CPMT Monthly Update – May 2024

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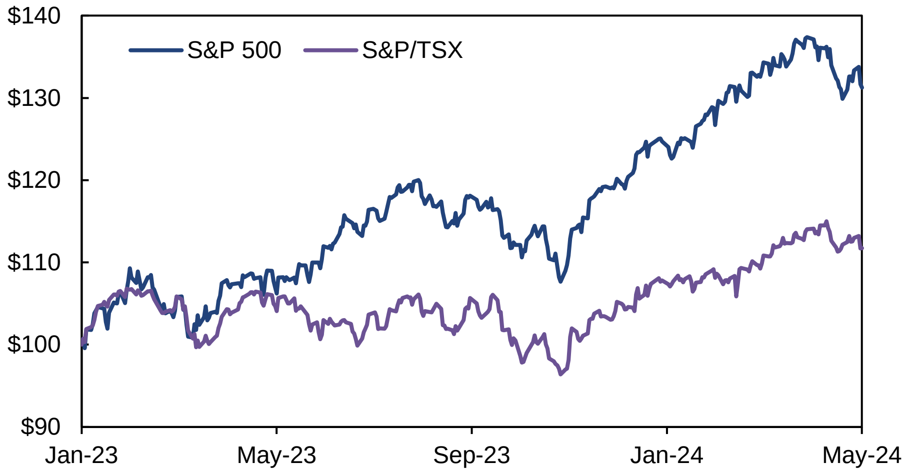
Calgary Portfolio Management Trust

Macroeconomic Snapshot

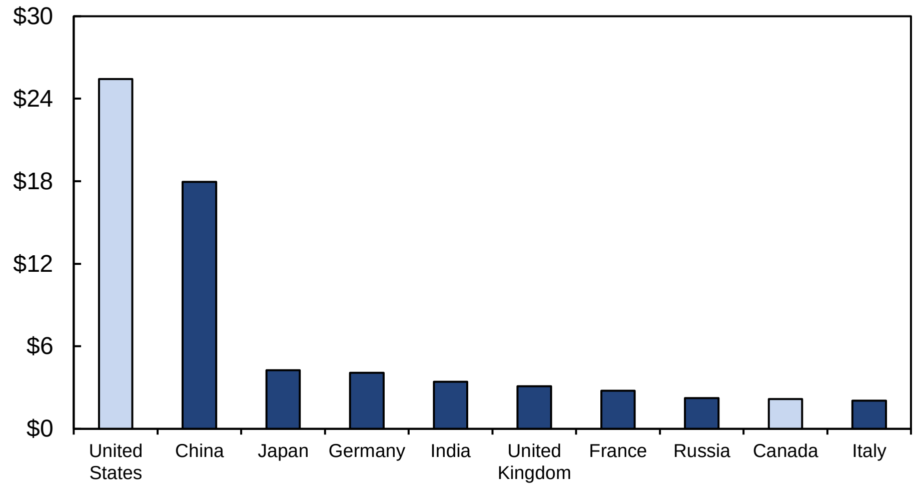
Portfolio Managers: *Max Konwitschny, Tara Jindal*

Macroeconomic Snapshot

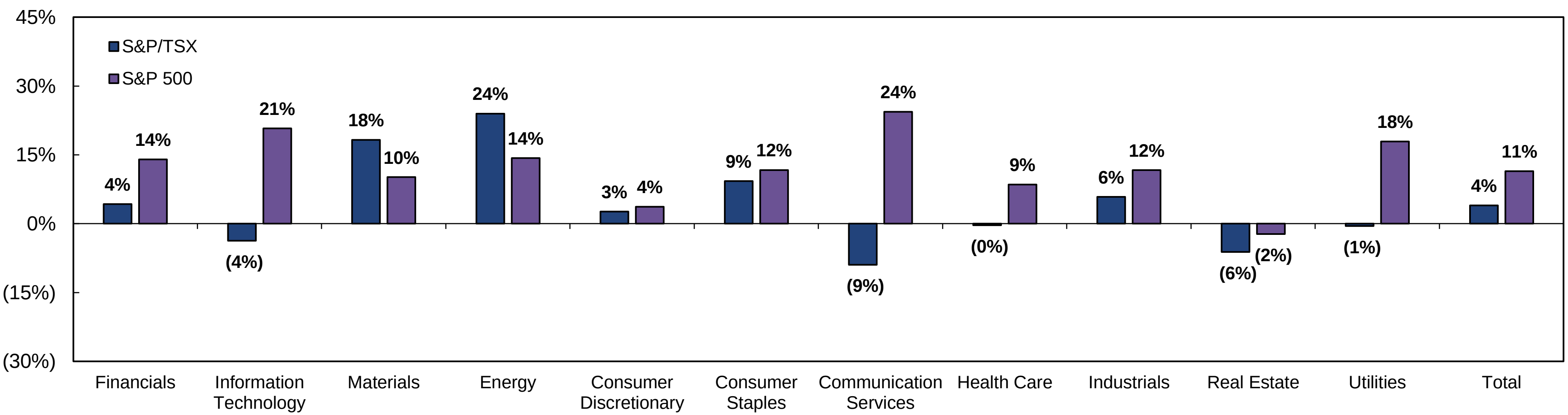
YTD Indices Performance (Indexed to $100)



Top 10 GDP (Nominal US$T)



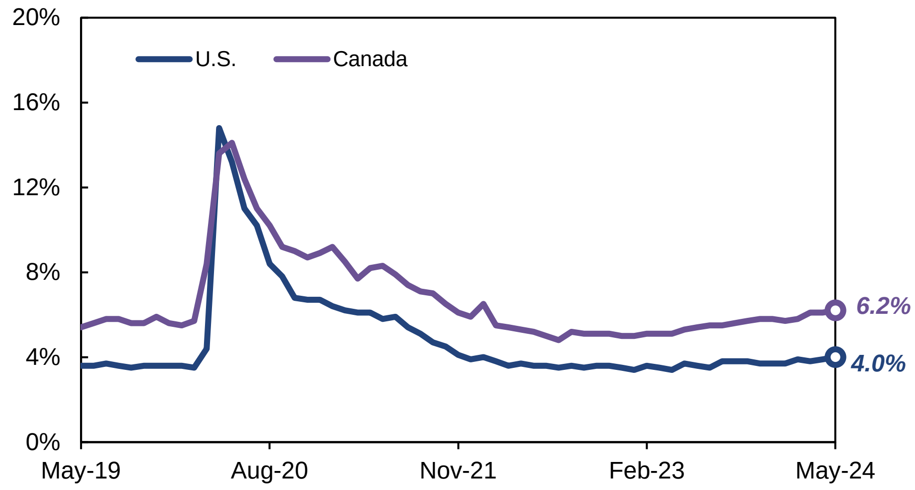
YTD Sector Returns



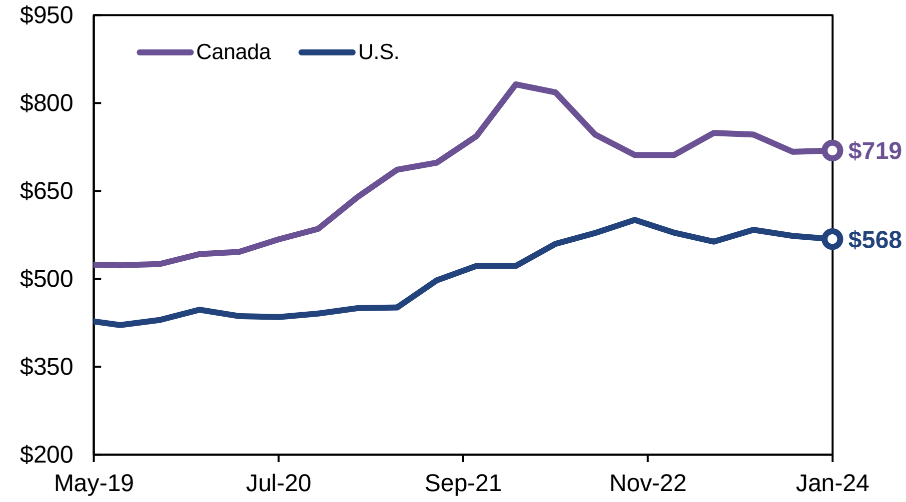
Source(s): S&P Capital IQ

Macroeconomic Snapshot

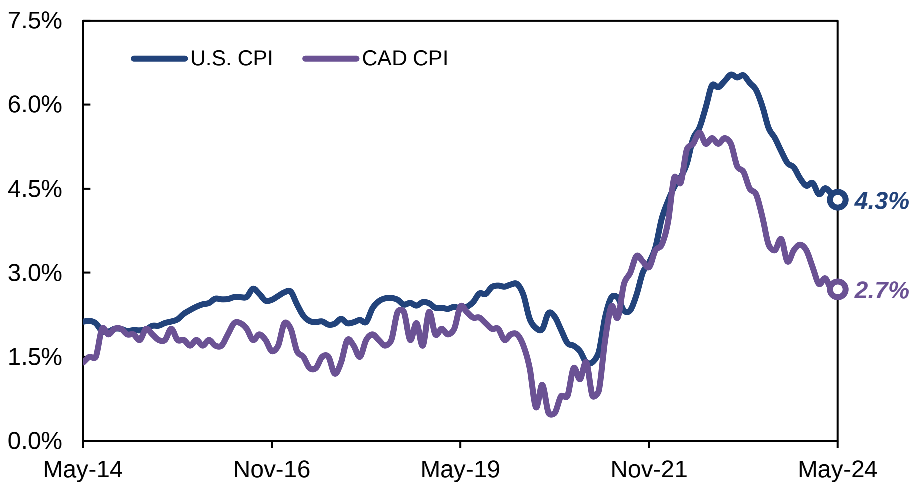
North American Unemployment



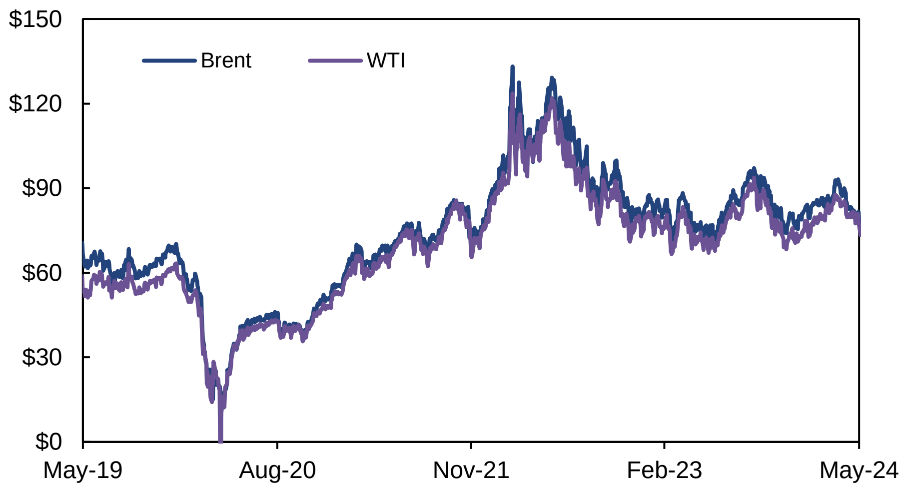
Average House Price ($000's)(1)



Consumer Price Index (CPI) % Change Year Over Year(2)



Crude Oil Pricing (US$)

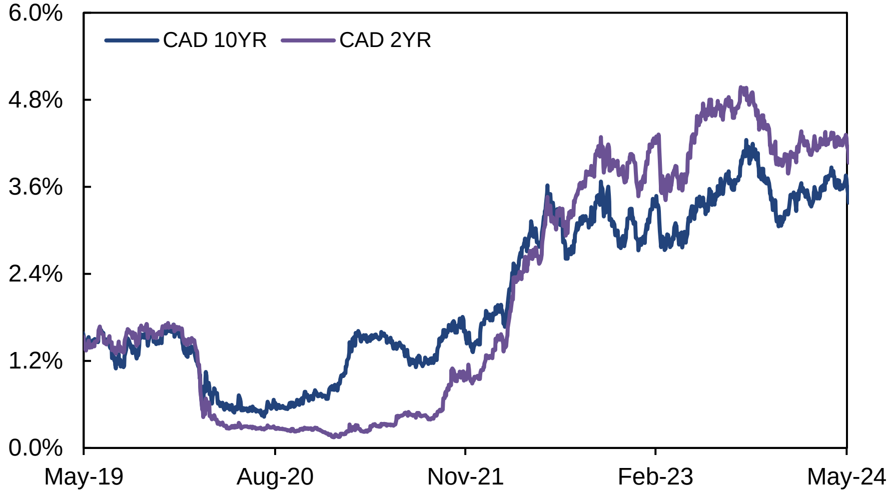


Source(s): Bank of Canada, FRED, Statistics Canada
(1) Adjusted for USD/CAD exchange rate on quarterly index basis
(2) Excluding Food and Energy

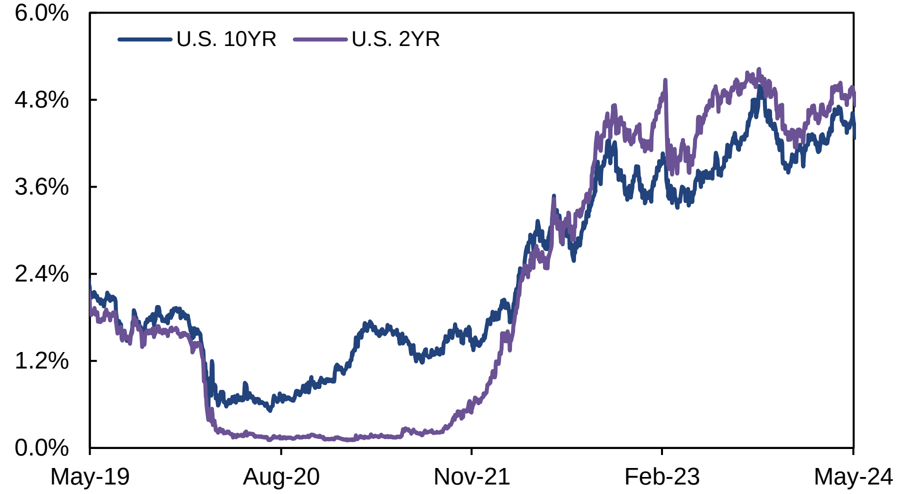
CPMT Calgary Portfolio Management Trust

Macroeconomic Snapshot

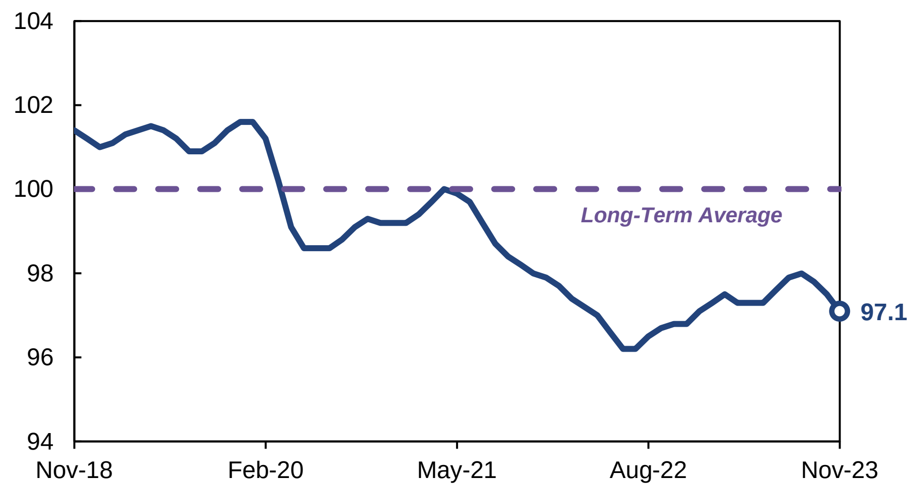
Canadian Yields



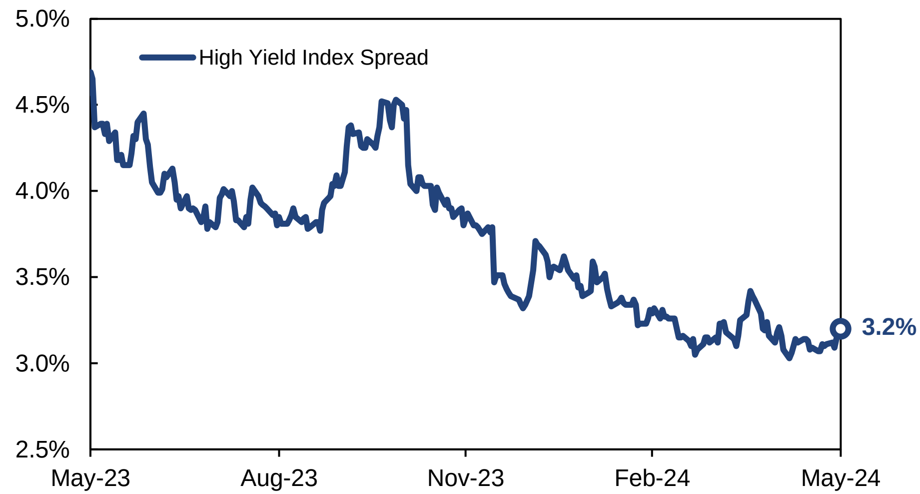
U.S. Treasury Yields



U.S. Consumer Confidence Index



U.S. High Yield Spread



Source(s): Bloomberg

Communications

Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *Caitlin Heggerud, Clayton Lillace, Taro Lakra*

Communication Services Sector Overview

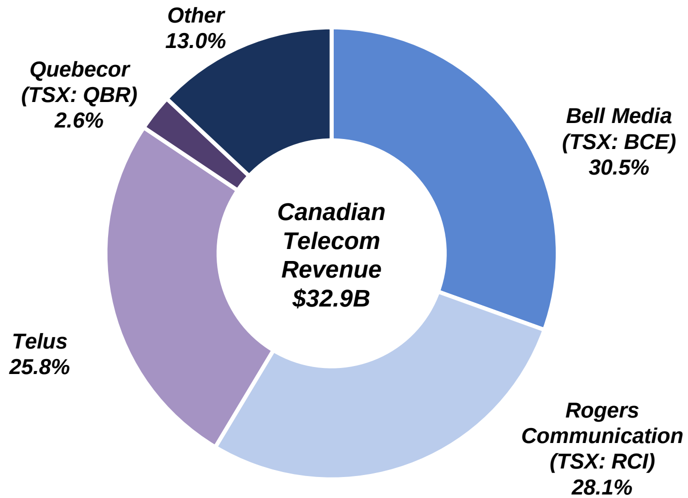
Holdings Overview and Performance

- Alphabet (NASDAQ: GOOGL) is a multinational technology company that provides search engine, online advertising, data storage, and entertainment services. The Company generates ~46% of its revenue from the U.S., ~31% from EMEA, ~18% from APAC, and ~5% from Canada and LATAM
- GOOGL has returned 40.4% since May 2023, in-line with the S&P 500 Communication Services Index, which returned 40.6%, and above the Blended Benchmark, which returned 20.0%
- The positive Communication Services Index returns can be attributed to investor sentiment toward Artificial Intelligence (AI) investment and innovation as well as significant subscriber growth for subscription-based services
- Meta (NASDAQ: META) and Netflix (MASDAQ: NFLX) drove the index outperformance. META has returned 76.4% YoY while comprising 18.6% of the index. Similarly, NFLX has returned 62.3% YoY while comprising 11.5%
- In February 2024, the Fund divested its position in Telus (TSX: T) due to regulatory pricing pressure and decreased core asset competitiveness to focus on names that better fit the CPMT's mandate

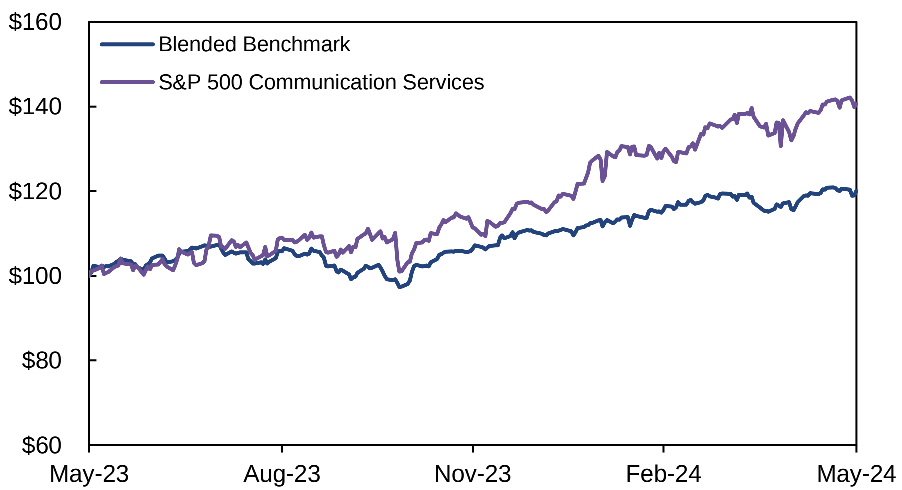
Recent Sector Trends and Developments

- The Online News Act (formerly Bill C-18) was passed in June 2023, prompting META to block Canadian news content on its platforms. The Act requires tech giants to pay Canadian media companies for linking and sharing news articles. Conversely, GOOGL reached an agreement with the Canadian government in November 2023 to contribute $100mm annually to Canadian publishers to continue linking Canadian content
- After taking Twitter (formerly NYSE: TWTR) private in 2022, Elon Musk rebranded the Company to X in July 2023. This move disrupted advertising strategies and user engagement metrics across the industry, prompting users and competitors to adapt to the new market dynamics
- Generative AI advancements have surged over the past year, with significant improvements in natural language processing and image generation. Companies such as GOOGL, META, Microsoft (NASDAQ: MSFT), and OpenAI introduced more powerful models, leading to increased adoption and capability across industries with the potential to drive long-term top and bottom-line growth

Canadian Telecommunication Services Revenue Breakdown



U.S. Communication Services vs Blended Benchmark (Indexed to $100)



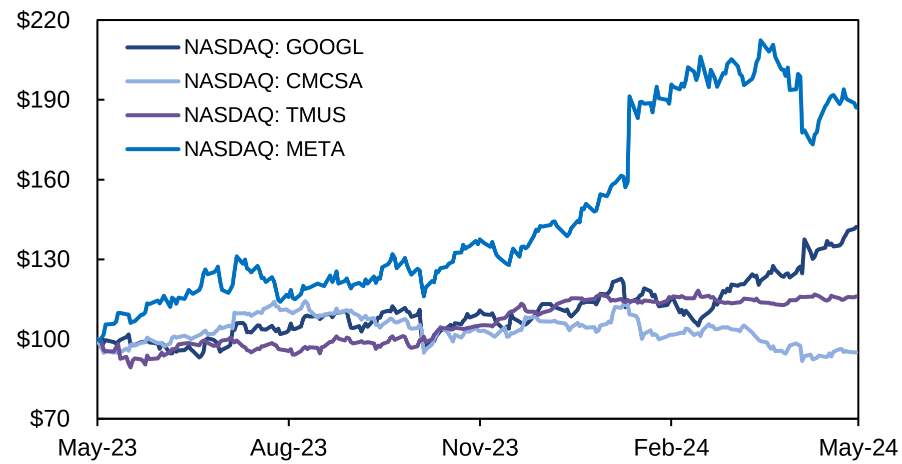
Source(s): Canadian Government, FactSet, IBIS World, S&P Capital IQ

Alphabet

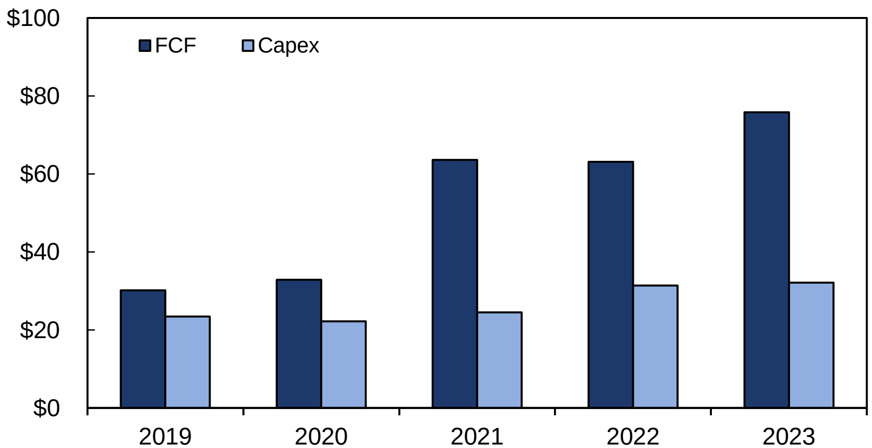
Q1 2024 Highlights

- In Q1 2024, GOOGL reported revenue of US$80.5B, an increase of 15% YoY. This was driven by Google Cloud and YouTube advertisements growth which increased 28% and 21% YoY, respectively
  - Google Cloud growth was due to the development and integration of AI-powered cloud security and AI assistance built into the Google Workspace
  - YouTube advertisements account for ~10% of GOOGL's revenue. Strategic partnerships with brands such as NFL Sunday Ticket have been increasing advertisers and YouTube subscriptions
- The Company's capex was US$12B, an increase of 91% YoY, driven by increased spending on technical infrastructure to invest in AI
- GOOGL announced its first dividend of US$0.20 per share, payable starting on June 17, 2024. The board approved a stock repurchase program of up to US$70B, representing 3.26% of the Company's market capitalization
- The Company is lagging MSFT in AI growth due to weaker integration with its workspace and MSFT's investment in OpenAI, the developers of ChatGPT

Trading Performance vs Peers (Indexed to $100)



FCF and Capex (US$B)



Key Developments

- In May 2024, the Company began implementing an "AI Overviews" feature into GOOGL's search engine in the U.S. The feature generates information summaries above traditional search results. By YE 2024, GOOGL aims to have this technology used by more than one billion people
- The Company recently announced Veo and Imagen 3, which use text prompts to create high-definition videos and photorealistic images
  - GOOGL aims to bring Veo's abilities to YouTube Shorts and TikTok
- Morgan Stanley (NYSE: MS) has been advising GOOGL on acquiring HubSpot (NYSE: HUBS), an online marketing software company
  - HUBS has a market capitalization of ~US$35B, making this acquisition GOOGL's largest deal yet
  - This acquisition would expand the Company's customer relationship management software and cloud computing offerings, allowing GOOGL to compete with MSFT's Dynamics 365
  - A concern surrounding the deal is that antitrust regulators might not permit it

