tie Line (MATL) power transmission business and the Ozark gas pipeline assets

Investment Thesis and Outlook

- The rapid decline in fuel consumption and demand disruption brought about by COVID-19 led to sharp cuts in production from the industry, causing a fall in refinery runs and crude oil throughput for ENB. The Liquids Mainline system, historically operated at or near full capacity through previous turmoil such as the 2008 recession, saw a slash of 400 mbbl/d in April alone
- The Canada Energy Regulator (CER) made a decision in May to allow hearings for ENB to secure contracts for the development of the Mainline pipeline. If these contracts are approved, the new framework will allow shippers to sign long-term contracts with ENB to secure priority throughput on the Mainline, a positive development for ENB
- Supported by a relatively strong Q1 report given the weakness of the industry, the CPMT believes ENB is well-positioned for the future as demand is expected to recover with stay-at-home regulations loosening heading into the summer. While the Mainline accounts for nearly 30% of EBITDA, ENB has over 40 different sources of net earnings. ENB's strength lies in its versatility in the wake of COVID-19's disruption

Trading Performance vs Peers[1] (Indexed to $100)



Source: Canada Energy Regulator, Company Filings, S&P Capital IQ
(1) Peer group: NYSE: EPD, KMI; TSX: PPL, TRP

Financials

Portfolio Manager: *Dhruv Jindal*
Investment Analyst: *Kian Sadeghi*

Financials Sector Update

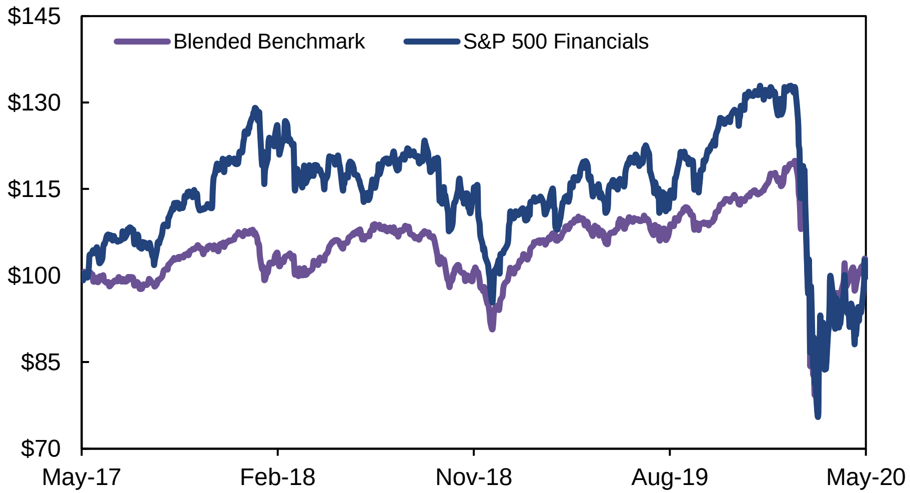
Sector Holdings Overview

- During May 2020, the CPMT Financials holdings returned 9.0%, compared to the Blended Benchmarks performance of 4.5%. Individually, Mastercard (NYSE: MA), JPMorgan (NYSE: JPM), and Toronto-Dominion Bank (TSX: TD) all increased by 12.0%, 4.4%, and 3.4%, respectively, while Brookfield Asset Management (NYSE: BAM) decreased by 6.3%
- This outperformance continues despite COVID-19's impact on the market, resulting in sudden declines in consumer spending leading to the Bank of Canada and United States Federal Reserve to cut interest rates to offset a prolonged recession.
- Moving forward, the low interest rate environment will affect overall banking profitability, due to reduced interest income and loan profitability, thus leading to unfavourable conditions for the Financials sector
- Due to the high-beta nature of Financials, the CPMT believes that the sector will recover as both COVID-19 cases and unemployment declines, and consumers return to their regular spending patterns

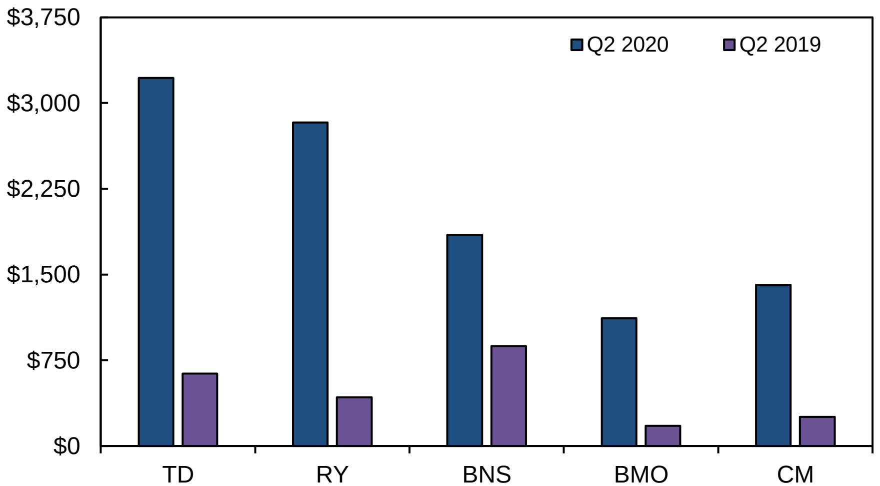
Sector News

- The U.S. Federal Reserve dropped interest rates to near-zero levels, along with the announcement of over US$3.0T in fiscal stimulus. The Bank of Canada followed these actions by dropping interest rates to similar levels, while approving its own $1B quantitative easing program
- U.S. unemployment reached a record high of 14.7% in the month of April. This shatters the 2008 financial crisis' peak of 10.1%
- U.S. bank regulators have elected to alter leverage limits by relaxing leverage ratios, where required capital levels have been dropped from 3% to 2%. These requirements are set to be in place until March 31, 2021
- Provisions among the five largest Canadian banks increased by an average of 414% due to expected COVID-19 related losses
- Morgan Stanley plans to launch a full-service wealth management unit with an aim to bolster the existing services provided in Canada through the *Shareworks by Morgan Stanley* brand

3 Year Financials Sector vs Blended Benchmark Return (Indexed to $100)



Loan Provisions Among Top Canadian Banks[1] ($mm)



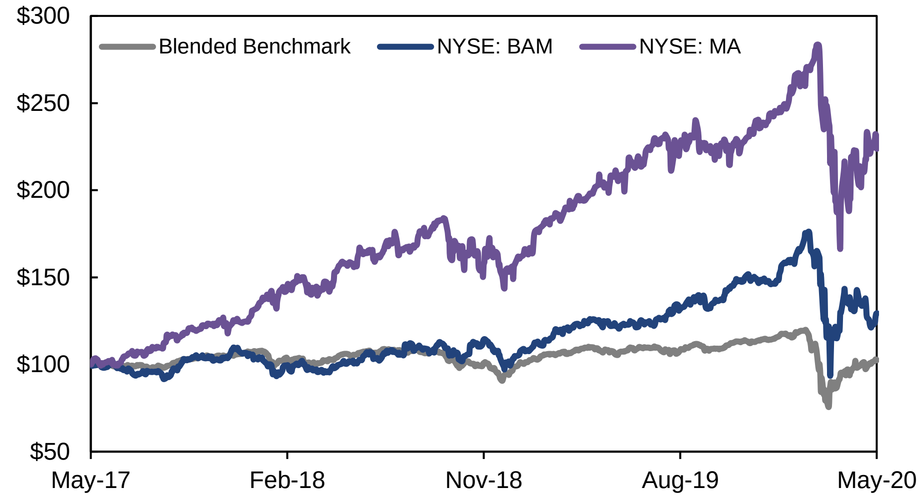
Source: BNN, Company Filings, S&P Capital IQ
(1) All TSX listed equities

Financials Holdings Updates

Brookfield Asset Management

- Brookfield Asset Management (NYSE: BAM) reported Q1 2020 revenue of $16.6B, along with a corresponding net loss of $157mm. Funds from operations were $884mm, while fee-related earnings grew by 35% to $321mm
- Unrealized carried interest balance grew to $3.2B from $2.7B in Q1 2019. It is expected that $1.2B will be realized within the next three years
- BAM has been active in the market as they have deployed ~$2B of capital into public equity markets, consisting of share repurchases, as well as investments in companies believed to be trading under fair value. Additionally, BAM has declared a dividend of $0.12 per share, thus maintaining consistency with previous quarters
- Going forward, the company will continue to bolster liquidity and deploy capital as opportunities arise. BAM is aiming to reach a short-term target of $75B worth of investable capital
- Despite underperforming, the CPMT believes that BAM's consistent track record of value creation makes it a strong holding as market conditions stabilize.

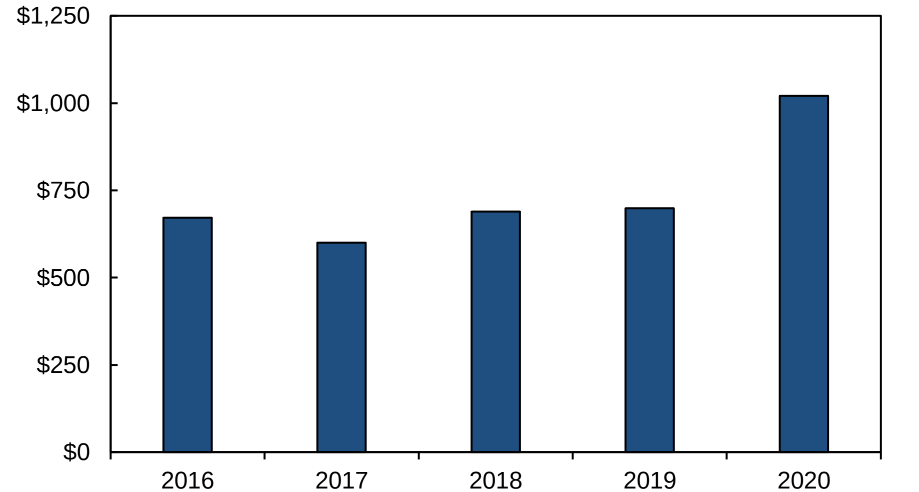
Trading Performance vs Blended Benchmark (Indexed to $100)



Mastercard

- Mastercard (NYSE: MA) reported Q1 2020 revenue of US$4.0B and net income of US$1.8B, with corresponding YoY growths of 7% and 1%, respectively. EPS stood at $1.83, while operating margin reduced to 55.3%
- Revenue growth was largely driven by a 14% YoY increase in transaction processing, and a 26% jump in other revenues, led by a 6% increase in M&A
- Total current assets have grown to US$18.1B from US$16.9B in Q4 2020, representing 7.1% growth. This growth was largely backed by MA's 47% increase in cash and cash equivalents, totalling US$10.2B
- During Q1, MA declared a per-share dividend of $0.40 resulting in a total payout of US$407mm. Additionally, share repurchases totalled US$1.4B across 407mm shares, while further share repurchases has been suspended
- The CPMT believes that MA will continue to benefit from pandemic-related service increases, and will experience growth as it embarks towards increasing activity throughout the digital economy

MA Q1 Cash and Cash Equivalents Growth ($mm)



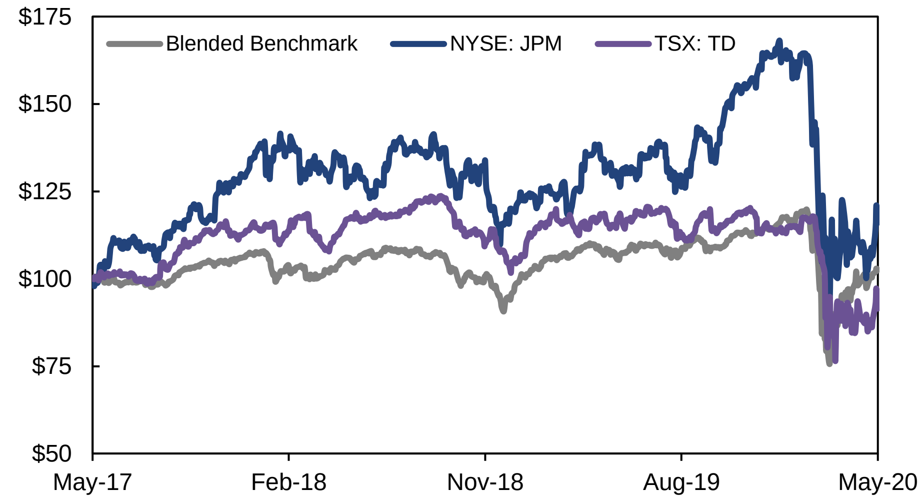
Source: Company Filings, S&P Capital IQ

Financials Holdings Updates

JPMorgan Chase

- JPM reported a Q1 2020 net revenue of US$29.1B, a YoY decrease of 2.7%, along with a reported net income of US$2.86B, a decrease of 69%. Diluted EPS fell to $0.78, implying a decline of 71%
- JPM's Corporate and Investment Bank saw declines of 39% YoY in net income to US$2.0B, while revenues fell by 1% to US$9.9B. Revenue from markets and securities services saw an 11% increase to US$7.3B
- Banking segment revenues dropped 24% to US$2.7B, including a 16% decrease in Investment Banking revenue, along with a 36% increase in lending revenue stemming from mark-to-market gains on hedges of accrual loans
- Provisions for credit losses have been set to $8.3B, up $6.8B, due to continued pressure on oil prices and the deterioration of macro-economic conditions
- Despite the unfavourable performance and economic conditions, JPM's segmental service offerings allows them to hedge any decreases in interest income. The CPMT maintains that JPM's international presence and market share places it in an advantageous position