Source(s): Bloomberg, CNBC, Reuters, S&P Capital IQ, The New York Times, The Wall Street Journal

Consumers

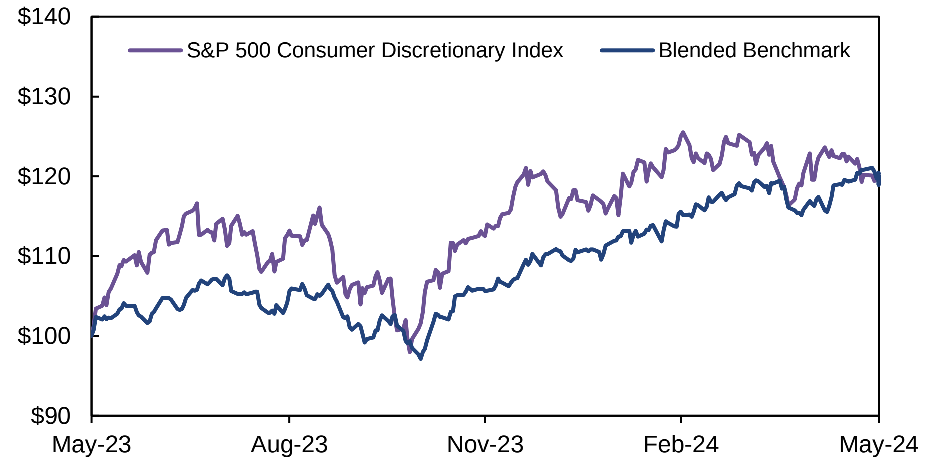
Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *James Altamirano, Smriti Sewak*

Consumer Discretionary Sector Overview

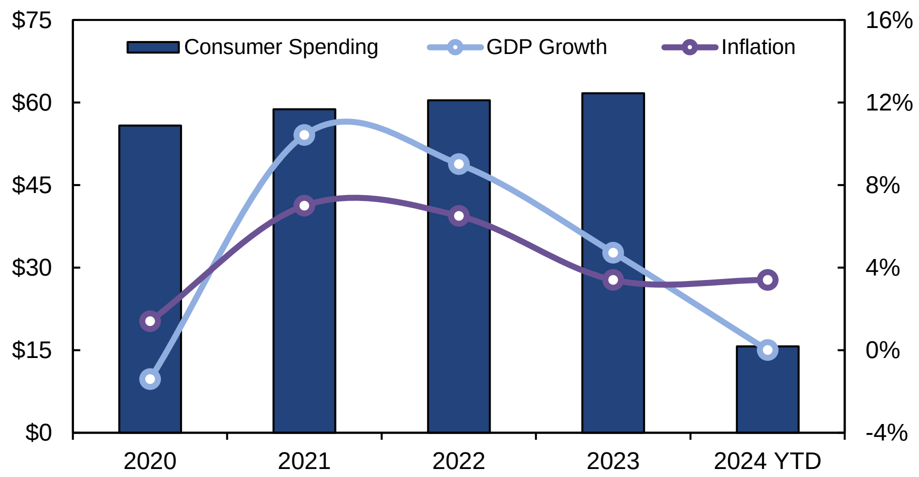
Recent Sector Trends and Outlook

- Consumers increasingly favor experiential consumption, particularly through travel, as COVID-19 travel restrictions become more lenient
  - Personal consumption expenditures on experience-related services in the U.S. have grown over 1.5 times faster than overall personal consumption spending and nearly four times faster than expenditures on goods
- Consumers have switched to purchasing lower-priced products, have become more selective, and reduced discretionary spending due to increased living costs attributed to higher interest rates and inflation
  - This has resulted in pressure on issuers' pricing power and margins, thereby affecting repayment capacity, despite the positive top-line growth drivers
- Commodities like cocoa rose to nearly US$10,000 per metric ton in March 2024 due to climate change-induced droughts in West Africa, which produces about 80% of the world's cocoa
  - According to the International Cocoa Organization, the global cocoa supply will decline ~11% over the 2023/2024 season

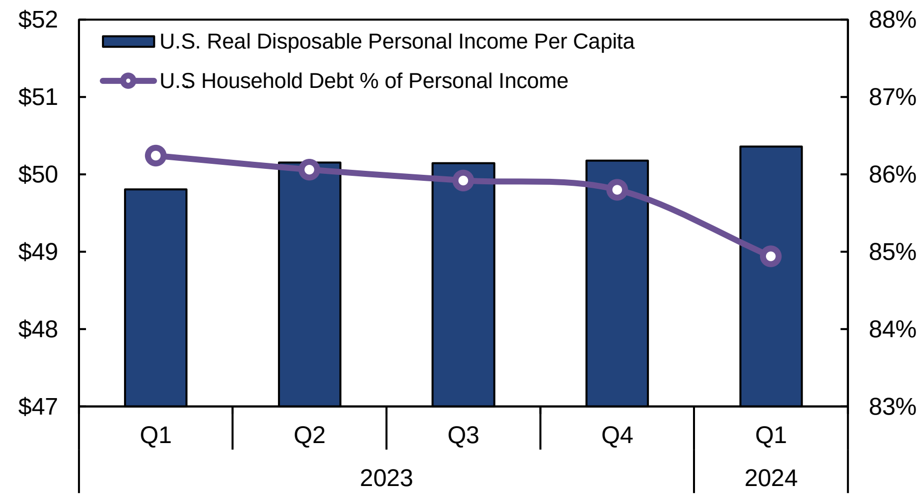
Blended Benchmark vs S&P 500 Consumer Discretionary Index (Indexed to $100)



LHS Consumer Spending (US$T) vs RHS U.S. GDP Growth and Inflation



LHS Disposable Income/Capita (US$000's) vs RHS Household Debt % of Income



Source(s): Bloomberg, Deloitte, Fidelity, McKinsey & Company, TD Bank

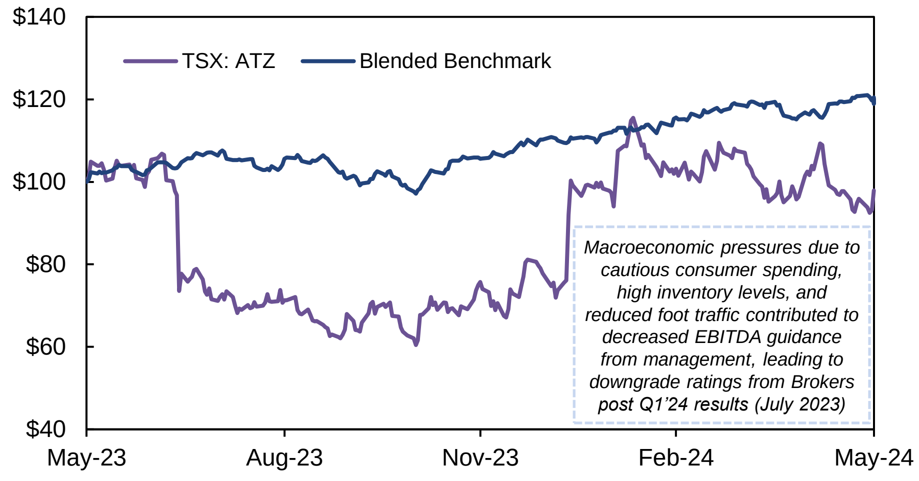
Aritzia

ARITZIA

Q4 and FY2024 Highlights

- Aritzia (TSX: ATZ) reported an increase in net revenue of 7% YoY to $682mm, in-line with street expectations. The increase can be attributed to the positive impact of the 53rd week (~$32mm) and three new store openings in the quarter, which are scheduled to pay back in under 12 months versus the street expectation of 12 - 18 months. Additionally, comparable sales declined 1% YoY
- Gross margin increased ~35 bps YoY, attributable to the impact of initial markups (IMU), leaner inventory levels, and a reduction in transaction costs offsetting higher product costs and pre-leased amortization
- ATZ reported EBITDA of $363mm, slightly over street estimates by 1.4%, despite a 27% YoY decline. EBITDA margin declined to 9.4% from 15.4% in FY 2023. The drop was primarily caused by a 375bps YoY rise in SG&A expenses, driven by investments in talent and online marketing
- At YE, ATZ's current ratio was 1.4x while the quick ratio was 0.5x. The average days in inventory was ~105 days, up 9 days YoY

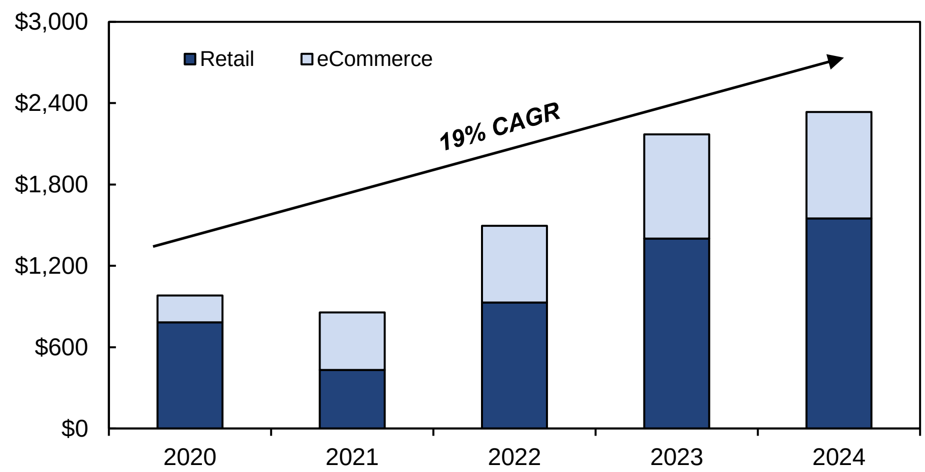
Trading Performance vs Blended Benchmark (Indexed to $100)



FY 2025 Outlook

- Management targets a net revenue range of $2.52 - $2.62B, up 10 - 14% YoY, with store growth expected to contribute 6 - 7% YoY
- EBITDA margins are anticipated to increase by 400 - 500 bps YoY, driven by IMU improvements, lower warehousing costs, reduced markdowns, and savings from the Company's smart spending initiative
- Gross margins are expected to expand by 450 bps YoY due to developments such as lower markdowns, higher initial mark-ups, diminishing warehouse costs, and expense-saving initiatives from the Company's smart spending program
- ATZ's ongoing traction in the U.S. suggests a long runway for growth and potential for margin expansion, driven by consistent pricing between Canada and the U.S., customer sentiment, and brand loyalty
  - There will be 11 - 13 new store openings with three to four repositionings
- The Fund views ATZ's investment in differentiated store concepts, growing brand relevance, and diversified product assortment as leading to sustainable comparable sales growth

Net Revenue by Segment ($mm)



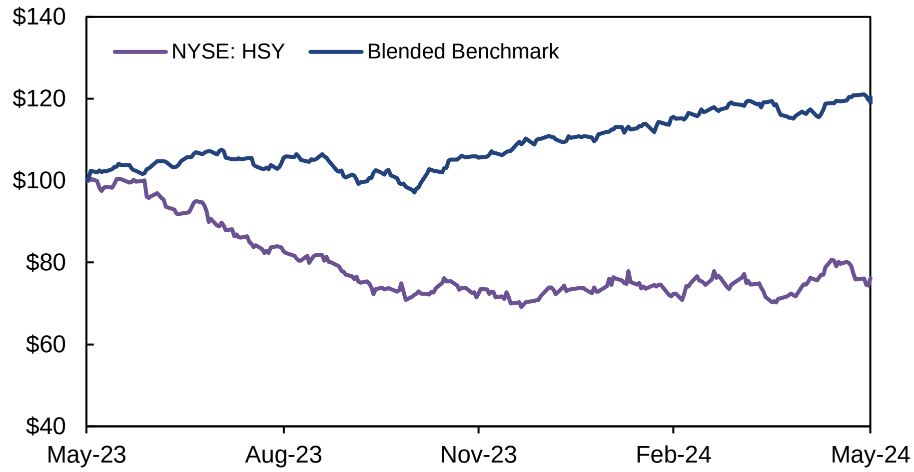
Source(s): Company Filings, FactSet, S&P Capital IQ

The Hershey Company

Q1 2024 Highlights

- The Hershey Company (NYSE: HSY) reported organic sales up 8.6% beating expectations of 3.9% growth. This was mainly due to a larger-than-expected inventory build
  - North American Confectionary net sales increased ~4.4% YoY, while North American Salty Snacks net sales increased by ~6.3% YoY
  - The International segment missed street expectations, reporting organic growth of (1.3%) versus expectations of 1.5%
- Higher customer inventory levels benefited sales by volume by 7% in anticipation of the enterprise resource planning system convention
- HSY grew market share during both Valentine's Day and Easter this quarter, driven by new product releases, continuing its strong seasonal performance
- The Company's supply chain improvements have driven the chocolate and candy business to regain momentum by operating at higher capacity and selling a stronger slate of product innovations

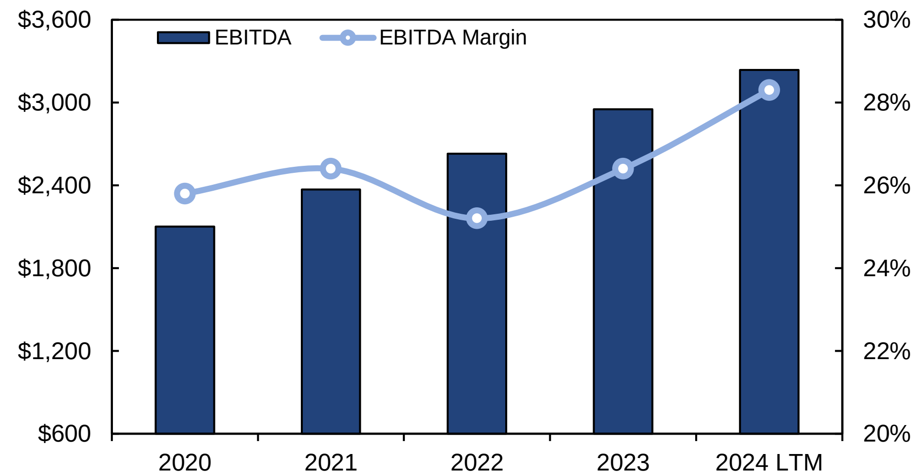
Trading Performance vs Blended Benchmark (Indexed to $100)



FY 2024 Guidance and Cocoa Outlook

- Management reiterated all parts of their 2024 guidance, including net sales growth of 2 - 3% and a flat EPS. This includes 200 bps of gross margin pressure from higher cocoa prices
- Additional guidance includes savings of US$100mm though the Advancing Agility & Automation Initiative
- From 2018 to 2023, cocoa futures averaged ~US$2,650/ton, reaching an all-time high of US$12,000 in April 2024. Although the futures have cooled down to US$7,500, they are still far from historical levels. This has suppressed HSY's margins, causing recent underperformance in its share price
- CEO Michele Buck reiterated that cocoa prices would continue rising into 2025, even as prices fell to ~$8,000 per ton
  - The CPMT believes that despite cocoa cost pressures, HSY benefits from its strong market share of chocolate in the U.S., robust relationships with retailers, and a hedging strategy involving multiple suppliers

LHS EBITDA (US$mm) vs RHS EBITDA Margin (%)



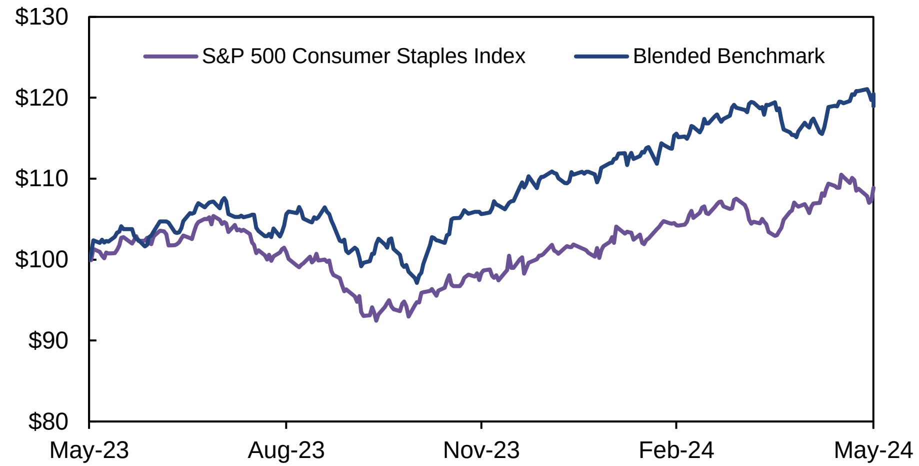
Source(s): Company Filings, FactSet, S&P Capital IQ

Consumer Staples Sector Overview

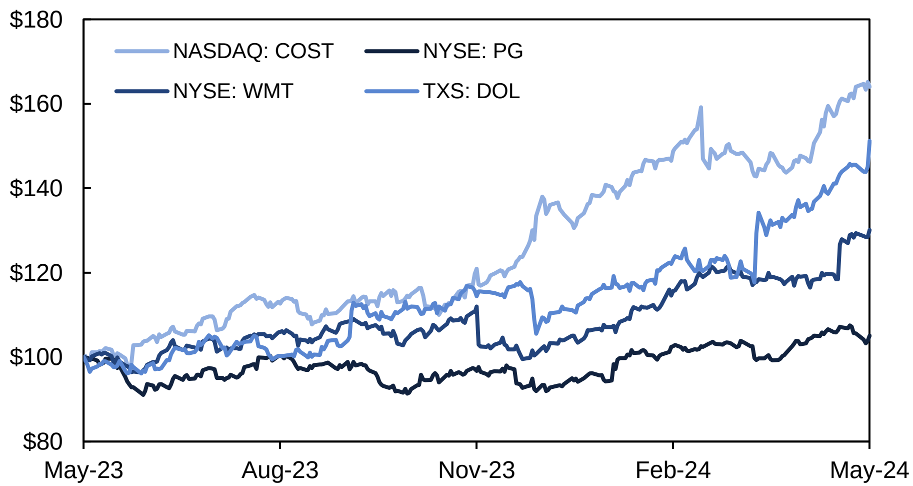
Recent Sector Trends and Outlook

- The Consumer Staples sector underperformed compared to the Blended Benchmark over the past year by 9%. This is due to rising interest rates, expanding valuations of the sector, and changing consumer preferences
- The Consumer Price Index increased by 2% in 2023, rebounding from a 7% decline in 2022, despite rising interest rates, labour market imbalances, regional bank collapses, and higher gas prices
  - In 2024, forecasters expect consumer confidence to benefit from anticipated interest rate cuts, alongside lower grocery and gas costs. Political uncertainties around the upcoming U.S. election could temper growth, with a projected increase of 0.5% in confidence
  - In 2025, the Federal Reserve is anticipated to lower interest rates, thereby enhancing confidence as job markets improve
- Costco (NASDAQ: COST), Dollarama (TSX: DOL) and other low-price companies continue to perform well in the sector given their low prices, easy access to goods, and wide ranges of products

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



Major Players' Trading Performance (Indexed to $100)



Mergers and Acquisitions

- Since 2022, deal volume in the consumer staples sector has slowed, with global deal volume falling by 17% and deal values declining by 53% in 2023 since the peak in 2021
- Macroeconomic factors, combined with financing challenges and a persistent, valuation gap between sellers and buyers, have made it harder to close deals in the sector
  - Deals that took place in 2023 were smaller than in previous years, indicating a resilient mid-market
- Two years of rapid cost and price inflation have significantly impacted profitability. Mergers & acquisitions are currently unfeasible, as companies struggle to manage the decline in input costs and the resulting pressure on prices. M&A activity is expected to recover at a steady pace in the long-term
- Given the expected high financial costs in 2024, prioritizing synergistic deals could help companies acquire access to new products

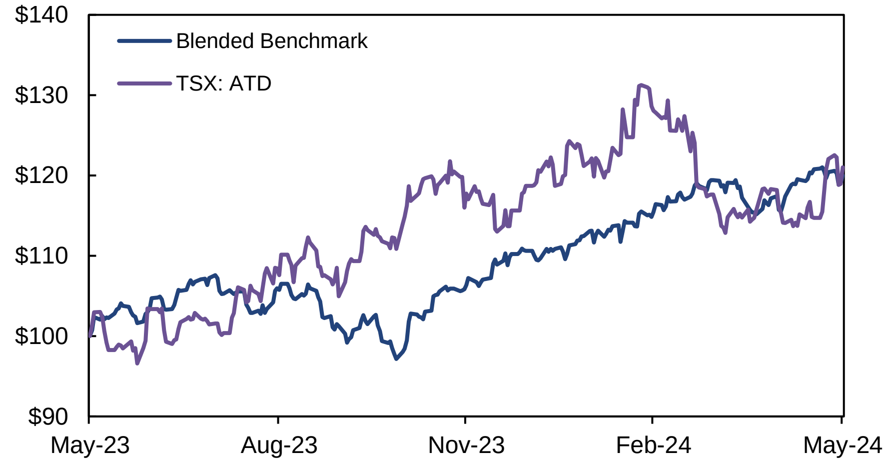
Source(s): PwC Reports, S&P Capital IQ, Statistics Canada

Alimentation Couche-Tard

Q3 2024 Highlights

- In Q3 2023, Alimentation Couche-Tard (TSX: ATD) reported revenue of US$19.6B, a 2.2% decrease YoY and missed estimates by 5.9%. EBITDA decreased by 1.9% to US$1.5B and missed estimates by 9.5%
  - Earnings weakness can be attributed to slower traffic due to weakening consumer sentiment, especially in the lower-end consumer demographic
  - Economic uncertainty led to lower fuel demand and prices, further contributing to weaker top and bottom-line results
- Same-store merchandise sales were weak, with U.S. same-store merchandise sales falling 630 bps
  - Similar results were seen in Europe and Canada, with same-store sales falling 380 and 350 basis points, respectively
- ATD is rolling out an AI-driven forecasting production tool in North America that will allow the Company to more accurately determine demand on a site-by-site and day-to-day basis

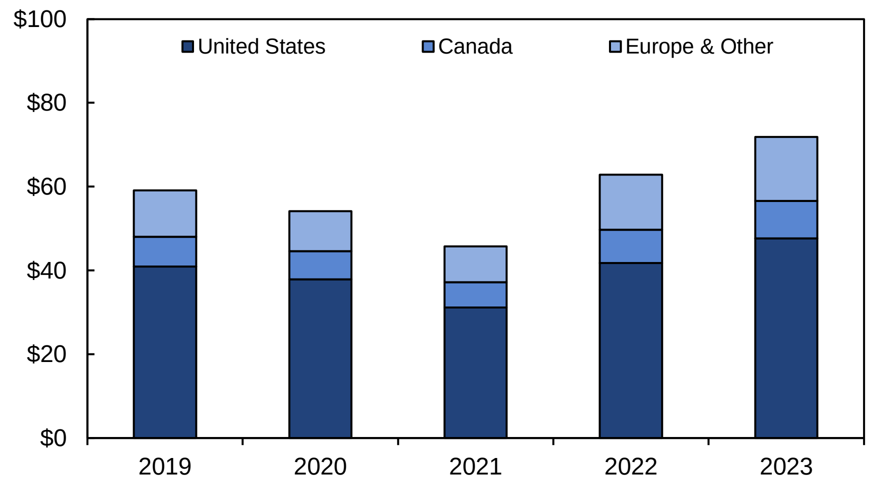
Trading Performance vs Blended Benchmark (Indexed to $100)



Key Developments and Guidance

- In January, ATD closed its acquisition of certain retail assets from TotalEnergies (NYSE: TTE) for US$4.5B, adding 2,175 additional sites to its portfolio
  - The acquisition is part of the Company's strategic expansion plan within Europe, providing ATD with a strong foothold in Germany, the Netherlands, Belgium, and Luxemburg
  - ATD expects synergies of ~US$187mm over the next five years, with majority of these synergies being front loaded in the first two-to-three years
- The Company continues to expand its B2B operations, where it sees opportunities in supplying fuel to long haul trucking customers
- ATD is rapidly expanding its EV fast-charging network to keep up with demand, reaching 2,400 charging points in Q3 2024
  - The Company expects to build another 200 EV charging sites in North America YE 2024
- The Company anticipates consumer weakness to be transitory and that its defensive business model will assist in mitigating the risks posed by it

Segmented Revenue (US$B)



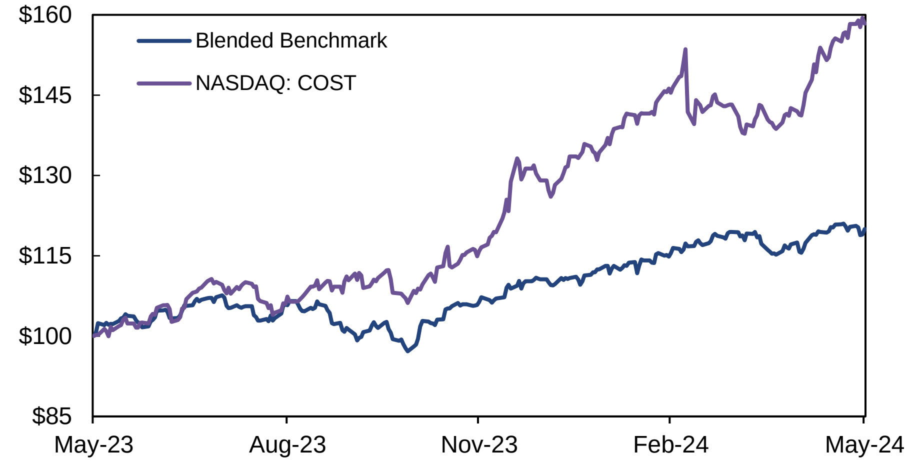
Source(s): Bloomberg, Company Fillings

Costco

Q3 2024 Highlights

- Costco (NASDAQ: COST) reported net sales of US$57.4B, representing 9.1% growth YoY and outperformed estimates by 1.0%. EBITDA grew 52.2% YoY to US$3.7B, beating consensus by 40.3%
- Total comparable sales grew 6.6%, beating estimates of 6.3%
  - U.S. comparable sales grew 6.2% YoY, while Canadian and International sales both grew by 7.7% YoY
  - Membership fee income grew 7.6% YoY to US$1.1B for the quarter
- In Q3 2024, the Company opened two new warehouses in the U.S., with plans to open 12 more over the rest of FY2024
- COST saw growing strength in discretionary items such as toys, tires, and lawn and garden. This reflects rising strength in middle- to high-end consumers as inflation begins to taper off
- E-commerce continues to show strength, with app downloads up 32% YoY to 35mm users, along with website traffic increasing 16% YoY