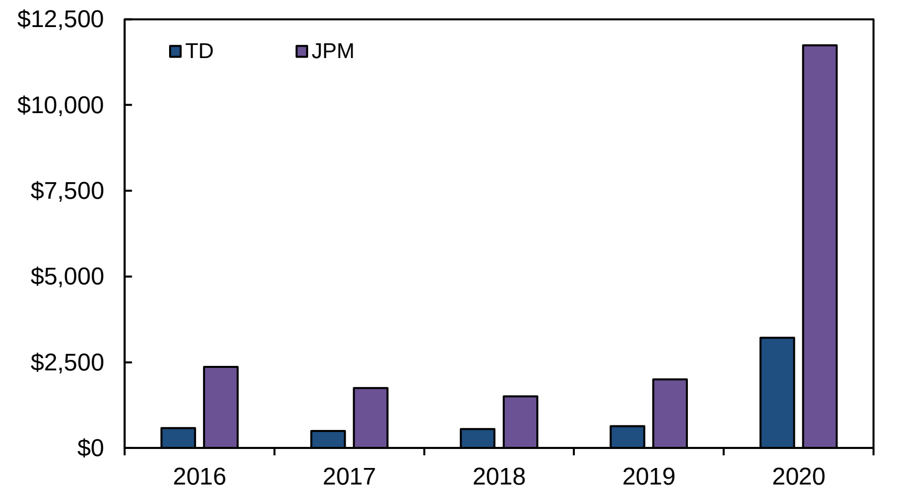
Trading Performance vs Blended Benchmark (Indexed to $100)



Toronto-Dominion Bank

- TD reported a Q2 total revenue of $10.5B, along with a net income of $1.5B, a YoY decrease of 47%. Diluted EPS fell to $0.80, implying a 52% decrease
- Canadian Retail reported net income of $1.17B, down 37% YoY. Revenue for the segment rose by 1%, pushed by higher loan and deposit volumes and increased activity in wealth and insurance businesses. U.S. Retail reported net income of $336mm, a YoY decrease of 73%. TD Ameritrade contributions decreased 9% YoY to $234mm, caused by reductions in trading commissions
- Wholesale Banking reported net income of $209mm, a decrease of 5% YoY, along with a 52% increase in revenue to $1.26B, reflecting higher trading-related revenue and debt underwriting fees
- Provisions for credit losses have been set to $3.2B, the largest among Canadian banks, corresponding to an increase of $2.6B, or 408%, in order to brace for the potential of a surge in bad loans due to the COVID-19 pandemic
- The CPMT believes that high provisions for credit losses, macro trends, and TD's significant U.S. exposure will lead to a steep road to recovery

Q2 Provisions for Credit Losses Among CPMT Holdings ($mm)



Source: Company Filings, S&P Capital IQ

Health Care

Portfolio Managers: *Hayley Hicks, Jose Menjivar*
Investment Analyst: *Stephen Nguyen*

Abbott Laboratories

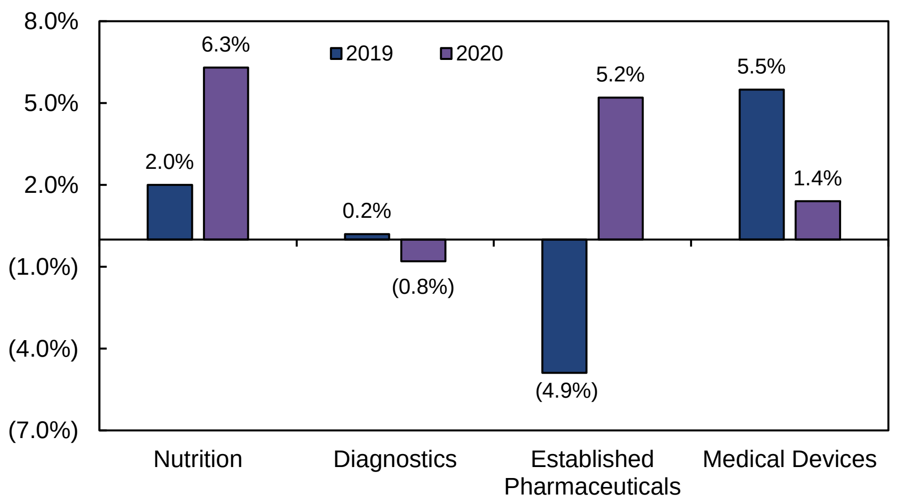
Financial Highlights

- Abbott Laboratories (NYSE: ABT) reported its Q1 2020 results on April 16th
- ABT's revenue grew 4.3% on an organic basis. Growth was driven by its pharmaceuticals unit, which increased its sales 9.3% YoY to US$1.04B
- The Company continues to expand its userbase on *FreeStyle Libre* Glucose monitors over with a sales growth of 59.3% YoY. ABT obtained expanded reimbursement coverage for *FreeStyle Libre* in Japan to include people with Type 2 diabetes
- ABT ended Q1 2020 with ~$3.7B in cash and short-term investments. The Company has access to an additional $5B from existing agreements, should it face any issues with liquidity due to the impacts of COVID-19
- The Company's Diagnostics segment decreased by 0.8% YoY due to a decrease in both cardiovascular device procedures and routine core laboratory diagnostic testing volumes. However, levels of procedures and testing volumes have started to recover in areas initially impacted by COVID-19, such as China

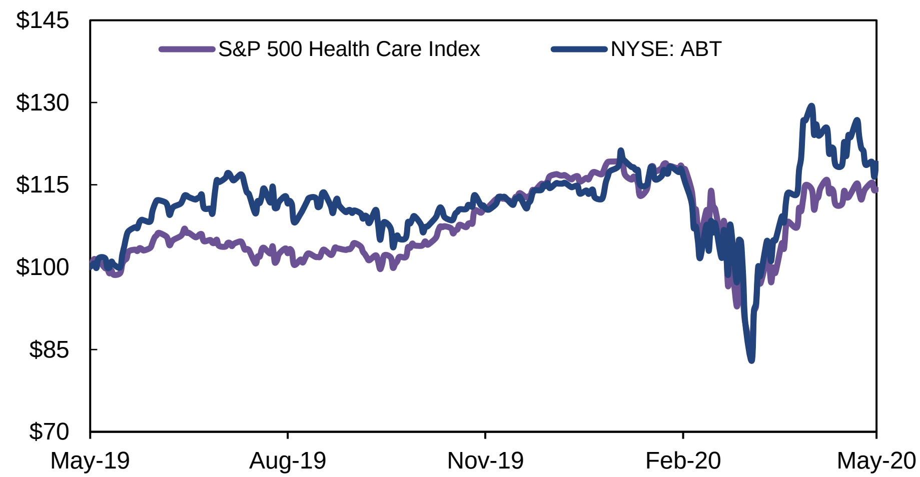
Key Developments and Outlook

- Due to the uncertainties regarding the duration and impact of COVID-19, ABT has suspended its previously issued guidance for sales and earnings per share
- ABT has deployed three tests – *ID Now Molecular Test*, *m2000 SARS-COVID-19* test, and *IgG* antibody test – to combat COVID-19. The Company intends to ship 4mm of its antibody test in April 2020, and 20mm tests per month after June 2020. Pricing will be similar to the Company's *ID NOW* flu test
- Several of ABT's cardiovascular devices, including *TriClip* and *Tendyne*, have recently received CE Mark approvals from the European Union
- *FreeStyle Libre* will now be available to hospitalized patients with COVID-19. The system will allow hospital workers to remotely monitor glucose levels of patients with diabetes in order to limit exposure to the virus
- The CPMT believes that ABT's development of tests for COVID-19 will help to offset the decline in its Diagnostics segment. ABT's ability to generate consistent revenue growth, as well its access to liquidity, place the Company in a strong position against potential challenges posed by the pandemic

Q1 Sales Growth by Business Segment(1)



Total Return (Indexed to $100)



Source: Company Filings, S&P Capital IQ

(1) Sales growth in the Nutrition segment was positively impacted by increased demand in late March in advance of shelter-in-place restrictions due to COVID-19

Amgen

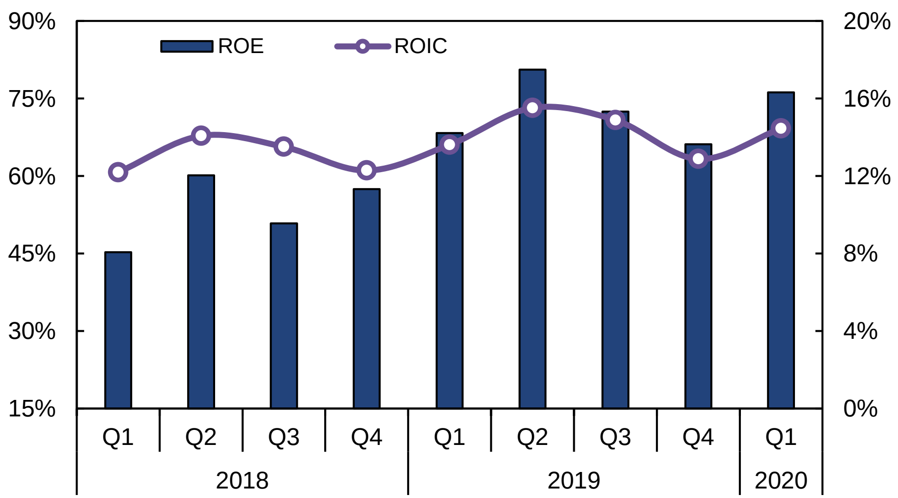
Financial Highlights

- Amgen (NASDAQ: AMGN) released Q1 2020 earnings on April 30th
- The Company experienced a total revenue increase of ~11% YoY driven by volume growth across the AMGN's newer products, including *Amgevita*, *Repatha*, and *MVASI.* Sales were offset by declines in older products due to biosimilar and generic competition
- AMGN's launch of *Evenity* in Japan and the U.S. led to US$100mm in revenue in Q1 2020, with Japan representing roughly two-thirds of sales
- Biosimilars sales have contributed ~US$320B during Q1 2020, led by strong uptake of *MVASI* and *KANJINTI* in the U.S.
- Research and development expenses increased ~8% due to higher spending on *Otezla* and *AMG 510*. AMGN expects R&D spending to increase in the future due to new *Otezla* indications and upcoming products in its pipeline
- The CPMT believes that AMGN's strong volume growth among its newer products, in addition to the wealth of products in the Company's development pipeline, will compensate for the expected sales declines in older products

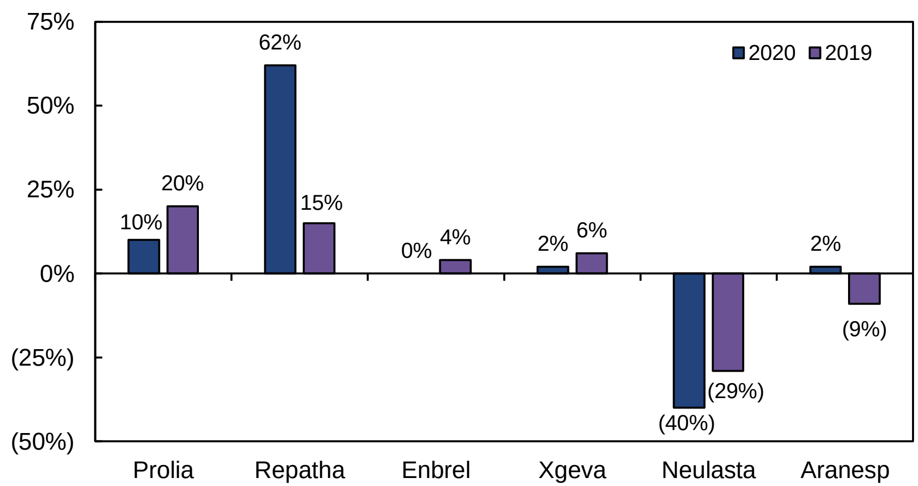
Key Developments and Outlook

- AMGN has reaffirmed 2020 total revenues guidance at US$25-25.6B and EPS guidance at US$10.65-11.45 on a non-GAAP basis
- Late stage trials of *AMG 157* and *AMG 423* (treatments for patients with severe uncontrolled asthma and renal insufficiency) are expected to be on schedule for the year. AMGN is working in collaboration with AstraZeneca and Cytokinetics to execute the studies
- Enrolment in the Company's sotorasib Phase I combination study with KETYTRUDA has been suspended in order to ensure patient safety. However, updated results for *AMG 510,* AMGN's sotorasib in advanced non-small cell lung cancer, were presented at the ASCO20 Virtual Scientific Program
- AMGN announced that *Otezla,* its oral treatment for inflammatory diseases, will be investigated as a potential immunomodulatory treatment in adult patients with COVID-19 in upcoming trials
- The Company expects initial data from Phase I studies in the latter half of 2020 for its half-life extended *BiTE* molecules