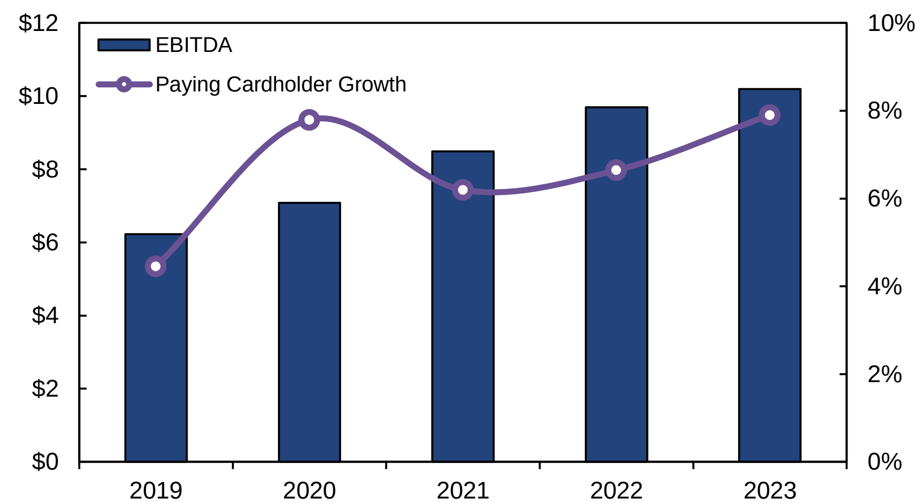
Trading Performance vs Blended Benchmark (Indexed to $100)



Key Developments and Guidance

- During Q3 2024, COST announced the expansion of its relationship with Uber (NYSE: UBER), allowing customers across Canada and 17 states in the U.S. to order goods to their doorstep using Uber Eats
- COST continues to expand its vertical sourcing, with the recent implementation of chicken, meat, and optical grinding plants to sustain low prices and maintain supply amidst high demand
- The Company continues to see strong growth in Costco Next, the Company's digital marketplace that offers products from third-party suppliers at lower prices
  - In Q3 2024, COST added eight new vendors to Costco Next, bringing the total count to 75
- FY2024 guidance is expected to be between US$4.3 - 4.5B, a decrease from the range of US$4.4 - 4.6B

LHS EBITDA (US$B) vs RHS EBITDA Growth and Paying Cardholder Growth



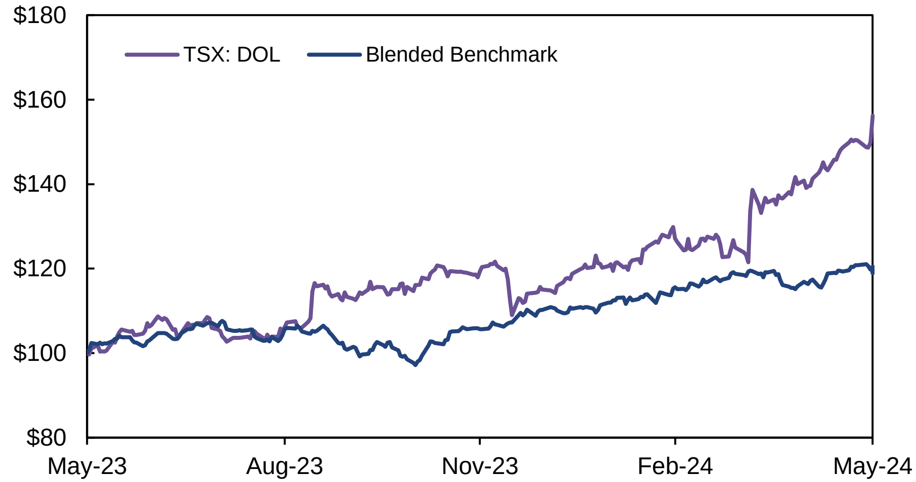
Source(s): Bloomberg, Company Fillings

Dollarama

Q4 and FY 2024 Highlights

- Dollarama (TSX: DOL) reported 16.1% revenue growth YoY, 20.8% EBITDA growth YoY, 26.0% net income growth YoY, and 29.1% EPS growth YoY. The steady growth is attributed to limited disposable income, higher costs of living, and strong population growth
  - The Company expanded product offerings to include $5.0 products
  - While the basket size declined by 2.2% YoY, management indicated that the decline was primarily driven and offset by consumers making frequent trips as transactions grew by 11.2% YoY during the period
- Management commentary on a go-forward basis is that a cautious consumer environment will further drive growth in inelastic goods
- Dollarcity's (DC) earnings contribution to DOL rose 66% YoY, a historical peak
  - In August 2019, DOL acquired 50.1% interest in DC, following a six-year commercial partnership
  - DC has opened 90+ stores for the second consecutive year and is well-positioned to reach the target of at least 850 stores by 2029
  - DC also paid its first dividend, amounting $54mm to DOL

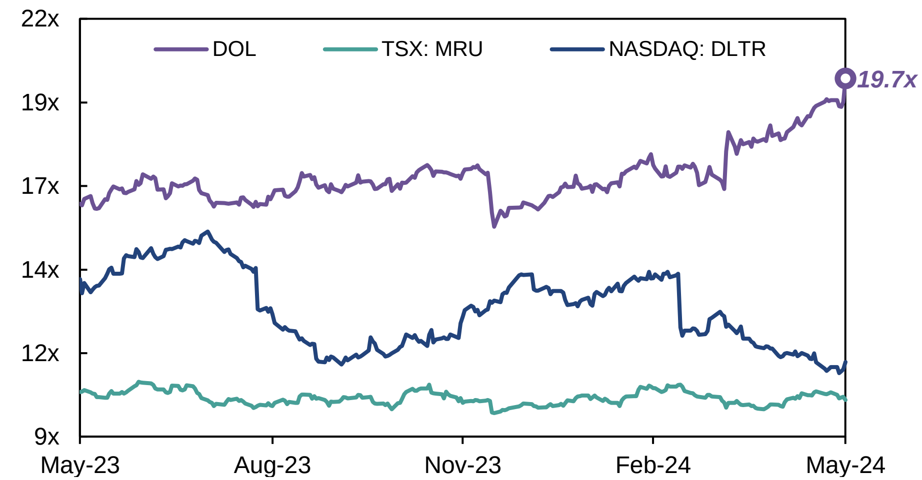
Trading Performance vs Blended Benchmark (Indexed to $100)



FY 2025 Outlook and Investment Thesis

- Same-store sales are forecasted to increase by 3.5 - 4.5% compared to the 4.0% expectation, while gross margin is expected to be in the range of 44 - 45%
- EBITDA is projected to increase 14.0% to $417.7mm, representing an EBITDA margin of 29.7%, compared to street expectations of 31.8% EBITDA margin
- DOL's shares appreciated over 50% in the last two years and are trading at ~16.3x NTM EV/EBITDA. While DOL's strong financial performance supports the share price outperformance, the CPMT does not believe a mean revision in its multiple will occur
  - The slower margin growth can be attributed to the acceleration of disinflation and lower spending environments, forecasting a sense of conservatism
  - DOL's premium valuation is further justified by larger scale defensive characteristics and 50.1% stake in DC, all of which position the Company in a better spot than the past
- The Company's superior merchandising skills will help DOL profitably grow its market share geographically and on a category basis, driving consistent growth

DOL NTM EV/EBITDA vs Peers



Source(s): Company Filings, FactSet, S&P Capital IQ

Energy

Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *Connor Bot, Dylan Westlake, Joshua Olson*

Industry Outlook

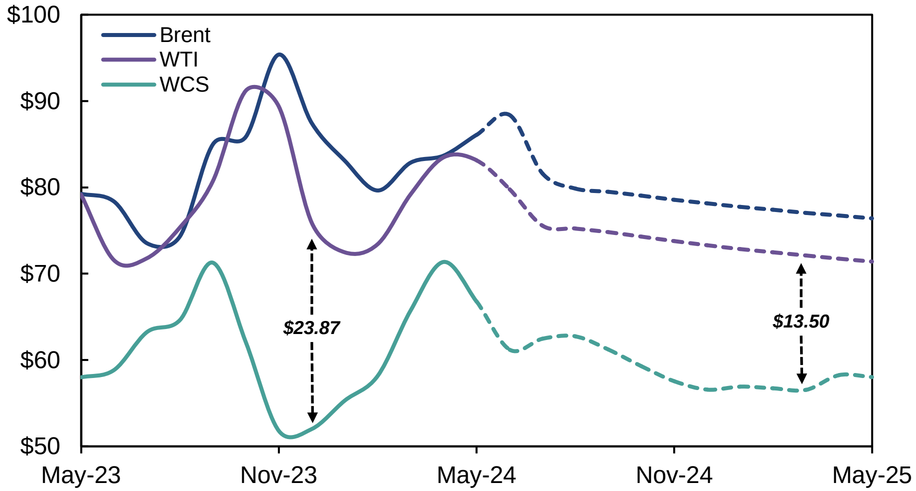
Sector Overview

- Benchmark prices corrected in late April and early May following a period of elevated prices due to escalating geopolitical tensions
  - The decline in prices have been driven by concerns regarding U.S. economic growth, oil demand, and the potential progress towards a ceasefire in Gaza
  - Additionally, pricing has seen heightened volatility due to commodity trading advisors with automated trading algorithms amplifying the recent selloff
- Iran has increased its oil exports to the highest levels observed in the past six years, despite sanctions imposed on the country
  - Iran has used strategies such as ship-to-ship transfers, intermediaries, and rebranding to bypass sanctions and supply oil to China at a reduced rate
- The IEA projects demand to slow to 1.2 mmboe/d in 2024 and 1.1 mmboe/d in 2025, driven by enhanced vehicle efficiencies and the increasing adoption of EVs
- For the remainder of 2024, non-OPEC+ production is anticipated to rise by 1.6 mmboe/d, while OPEC+ supply is projected to decline by 0.8 mmboe/d
- In 2023, upstream companies increased their spending on M&A to ~US$234B, the highest since 2012, driven by consolidation in the Permian Basin

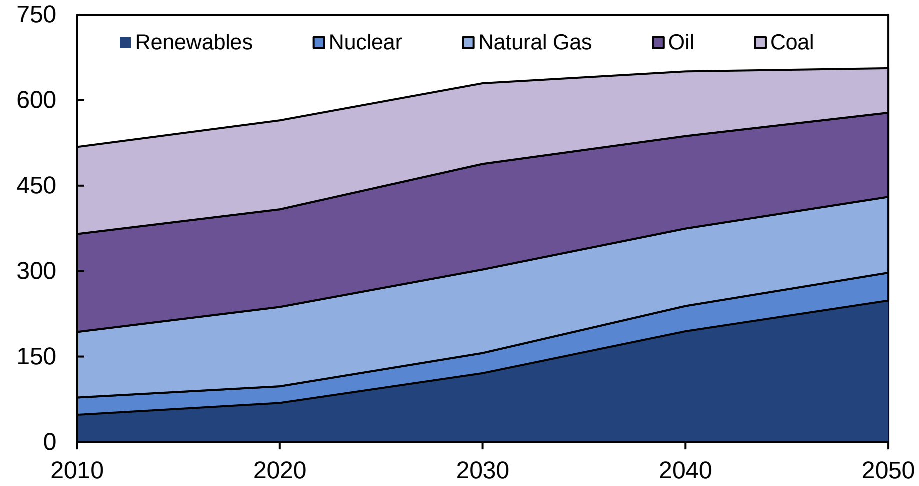
Key Developments and Outlook

- WTI and WCS are up 8% and 23% YTD, respectively. The Trans Mountain Pipeline expansion (TMX) has significantly influenced crude egress and prices with WCS differentials tightening to ~$13/bbl. The expansion has increased the pipeline's capacity to 590,000 boe/d and will support Canadian crude prices by increasing egress to U.S. west coast and Asian destinations
- New fan well designs are being tested in Alberta's Clearwater formation, where 20% of all crude oil in Alberta in 2022 was produced. These new drilling technologies have increased Clearwater producers' netbacks by lowering DCET costs and production expenses per boe. However, increased production without corresponding infrastructure has led to pipeline apportionments, forcing producers to nominate volume on less economic options such as trucks
- LNG growth has surged due to newly developed export capabilities from LNG Canada and increased natural gas egress from Coastal Gas Link. Demand for LNG remains robust due to energy transition initiatives in Europe and Asia
- The Fund continues to hold companies with distinct competitive advantages and the ability to generate FCF throughout various commodity price cycles

WTI vs Brent vs WCS Pricing ($US/bbl)



Global Energy Production by Fuel Source (EJ)



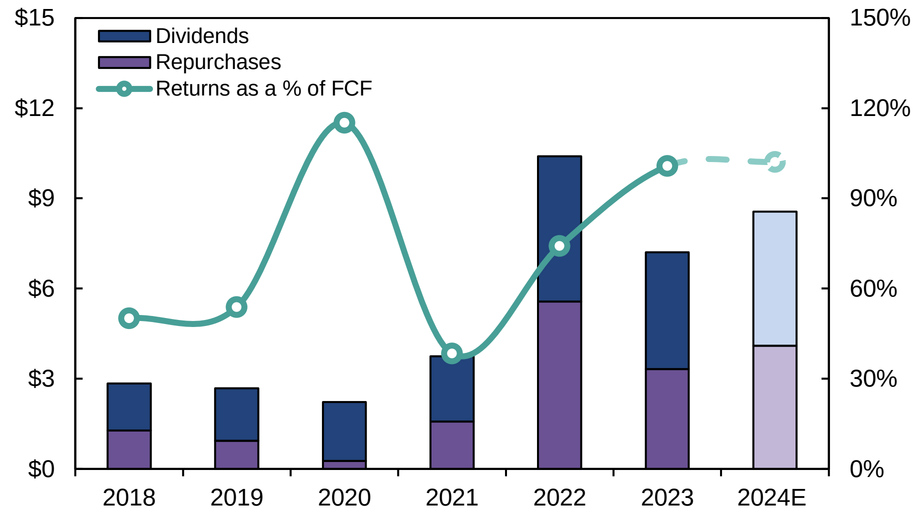
Source(s): AER, BOE Report, EIA, GLJ, IEA, S&P Capital IQ, Street Research

Canadian Natural Resources

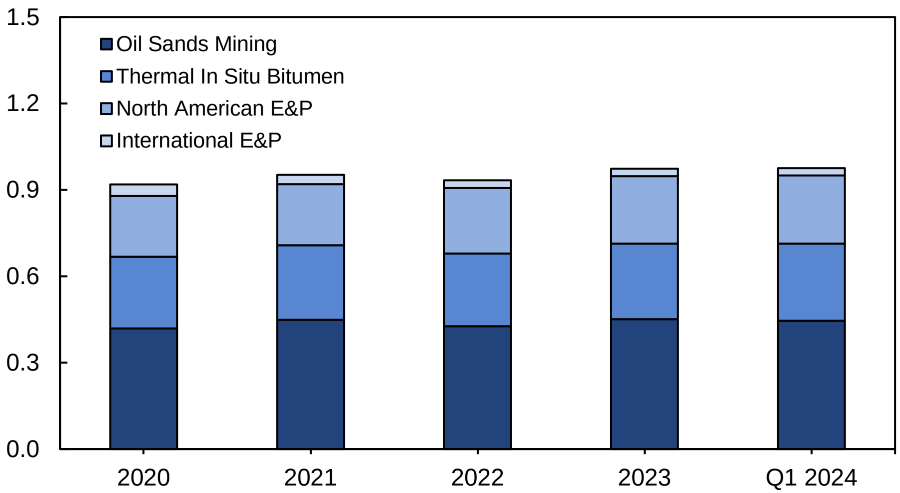
Q1 2024 Highlights

- Canadian Natural Resources (TSX: CNQ) reported total production volume of 1.3 mmboe/d, an increase of 1% YoY
  - Liquid production volumes averaged 1.0 mmboe/d, an increase of 1% YoY, while natural gas production remained flat YoY at 2.1 bcf/d
  - Thermal In Situ Bitumen production averaged 0.3 mmboe/d, an increase of 10% YoY, due to steam-assisted gravity drainage pad developments in 2023
  - CNQ reported synthetic crude oil (SCO) production of 0.4 mmboe/d, declining 3% YoY due to maintenance activities in March and April
- The Company returned 100% of its FCF to shareholders for the first time, totaling $1.7B. This comprised of $1.1B in dividends and $0.6B through repurchases
- CNQ extended its commitment on the Flanagan South Pipeline from 55 mboe/d to 75 mboe/d, further enhancing its market access to the USGC
- The Company aims to ramp-up conventional production in the H2 2024, aligning with increased market egress post-TMX
- In Q2 2024, CNQ aims to add ~20 mboe/d through SCO capacity enhancements at Horizon and debottlenecking initiatives at the Athabasca Oil Sands Project

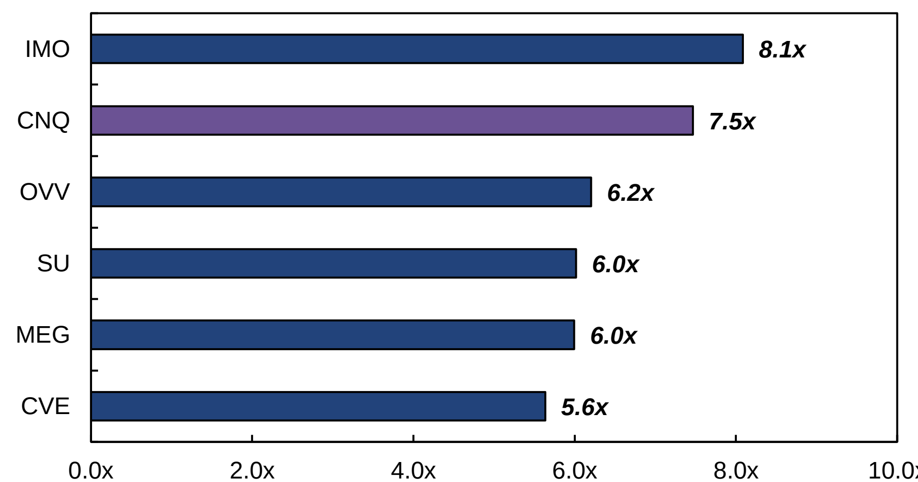
LHS Shareholder Returns ($B) vs RHS Returns as a % of Cash Flow



Liquids Production Breakdown by Region (mmboe/d)



2025E EV/DACF vs Peers



Source(s): Company Filings, FactSet, S&P Capital IQ, Street Research

Enbridge

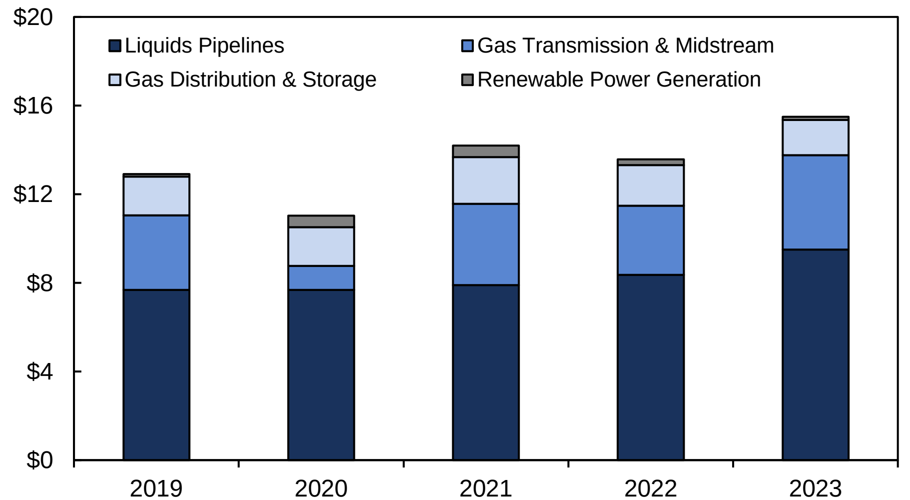
Q1 2024 Highlights

- Enbridge (TSX: ENB) reported Q1 2024 distributable cash flow (DCF) and DCF/share of $3.5B and $1.63, up 9% and 4% YoY, respectively. This is mainly attributable to increased volumes in its liquids business unit
- EBITDA was $4.0B, compared to $3.8B in Q1 2023, an increase of 5% YoY due in part to acquisitions in its Gas Transmission Business Unit. ENB now currently trades at a 12.6x EV/EBITDA versus it's peer average of 10.4x
- In Q1 2024, apportionment at Kerrobert was, on average, 29%. This was caused by a ramp-up in production in preparation of the opening of the TMX pipeline, which was delayed
- The Company paid out a dividend of $0.92 per share, continuing ENB's 29-year track record of growing its dividend
- ENB reported Total Debt/EBITDA of 4.7x which is approaching the mid-point of its target range of 4.5 - 5.0x, compared to its peer average of 3.9x
- The Company continues to prioritize capital allocation towards balance sheet strength, sustainable return of capital, and further growth through acquisitions

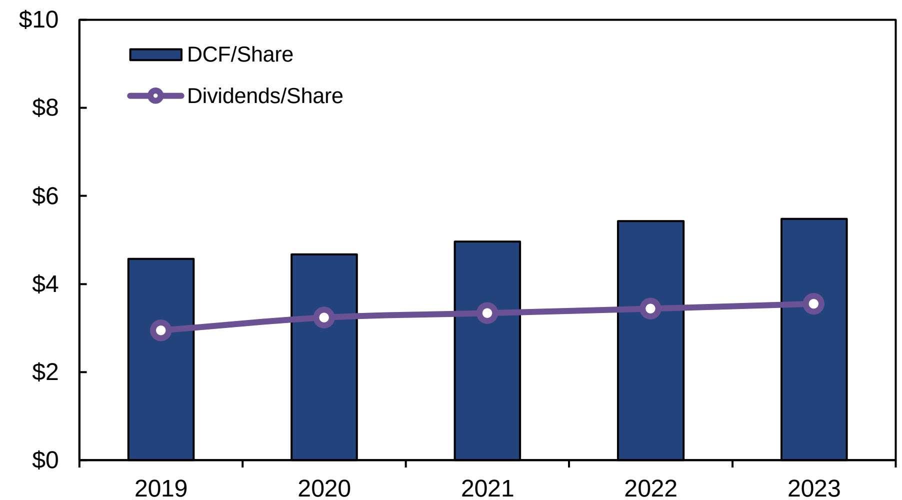
Acquisition Strategy Update

- ENB expects to invest $6-7B annually in growth capex and has preemptively secured $25B worth of capital. The strategic objectives of the Company have been to focus on gas transmission, distribution, and storage, with nearly $22B of the secured $25B allocated towards these segments
- On September 5, 2023, ENB announced the acquisition of three gas utility companies from Dominion Energy for $19B to become North America's largest gas utility platform, delivering ~9.3 bcf/d. To date, ENB has only closed the acquisition of EOG, with the remaining two utilities targeted for close in 2H 2024. The deal will provide ENB with high-quality, utility-like cash flows and diversify their earnings mix to ~50% natural gas & renewables and ~50% liquids
  - The $4.6B bought deal offering, announced concurrently to the Dominion utility acquisitions, de-risks the Company's funding plan and allows it to maintain its investment grade credit rating and target leverage ratio
- Following the utility acquisition, The Company closed its $3.1B divestment of its interest in the Alliance, Aux Sable, and NRGreen assets. This allowed ENB to streamline its portfolio, focus on core assets and deleverage its balance sheet

LHS Segmented EBITDA ($B)



Distributable Cash Breakdown



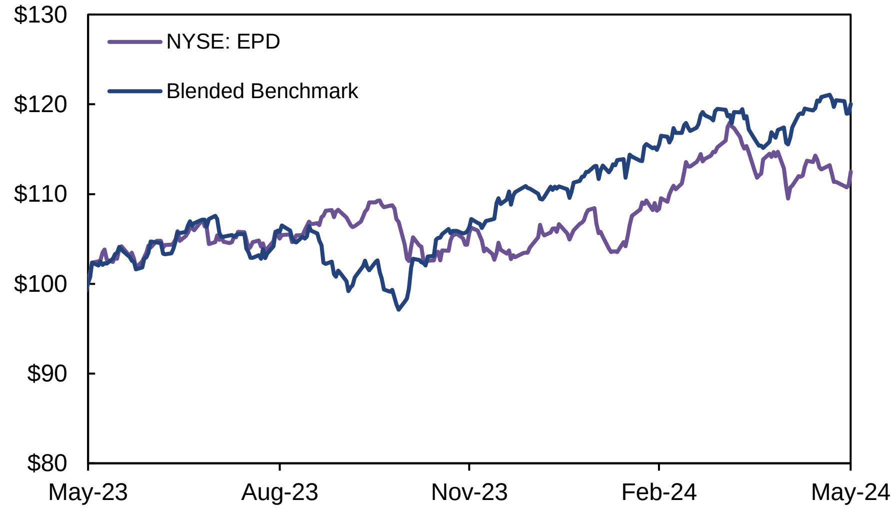
Source(s): Company Filings, S&P Capital IQ, Street Research

Enterprise Product Partners

Q1 2024 Highlights

- In Q1 2024, Enterprise Product Partners (NYSE: EPD) reported net income of US$1.4B, a 4.7% increase YoY. Diluted earnings per unit was US$0.66 for the quarter, a 4.8% increase YoY
  - Earnings growth was primarily attributed to new assets put into service over the last year, notably the completion of multiple gas processing plants
- EPD's EBITDA was US$2.3B for the quarter, a 7.5% YoY increase, on 3.0x adjusted leverage, in-line with the Company's target of 3.0x +/- 0.25x adjusted Net Debt/EBITDA (1)
- Distributable cash flow remained flat at US$1.9B, with a 5.1% QoQ dividend increase to an annualized US$2.06/unit. FCF rose 14.1% YoY to US$1.1B, while CFFO rose 33% YoY to $2.1B for the quarter
- EPD's capital investments totalled US$1.1B for the quarter, of which US$0.9B was for growth capital projects. Guidance for growth capex for both 2024 and 2025 is US$3.25 - 3.75B
- EPD paid distributions for Q1 2024 of US$0.515 per unit, up 5.1% YoY