LHS Return on Equity and RHS Return on Invested Capital



Q1 Sales Growth By Major Product[1]



Source: Company Filings, S&P Capital IQ

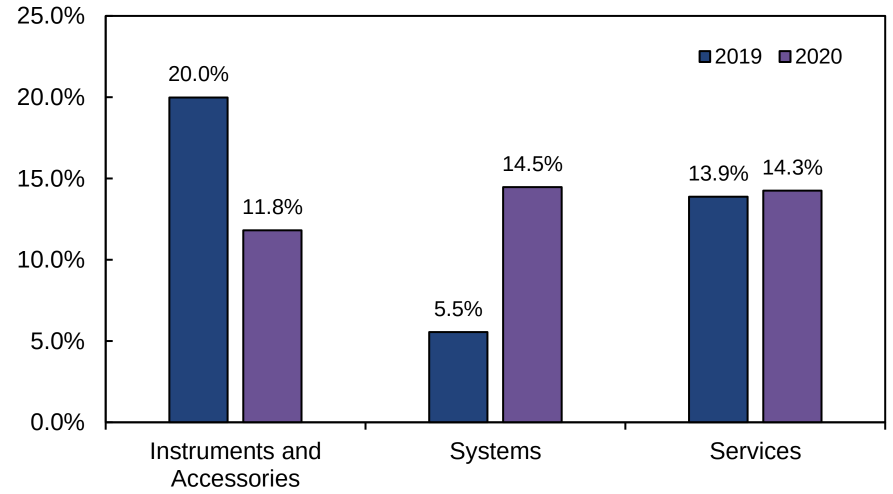
(1) Sales for *Enbrel* were flat as favorable changes to estimated sales deductions and inventory were offset by lower unit demand and net selling price

Intuitive Surgical

Financial Highlights

- Intuitive Surgical (NASDAQ: ISRG) released Q1 2020 earnings on April 16th
- The Company recorded a total revenue growth of 13% YoY, driven by increased procedures – primarily in U.S surgery procedures and worldwide urologic procedures. Significant declines in procedure volume are expected in Q2 2020 due to COVID-19 and are expected to recover in Q3 and Q4
- Commercial procedure rates for ISRG's *Ion* endoluminal system and *SP* surgical system have increased 110% and 14% QoQ, respectively
- ISRG's *da Vinci Surgical System* installed base increased ~11% YoY. Q1 2020 *da Vinci* placements were driven by hospitals and integrated delivery networks looking to standardize on fourth generation systems. However, utilization of the install base declined ~2% from Q4 2019
- Prior to the decline in procedures, revenue from the Company's Instruments and Accessories segment increased from US$1,980 per procedure to ~US$2,000. ISRG expects segment sales to decrease as hospitals adjust inventory levels for lower surgery volumes

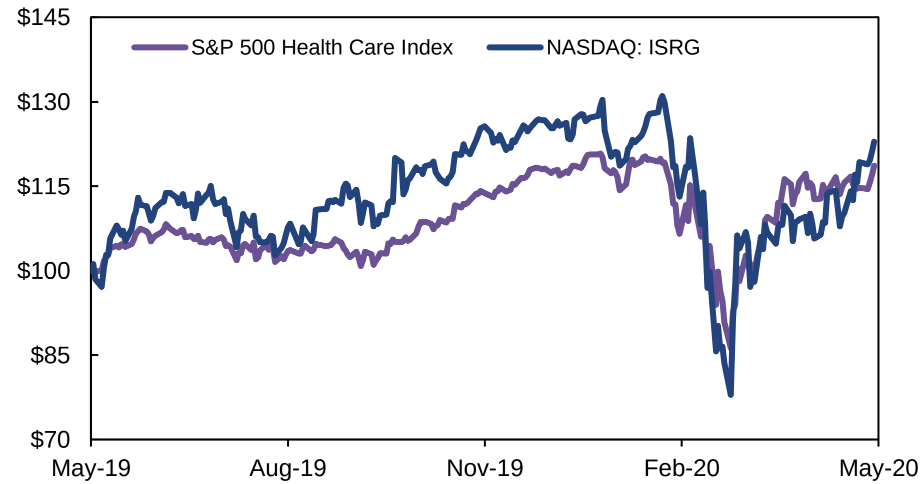
Q1 Sales Growth By Business Segment



Key Developments and Outlook

- ISRG withdrew financial and procedure guidance on April 8, 2020 due to the uncertain scope and duration of the pandemic
- Given the impact of COVID-19, the Company's ability to perform clinical trials associated with the *da Vinci SP System* is likely to be delayed and will be monitored closely
- The Company acquired Orpheus Medical Ltd in February 2020 to expand its integrated informatics platform. Orpheus Medical provides hospitals with information technology connectivity
- Pressures from COVID-19 are expected to increase leasing and alternative financing agreements on the Company's *da Vinci* systems
- Despite the impacts that COVID-19 has had on elective procedures, the CPMT believes that ISRG will benefit from its expansion into telehealth through its acquisition of Orpheus Medical, as well as an expected rise in future demand for robotic surgeries

Total Return (Indexed to $100)



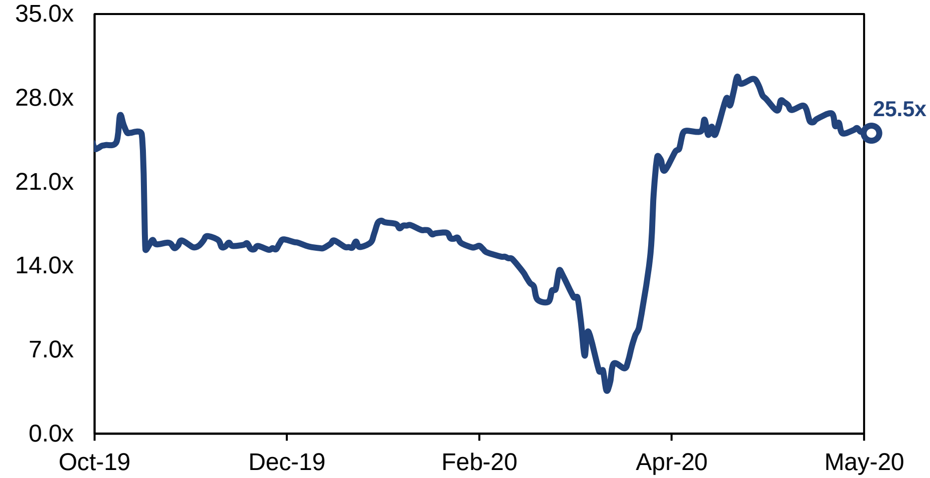
Source: Company Filings, S&P Capital IQ

Knight Therapeutics

Key Developments and Outlook

- Knight Therapeutics (TSX: GUD) extended its Q1 2020 earnings filing date due to the impacts of COVID-19. The Company has confirmed that it will release its earnings on June 26, 2020
- GUD announced in April 2020 that it licensed the exclusive rights to re-launch *Trelstar* in Canada, as a result of successfully taking over commercial activities from Debiopharm, a Swiss-based biopharmaceutical company
- The Company received an approval from Health Canada for *ISRELA*, a treatment for irritable bowel syndrome with constipation in adults, in April 2020
    - GUD originally signed an agreement with Ardelyx Inc in March 2018 for the exclusive right to distribute the treatment in Canada
- The CPMT maintains its thesis that GUD presents an asymmetric return profile. With the market continuing to value the Company at ~1.0x P/BV, in addition to its large cash balance and valuation points inline with historical averages, GUD remains a defensive holding with significant upside potential

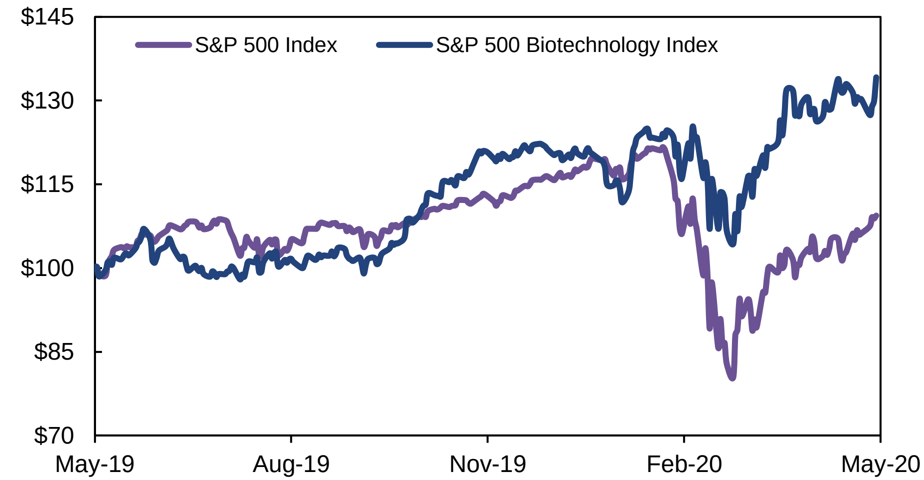
NTM EV/EBITDA



Biotech Bubble?

- The race for a vaccine for COVID-19 may be creating an investment bubble in the Biotech industry
- The combined market capitalization of the eight most valuable biotech companies in the S&P 500 has increased $130B to over $600B since March, with smaller biotech firms growing to over $40B
- Market capitalization of Moderna Inc, the largest company in the S&P 500 Biotechnology Index, has grown over 300% to ~US$25B since the beginning of February. The Company's top five executives have sold more than $89mm of stock so far this year
- A study from the MIT Sloan School of Management found that ~14% of all drugs success go from Phase I of clinical trials to FDA approval, with 33.4% of vaccines reaching approval. AstraZeneca has stated that its vaccine candidate has a 50% chance of succeeding

Total Return (Indexed to $100)



Source: S&P Capital IQ, Thomson Reuters

Industrials

Portfolio Managers: *Dhruv Jindal, Erik Skoronski*
Investment Analyst: *Sina Hadjiahmadi-Ardakani*

Industrials Sector Overview

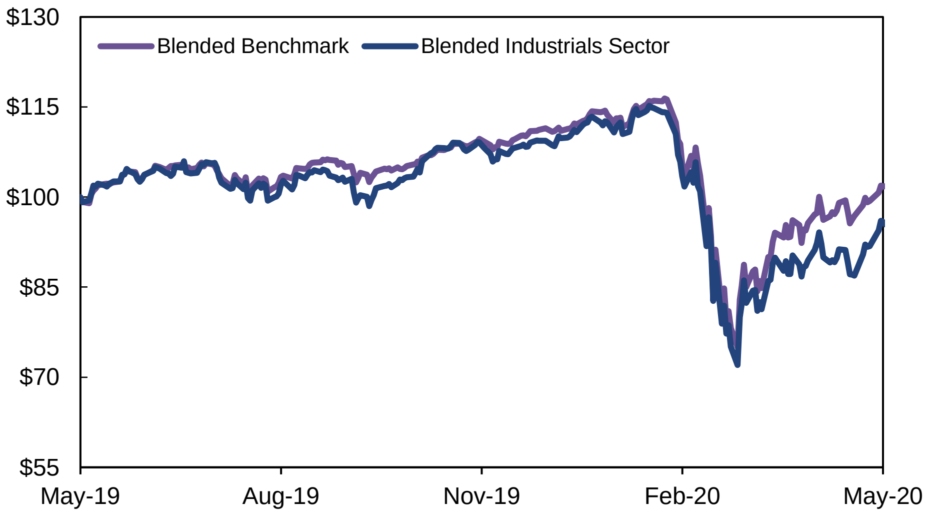
Sector Holdings Overview

- Canadian National Railway (TSX: CNR) is up 1.0%, Waste Connections (TSX: WCN) is up 3.6%, and Cintas (NASDAQ: CTAS) is down 7.9% YTD
- With public companies and economic indicators suggesting that economic contraction saw its lowest point in April, the CPMT's industrials holdings are well-positioned to outperform as an economic recovery ensues
- Considering uncertain and potentially volatile performances in economic landscapes globally, the CPMT holds a firm consensus on maintaining a diversified industrials portfolio
- With names like CNR, CTAS, and WCN operating in the transportation, uniform, and waste management industries of the North American economy, the CPMT believes risk exposure to economic activities on aggregate are mitigated in the industrials portfolio
- Additionally, with the diversity of the industrial holdings, the CPMT believes that the portfolio remains defensive as U.S.-China trade war tensions resurface