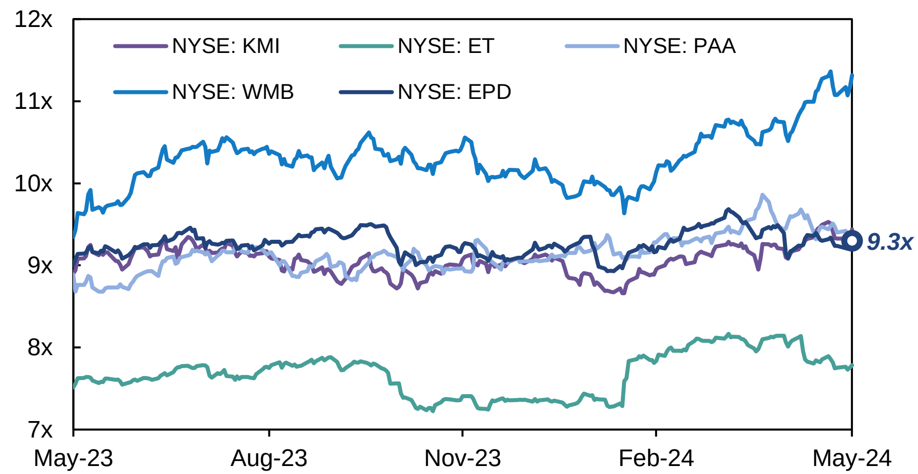
Trading Performance vs Blended Benchmark (Indexed to $100)



Recent Developments and Project Expansions

- EPD announced during the quarter that it will construct a new natural gas processing facility in the Delaware Basin with 300 MMcf/d of capacity, scheduled for completion in Q2 2026
  - Following the successful completion of multiple projects by the end of 2026, EPD will have processing capacity of 2.8 Bcf/d of natural gas and will be able to extract 370 mboe/d of NGLs in the Delaware Basin
- In the Midland Basin, EPD has completed one natural gas processing plant with 300 MMcf/d of capacity to extract 40m BPD of NGLs, with another identical plant scheduled for completion in late 2025
- EPD entered into an agreement to acquire an additional 15% stake in Panola Pipeline Co LLC, which transports mixed NGLs from natural gas processing plants in East Texas to various locations, including EPD's Chamber County fractionation complex, for US$25mm cash
  - Following the purchase, EPD will have a 70% stake in Panola

NTM EV/EBITDA vs American Peers



Source(s): Company Filings, FactSet, S&P Capital IQ

(1) Adjusted leverage defined as net debt adjusted for equity credit in junior subsidiaries divided by adjusted EBITDA, which was primarily adjusted for interest expenses and depreciation, amortization, and accretion of costs and expenses, excluding major maintenance costs in reaction-based plants

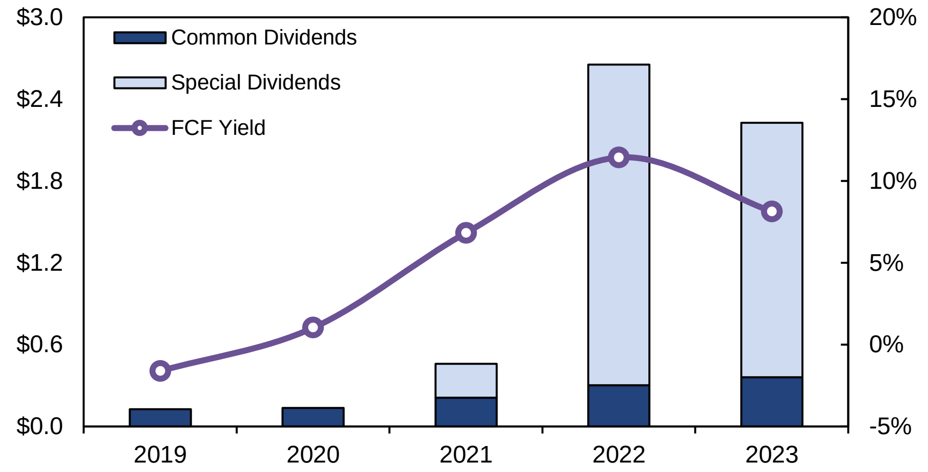
Tourmaline Oil

TOURMALINE

Q1 2024 Highlights

- Tourmaline Oil (TSX: TOU) reported net income of $244.9mm for Q1 2024, a 2.2% decrease YoY. TOU reported diluted EPS of $0.69, a 5.3% decrease YoY
- TOU reported Q1 2024 CFFO of $1.81 per diluted share and generated FCF of $309.8mm for the quarter, amounting to $0.87 of FCF per diluted share
- Average natural gas production was 2,682 MMcfe/d, up 8.6% YoY and in-line with previous guidance, while average liquids production increased 37.5% YoY to 96 mboe/d and oil production rose 10.3% YoY to 49 mboe/d. TOU recognized the North Montney as a significant performance driver for the quarter
- In addition to a $0.50 per share special dividend, TOU announced a 6.7% QoQ common dividend increase to an annualized $1.32 per share
- TOU's net debt for Q1 2024 was $1.7B, placing the Company at 0.35x NTM Net Debt/EBITDA. Net debt increased 138% YoY from $0.7B, largely driven by TOU's $1.5B acquisition of Bonavista Energy Corporation
  - The Company intends to reduce its net debt to its target of $1.2 - 1.4B through 2024 – 2025, for a Net Debt/EBITDA ratio of ~0.2x

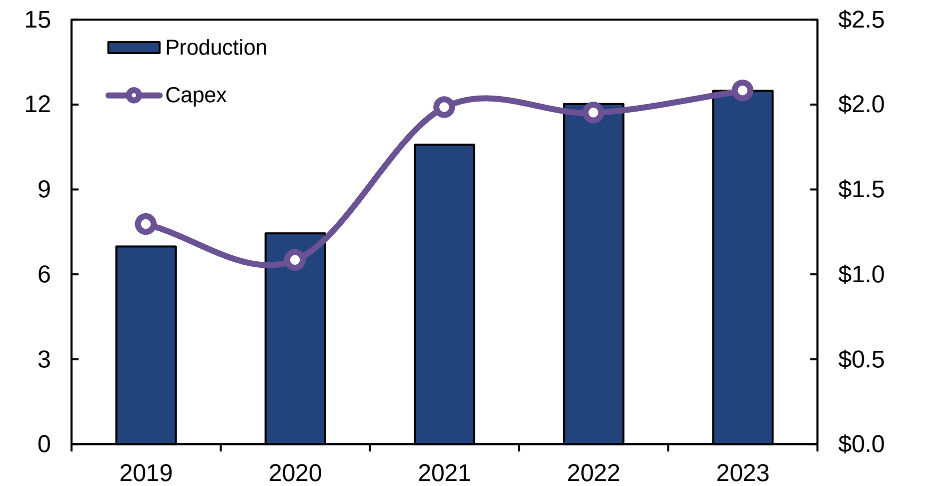
LHS Shareholder Returns ($B) vs RHS FCF Yield (%)



Marketing Strategy and Hedge Book

- TOU's average realized natural gas price in Q1 was $3.77/mcf, 48% above the AECO 5A index price for the period of $2.55/mcf
  - This favourable spread largely stemmed from TOU's extensive and highly-diversified marketing program, which is focused on realizing comparatively high prices for gas in a depressed environment
  - Despite TOU achieving industry-leading realized prices on its natural gas, the average realized price fell 11% QoQ and 39% YoY due to overall poor market conditions
- For FY2024, TOU has an average of 737 mmcf/d hedged at a weighted average fixed price of $5.43/mcf, 196 mmcf/d hedged on a basis of NYMEX of -US$0.33/mcf, and 980 mmcf/d unhedged exposed to export markets
  - 59% of TOU's unhedged volumes are exposed to premium export markets, helping to mitigate the effect of depressed gas prices domestically
- Strategic use of hedging and marketing is essential to TOU's continued profitability and a key competitive advantage for the Company

LHS Average Daily Production (Bcf/d) vs RHS Capex ($B)



Source(s): Company Filings, FactSet, S&P Capital IQ, Street Research

Financials

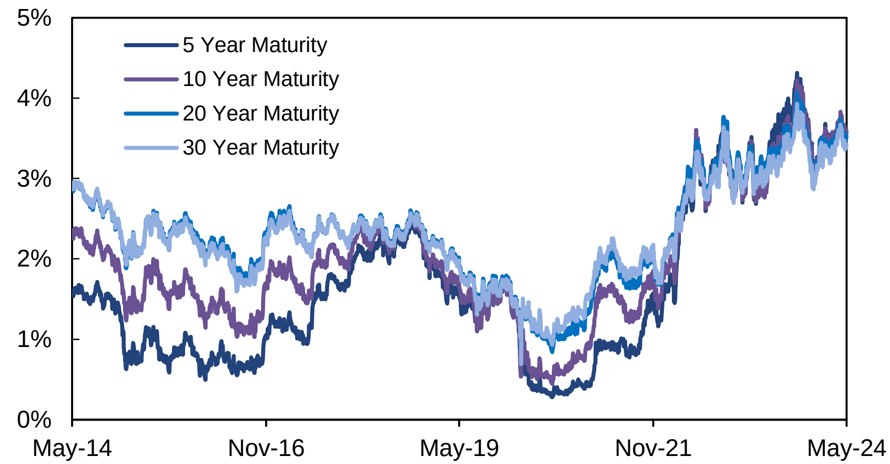
Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *Caitlin Heggerud, Clayton Lillace, Taro Lakra*

Financials Sector Overview

Financials Sector Overview

- In April 2024, the Bank of Canada held its target for the overnight rate at 5.00%
  - The Governing Council is waiting for the consumer price index to contract and core inflation to be sustained prior to a rate cut
  - A rate cut is projected to take place in June 2024, serving as a tailwind for banks' operating segments
- The Bank of Canada expects the global economy to continue growing at ~3%, with inflation in most advanced economies to gradually ease
  - Inflation rates are projected to reach central bank targets of 2% in 2025
- Since January 2024, bond yields have increased but overall financial conditions have eased due to narrower corporate credit spreads and higher equity markets
- In May 2024, the U.S. Federal Reserve (Fed) held its target for the federal funds interest rate between 5.25 - 5.50%
  - The median Federal Open Market Committee members still expects a 0.25% rate cut later in 2024

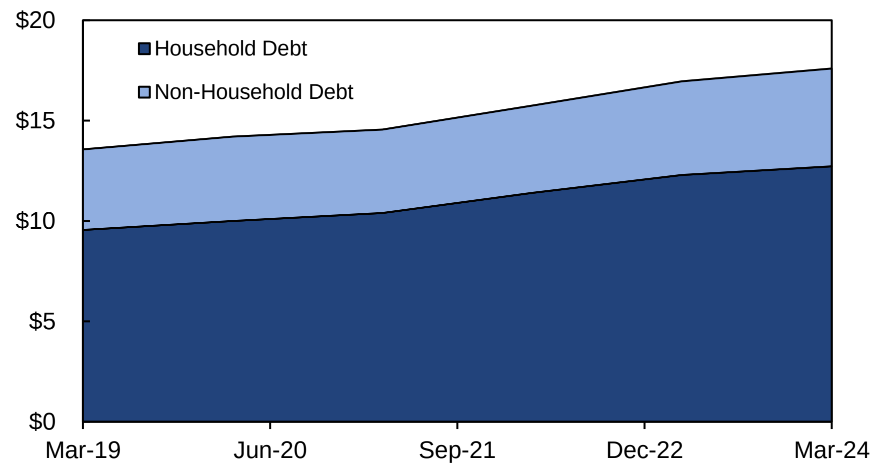
Canadian Yield Curves for Zero-Coupon Bonds



U.S. Bank Regulations Update

- In July 2023, bank regulators led by the Fed announced the Basel III proposal to update the way banks with assets greater than US$100B calculate the amount of capital that must be available
  - The original draft would require large banks to raise capital by 16% in total
  - The proposal aims to diminish bank failure by reducing credit risk, market risk, and operational risk
- In May 2024, the Fed decided to adjust the original Basel III proposal, aiming to finalize in August with implementation to come later
  - U.S. banks have argued that the capital hikes are unwarranted having withstood the pandemic and clearing the Fed's stress tests. They have warned that the hike could force them to trim services and raise fees
  - The Federal Deposit Insurance Corporation, the Fed, and the Office of the Comptroller of the Currency currently decline to comment
- The potential increased cost of carrying debt is yet to influence consumer spending which increased by ~3% YoY

U.S. Consumer Debt Levels (US$T)



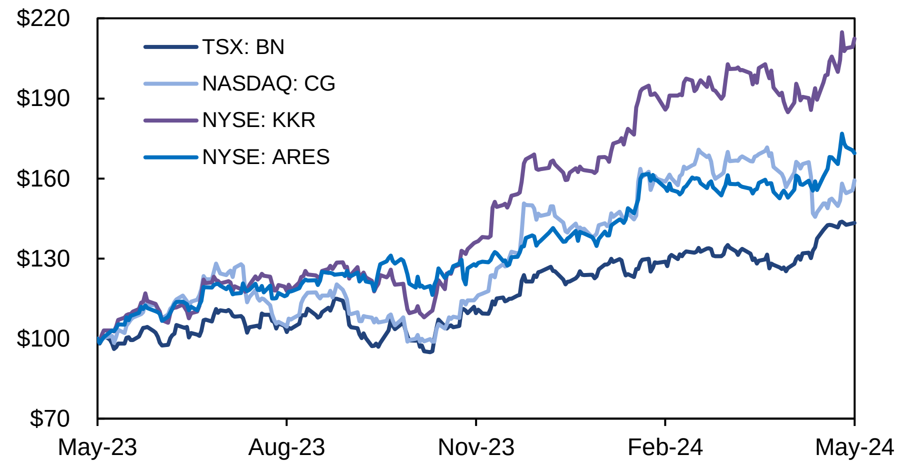
Source(s): Bureau of Economic Analysis, RBC Wealth Management, Reuters, S&P Capital IQ, The Bank of Canada

Brookfield Corporation

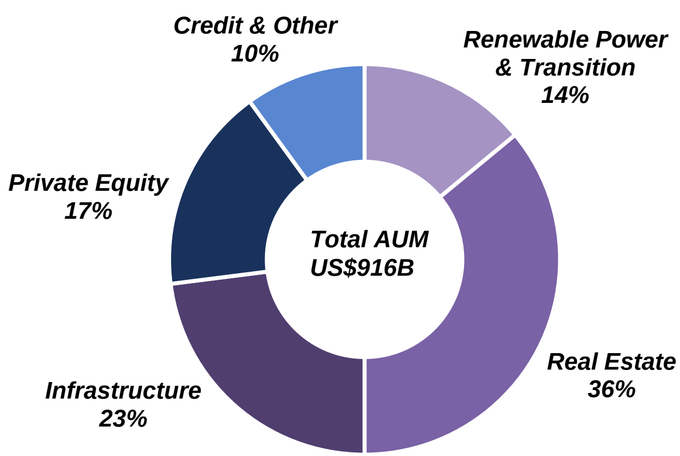
Q1 2024 Highlights

- In Q1 2024, Brookfield Corporation (TSX:BN) reported revenue of US$23B, a decrease of 1.7% YoY, driven by lower fee revenue from affiliated firms such as Brookfield Renewable Partners (TSX: BEP.UN) and Brookfield Property Group
- Wealth Solutions average investment portfolio yield on BN's insurance assets was 5.7%, ~2% higher than the average cost of capital
- The Company reported a record of US$150B of capital available to deploy into new investments, which includes ~US$65B in cash, financial assets, and undrawn credit lines
- Ordinary dividends were US$124mm, an increase of 12.7% YoY, and share repurchases were US$502mm, an increase of 84.6% YoY
- The affiliated company, Brookfield Asset Management (TSX: BAM) was spun out to attract investors interested in its asset management business without exposure to BN's real estate holdings; CPMT's holding stands at ~0.7% AUM
- BAM reported net income of US$441mm, a decrease of 14.5% YoY, due to a drop in fees from some permanent capital vehicles

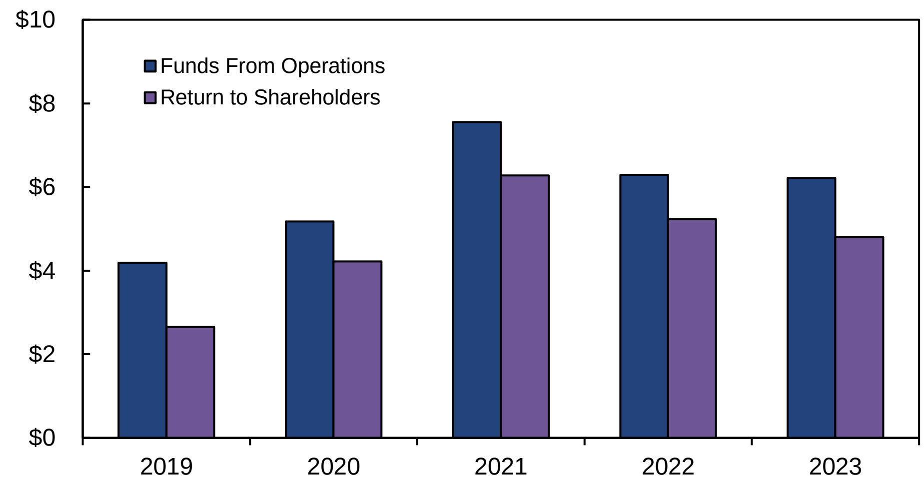
Trading Performance vs Peers (Indexed to $100)



2023 AUM Breakdown



Funds From Operations and Return to Shareholders[1] (US$B)



Source(s): Bloomberg, S&P Capital IQ

(1) Return to shareholders includes dividends and share repurchases

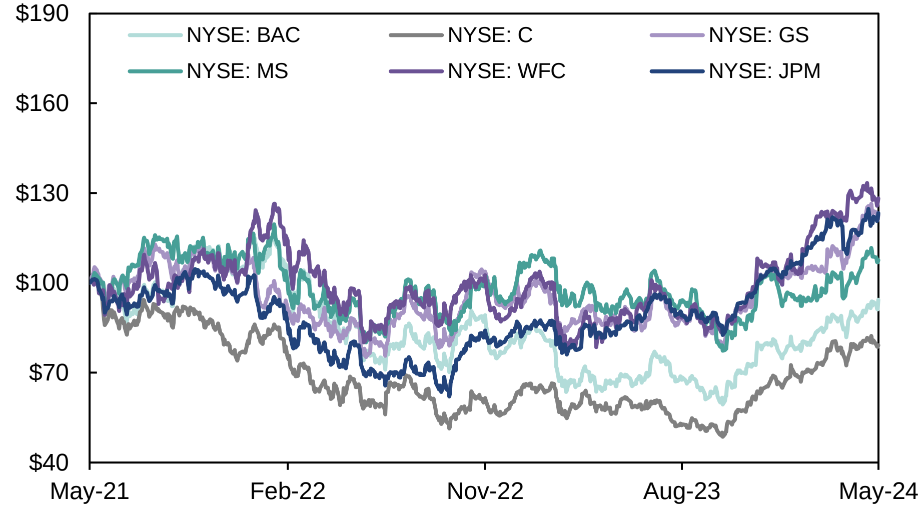
J.P. Morgan Chase

J.P.Morgan

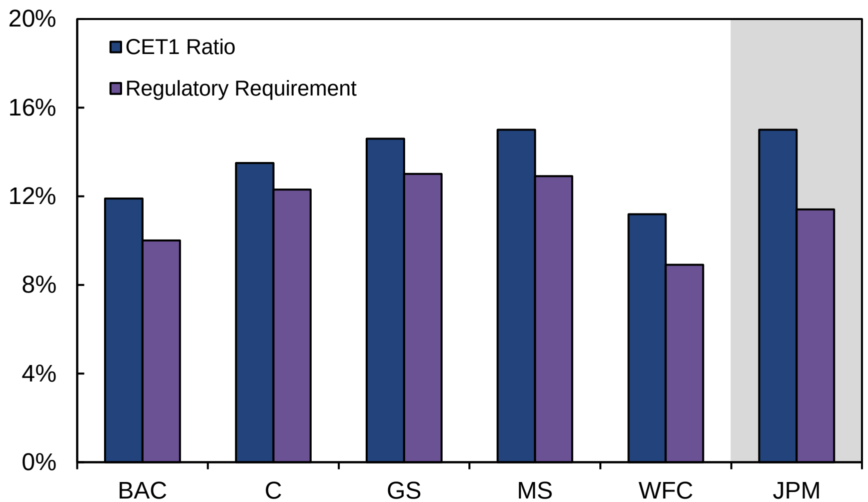
Q1 2024 Highlights

- J.P. Morgan Chase (NYSE: JPM) reported net revenue of US$41.9B and net income of US$13.4B, up 9% and 6% YoY, respectively. Factored into these results is a US$725mm FDIC special assessment increase, specific to the corporate sector
- Net Interest Income (NII) was US$23.1B, up 11% YoY. This increase was driven by high rates and the Company's acquisition of First Republic Bank (FRC), offset partially by deposit margin compression and lower deposit balances
- The Consumer & Community Banking division reported net revenue of US$17.7B, up 7% YoY, largely attributable to higher asset management fees. The Corporate & Investment Banking division reported net revenue of US$13.6B, relatively flat compared to the prior year. The Company has a #1 ranking for Global Investment Banking fees with a 9% wallet share
- JPM reported ROE and ROA for the quarter of 17% and 1.3%, respectively, well above the peer average of 9.3% and 0.8%
- Net income attributable to FRC was US$668mm, reflecting US$1.3B of NII, US$315mm of noninterest revenue, and US$806mm in noninterest expense

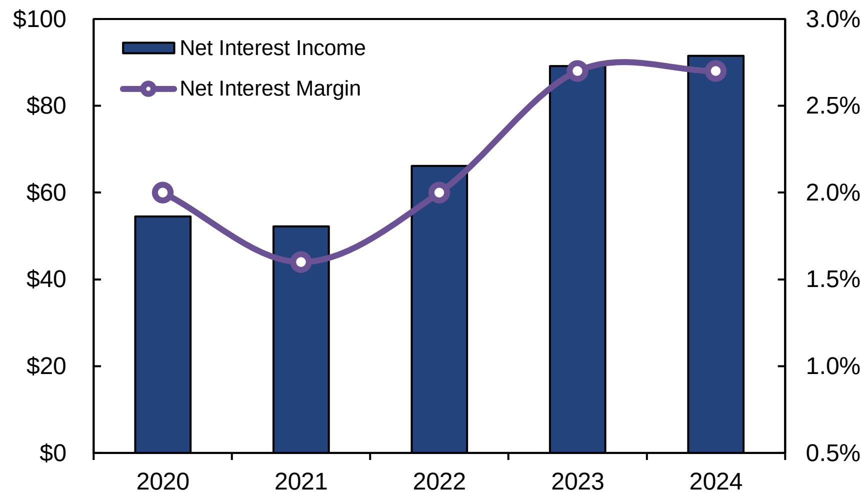
3-Year Trading Performance vs Peers (Indexed to $100)



CET1 Ratio and Regulatory Requirement Comparison vs Peer Group



LHS Net Interest Income (US$mm) vs RHS Net Interest Margin



Source(s): Company Filings, FactSet, S&P Capital IQ

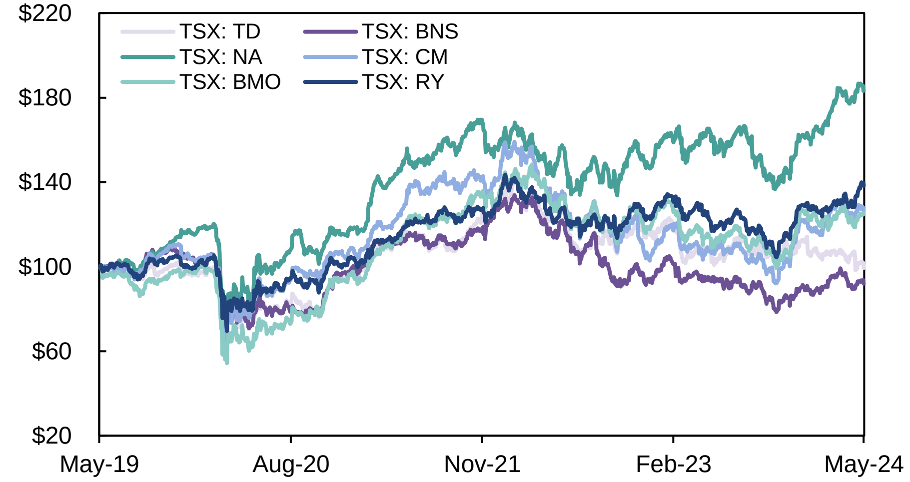
CPMT Calgary Portfolio Management Trust

Royal Bank of Canada

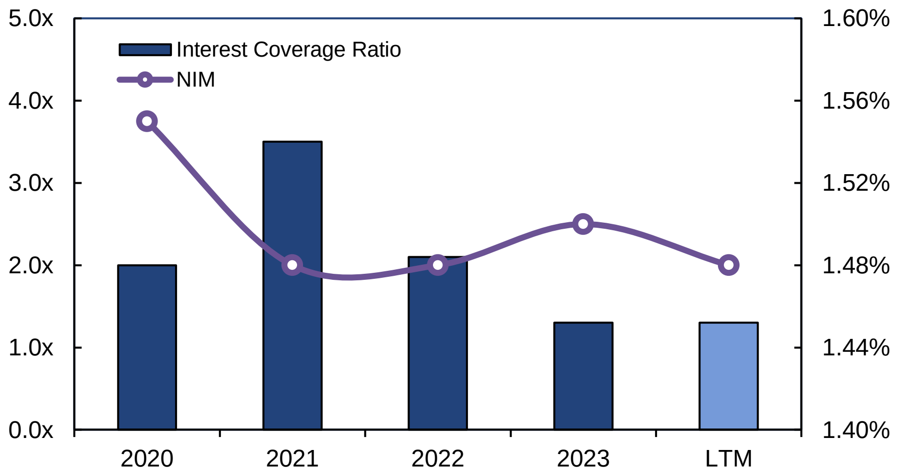
Q2 2024 Highlights

- During Q2 2024, Royal Bank of Canada (TSX: RY) reported net income of $4.0B, increasing by 7.3% YoY. In contrast, Net Interest Margin (NIM) was reported at 1.5%, decreasing by 2.0% YoY
- Growth in the Capital Markets segment served as the primary driver in net income growth, increasing by 31% YoY to $1.3B. This increase is attributable to higher revenue in Corporate & Investment Banking, mainly due to higher M&A activity, loan syndication activity, as well as equity and debt origination
- Personal & Commercial Banking, Wealth Management, and Insurance experienced consistent YoY increases of 4 - 7%
- On March 28, 2024, RY completed the acquisition of HSBC Bank Canada. The acquisition increases RY's customer base by 780,000 and positions RY as a preferred bank for clients with international banking needs
  - The remaining integration is expected to cost ~$750mm and is projected to be completed in the next 12 months
  - Future annual expense synergies of $740mm are expected, with 20% realized in Year 1 and >95% realized by Year 2