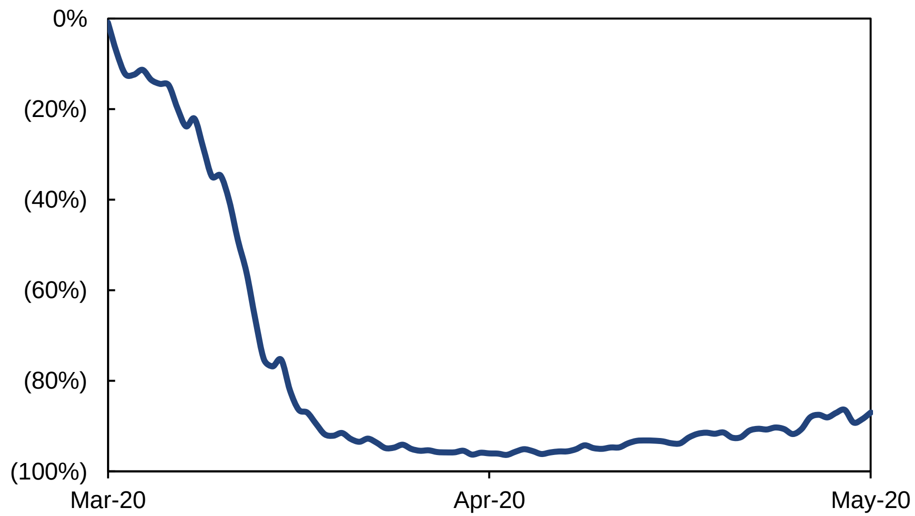
Sector News

- The Industrials sector has underperformed the market by 6.3% from May 2019 to May 2020
- In April alone, the U.S. Construction industry lost one million jobs. Manufacturers have also been hit hard as many production plants were closed for months during the pandemic
- Air travel is down ~90% since the start of the pandemic, therefore, airlines have grounded nearly 66% of the worlds fleet during this period. Airplane manufacturers, notably Airbus and Boeing, have seen significant declines in orders, with Boeing failing to sell a single commercial plane and experiencing 108 plane order cancellations in April.
- The LEEFF stimulus package fails to support 75% of Canadian airlines with its eligibility requirements
- Monthly PMIs continue to remain below 50%, suggesting a pessimistic economic outlook, but have shown improvements in recent months, with the U.S. Manufacturing PMI going from 41.5% in April 2020 to 43.1% in May 2020

Blended Industrials Sector[(1)] vs Blended Benchmark (Indexed to $100)



YoY Air Travel Passenger Growth



Source: Company Filings, S&P Capital IQ, Transportation Security Administration

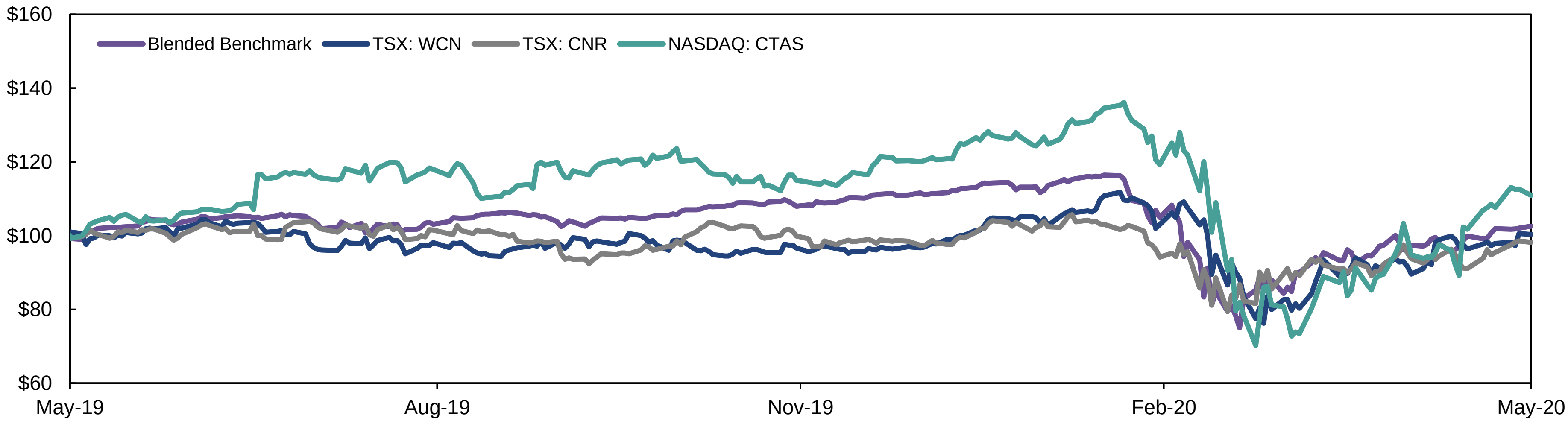
(1) S&P 500 Industrials Sector & S&P/TSX Capped Industrials Index

Industrials Holdings Update

Waste Connections

- Waste Connections (TSX: WCN) saw revenues increase 8.7% YoY in Q1 2020. Growth was restricted by business closures, which lowered economic activity and industrial waste output
- Solid Waste Collection increased by 10.8% YoY and accounts for 72.9% of WCN's revenues. Additionally, Solid Waste Disposal and Transfer revenues increased by 8.0% YoY, now accounting for 19.2% of WCN's revenues
- With a fall in economic activity, and the cyclical nature of waste collection, WCN has stated that they have seen a reduction in revenue from commercial clients
- In forecasting Q2 2020, the Company stated that in April alone, revenue dropped 9.3% YoY after excluding acquisitions made in the comparable period (6.0% drop without this adjustment)
- WCN noted that April will likely be the lowest point of its economic hardship, as trends for subsequent months (in Q2 2020) show sequential improvement for waste collection, attributed to economic activity slowly recovering in North America
- Out of all the commercial customers who suspended WCN's services due to COVID-19, 12.0% have resumed their services after WCN’s Q1 2020 earnings release. These customers account for 9.0% of the commercial segment's revenue
- WCN has reduced its capital expenditures budget by 20% in order to offset potential losses due to a slowdown in operations
- The CPMT is confident in the Company’s ability to go through periods of volatility without experiencing material setbacks after management’s actions. Additionally, the CPMT believes that WCN remains well-positioned to take advantage of greater waste output from a re-emergence in economic activity and commercial production

CPMT Industrials Holdings vs Blended Benchmark (Indexed to $100)



Source: Company Filings, S&P Capital IQ

Industrials Holdings Update

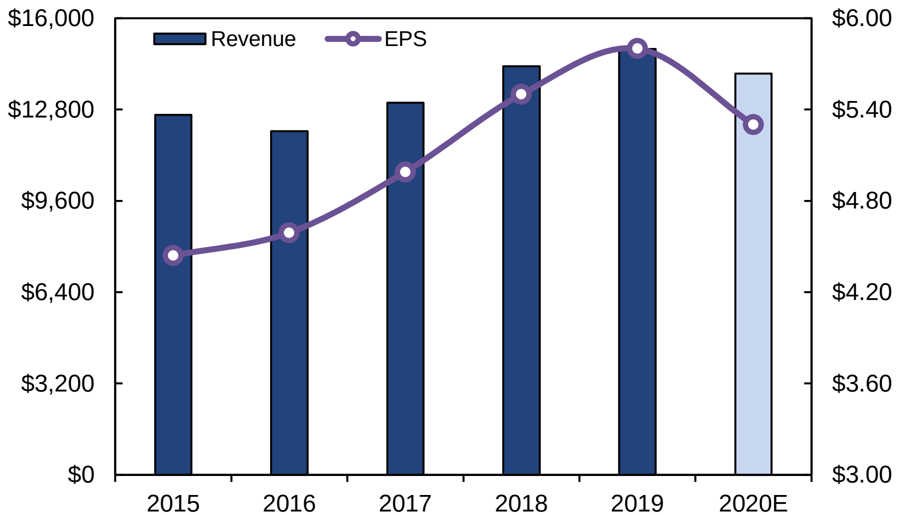
Canadian National Railway

- Canadian National Railway (TSX: CNR) reported flat revenues for Q1 2020, despite rail blockades and COVID-19's impact. CNR remains committed to maintaining a minimum FCF of $2.5B in order to increase dividends by 7.0% for FY 2020
- Crude-by-rail shipments were projected to be a dominant source of growth for CNR this year due to congestion in pipelines. However, lower demand for crude, frac sands, and jet fuel due to COVID-19 is having adverse effects on CNR's energy transportation unit
- Since North American assembly plants were shut down for months and face low demand for vehicles, CNR's automotive unit is expected to face challenges
- CNR continues to minimize risks to growth in segments impacted by COVID-19 from strong revenue generation in TransX's intermodal commodity transports, higher freight rates, and increased Canadian grain shipments
- The diversity of CNR's revenue stream will be a source of strength in offsetting lower transportation volumes across other commodity groups due to COVID-19

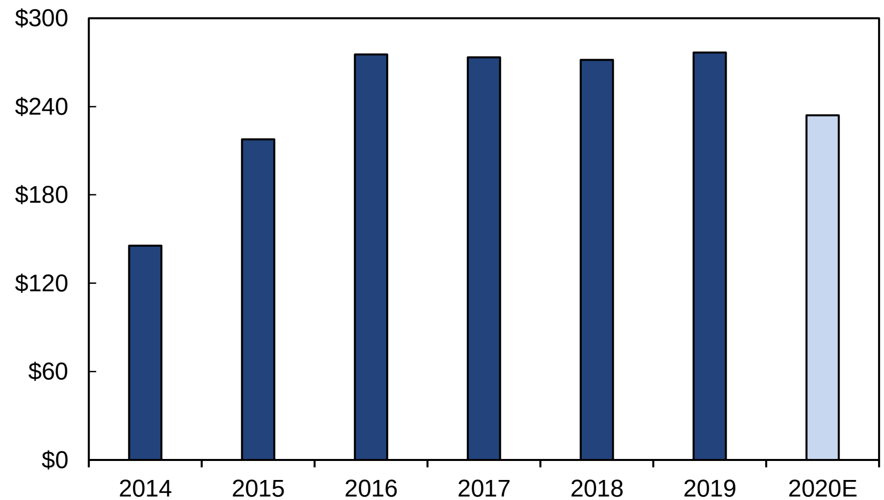
Cintas

- Cintas (NASDAQ: CTAS) had a YoY growth of 7.6% in revenues when it last reported its earnings before the pandemic's outbreak in North America, with organic sales growth amounting to 5.7%
- Being the largest uniform rental company in the U.S., CTAS is expected to face short-term pressure with businesses conducting operations online and record unemployment numbers mounting
- As businesses adjust with re-openings underway, CTAS seeks to capitalize on a greater need for their cleaning supplies in keeping businesses' facilities clean
- The Company is heavily invested in promoting its sanitization supplies and services, and transitioning their uniform segment to conform with personal protective equipment standards as a source of growth, in response to the COVID-19 pandemic
- Although CTAS's workforce and spending has been cut due to COVID-19, the CPMT maintains confidence in the Company's strong balance sheet, credit facility access, and commitment to strong cash flow generation

LHS CNR Revenue ($mm) and RHS EPS Growth



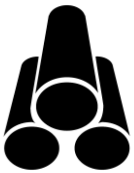
CTAS Capital Expenditures (US$mm)



Source: Company Filings, S&P Capital IQ

Calgary Portfolio Management Trust

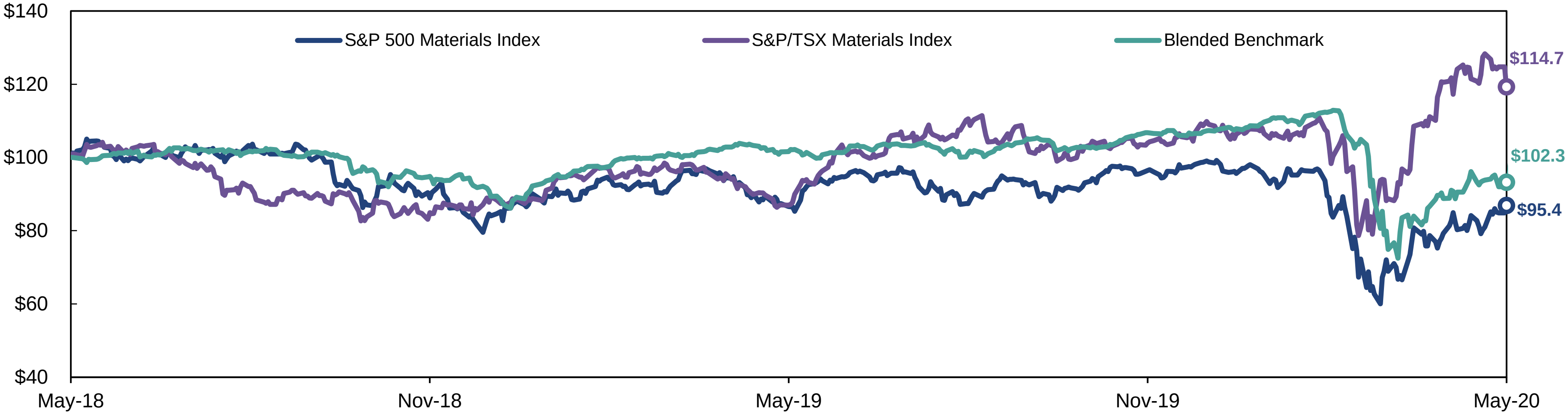
Materials



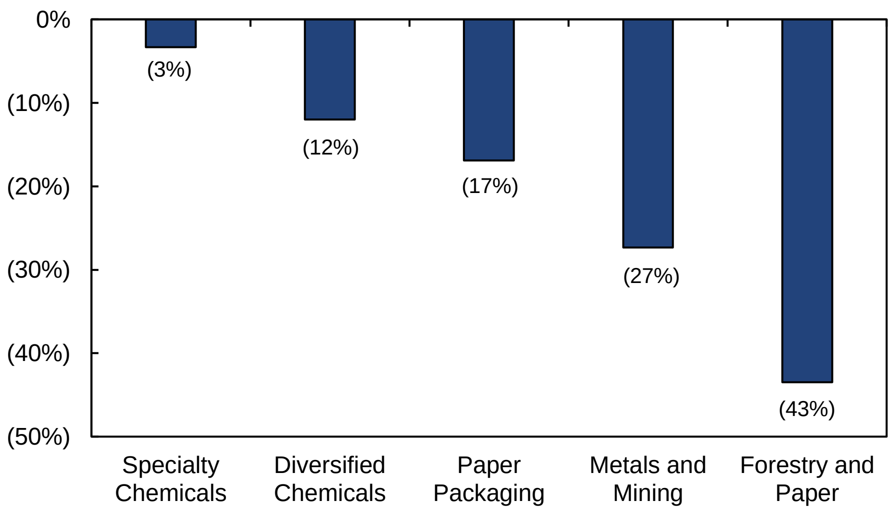
Portfolio Manager: *Akash Sekar*
Investment Analysts: *Abhishek Sewak, Katie Tu*

Industry Outlook

Materials Index vs Blended Benchmark (Indexed to $100)



Sub-Segmented Performance YTD



Commentary

- The spread of COVID-19 has decreased construction globally, further reducing the demand for chemicals
- As industrial activity slows in China, many speciality chemical companies have experienced reduced production and incurred damages to their supply chains. In addition, the expensive nature of raw materials has caused near-term margin compression for companies to squeeze margins in the near-term
- With China being one of the largest trading partners of the U.S., recent trade tariffs have further dragged down the specialty chemicals
- Fine writing and other special papers are in decline. Additionally, consumers are choosing not to purchase new homes or renovate their existing homes. This has led to recent contraction in the lumber industry
- An exponential spike in demand for toilet paper and disinfection towels has led to machine production running at its highest possible volumes. Increasing the amount of machines would greatly increase capital expenditures for the industry and may prove to be costly in the long-term

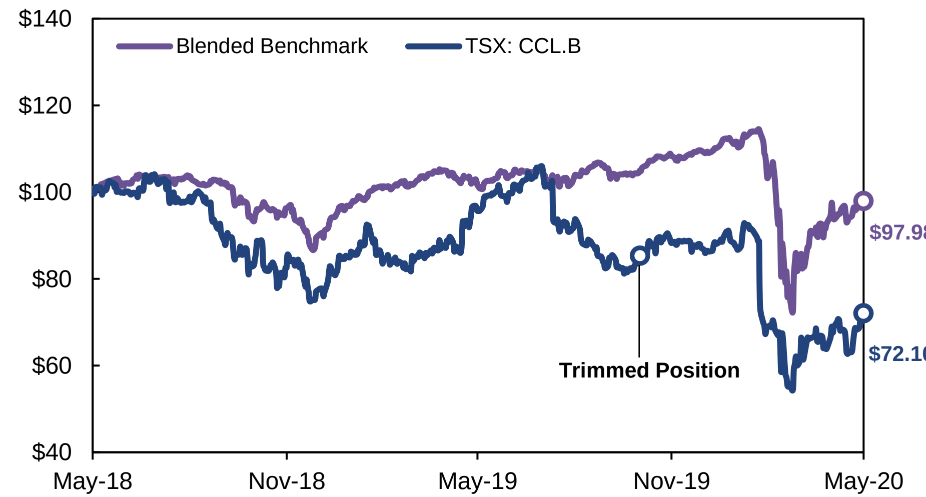
Source: IBIS World, S&P Capital IQ, S&P Global, Utility Dive

CCL Industries

Q1 2020 Results

- CCL Industries (TSX: CCL.B) experienced an organic sales decline of 2.8% YoY from $1.33B to $1.30B. The CCL, Avery, Checkpoint, and Innovia Segments posted organic sales decreases of 0.7%, 3.2%, 10.3%, and 5.9%, respectively. Operating cash flows increased 150% YoY to $80.3mm due to improvements in working capital
- Operating income decreased 2.2% YoY to $200.3mm this quarter. This decline was mainly attributed to results from Checkpoint, which were affected by government mandated temporary closures of non-essential retail outlets, and partially offset by improved results from Avery and Innovia due to strong product mix, lower input costs, and productivity gains
- Despite disruptions to operations, Q1 results demonstrated that CCL is able to leverage the diversity of its product line to limit declines in overall earnings. Furthermore, the Company continues to strengthen product diversity through acquisitions while maintaining low levels of debt. For these reasons, the CPMT believes that CCL is in a good position to mitigate impacts of COVID-19 and continue to expand operations

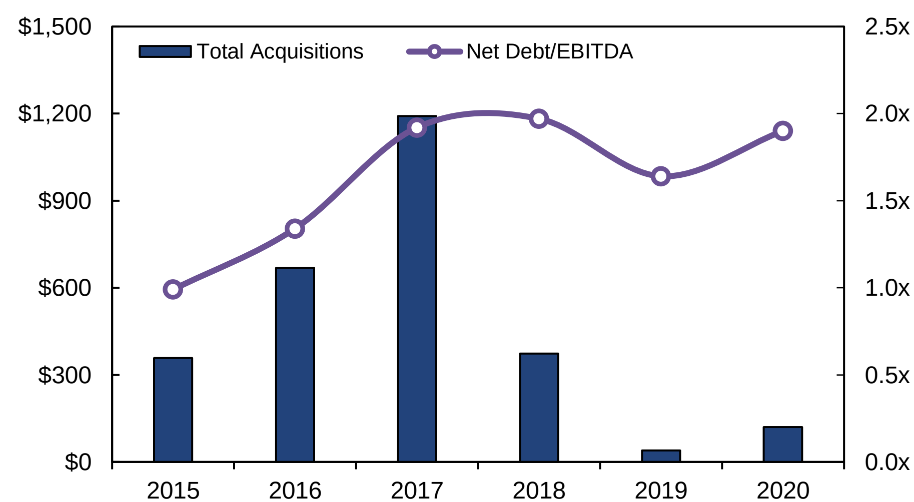
Trading Performance vs Blended Benchmark (Indexed to $100)



Recent Acquisitions

FY 2019	Q1 2020
Easy2Name Limited ($2.5mm)	Identilam Ltd ($2.9mm)
Olympic Holding B.V. ($13.6mm)	ID&C World Holdco Ltd ($35mm)
Hinsitsu Screen Company Limited ($12.9mm)	Ibertex Etiquetaje Industrial S.L.U. and Eti-Textil Maroc S.a.r.l. AU ($19.9mm)
Colle A Moi Inc. ($3.1mm)	Rheinfelden Americas, LLC (assumed $20.1mm debt to acquire remaining 50% interest)
Say It Personally Limited ($0.4mm)	Clinical Systems, Inc ($19.6mm)
Stuck On You Holdings Pty Ltd and Stuck On You Trading Pty Ltd ($7.2mm)	Flexpol Sp. Z.o.o. ($23.6mm)

LHS Total Acquisitions ($mm) and RHS Net Debt/EBITDA



Source: Company Filings, S&P Capital IQ

Calgary Portfolio Management Trust

Real Estate

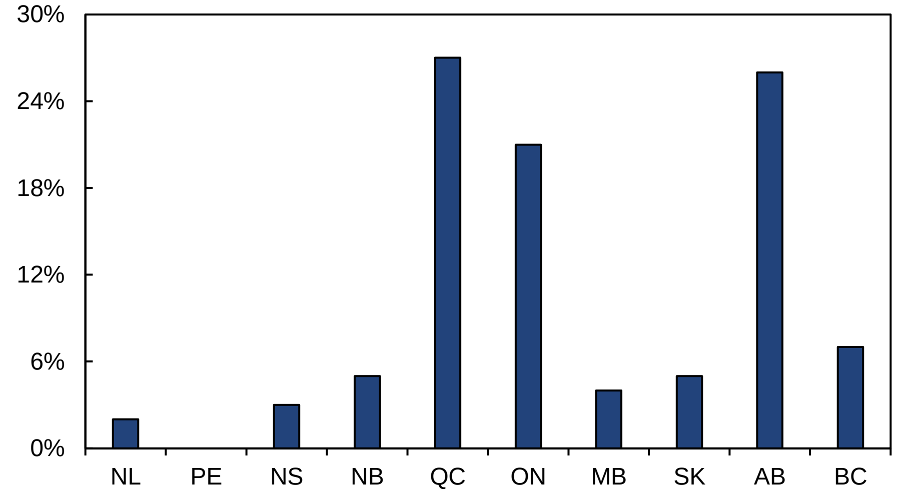
Portfolio Managers: *Hayley Hicks, Jose Menjivar*
Investment Analyst: *Stephen Nguyen*

The Canadian Real Estate Market

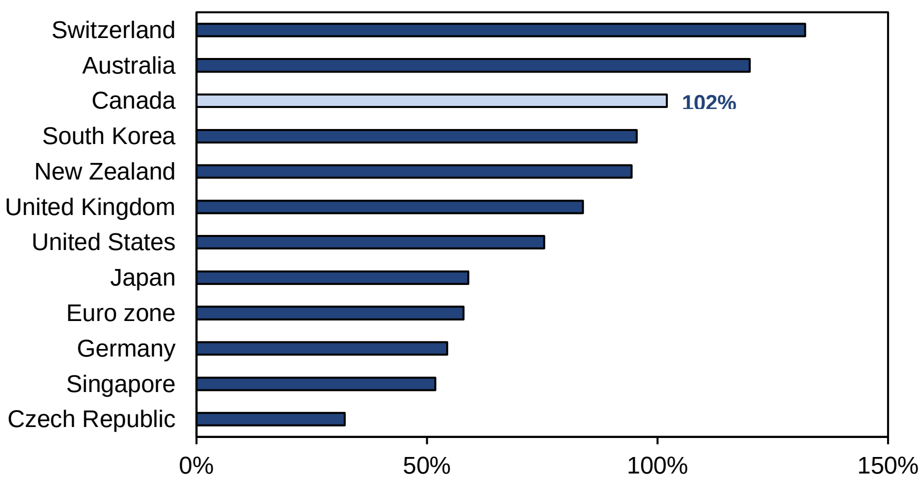
Impact of COVID-19 on the Canadian Residential Real Estate Market

- The COVID-19 pandemic threatens to weaken the Canadian Real Estate market. The sharp activity decline was felt throughout the country, with varying effects across different regions. The largest markets in Canada, Toronto and Vancouver, experienced substantial sales declines of ~60% on average. Toronto experienced an average home price decline of 10% versus a 2% increase in the Greater Vancouver Area in April 2020
- The Canadian Mortgage and Housing Corporation (CMHC) estimates that 12% of mortgage holders have elected to defer payments thus far. The CMHC expects that number to reach 20% by September, with as many as one-fifth of mortgages in arrears if the economy does not recover quickly
- Concerns include Canada's high household debt to GDP ratio, which sits at 102% and is estimated to reach 130% in Q3 2020. These ratios are in excess of the 80% threshold, above which the Bank for International Settlements has stated that national debt intensifies the drag on GDP growth
- The CMHC estimates a 9-18% drop in average national house prices