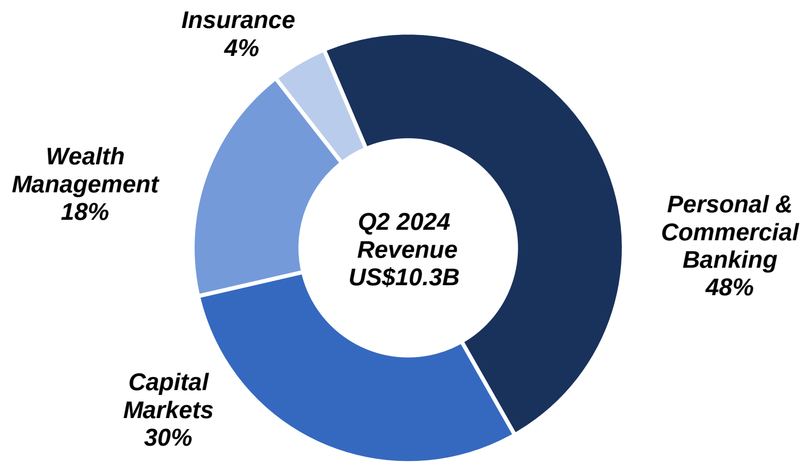
5-Year Trading Performance vs Peers (Indexed to $100)



LHS Interest Coverage vs RHS NIM



Revenue Breakdown by Segment



Source(s): Company Filings, FactSet, S&P Capital IQ

Health Care

Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *Caitlin Heggerud, Clayton Lillace, Taro Lakra*

Health Care Sector Overview

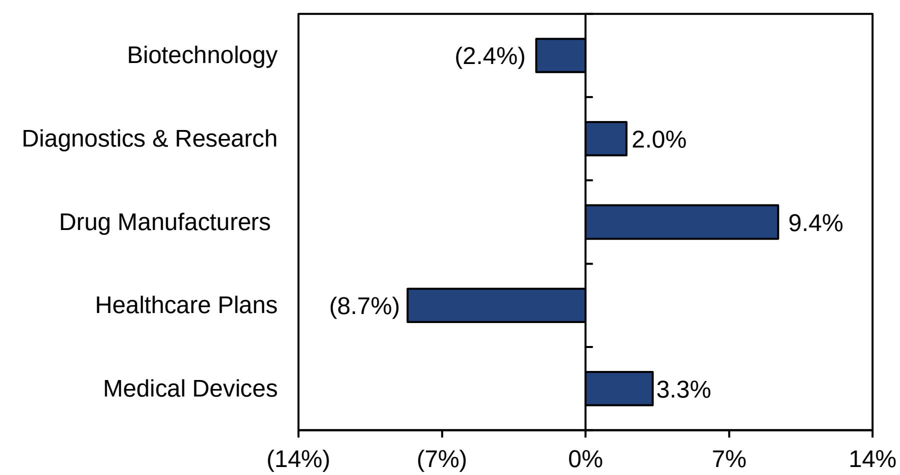
Holdings Overview and Performance

- McKesson Corporation (NYSE: MCK), Thermo Fisher Scientific (NYSE: TMO), and Zoetis (NYSE: ZTS) returned 16.0%, 5.2%, and (13.8%) YTD, respectively. In comparison, the Blended Benchmark returned 6.7%, and the S&P 500 Health Care Index (SP500-35) returned 2.6%
- The top holdings by weight within the SP500-35 include Eli Lilly (NYSE: LLY), Johnson & Johnson (NYSE: JNJ), and UnitedHealth Group (NYSE: UNH), with only LLY yielding a positive YTD return of 38.6%
  - Positive index returns can be attributed to the Drug Manufacturing, Medical Devices, and Diagnostics & Research Industries
- Although the continuous rise in demand for prescription medications provides steady growth opportunities, the industry still faces headwinds due to inflationary pressures, regulatory constraints, and patent cliffs that reduce the profitability of proprietary medications
- The CPMT remains confident in its current Health Care holdings due to MCK, TMO, and ZTS's diversified risk profile and unique competitive advantages

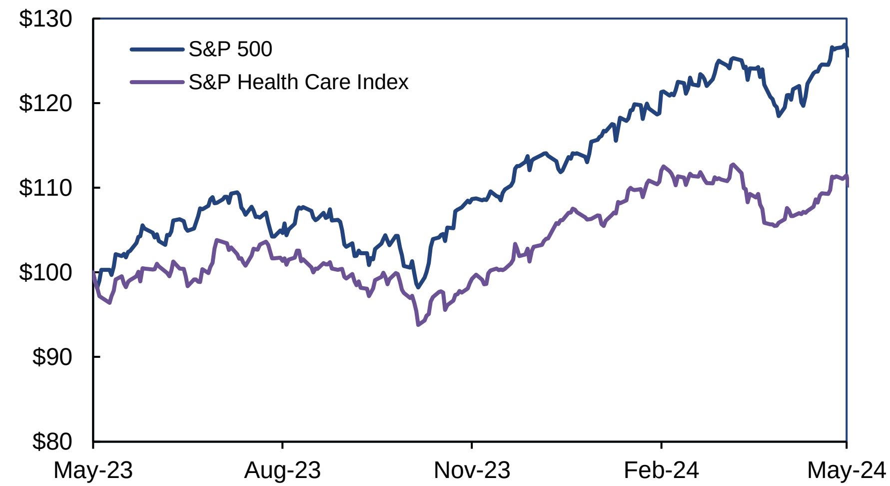
Key Sector Highlights and Outlook

- The rise in demand for GLP-1 medications has led to significant revenue growth within the Health Care sector, with major drug manufacturers such as AstraZeneca (Nasdaq: AZN), LLY, Novo Nordisk A/S (NYSE:NVO), and Sanofi (Nasdaq: SNY) generating notable profits
- GLP-1 demand has also created tailwinds for distributors and retailers due to greater prescription volumes
- Population ageing is leading to greater growth within the Health Care industry, with the median age in the U.S. reaching 38.8, compared to 27.2 in 1970. The growth in median age has been consistent for the past 54 consecutive years
- The U.S. Inflation Reduction Act is expected to reduce pharmaceutical revenues, with caps on out-of-pocket spending allegedly being implemented in 2024 for Medicare enrollees
- The patent cliff continues to threaten revenues for branded pharmaceutical products, with estimates of US$180B of sales at risk between now and 2028 for the top 20 biopharma companies

YTD Health Care Returns by Industry Weight



Health Care Sector Performance vs S&P 500 (Indexed to $100)



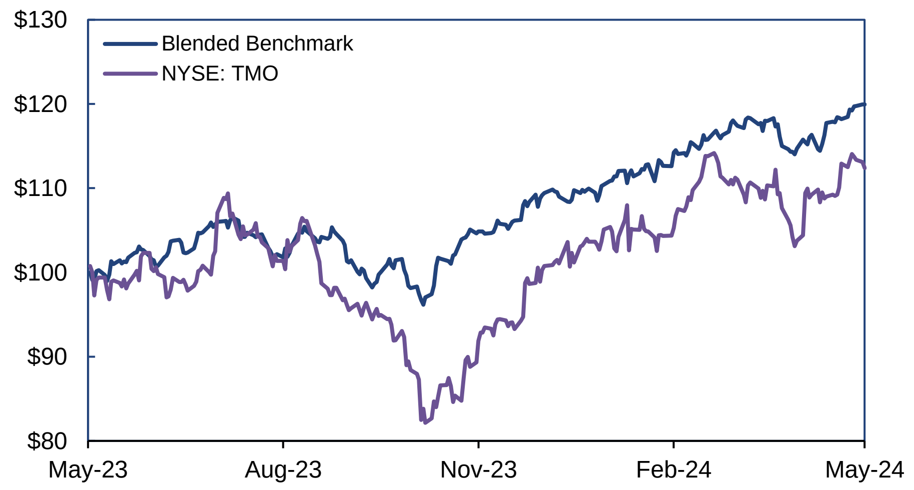
Source(s): Blackrock, Capital IQ, Deloitte, EY, Fidelity Research, KFF, Science, WHO

Thermo Fisher Scientific

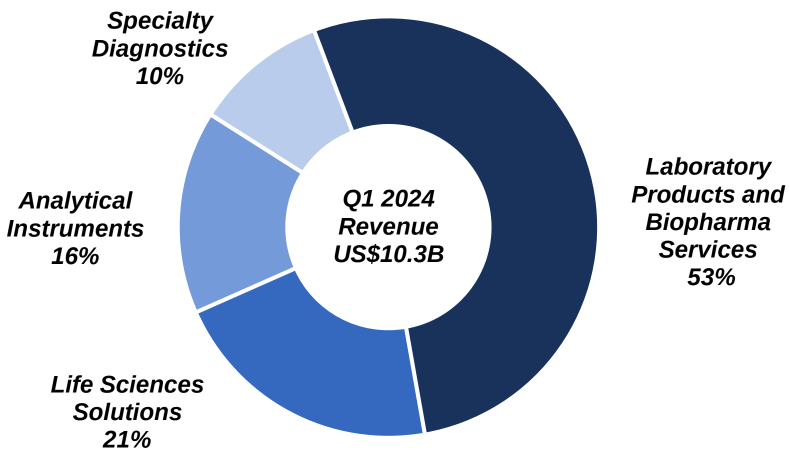
Q1 2024 Highlights

- Thermo Fisher Scientific (NYSE: TMO) reported Q1 2024 revenue of US$10.3B and net income of US$2.3B, decreasing YoY by 3.4% and 2.2% respectively
  - The decline in revenue can be attributed to poor performance in the Life Sciences Solutions segment, which declined 12.5% YoY due to lower COVID-19 related revenues
  - TMO also experienced lower levels of activity in the bioproduction business
- Despite lower revenues, Q1 EBITDA remained flat YoY due to substantial productivity improvements paired with strong pricing realizations
- TMO repurchased US$3.0B of stock during Q1 2024 and increased its dividend by 11%. Management also replaced the existing authorization to purchase US$1.0B of stock with a new authorization for US$4.0B
- During Q1 2024, the Company launched four new innovative scientific instruments, further expanding their product lines within specialized industries
- Research and Development spending remained relatively flat at US$331mm, compared to US$346mm in Q1 2023

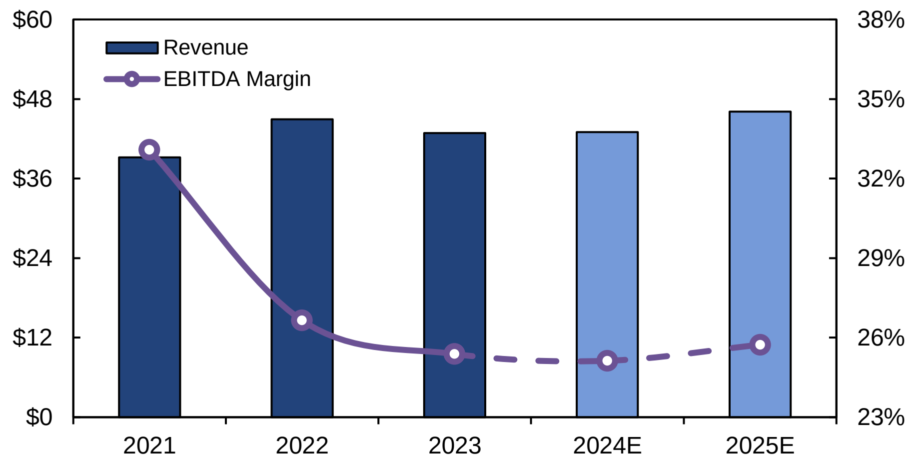
Trading Performance vs Blended Benchmark (Indexed to $100)



Revenue Breakdown



LHS Revenue (US$B) vs RHS EBITDA Margin



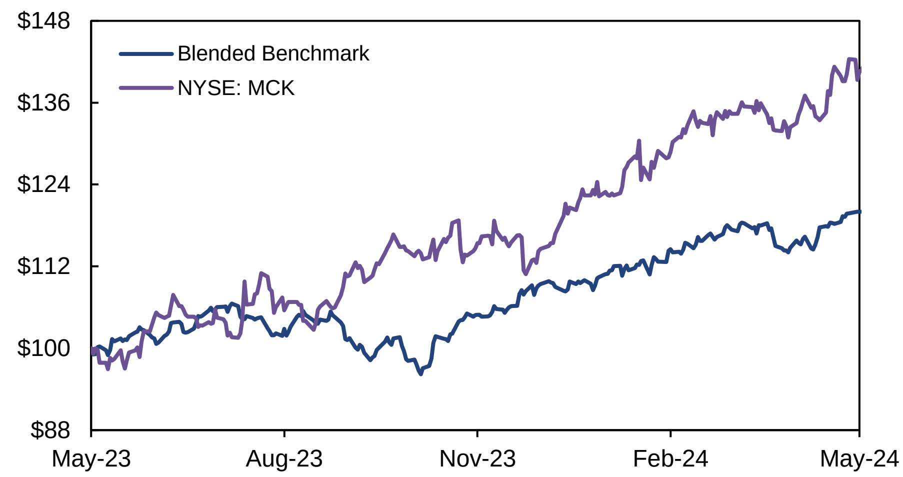
Source(s): Business Journal, Company Filings, FactSet, S&P Capital IQ, Street Research

McKesson

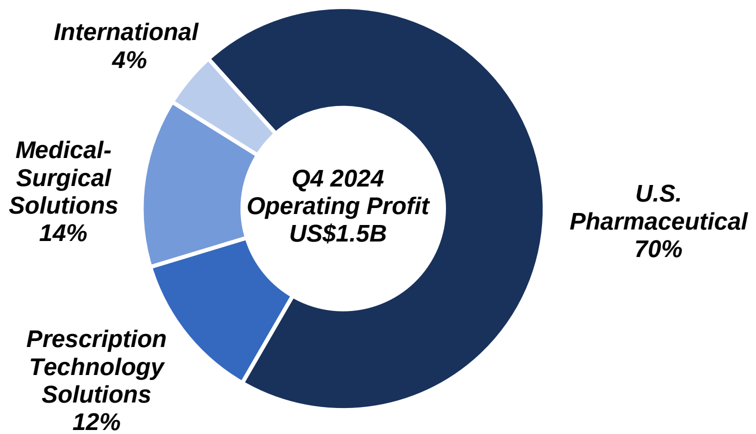
Q4 2024 Highlights

- McKesson (NYSE: MCK) reported Q4 2024 revenue growth at 11% YoY to US$76B, while net income stayed flat at US$791mm
  - The increase is attributable to growth within the U.S. Pharmaceutical (USP) segment, resulting in higher prescription volumes, higher specialty product volumes, and increases in demand for GLP-1 medications
- Revenue within the Prescription Technology Solutions (PTS) segment remained flat YoY, while operating profit declined by 3% due to higher investments and expenses within the biopharma services platform
- MCK experienced growth of 6% YoY in their Medical-Surgical Solutions (MSS) segment. The growth is driven by increases in the primary and extended care businesses, including higher volumes of illness season testing
- International (INT) revenues increased 6% YoY driven by higher pharmaceutical distribution volumes in the Canadian market due to greater order demands
  - MCK's recent divestment of its European businesses has allowed for greater growth within more strategic regions

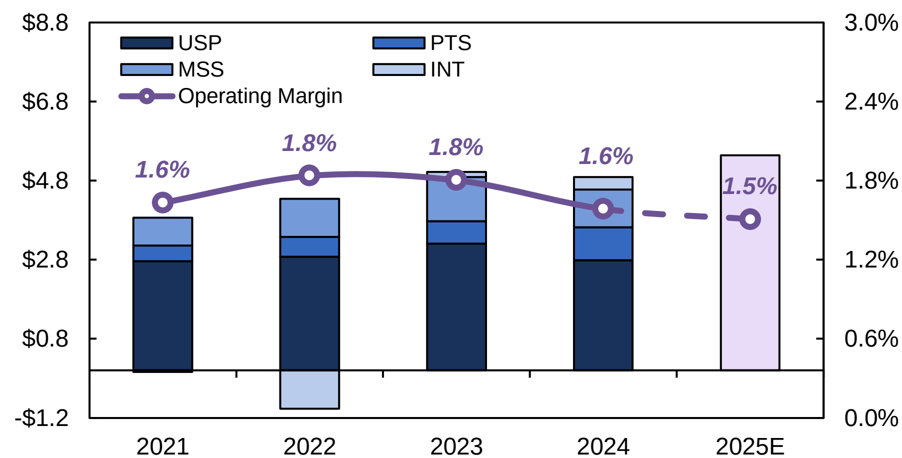
Trading Performance vs Blended Benchmark (Indexed to $100)



Operating Profit Breakdown



LHS Segment Operating Profit (US$B) vs RHS EBITDA Margin



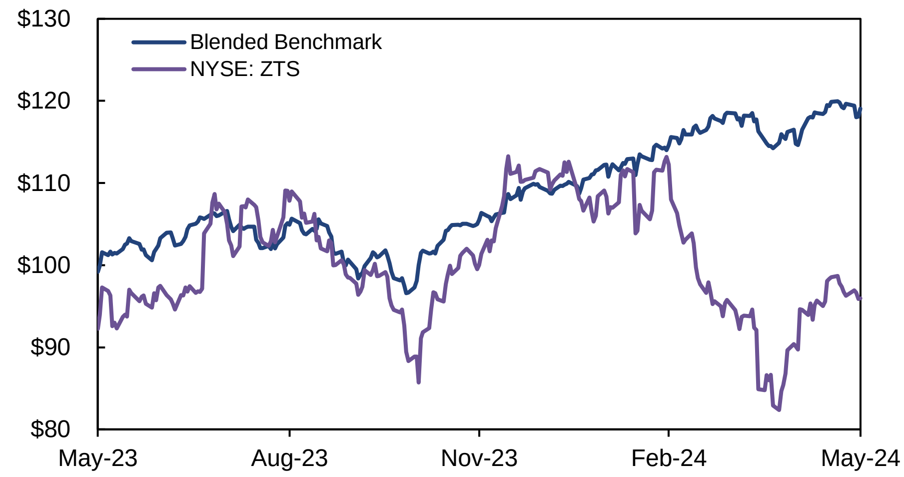
Source(s): Business Journal, Company Filings, FactSet, S&P Capital IQ

Zoetis

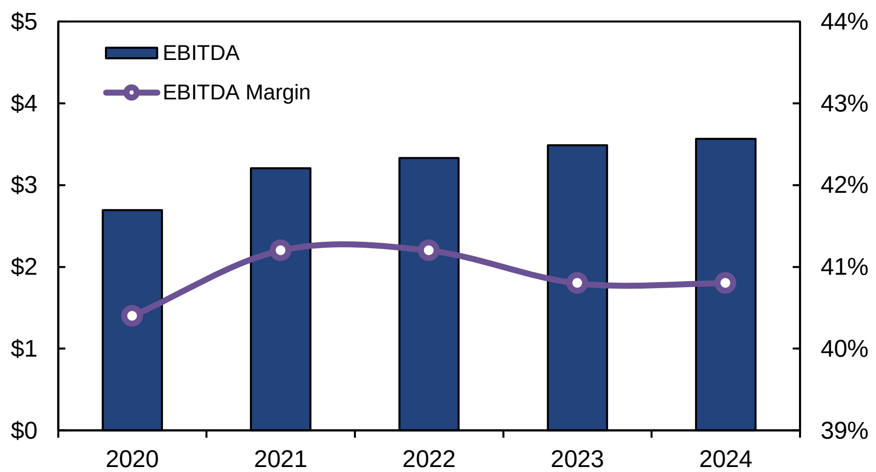
Q1 2024 Highlights

- Zoetis (NYSE: ZTS) reported Q1 2024 revenue of US$2.2B and net income of US$599mm, up 9.5% and 8.5% YoY, respectively. This was attributed to volume growth from key dermatology products, partially offset by economic headwinds in China and inventory destocking costs
- The U.S. revenue segment reported an earnings increase of 23% YoY, outpacing the international segment which remained flat. This was largely attributable to growth in sales of Simparica Trio in U.S. markets
- The Companion Animal revenue segment also outperformed the Livestock segment, returning 18% compared to a loss of 5% YoY. This is attributable to growth in small animal vaccines and a decline in medicated feed additives
- ZTS closed the acquisition of PetMedix in Q3 2023 for cash consideration of US$111mm and conditional US$100mm tied to various PetMedix accomplishments. The Company also sold its medicated feed additive portfolio and various water soluble products to Phibro Animal Health (NASDAQ: PAHC) for US$350mm

Trading Performance vs Blended Benchmark (Indexed to $100)



LHS EBITDA (US$B) vs RHS EBITDA Margin



Osteoarthritis Medicine Update

- On April 12, 2024, The Wall Street Journal published an article on alleged harmful effects of ZTS osteoarthritis products Solensia and Librela. These products have been key revenue drivers post approval in January 2022 and May 2023, respectively
- The harmful effects include minor adverse reactions such as itching and loss of appetite as well as severe outcomes like sickness and death. ZTS shares fell 7.8% on the day of the article release
- The osteoarthritis shots target a protein called nerve growth factor, but vets say this could exacerbate underlying nerve conditions or other medical problems. The report has put under pressure the Company's US$1B sales target for osteoarthritis medicine
- Health regulators in the U.S. and Europe have received thousands of reports of side effects and are currently conducting reviews. The Company remains publicly confident regarding the safety and efficacy of the products

Source(s): Company Filings, FactSet, S&P Capital IQ, The Wall Street Journal

Industrials

Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *Connor Bot, Dylan Westlake, Joshua Olson*

Industrials Sector Overview

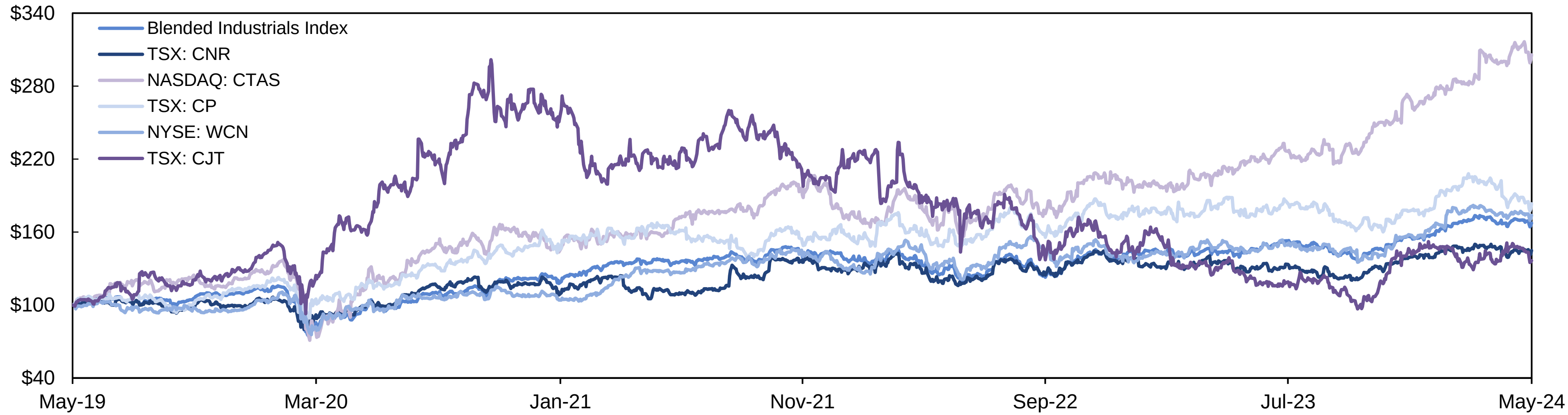
Industrials Sector Overview

- The Dow Jones has risen 18.14% YoY, while the S&P 500 Capital Goods Index is up 35.63%, the S&P 500 Transportation Index is down 7.98%, and the S&P 500 Commercial & Professional Services Index is up 7.56%
- The U.S. ISM Manufacturing Index recorded its second consecutive month of contraction in May, dropping by 50 bps to 48.7% from April's 49.2%. This followed a brief expansion in March, which ended a 16-month contraction streak
  - The 16-month downturn marked the most prolonged since the slowdown of 2000-2002 and before that 1981-1983
- Transportation companies have faced challenges this year due to elevated interest rates, coupled with higher energy prices and labor disputes
- The S&P 500 Industrial Conglomerates Index has risen 35.27% YoY, driven by robust demand in data center activities, increased investments in U.S. infrastructure/utilities and mining equipment, buoyed by current mineral pricing
- The Aerospace and Defense sector has benefited from escalating tensions in the Middle East and a record increase in global military spending during 2023

Industrial Sector Trends and Outlook

- The Baltic Exchange Dry Index, a raw materials sea freight index and proxy for global shipping costs, has fallen 13.3% YTD and 14.2% YoY on the back of lessening shipping disruptions
  - The index rose briefly to ~3,300 in late November of 2023, compared to its current value at ~1,800, due to concerns on shipping lane disruptions in the Red Sea, but has since stabilized
- Rising trade tensions between the U.S. and China, as well as the upcoming U.S. presidential elections in November, threaten to induce more friction in world trade, particularly between the world's two largest economies
  - U.S. legislation, notably the Inflation Reduction Act, has the potential to strengthen the U.S. industrial sector through record-setting tax and spending incentives for industry
- The U.S. ISM Manufacturing Production Index, which tracks manufacturing demand, is 0.6% YTD and 7.5% YoY, signaling modest growth in manufacturing demand amidst a resilient U.S. economy
  - Increasing demand for technologically intensive industrial activity such as chip manufacturing presents a new opportunity for investment in the sector

5-Year Performance (Indexed to $100)



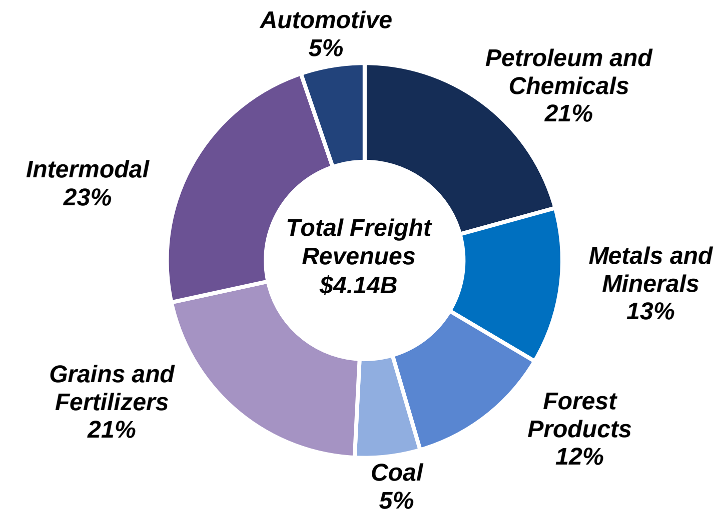
Source(s): Deloitte, Institute for Supply Management, International Logistics Solutions, Railway Association of Canada, Reuters, S&P Capital IQ

Canadian National Railway

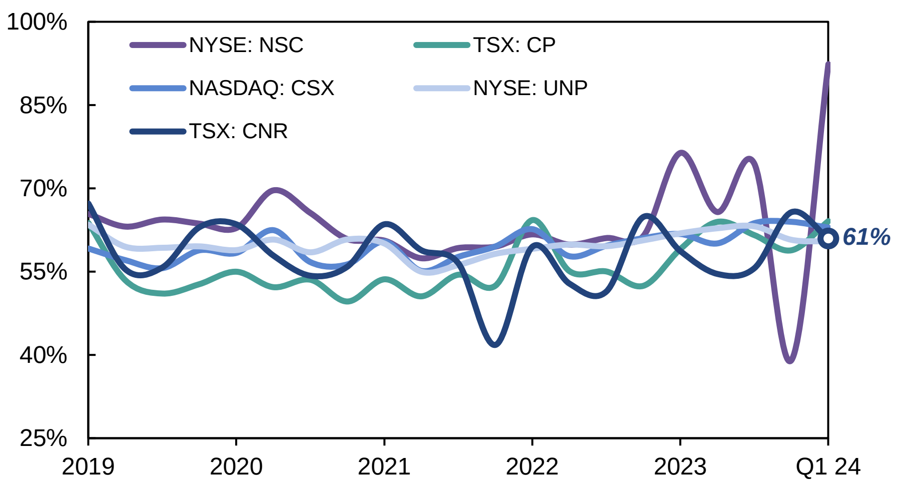
Q1 2024 Highlights

- Canadian National Railway (TSX: CNR) reported Q1 2024 revenues of $4.25B, a 1.48% decrease YoY due to decreased coal, intermodal, and forest revenues while being partially offset by petroleum and chemicals and broadly higher tolls
- Q1 2024 Net Income for CNR declined 9.59% YoY to $1.10B; diluted EPS was $1.72 for the quarter, a 5.49% YoY decrease
- CNR's operating expenses rose 1.96% YoY to $2.70B for Q1 2024, driven by rising wages and headcount while being partially offset by cheaper fuel
  - CNR's operating ratio rose 210 bps YoY to 63.1%, attributable to decreased revenues, heightened costs, and a return to standard winter operating efficiency after outperformance in Q1 2023
- Revenue ton miles (RTMs) fell 0.35% YoY to 59,749mm, with freight revenue per RTM down 1.7% YoY to 6.92 cents
- CNR forecasts YoY diluted EPS growth of ~10% for FY2024, driven by incremental shipping efficiencies, pricing above rail inflation, and increased shipping volumes especially in the intermodal and petroleum and chemicals categories, particularly on the West Coast

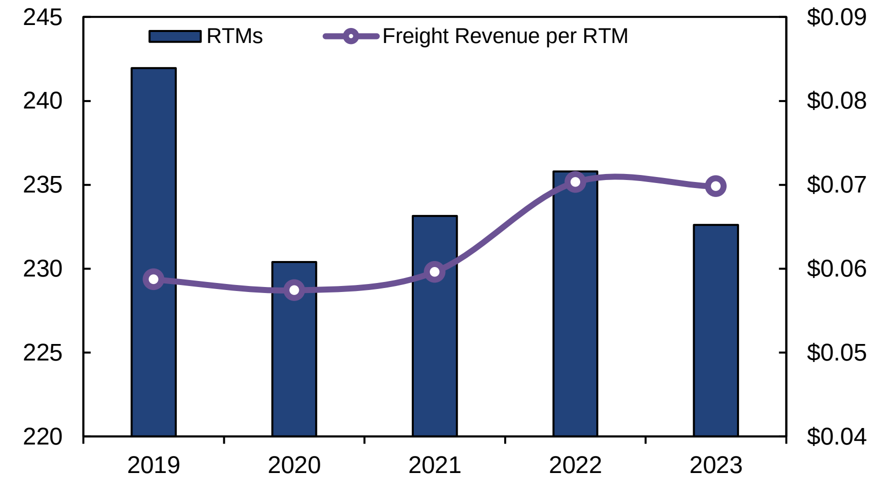
Freight Revenue Volume Breakdown by Sector



Operating Ratio vs Peers



LHS RTMs (B) and RHS Freight Revenue per RTM ($)



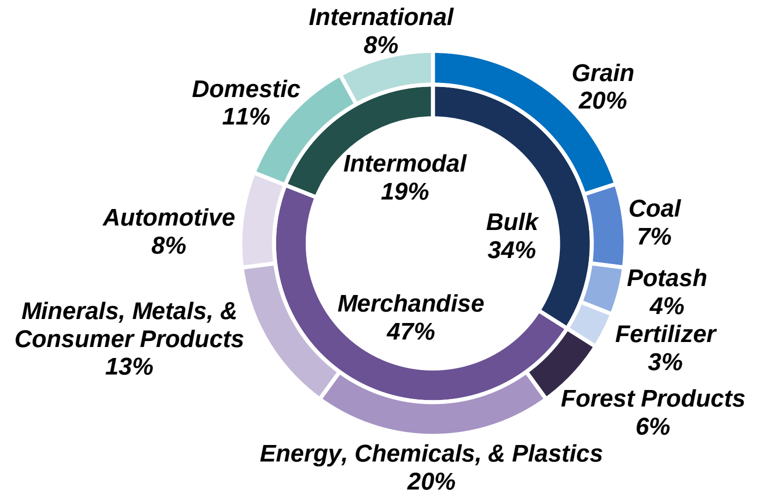
Source(s): Company Filings, FactSet, S&P Capital IQ, Street Research

Canadian Pacific Kansas City

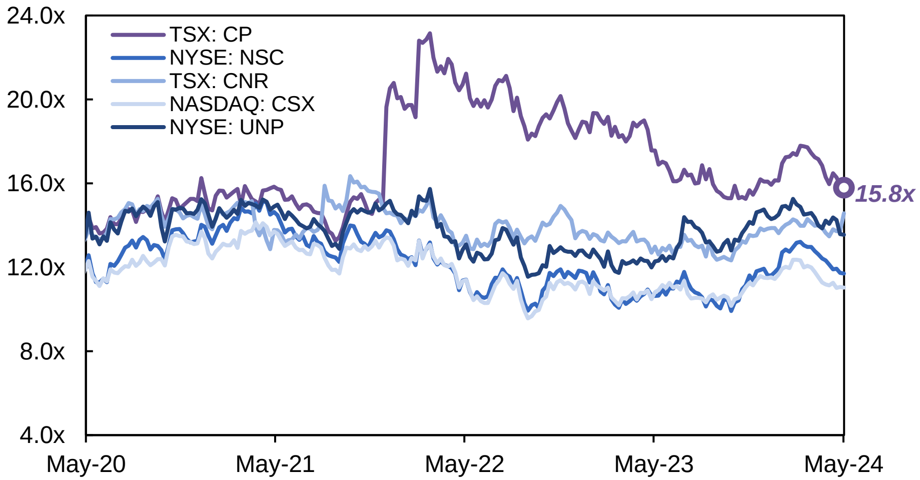
Q1 2024 Highlights

- In Q1 2024, Canadian Pacific Kansas City (TSX: CP) reported total revenues of $3.5B, up 2% YoY
  - Bulk freight revenue of $1.4B remained flat YoY due to weakness in coal volumes partially offset by strength in U.S. grain and potash exports
  - Merchandise freight revenue increased by 4% YoY, driven by a 13% YoY growth in automotive freight, coupled with strength in metals shipments
- The Company increased its core adjusted operating ratio [(1)] by 50 bps YoY to 64%, driven by improved cycle times and streamlining of bulk commodities
- RTMs increased by 1% YoY, driven by a lower inflation environment and operational improvements, despite weather challenges in January
- Average train dwell time decreased by 20%, locomotive productivity increased by 8%, and velocity improved by 13% YoY resulting from headway in productivity and capacity initiatives in Mexico
- The Company forecasts high-single-digit revenue growth, double-digit EPS growth, and $2.8B in capex for 2024

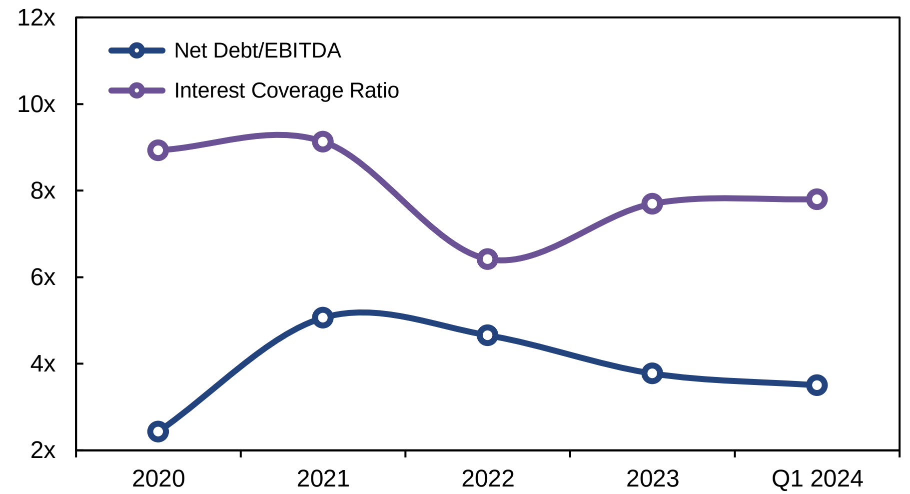
2023 Transportation Revenue Volume Breakdown by Sector



NTM EV/EBITDA vs Peers



Interest Coverage vs Net Debt/EBITDA



Source(s): Company Filings, FactSet, S&P Capital IQ, Street Research

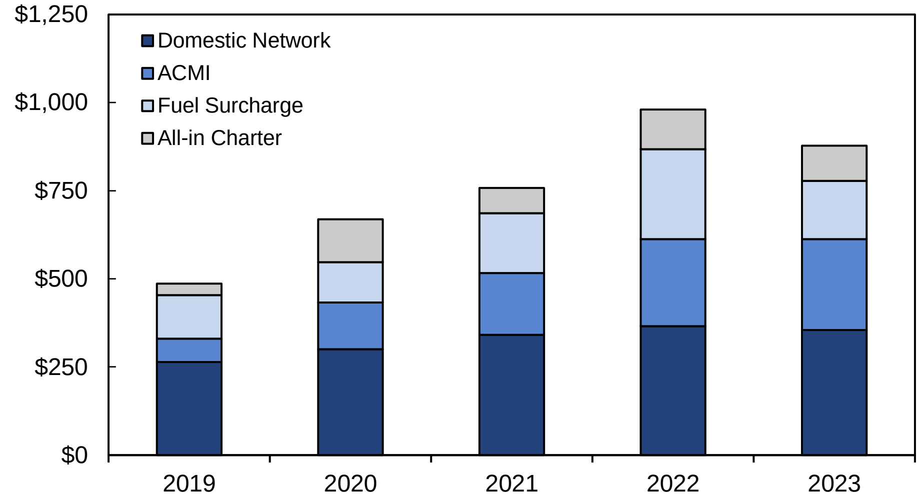
(1) Adjusted for Kansas City Southern acquisition in 2023

Cargojet

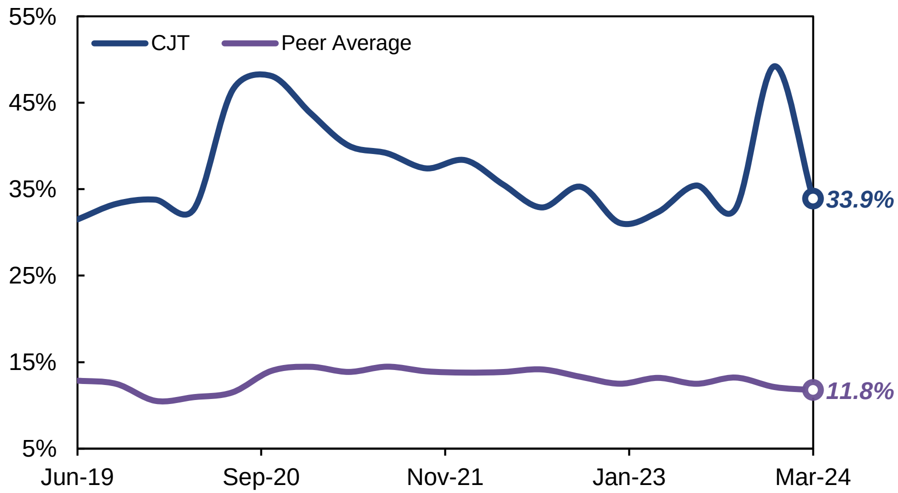
Q1 2024 Highlights

- In Q1 2024, Cargojet (TSX: CJT) reported ACMI, All-in Charter, and Domestic Network revenues of $181mm, up 6.5% YoY. The growth was driven by a surge in e-commerce and B2B volumes during the period, coupled with contractual customers' CPI increases
- Average domestic revenue per operating day increased 9.5% YoY to 1.84mm, and block hours decreased 2.9% YoY, reflecting network optimization initiatives
- CJT delivered adjusted EBITDA[1] margin expansion of 160 bps YoY to 33.9% resulting from shorter maintenance turnarounds, decreased block hours, optimized flight schedules, and better shift management
- During the quarter, CJT sold four B777 aircraft, one simulator, and one Beechcraft aircraft for proceeds of $131mm, as part of its fleet optimization plan
- The Company paid down long-term borrowings totaling $122mm, improving its Net Debt/EBITDA to 2.2x, compared to the previous quarter of 2.6x
- CJT repurchased shares totaling $46mm, ~2.7% of the Company's total shares outstanding, marking the second quarter of the new share buyback program

Revenue Breakdown by Segment ($mm)



Adjusted EBITDA Margin vs Peers[2]



Key Developments

- On January 15, 2024, CJT announced an update on its fleet strategy to exit its four remaining B777 aircraft commitments amidst forecasts indicating a soft international cargo market
  - The strategic move positions CJT's domestic operations back in focus, which historically awarded the Company a premium multiple
  - The exit also enables CJT to benefit from a single fleet strategy, which will drive lower costs in pilot hiring, training, and aircraft maintenance
- On May 3, 2024, Air Canada (TSX: AC) revised its freighter fleet strategy, canceling plans to convert two B767s, reducing its fleet from ten to eight
  - While regional competitors temper fleet expansion plans, CJT intends to continue to increase its B767 fleet, adding six new aircrafts YTD
- On May 31, 2024, Atlas Air announced it will cease operating freighter aircraft in Amazon's (NASDAQ: AMZN) domestic parcel network by mid-next year to focus on international widebody service for its expanding customer base, which will soon include Chinese e-commerce giants Shein and Temu (NASDAQ: PDD)

Source(s): Company Filings, FactSet, S&P Capital IQ

(1) Adjusted for B777 dispositions and the fair value of swap derivatives related to share-based compensation

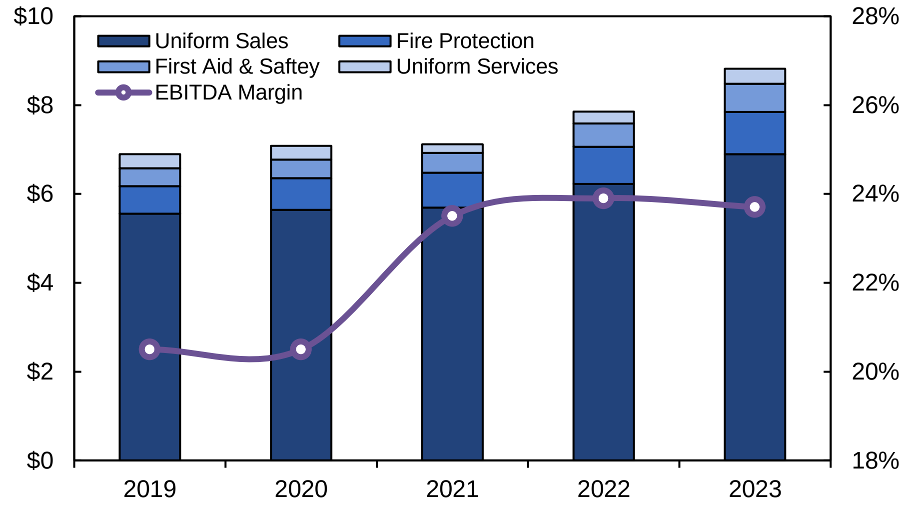
(2) Peers Include: Deustche Post AG (ETR: DHL), FedEx (NYSE: FDX), United Parcel Service (NYSE: UPS)

Cintas

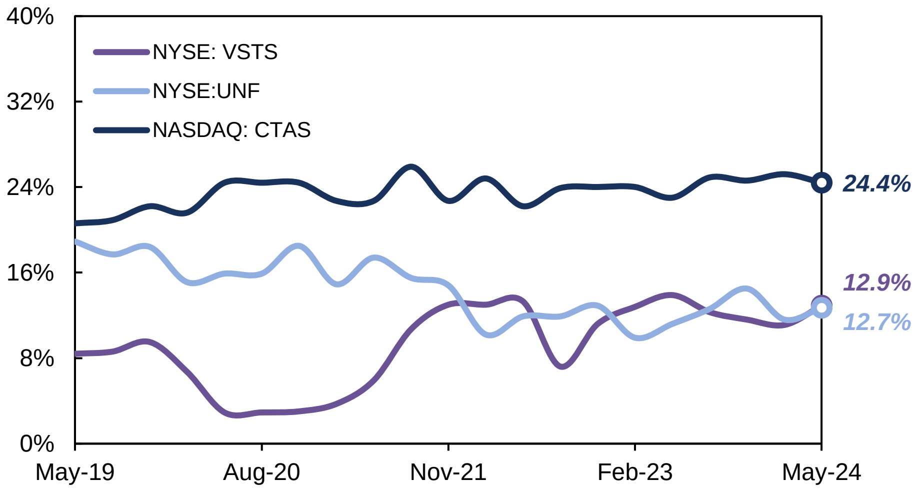
Q3 2024 Highlights

- Cintas Corporation (NASDAQ: CTAS) reported Q3 2024 revenue of US$2.4B, an increase of 10% YoY driven by increased volume growth in the Uniform Rental and Facility Services segment
- CTAS reported diluted EPS of US$3.84, an increase of 6.4% YoY and above estimates of US$3.58
- Cost savings from investments in SmartTruck, the Six Sigma team, engineering, and supply chain optimizations increased gross margin percentage by 220 bps
- Organic growth was 7.7% YoY due to strong volume growth and cross-selling to their existing customer base
- The Company paid an aggregate cash dividend of $US137.6mm to shareholders, an increase of 17.1% YoY
- Due to a strong 2024 performance outlook, CTAS increased guidance for both revenue and EPS by 0.9% and 3.1%, respectively, while maintaining 4% of revenue Capex guidance for the remainder of the year

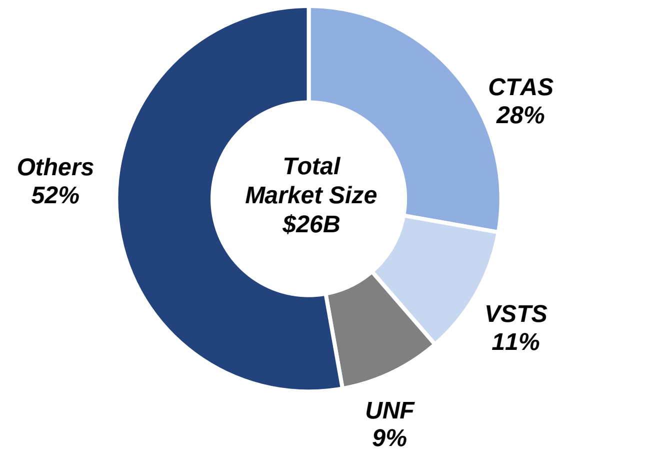
LHS Segmented Revenue (US$B) vs RHS EBITDA Margin



EBITDA Margin vs Peers



2024 U.S. Uniform Services Market Share vs Peers



Sources(s): Company Filings, S&P Capital IQ, Street Research

Waste Connections

WASTE CONNECTIONS

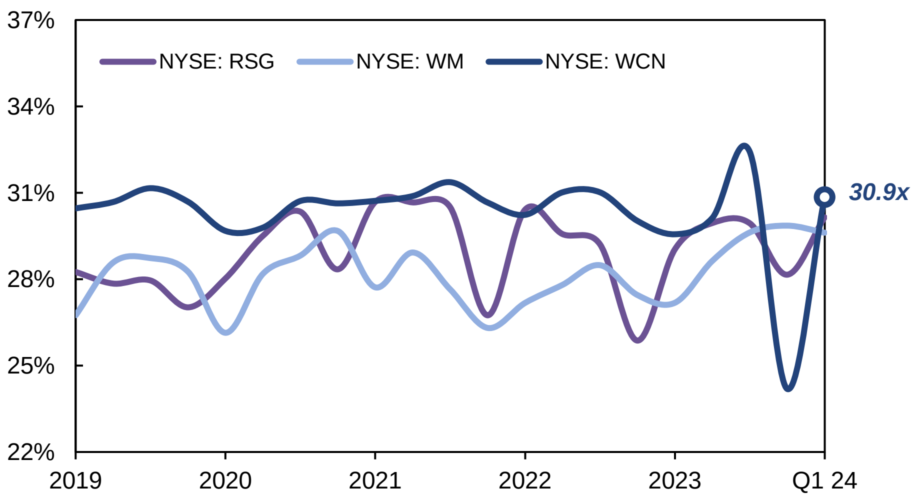
Q1 2024 Highlights

- Waste Connections (NYSE: WCN) reported revenue of US$2.1B for Q1 2024, a 9.1% increase YoY driven by both organic solid waste growth and continued acquisitions of complementary assets
  - Revenue guidance for FY2024 is US$8.75B, a 9.1% increase from FY2023 stemming from expected pricing increases and new acquisitions, partially offset by a mild expected volume decline among certain existing assets
- Operating income increased 16.6% YoY to US$366.8mm, bolstered by continued increases in operating efficiency and integration of acquisitions
- EBITDA for the quarter was US$862.2mm on a 30.9% margin, representing increases of 13.1% and 129 bps, respectively
- FCF for the quarter was US$432.0mm, a 19.8% increase YoY driven by a combination of continued margin expansion and revenue growth
- Net income was US$230.1mm, up 16% YoY, while diluted EPS increased 16% YoY to US$0.89 per share
- WCN paid dividends of $0.255 per share for Q1 2024, down 10.5% YoY

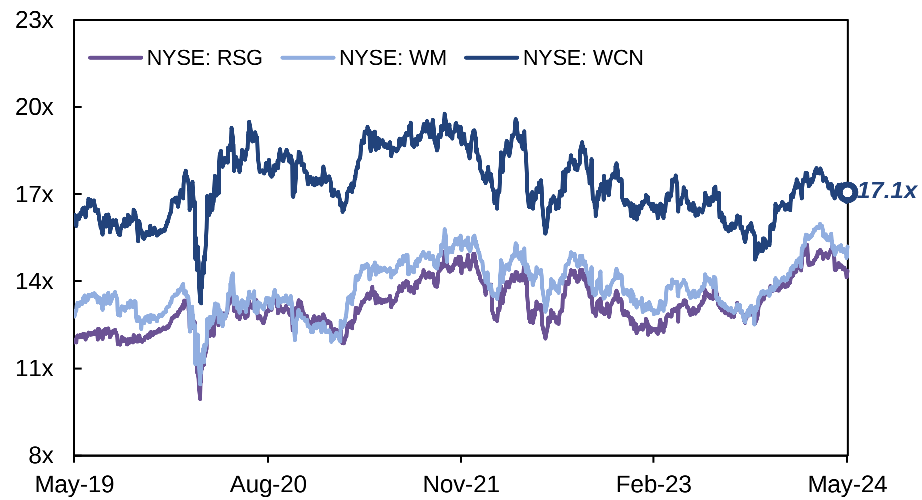
Secure Energy Asset Acquisition

- During Q1 2024, WCN closed its previously announced a $1.08B all cash acquisition of Secure Energy Services' (TSX: SES) energy waste treatment and disposal facilities. WCN acquired 18 treatment, recovery, and disposal facilities, six landfills, four saltwater disposal injection wells, and two disposal caverns located in Western Canada
- The acquisition strengthens WCN's ability to service Canadian E&Ps, with an estimated $300mm of total FY2024 revenue from the assets. WCN expects the assets to be complementary to their existing U.S. oilfield waste operations
- The acquisition is expected to be immediately accretive to EPS and FCF margins and is expected to add upwards of 50bps to WCN's EBITDA margin
- SES was ordered to divest the assets involved in the transaction by the Competition Tribunal following its 2021 all-stock acquisition of Tervita Corporation, which created a business intensely focused on midstream service
- WCN intends to normalize M&A as a percentage of capital outlays at ~20% in the future, as opposed to ~50% of spending from 2016-2023

EBITDA Margin vs Peers



NTM EV/EBITDA vs Peers



Source(s): Company Filings, FactSet, S&P Capital IQ

Information Technology

Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *James Altamirano, Smriti Sewak*