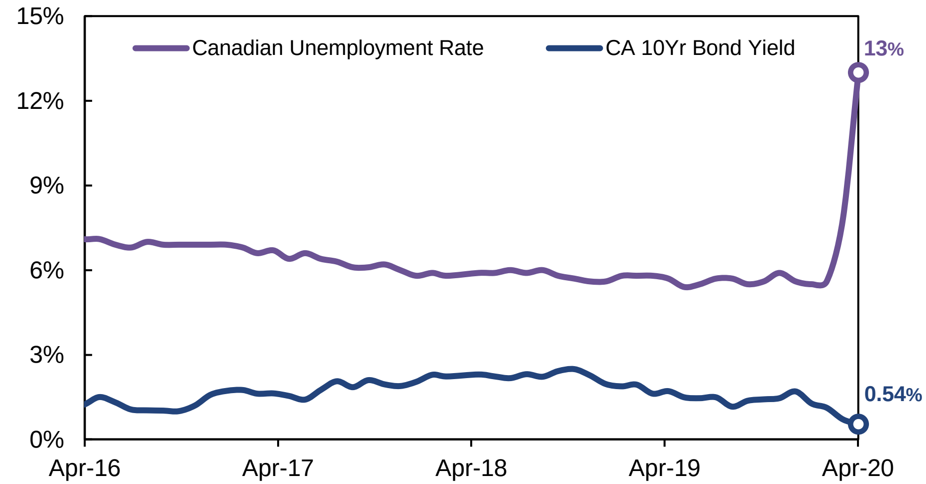
Mortgage Deferrals by Province



National Household Debt to GDP by Country



Canada Unemployment Rate vs 10-Yr Sovereign Bond Yield



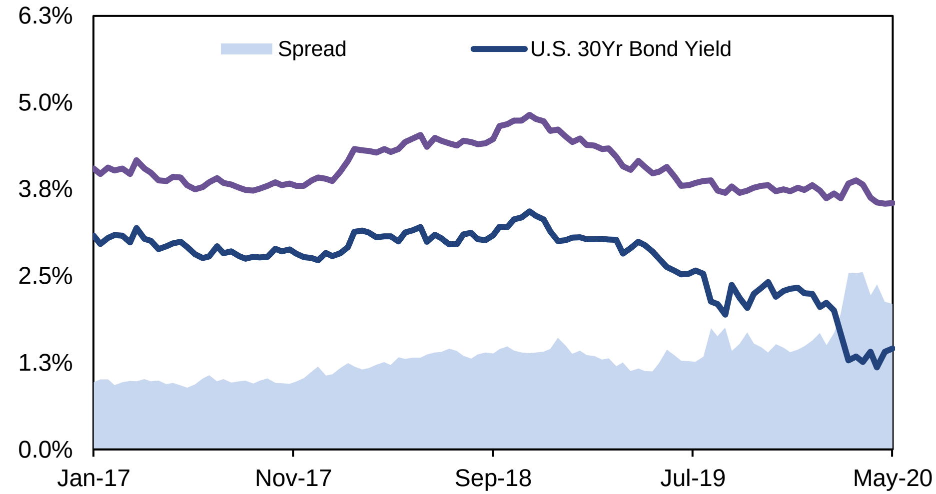
Source: Canadian Real Estate Association, CMHC Press Briefings

The American Real Estate Market

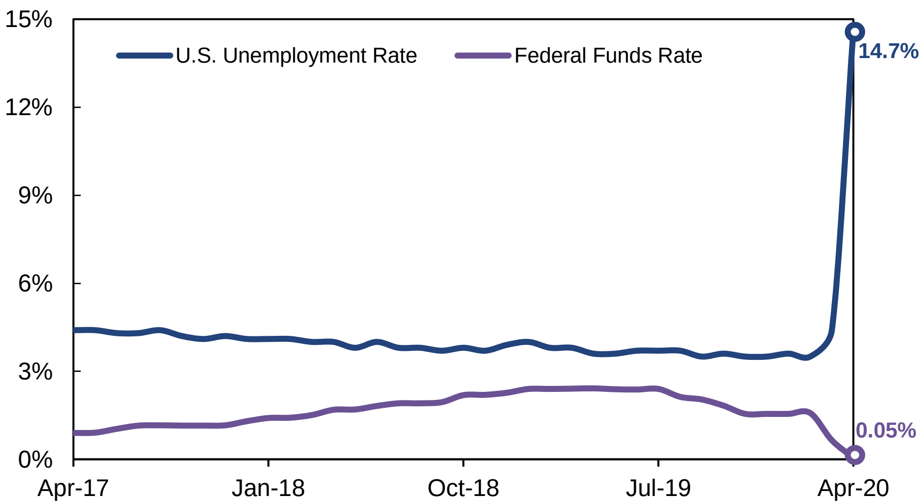
Impact of COVID-19 on the U.S. Residential Real Estate Market

- The National Association of Realtors (NAR) forecasts a decline in home sales of 15% and an overall rise in housing prices of 1.1% in 2020, driven by limited housing supply and increased movement of sellers to less populated states
- Buyers may benefit from low U.S. 30-year fixed mortgage rates, which currently sit at ~3.28% and are anticipated to reach 3.10%. Rates are expected to rise to ~3.88% by early 2021
- The American Conference Board's Consumer Confidence Index shows consumer confidence softening in 2020, with an estimated decline of 21%
- The unemployment rate has increased from 3.6% in March to 14.7% in April, with the FFR sitting at 0.05% in April. The natural unemployment rate for 2020 is expected to be between 4.5-4.6%
- The U.S. experienced 36mm jobless claims in the past 8 weeks
- U.S. housing starts experienced a decline of ~50% since January 2020, where the number of starts were ~1.6mm. April 2020 recorded starts of under ~900K, attributed to COVID-19 work-related precautions and understaffing

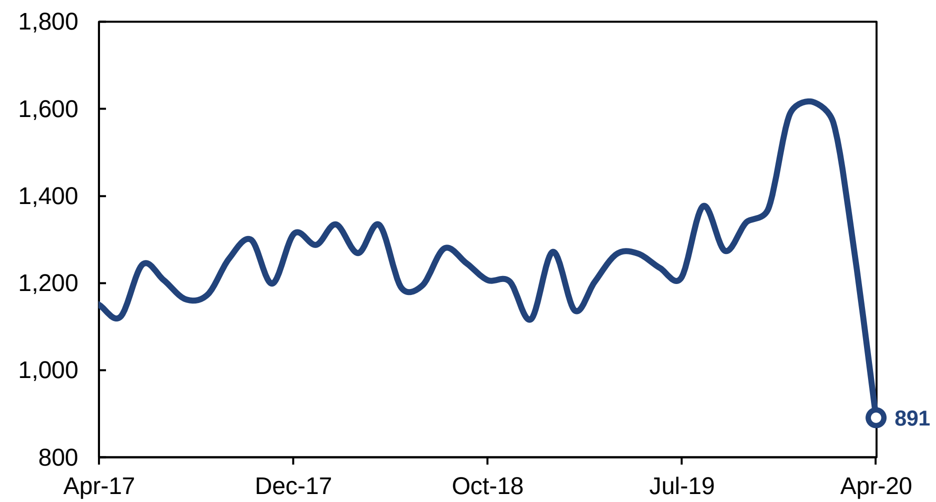
U.S. 30Yr Bond Yield vs 30Yr Fixed Mortgage Rate



U.S. Unemployment Rate vs Federal Funds Rate



U.S. Housing Starts (000s)



Source: FRED, National Association of Realtors

Technology, Media, and Telecommunications

Portfolio Manager: *Erik Skoronski*
Investment Analysts: *Sina Hadjiahmadi-Ardakani, Kian Sadeghi*

Technology, Media, and Telecommunications Sector Overview

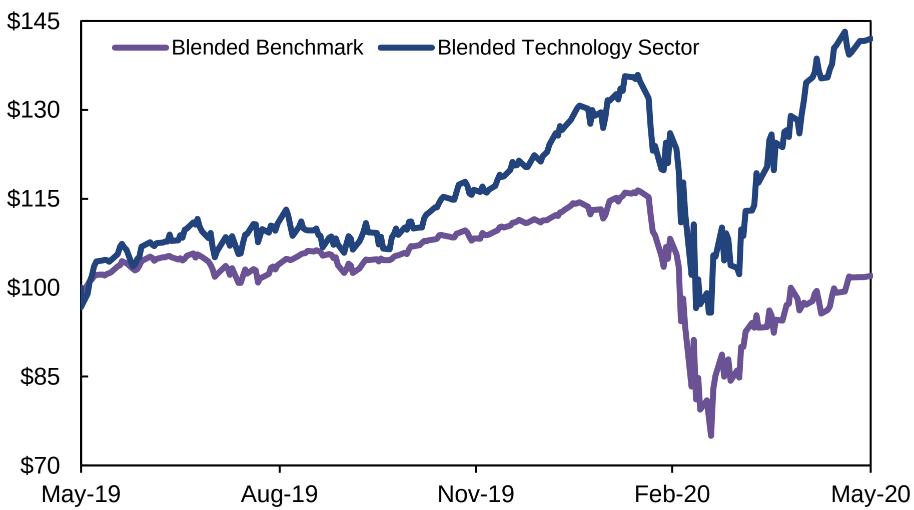
Information Technology Sector Update

- The Technology sector has outperformed the market by 39.8% over the last 12 months
- The sector's outperformance during the pandemic was justified by the increased demand for cloud software and services, as businesses began working remotely and individuals started to interact online
- Social media companies have cited decreases in advertising revenues as businesses cut their marketing budgets to stay afloat
- ByteDance, the parent company of TikTok, is rumoured to potentially go public in the U.S. It is the highest valued start-up in the world, with private investors valuing it at over US$90B
- Firms in the sector are also developing contact tracing systems for COVID-19, with Apple (NASDAQ: AAPL) and Alphabet (NASDAQ: GOOGL) partnering to create mobile apps for government use. Twilio (NYSE: TWLO) is also developing a COVID-19 tracing system for New York City

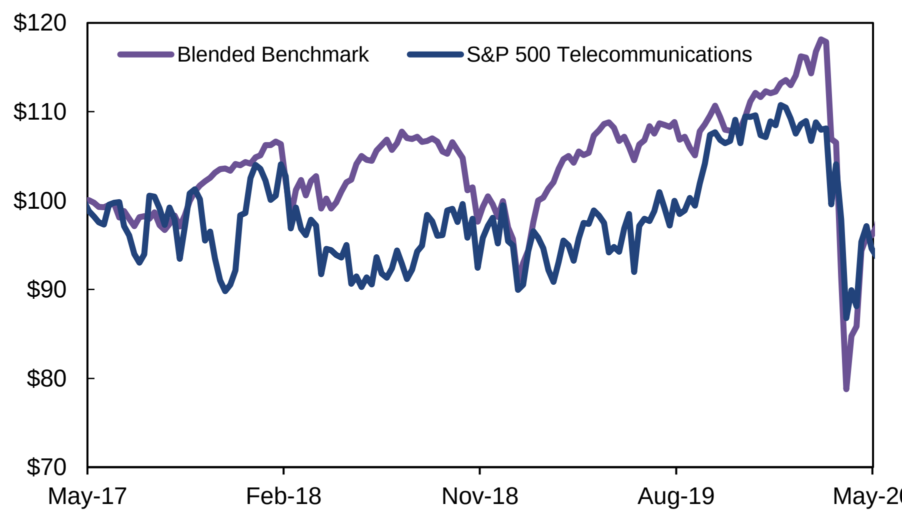
Telecommunications Services Sector Update and Holdings Overview

- During May 2020, the CPMT Telecommunications holdings returned 6.6%, compared to the Blended Benchmark's performance of 4.5%. This is a result of COVID-19's impact on consumer service needs and the sudden increase in network usages
- Facebook (NASDAQ: FB) announced a US$5.7B investment in Indian digital services provider Jio Platforms Ltd., part of Reliance Industries, corresponding to a 9.9% stake. With total investments of US$11.9B, FB now ranks as the company's largest minority shareholder, ahead of KKR (2.32%), Vista Equity Partners (2.32%), Silver Lake Partners (2.08%), Mubadala Investment Company (1.85%), and General Atlantic (1.34%)
- Major service providers have reported substantial increases in network consumption as the general public shifts towards work from home practices
- Communication Services firms face strong demand in helping businesses transition to the e-commerce world, with Facebook creating shopping features on its platform, which are easily accessible for small businesses

Blended Technology Sector [1] vs Blended Benchmark (Indexed to $100)



3 Year Telecom Sector vs Blended Benchmark Return (Indexed to $100)



Source: BNN, Company Filings, S&P Capital IQ
(1) S&P 500 Information Technology Sector & S&P/TSX Capped Information Technology Index

Information Technology Holdings Update

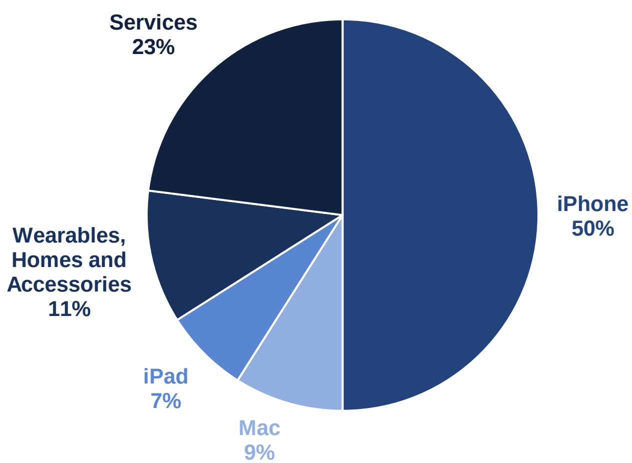
Apple

- Apple (NASDAQ: AAPL) had flat revenue in Q2 2020, showcasing revenue growth of 0.5% on a YoY basis
- Sales in Services increased by 16.6% YoY, with Product sales falling 3.4%. Sales in China fell by 7.5%, while 9.5% growth was seen in Europe, and the Americas remained relatively unchanged
- AAPL's revenue breakdown continues to align with the Company's strategy of becoming a service company, and is in line with the CPMT's revised thesis of the adoption of a service-oriented business model serving as a driver of growth
- Since most of AAPL's stores were closed during COVID-19, the Company has cited that online sales have reached record highs. Analysts project that App Store sales could increase by over 30.0%
- A US$50B increase in the Company's share repurchase plan was authorized and dividends are set to increase by 6.0%
- AAPL continues to launch new products as employees work from home, further strengthening the CPMT’s confidence in the name

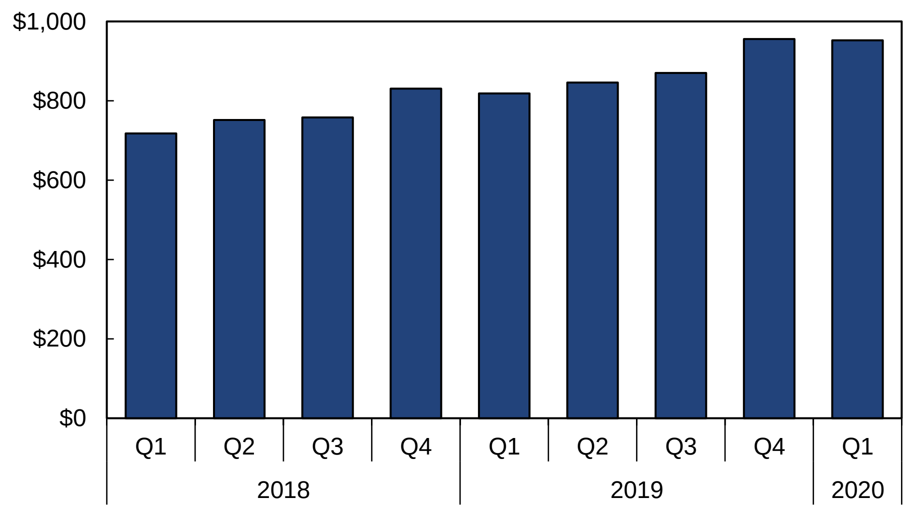
Constellation Software

- Constellation Software (TSX: CSU) has shown strong results in Q1 2020, posting a 16.4% YoY increase in revenue and a 40.7% YoY increase in net income (after excluding a bargain purchase gain in Q1 2019)
- The largest segment of CSU's earnings continues to come from its software maintenance services. The primary source of revenue growth has been through acquisitions, as organic growth has decreased by 2.0%
- Due to the pandemic's adverse effects on certain business units, some of CSU’s newly acquired businesses' forecasted cash flows will decline from their estimates at the time of acquisition, possibly leading to greater impairment expenses on their financial statements
- Specific to CSU's portfolio of companies, Jonas and Vela Software are expected to face significant challenges, due to their ties to the leisure and travel industries. Activities in its other companies are unlikely to deviate from expectations
- The CPMT believes that CSU’s portfolio of companies, which covers multiple industries, can offset sales declines from segments affected by COVID-19

Q2 2020 AAPL Revenue Breakdown by Segment



CSU Sales Growth (US$mm)



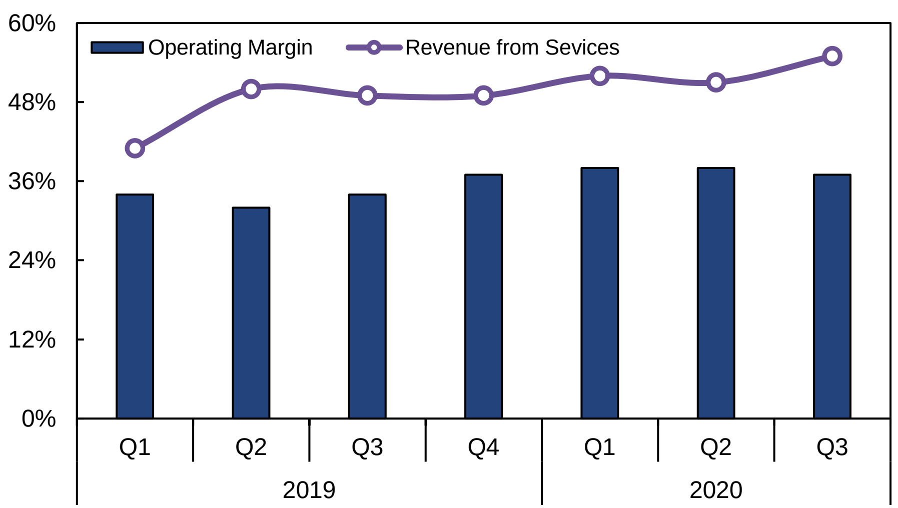
Source: Company Filings, S&P Capital IQ

Information Technology Holdings Update

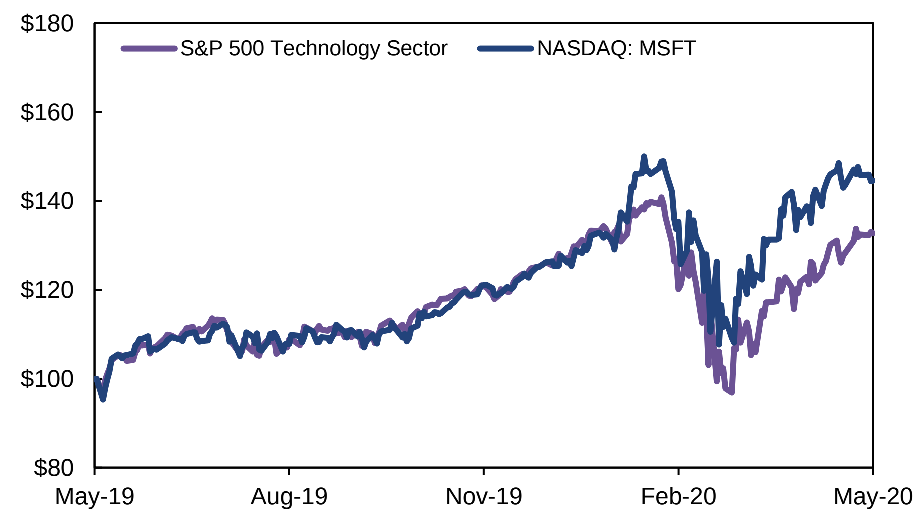
Microsoft

- Microsoft (NASDAQ: MSFT) experienced a 14.6% YoY increase in revenue for Q3 2020, revealing that the pandemic has had minimal impacts on its overall business
- MSFT retail stores were closed for most of COVID-19's initial outbreak, leading to a 2.7% increase in Product sales YoY. As stay-at-home orders were implemented on a global scale and businesses transitioned to working online, MSFT saw a YoY increase of 26.6% in its Service sales
- MSFT continues to transition its primary source of revenue from its Product segment towards its Services, with the biggest split having occurred this quarter, as 54.7% of revenues came from Services and 45.3% came from Products
- Daily active users on Teams passed the 75mm mark. This figure's recent acceleration was attributable to businesses' and individuals' needs to interact online with stay-at-home guidelines in place
- Competition in the online workplace remains competitive, with Zoom (NASDAQ: ZM) posting 300mm daily users, Facebook (NASDAQ: FB) Workplace surpassing 5mm paid users, and Slack (NYSE: WORK) and Alphabet (NASDAQ: GOOGL) offering similar services with a growing user base
- Office 365 has grown in popularity, now amassing 258mm paid seats (20.0% growth), and Office 365 consumer subscribers grew to ~40mm (representing a 15.0% increase from a revenue standpoint)
- With record unemployment levels due to a reduction of demand in many industries, advertising expenditure on LinkedIn has fallen substantially
- Xbox Live reached a record of over 90mm active users during the quarter. The release of the Xbox Series X console remains on track to make its debut in Fall 2020
- The CPMT believes MSFT's outperformance relative to its peers is justified, as the Company continues to be an innovative leader with strong secular trends in its industry

MSFT Operating Margin and Percentage of Revenue from Services



Trading Performance vs S&P 500 Technology Sector (Indexed to $100)



Source: Company Filings, S&P Capital IQ

Telecommunication Services Holdings Update

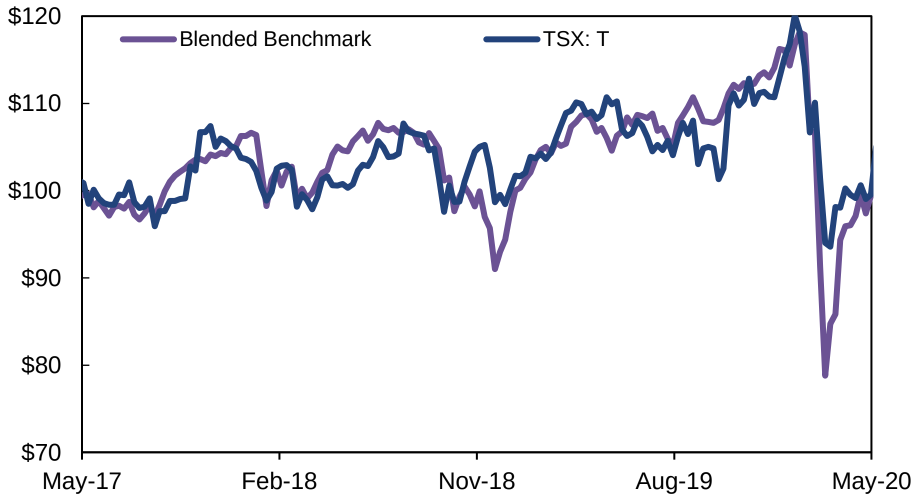
TELUS

- TELUS (TSX: T) saw 5% YoY growth in revenue of $3.69B. Net income decreased by 19% to $353mm, resulting in a decrease in diluted EPS to $0.28
- Revenues from the Wireline and Wireless segments increased and fell by 14.3% and 2.0%, respectively. Drops in Wireless revenues are mainly attributed to travel restrictions and the promotional waiving of fees to assist customers who face financial burden
- Due to the COVID-19 pandemic, T's network experienced a 33.3% increase in traffic increases, relative to typical usage patterns, leading to a segmental revenue growth of 1.3% YoY. T has extended promotional offerings to give customers flexibility as they navigate through potential financial stresses
- T has been transparent with its expectations of an adverse effect on earnings and has thus deferred capital expenditures relating to 5G development to enhance current network capacity
- Going forward, the CPMT believes that T will continue to benefit from network usage increases, while 5G developments also offer additional growth potential