Information Technology Sector Overview

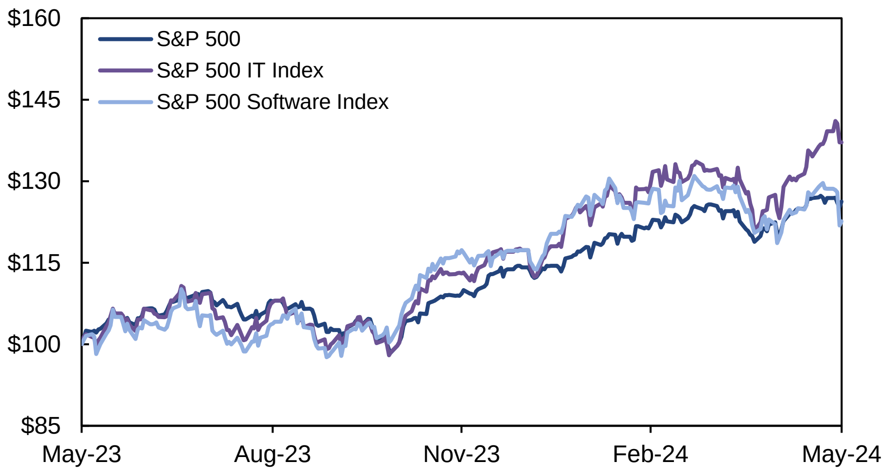
Sector Overview

- The Information Technology (IT) sector consists of firms operating in software and services, hardware and equipment, and semiconductor industries
- The S&P IT Index outperformed the Blended Benchmark by 10.9% YoY
- Major IT trends include the development of Generative AI, the implementation of AI infrastructure, including data centers and cloud services
  - Nvidia Inc (NASDAQ: NVDA) appreciated ~122% YTD as various firms continue to allocate significant amounts of capital to AI infrastructure buildout, including Microsoft (NASDAQ: MSFT) , Amazon (NASDAQ AMZN), and Meta (NASDAQ: META)
  - The S&P 500 Software Index has underperformed the S&P 500 IT Index by 14.6% over the past year, as enterprises allocate their budgets toward AI-related services and infrastructure rather than enterprise software solutions
- Firms involved with the development and support of Generative AI have attracted significant investment from equity investors, fueling rapid growth

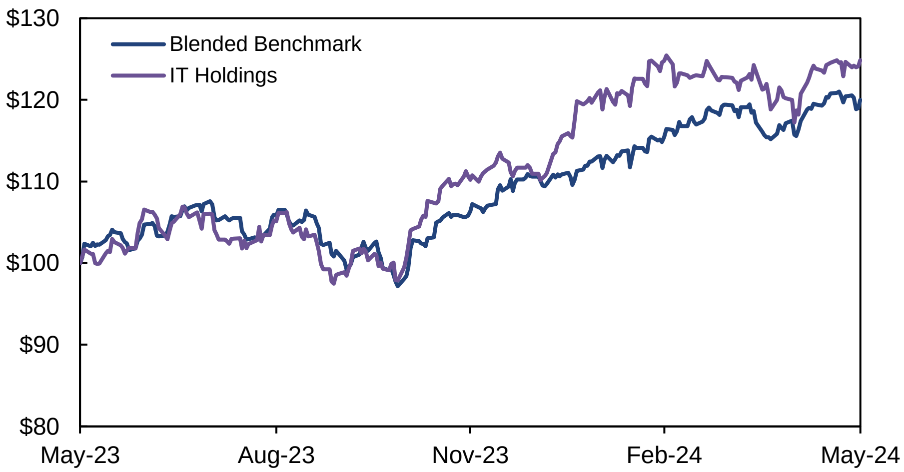
Cloud Infrastructure and Generative AI Update

- Cloud infrastructure and application providers may experience higher growth in 2024, driven by increased IT infrastructure spending and economic growth
  - Growth will also be driven by companies shifting their focus to workload expansion from cost optimization
- Generative AI advancements are poised to further increase cloud demand
  - Acceleration in the shift of workloads from on-premise to public cloud environments would benefit infrastructure providers, such as AMZN and MSFT, due to increased computational requirements
  - This will further increase the growth of the two company’s cloud segments, who already lead the cloud market at a 30% market share
- The introduction of new application development tools that leverage generative AI, such as co-pilots is expected to significantly enhance the efficiency of app creation, further driving an increased adoption of cloud platforms

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



IT Holdings (1) vs Blended Benchmark (Indexed to $100)



Source(s): Bloomberg

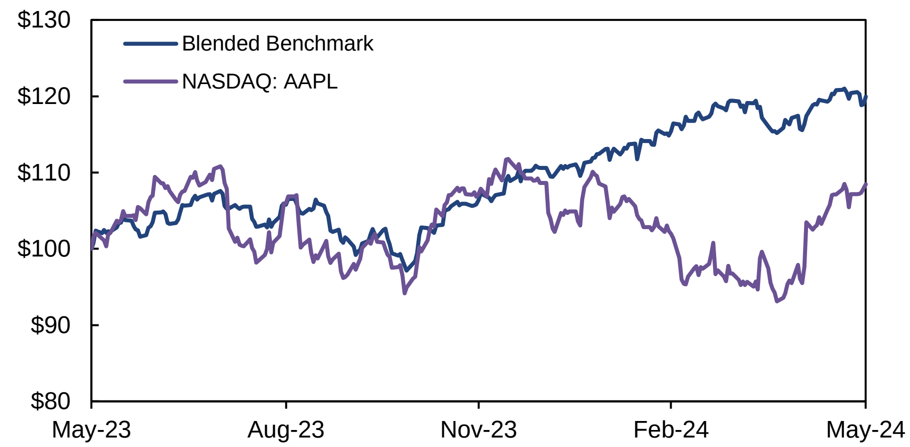
(1) IT holdings included AAPL, CSU, MSFT, TOI, and V at an equal weight

Apple

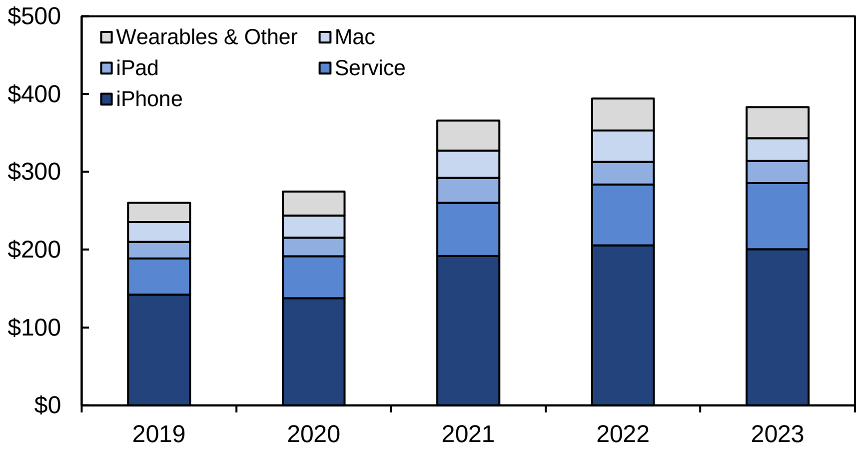
Q2 2024 Highlights

- Apple (NASDAQ: AAPL) reported revenue of US$90.8B, down 4.3% YoY and reported EPS of US$1.53, up 0.7% YoY, beating consensus by 2%
  - AAPL's iPhone segment struggled, with sales falling 10.5% YoY
  - This was partially offset by record sales in the Services segment, which includes the Company's various subscription offerings, as well as other services including iCloud and AppleCare. The segment recorded revenue of US$23.9B, representing a 14.2% YoY increase
- Management authorized an additional US$110B for share repurchases and raised AAPL's dividend by 4.0% to $0.25 per share
- In Q2 2024, AAPL launched the Apple Vision Pro, representing its debut in the virtual and augmented reality markets. There was excitement for the product within the consumer market and industry, with over half of Fortune 100 companies purchasing Apple Vision Pro units
- The Company is making investments and looking into partnerships to capture the opportunity to integrate Generative AI into its product lineup

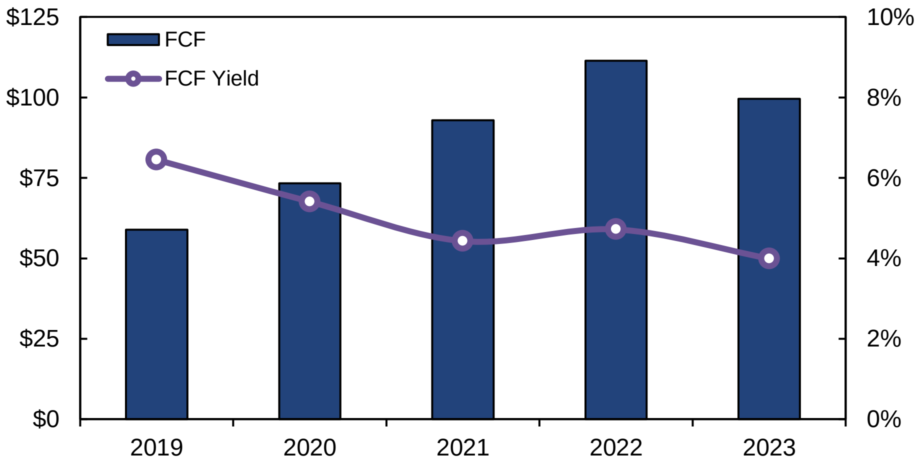
Trading Performance vs Blended Benchmark (Indexed to $100)



Segmented Revenue (US$B)



LHS FCF (US$B) vs RHS FCF Yield



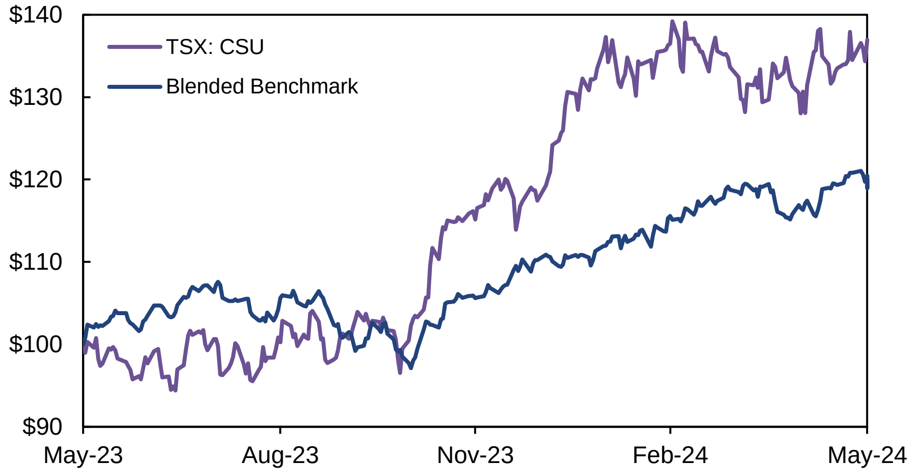
Source(s): Bloomberg, Company Fillings

Constellation Software and Topicus

Constellation Software Q1 2024 Highlights

- Constellation Software (TSX: CSU) reported earnings in line with estimates as revenue rose 23% YoY to $2.4B and EBITDA rose 31% YoY to $597.0mm
- CSU deployed $253.0mm in capital on acquisitions, slightly below the $285.0mm guidance.
- CSU ended Q1 with liquidity of ~$3.2B and a Net debt/EBITDA of ~0.8x
- On January 31, 2024, CSU amended its credit facility, increasing the borrowing capacity from $840 – 1100mm and transitioning from a secured to an unsecured structure
- On Feb 16, 2024, the Company announced it had closed a $1B private offering of unsecured notes, split evenly between 2029 and 2034 maturities
- On May 1, 2024, CSU announced that its People Transportation Division, Modxo, acquired the Curbside Management and Public Safety Businesses from Conduent Incorporated

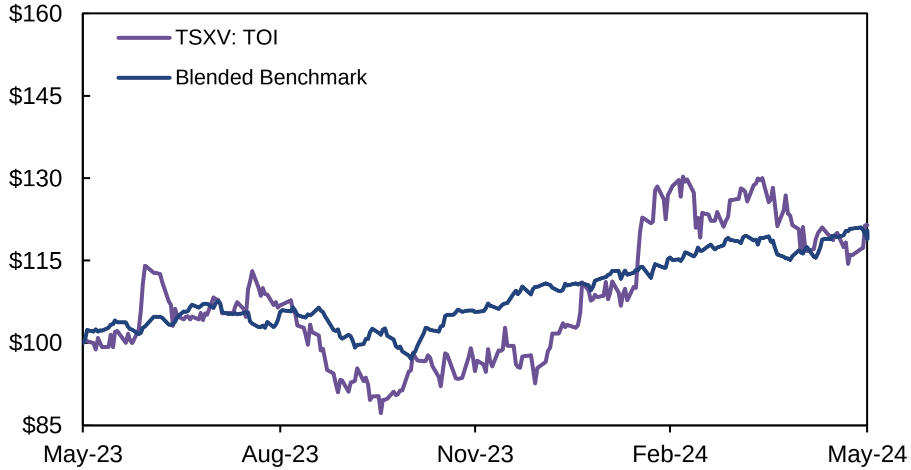
CSU Trading Performance vs Blended Benchmark (Indexed to $100)



Topicus Q1 2024 Highlights

- Topicus (TSXV: TOI) saw a 4% growth YoY compared to the prior 8%
  - Organic Maintenance & Other Recurring Revenue grew 8% YoY
  - The Company recently paid special dividend of $2.27 per share, which was partly paid to help add more leverage to its balance sheet
- Constellation Proper (CP) reported 17% YoY growth, below the expected 22%
- Lumine Group (CVE: LMN) saw 48% YoY revenue growth but a 3% decline in organic growth. LMN has underperformed CP and Topicus in terms of growth since its spin-off
- At its AGM on May 13, 2024, CSU discussed considering additional spin-offs based on:
  - The team's desire to go public and a minimum $1B market cap for the business acquired
  - Management noted that spin-offs enhance the scalability of CSU's decentralized model and foster employee identity and loyalty

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



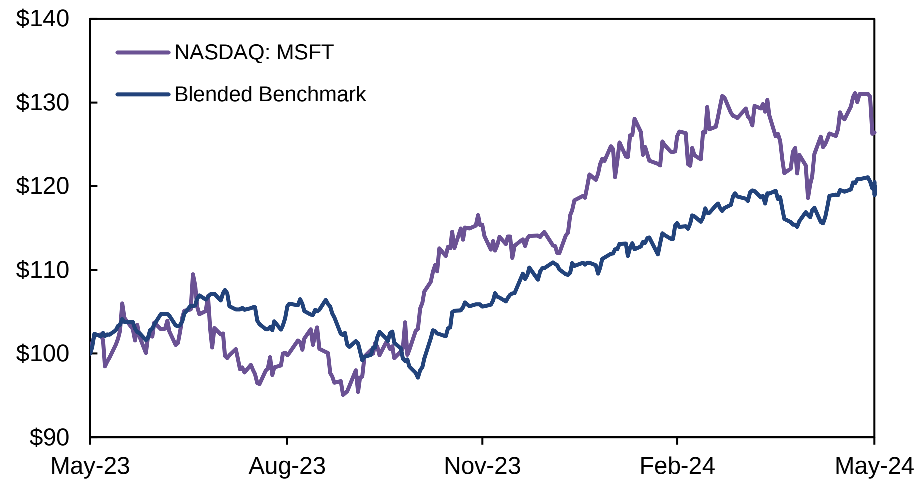
Source(s): Company Filings, FactSet, S&P Capital IQ

Microsoft

Q3 2024 Highlights

- Microsoft's (NASDAQ: MSFT) Q3 2024 results outperformed street estimates, but revenue guidance was weaker than expected. Revenue was reported at $61.9B, up 17.0% YoY, net income was up 20.0% YoY to $21.9B, and EPS was reported at $2.90, up from $2.50 in Q3 2023
- During Q3, MSFT's Intelligent Cloud segment generated $26.7B, which was 21.0% higher than street expectations. However, increasing demand for products continues to be hampered by MSFT's capacity constraints, limiting potential growth opportunities
  - Revenue from Azure and other cloud services grew 31.0% YoY, up 3.0%
  - Within Azure, 7.0% of growth was driven by AI as companies have been increasingly adopting the technology to develop their capabilities for summarizing information and writing documents
  - Azure growth accelerated to 31% YoY to ~US$18.7B
- The Company plans significant investments in AI and cloud infrastructure, highlighting these as growth areas. In their latest earnings call, MSFT announced an 18% YoY increase in capex for these offerings

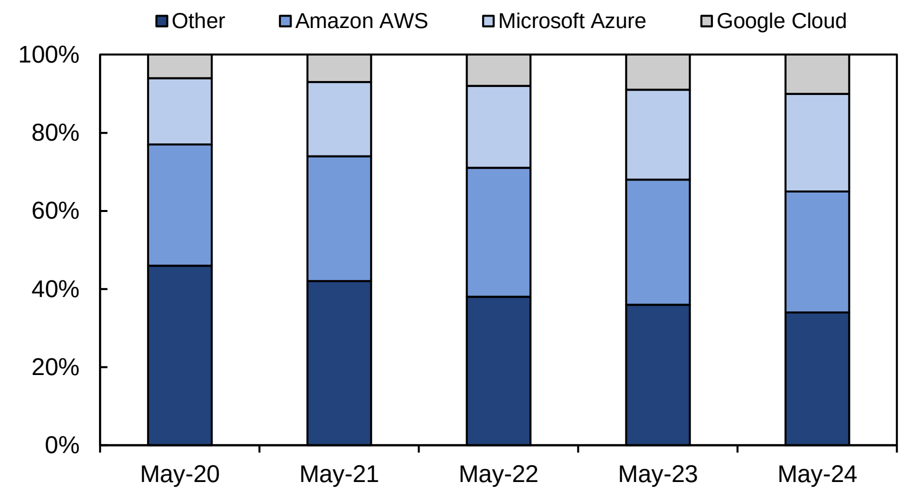
Trading Performance vs Blended Benchmark (Indexed to $100)



AI Growth

- MSFT's Azure division drives this acceleration, serving over 65% of Fortune 500 companies through its OpenAI services with a four-year CAGR of ~10%
- Despite an anticipated 2 bps drop in gross margin YoY, Azure improvements, including scaling AI infrastructure, are expected to counterbalance this decline
- MSFT announced a $3.3B investment in cloud computing and AI infrastructure, partnering with Gateway Technical College to bolster Southeast Wisconsin as an AI hub. The project aims to create 2,300 union construction jobs by 2025, alongside long-term employment opportunities
- The Company is optimistic about achieving 9 - 11% revenue growth in productivity and business segments, driven by Office 365 and Copilot adoption
- Copilot adoption is strong, with continuous innovation and over 150 features added since January 2024. Copilot aims to increase ARPU with a $30/seat price, enhancing productivity for knowledge workers earning approximately $150,000 per year

Cloud Infrastructure Services Vendor Market Share Worldwide



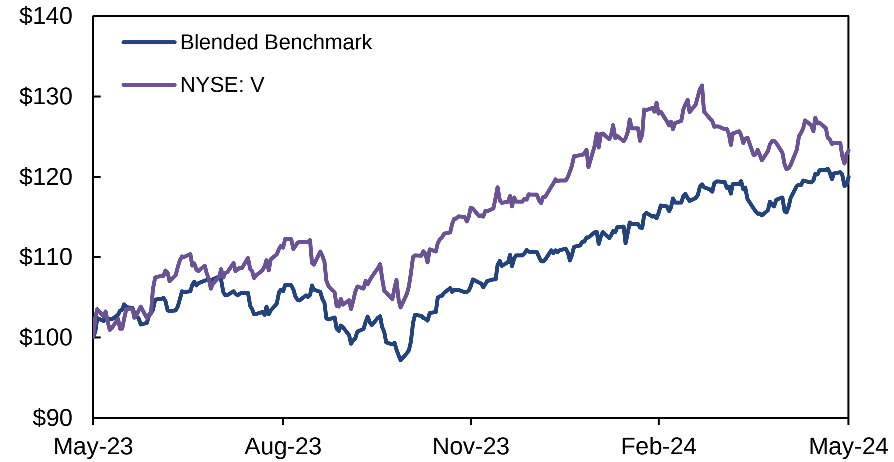
Source(s): Company Filings, FactSet, S&P Capital IQ

Visa

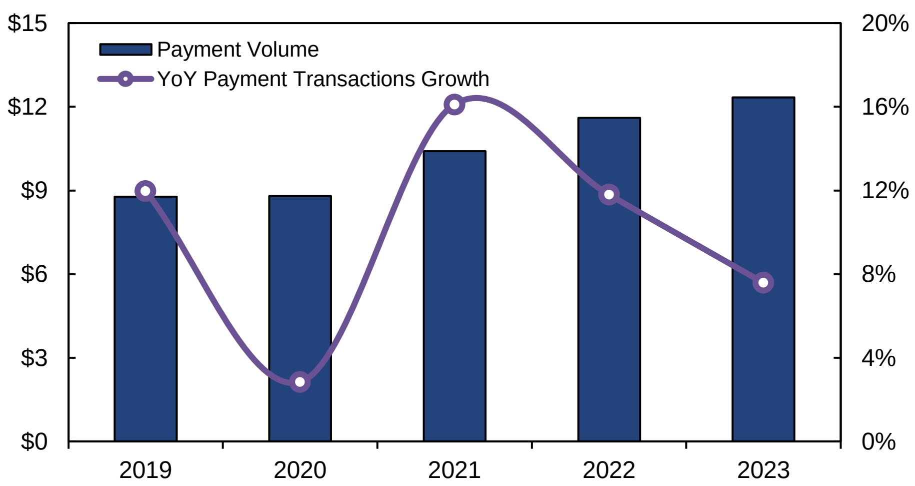
Q2 2024 Highlights

- Visa (NYSE: V) reported revenue of US$8.8B, 2% overestimates growing at 10% YoY. EPS increased 20% YoY to $2.51, beating estimates by 3%
- Payment volume and transactions grew 10% and 11% YoY respectively
- V continues to expand its strong co-brand issuance network, being the primary network partner for eight of the top-10 co-brand partnerships in the U.S.
  - The Company extended and initiated partnerships with companies including Alaskan Airlines, Qatar Airways, British Airways, and Robinhood
- During Q2 2024, V and Mastercard (NYSE: MA) agreed to cap and decrease interchange fees charged to merchants after a class-action settlement
  - Both companies agreed not to raise interchange fees above the rate posted at the end of 2023 for the next five years. Additionally, the companies will roll back these fees by 4 bps over the next 3-years from current levels of 2.26%
- V affirmed its prior year FY2024 guidance with net revenue and operating expense growth expected to be in the low double-digits and EPS growth forecasted to be in the low teens

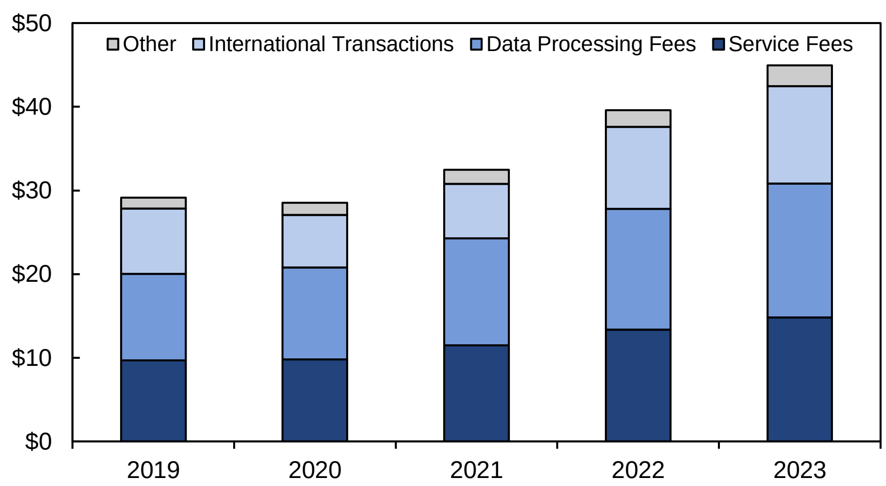
Trading Performance vs Blended Benchmark (Indexed to $100)



LHS Payment Volume (US$T) vs RHS Payment Transactions Growth



Gross Revenue Breakdown (US$B)



Source(s): Bloomberg, Company Fillings

Materials

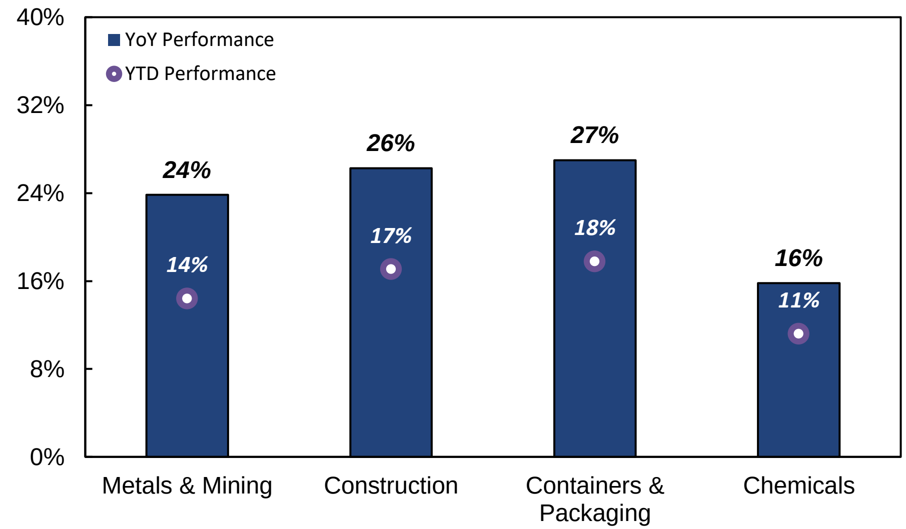
Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *Connor Bot, Dylan Westlake, Joshua Olson*