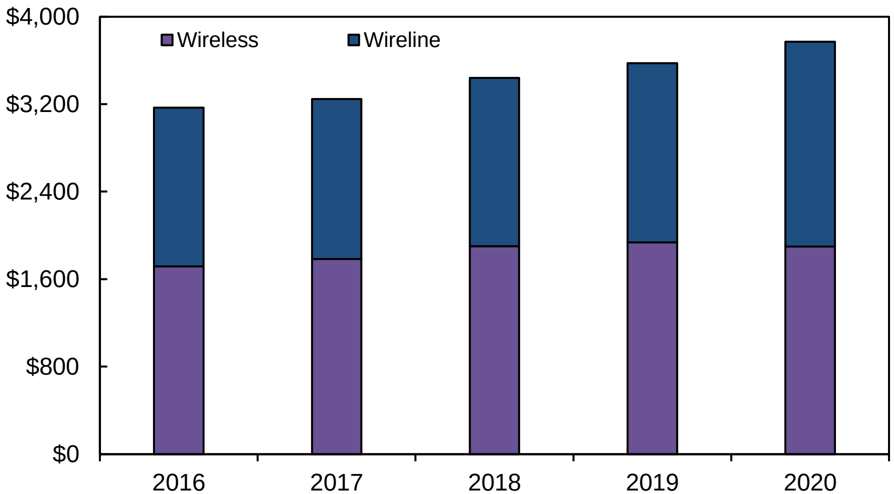
5G

- Canadian wireless networks have been ranked as the world's fastest networks throughout the COVID-19 pandemic. Canada has overtaken South Korea for this title**.** Despite this initial success, the COVID-19 pandemic has affected the roll-out of Canadian 5G services throughout major vendors
- Rogers (TSX: RCI.B) has remained unaffected, as it began its initial 5G roll-out in January 2020, while both Bell (TSX: BCE) and T have decided to postpone the commercial launch of its networks
- Complications with the extradition case of Meng Wanzhou, CFO of Huawei, have led to doubts surrounding Huawei’s ability to contribute to Canadian 5G developments. Notably, T has selected Huawei as its 5G vendor, while RCI.B and BCE have partnered with Huawei rivals Ericsson and Nokia, respectively
- The U.S. Department of Commerce has called for the cancellation of Ligado Network’s projects towards developing wireless satellites to contribute to American 5G developments. Disagreements with the projects stem from the perceived disruption in GPS systems, posing a threat to U.S. military operations

Trading Performance vs Blended Benchmark (Indexed to $100)



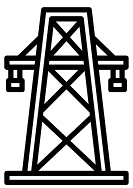
TELUS Annual Q1 Revenue Breakdown ($mm)



Source: BNN, Company Filings, S&P Capital IQ

Calgary Portfolio Management Trust

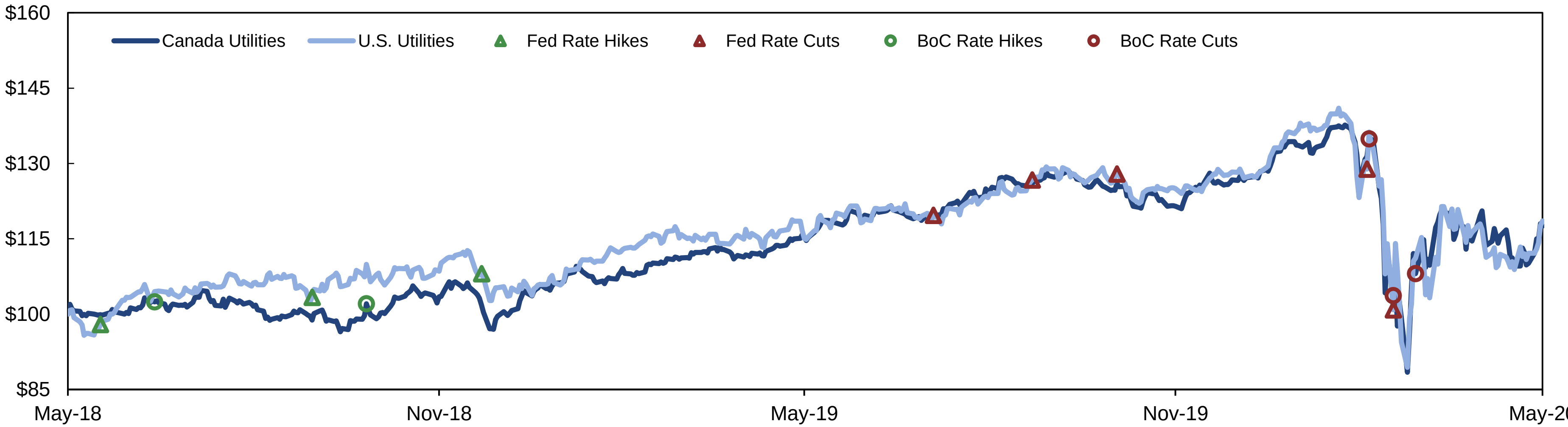
Utilities



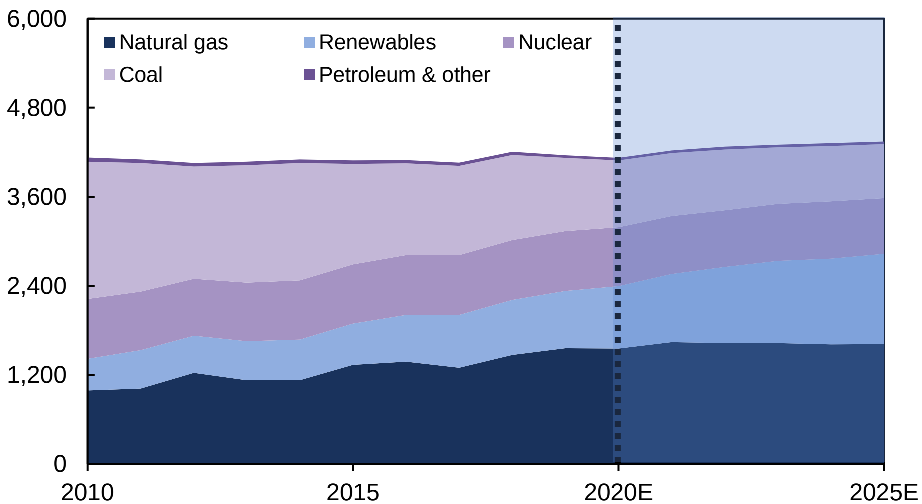
Portfolio Manager: *Akash Sekar*
Investment Analysts: *Abhishek Sewak, Katie Tu*

Industry Outlook

Canada & U.S. Utilities Index (Indexed to $100) and Interest Rate Changes



U.S. Electricity Generation Mix (BkWh)



Commentary and Outlook

- In March, the Federal Reserve cut its benchmark rate down to a 0 - 0.25% range in an effort to contain the COVID-19 economic fallout. Similarly, the Bank of Canada has lowered the key overnight interest rate to 0.25%. Historically, there has been a strong inverse correlation between utility stock performance and interest rates. With both the Federal Reserve and the Bank of Canada expecting interest rates to remain low for the next few years, it is likely that utilities will continue to outperform
- The EIA expects retail sales of electricity in the commercial and industrial sectors to fall by 6.5% in 2020 due to business closures, work-from-home guidelines, and cutbacks on production
- At 37% of total generation in 2019, natural gas currently dominates the U.S. electricity generation mix as a result of low natural gas prices. Renewables are the fastest-growing source of electricity generation due to continuing declines in the capital costs for solar and wind, which are supported by federal tax credits and higher state-level renewables targets

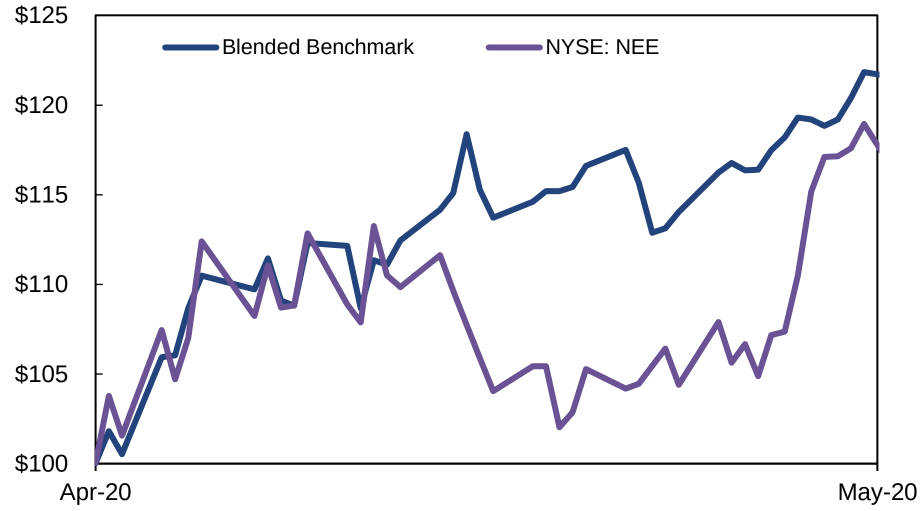
Source: EIA, S&P Capital IQ

NextEra Energy

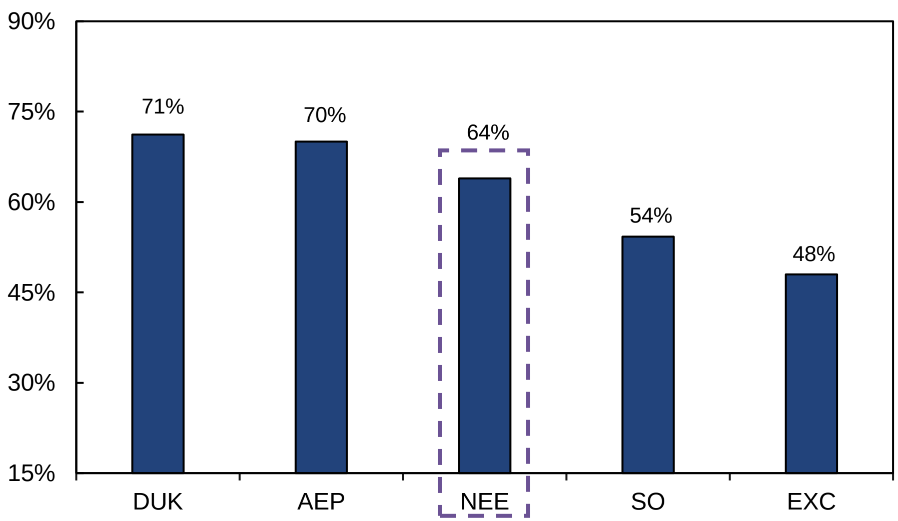
NEE Q1 2020 Earnings

- NextEra Energy (NYSE: NEE) reported adjusted earnings of US$1.17B (EPS of US$2.38), up by US$1.06B compared to their last quarter earnings
- The Company added 1590 MW to backlog, including 600 MW of 2022+ wind. NEE's ongoing capital investment program at FPL and Gulf Power remain on track, with a strong overall liquidity position including cash on hand of ~$650mm. NEE also issued $2.5B in equity units in mid-February and ~$4B in long-term financing since the market disruption began
- Despite the recent events, FPL and Gulf Power had strong customer growth (adding 72K and 7K new customer accounts, respectively) in Q1 2020. Due to accelerated flow back of lower fuel costs, FPL and Gulf Power customers will see bill reductions of ~25% and ~40% starting in May 2022
- The Company is expecting to deliver 12% dividend per share growth in 2020, and ~10% annual growth thereafter through at least 2022
- NEE is expected to undergo a merger of FLP and Gulf Power to file a combined rate case in 2021, which will become effective in 2022

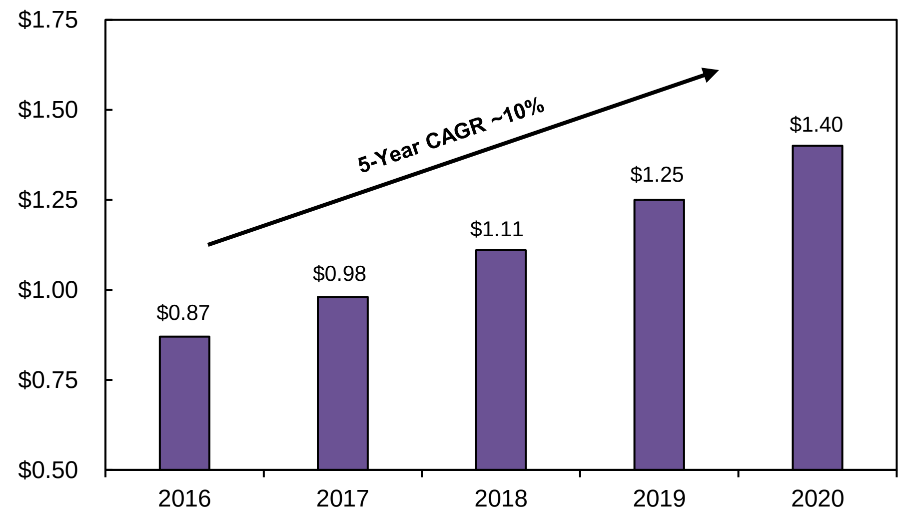
NEE Holding Period Performance(1) (Indexed to $100)



NEE Payout Ratio vs Peers(2)



NEE Dividends Over Time (US$)



Source: Company Filings, S&P Capital IQ

(1) NEE Holding Period Performance dates from April 1, 2020 to May 29, 2020

(2) Peers include NYSE: DUK, AEP, NEE, SO, NASDAQ: EXC