Industry Outlook

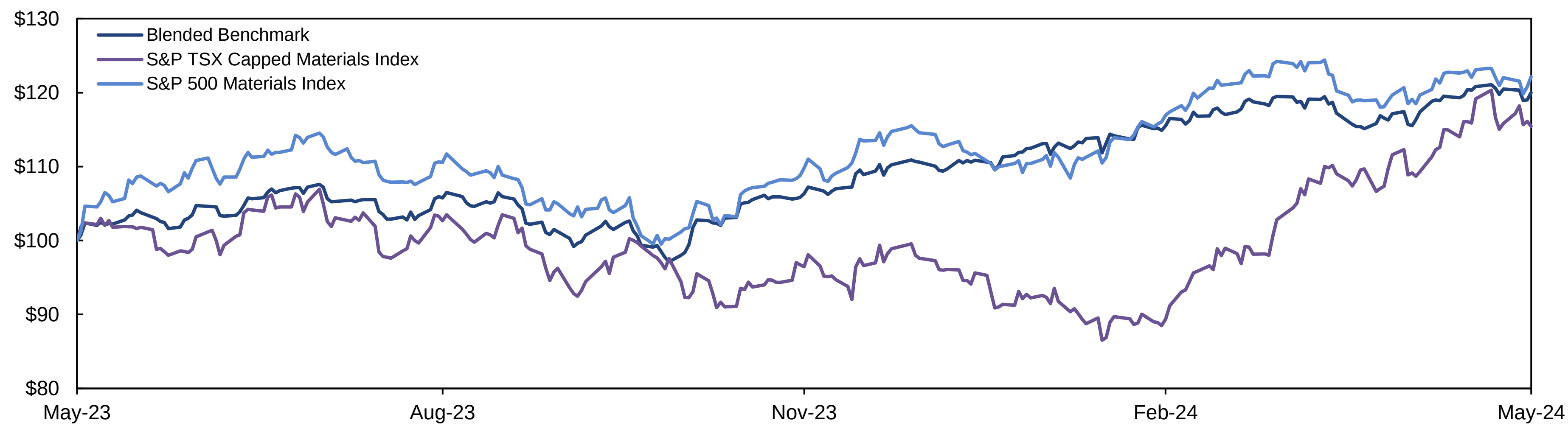
Sector Commentary

- The S&P 500 Materials Index has increased 22% YoY, primarily driven by improved economic data and the anticipation of rate cuts, reflecting the procyclical nature of the industry
- Gold prices have risen 18% YoY to all-time highs despite elevated real yields, which typically stifle investment in gold due to its lack of income generation
  - The surge is fueled by central banks worldwide more physical gold since 2022 to diversify from dollar-linked assets
  - Western sanctions on Russia following its invasion of Ukraine sparked this trend, aimed at mitigating risks associated with traditional currency reserves
- Copper futures have increased 27% YoY, supported by tighter supplies and optimism surrounding demand prospects from datacenters and EVs
- Demand for construction materials have rose due to increased urbanization and higher pulp prices driven by production disruptions in Finland
- The Containers and Packaging market is expected to grow at an 8.6% CAGR, between 2024 and 2028 largely driven by increased demand in e-commerce

Material Segment Performance Breakdown



Materials Indices vs Blended Benchmark (Indexed to $100)



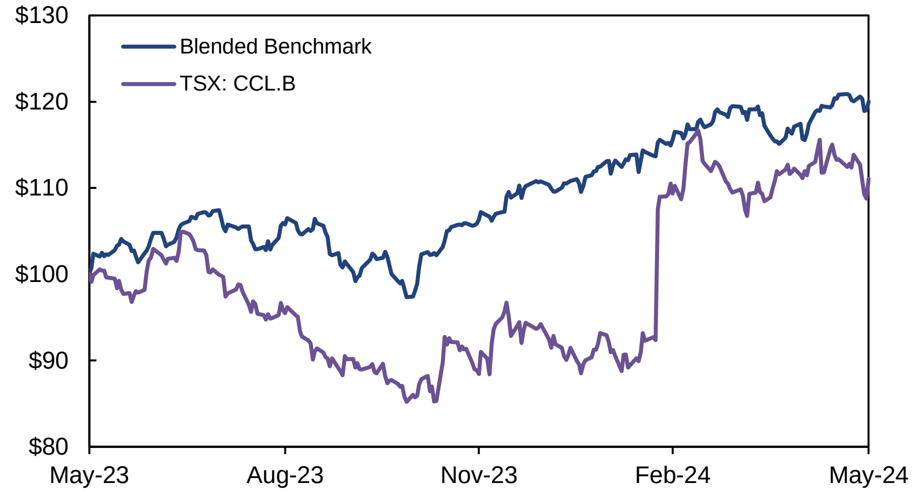
Source(s): Reuters, S&P Capital IQ, Street Research, The Wall Street Journal

CCL Industries

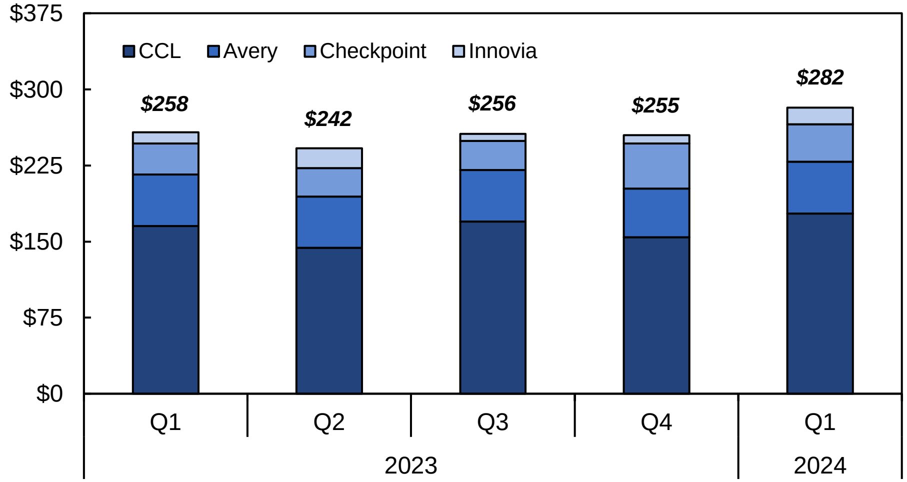
Q1 2024 Results

- CCL Industries (TSX: CCL.B) reported Q1 2024 Net Income of $192.1mm and EPS of $1.08, up 15.4% and 14.9% YoY, respectively
- Operating margin improved 60 bps YoY to 16.2% resulting in Operating Income increasing 9.4% YoY to $282.0mm
- CCL.B's Checkpoint sales increased by 6.8% YoY to $224.7mm from $210.4mm due to call forward orders from European retailers to avoid Red Sea supply chain disruption
- The Avery business unit reported sales of $252.8mm, down 2.9% YoY from $260.3mm, as legacy product line volumes declined in the direct-to-consumer and horticultural categories
- CCL.B reported $747.7mm cash on hand and $1.2B of undrawn capacity on its syndicated revolving credit facility, positively positioning itself to fund expansion
- Over the quarter, CCL.B announced a quarterly dividend of $0.29 per class B share, up from its previous $0.27 quarterly dividend. Currently, CCL.B shareholders have received a total shareholder return of 9.9% over the last year

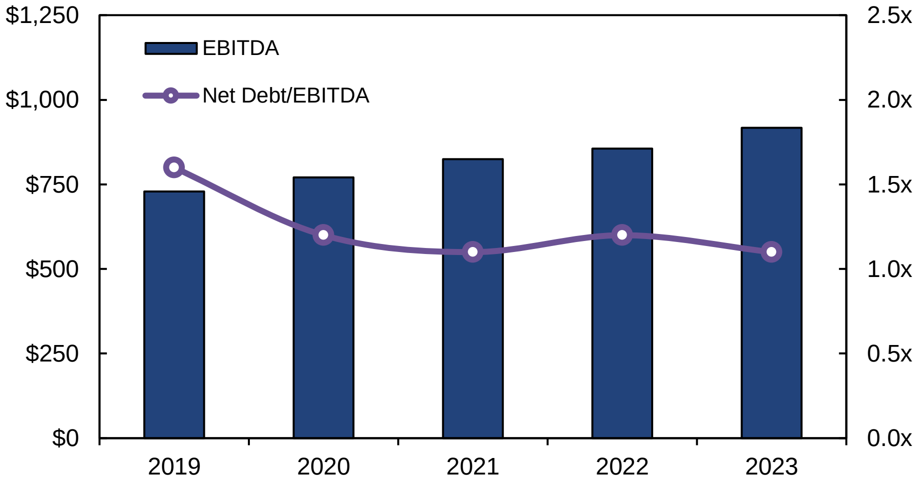
Trading Performance vs Blended Benchmark (Indexed to $100)



Operating Income by Segment ($mm)



LHS EBITDA ($mm) vs RHS LTM Net Debt/EBITDA



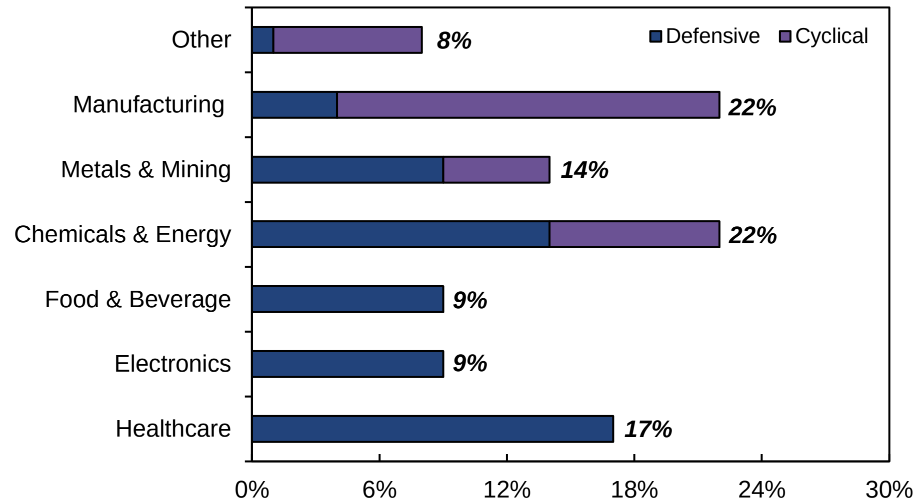
Source(s): Company Filings, S&P Capital IQ, Street Research

Linde Plc

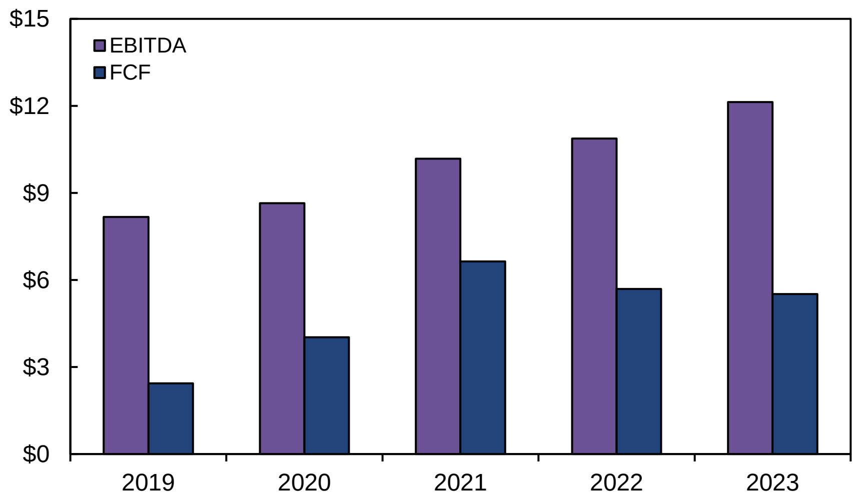
Q1 2024 Results

- Linde Plc (NYSE: LIN) reported revenues of US$8.1B in Q1 2024, a decrease of 1% from US$8.2B in Q1 2023
  - At the segment level, YoY revenue growth remained flat for Americas, APAC, and Engineering, while EMEA decreased by 4% due to weakness in the manufacturing end market
- The Company increased its operating profit margin by 200 basis points YoY to 28.9%, driven by higher prices and ongoing productivity initiatives
- LIN reported EPS of US$3.75, an increase of 10% YoY, and improved ROC by 160 bps YoY to 25.6%
- The Company reduced its capex outlook for FY 2024 from US$4.5B-US$5.0B to US$4.0B-US$4.5B as management focuses on improving efficiency amid a slowing macroeconomic environment
- FY 2024, management aims to grow EPS by 10% YoY by optimizing the price/inflation spread, de-captivating customer assets, advancing projects from the backlog, and trimming underperforming areas of the portfolio

2023 Defensive and Cyclical Exposure



EBITDA (US$B) vs FCF (US$B)



Carbon Capture and Clean Hydrogen Projects

- On May 1, 2024, LIN signed an agreement with H2 Green Steel to supply industrial gases to the world's first large-scale green steel production plant
  - LIN will invest US$150mm to build and run an on-site air separation unit (ASU) that will supply oxygen, nitrogen, and argon to H2 Green Steel's plant, reduce emissions by up to 95%, and provide gases to the local merchant market
- On April 23, 2024, LIN extended its agreement with Guangdong Zhongnan Iron & Steel, member of China Baowu Steel Group
  - LIN already owns and operates five on-site ASUs to supply industrial gases to Guangdong Zhongnan Iron & Steel in Shaoguan and will now de-captivate and upgrade a sixth
- On April 18, 2024, LIN announced its subsidiary, White Martins, will build, own, and operate a second electrolyzer to produce green hydrogen in Brazil
  - Expected to start production in 2025, the plant will be powered by renewable energy from local solar and wind power projects to produce independently certified green hydrogen

Source(s): Company Filings, S&P Capital IQ

Real Estate

Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *James Altamirano, Smriti Sewak*

The Canadian Real Estate Market

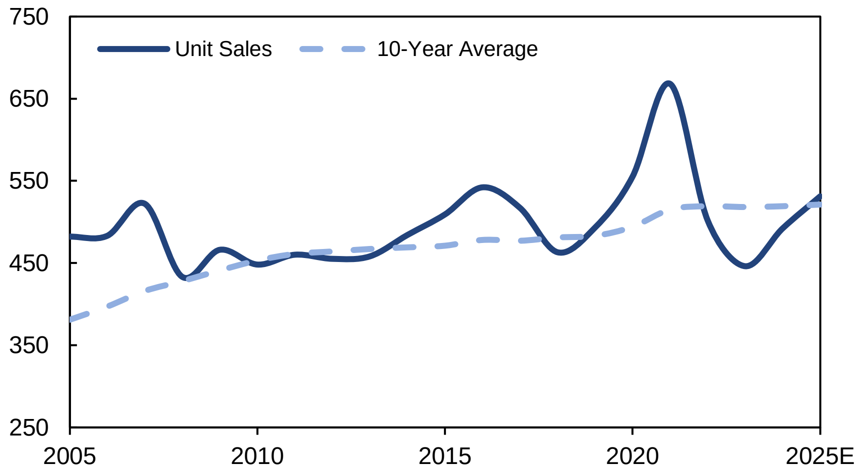
April 2024 Update

- The Canadian Commercial Real Estate (CCRE) market is expected to reach US$1.94T in 2024 and grow at a CAGR of 2.1%, reaching to US$2.1T by 2028
  - Purpose-built rentals remain Canada's primary focus following the federal government's cancellation of GST on new residential buildings
- Industrial real estate continues to experience strong demand, with tight inventory affecting multiple markets nationwide. However, some areas have seen increased availability due to new spaces
  - End users in warehousing, manufacturing, and flex space are driving activity, with affordability concerns in major urban centers prompting businesses to explore industrial properties in rural areas
- Canadian home sales declined 1.7% in April 2024 compared to March 2024, despite the increase in number of properties available for sale
- The national sales-to-new listings ratio alleviated to 53.4%, declining from the 55.0% ten-year long-term average. Transactions in April 2024 were up 10.1% YoY while the number of newly listed homes rose by 2.8% MoM

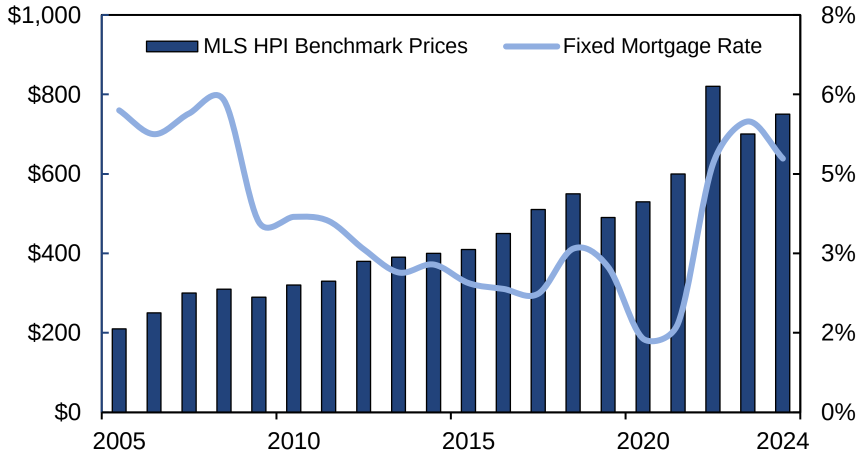
2024 - 2025 Outlook

- According to the latest quarterly forecast from the Canadian Real Estate Association (CREA), interest rates are expected to continue to be the major factor affecting Canadian housing markets into 2024 and 2025
  - Forecasts predict a decrease in interest rates later in 2024, allowing a potential increase in home prices
- CREA's March 2024 statistics release reflected an increase in new supply around the second week of March, followed by a surge in sales in the last week of the month. Additionally, there was a significant jump in listings in the first week of April, giving the appearance that the market could be picking up
- Approximately 492k residential properties are forecasted to trade via the Canadian MLS System in 2024, a 10.5% increase from 2023
- The national average home price is expected to climb 4.9% on an annual basis to $710,468 in 2024
- National home sales are forecasted to climb another 7.8% to 531k units in 2025 as interest rates continue to decline and approach more neutral levels

Unit Sales (000's) vs 10-Year Average of Units Sold



LHS Average Unit Price ($000's) Per Year vs RHS 5-Yr Fixed Mortgage Rate



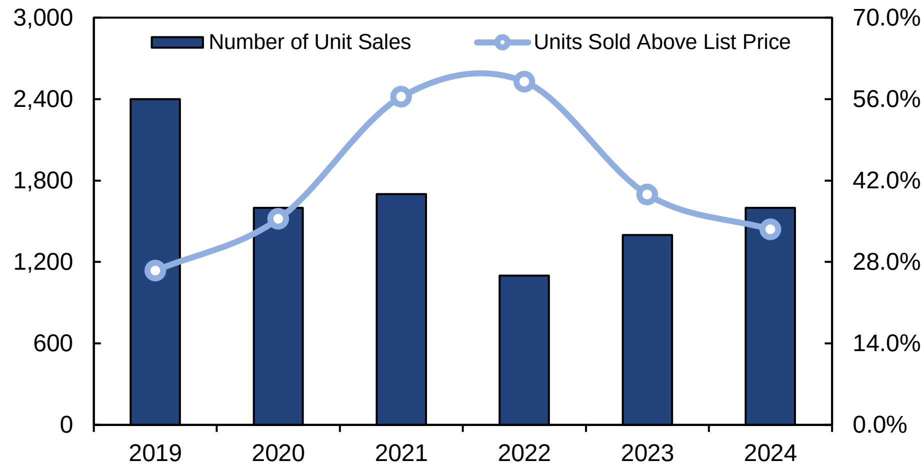
Source(s): CBRE, Ratehub, RE/MAX Canada, Statistics Canada, The Canadian Real Estate Association

The U.S. Real Estate Market Update

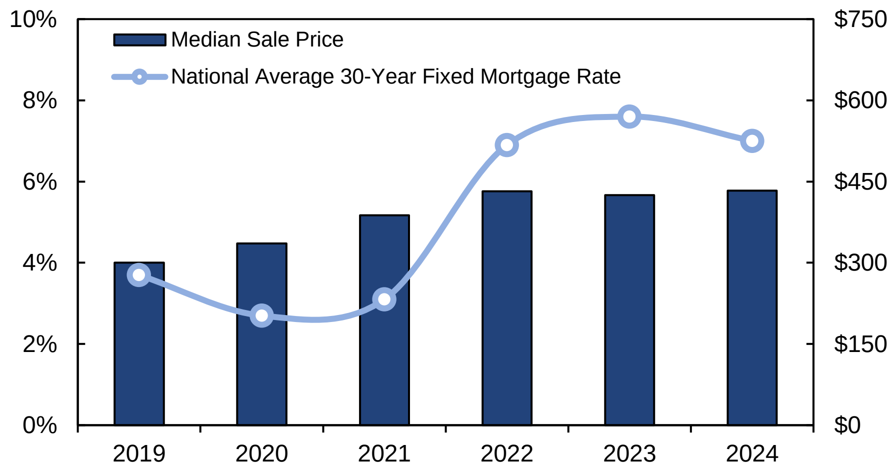
April 2024 Update

- In April 2024, U.S. home prices were up ~6.0% YoY, with a median price of US$432,822
  - On average, the number of homes sold was up 8.2% YoY, with 450,239 homes sold in April 2024, compared to 416,223 homes sold in April 2023
  - The national average 30-year fixed-rate mortgage currently sits at 7.0%, up 0.6 bps YoY
- The Commercial Real Estate (CRE) market has experienced high vacancy rates and decelerating rent growth across all sectors
  - Office vacancy rates hit record highs nearing 14%, while fundamentals in retail and industrial sectors also slowed
  - According to Green Street's Commercial Property Price Index, CRE prices have declined 7% YoY and 22% since their peak in March 2022
- Industrial Real Estate market has also slowed during Q1 2024, with net absorption falling to levels not seen in over a decade. Rent for industrial spaces are up 5.3% YoY

LHS Unit Sales (000's) vs RHS Units Sold Above List Price



LHS Avg. 30-Yr. Fixed Mortgage Rate vs RHS (US$000's) Median Sale Prices



2024 - 2025 Outlook

- High mortgage rates in 2023 resulted from the Federal Reserve's efforts to curb inflation to its 2% annual target amidst economic growth and rising interest rates
  - The 30-year fixed mortgage rate is expected to fall to the mid-6% range through the end of 2024, potentially dipping into the high-5% range by the end of 2025
  - During the Fed's May 2024 rate-setting meeting, policymakers voted again to hold the target range steady at 5.3 - 5.5%
- Over the next five years, the U.S. housing market is predicted to experience a slowdown, with prices either remaining flat or experiencing a modest decline
  - Street predictions indicate a 0.2% decline in home values nationally, indicating a trend of stability in the housing market
- The U.S. CRE market is projected to reach $25.37 trillion in 2024, with an estimated CAGR of 2.7% increasing the market value to $28.2 trillion by 2028
- CRE is experiencing a surge in demand for flexible office spaces due to the rise of remote work

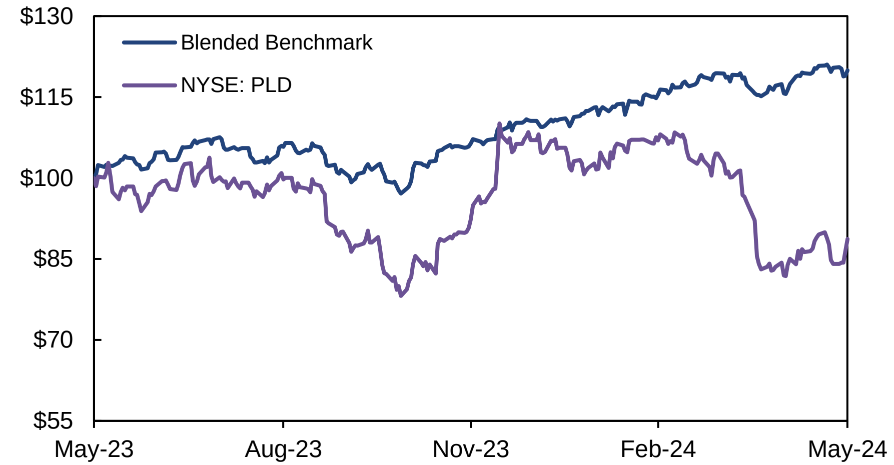
Source(s): Real Estate Investments, Redfin, Statista, U.S. News

Prologis

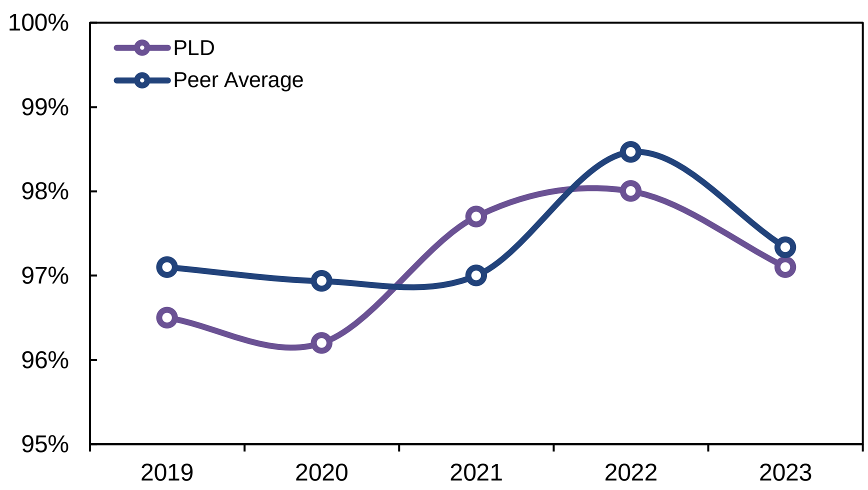
Q1 2024 Highlights

- Prologis (NYSE: PLD) reported revenue of US$2.0B, up 10.6% YoY and beating estimates by 1.1%. Core FFO of US$1.2B (US$1.28 per share), up 5.7% YoY and missed estimates by 0.2%
- During Q1 2024, PLD raised over US$5.0B in capital, including US$750mm in strategic capital for deployment in assets and other activities
- Persistent inflation and high interest rates have led customers to focus more on controlling costs which is expected to translate to lower leasing volumes
- Guidance was lowered due to lower-than-expected occupancy in the near term, with the market in Southern California being especially weak
  - Occupancy guidance was lowered 75 bps to the range of 95.8-96.8%
  - FY2024 FFO per share guidance was decreased to US$5.37-5.47 from US$5.42-5.56, a reduction of 1.3%, on average
- PLD cut guidance on development starts at US$500mm on softening demand
  - These projects are being delayed and will be deployed when the Company's outlook on demand becomes stronger

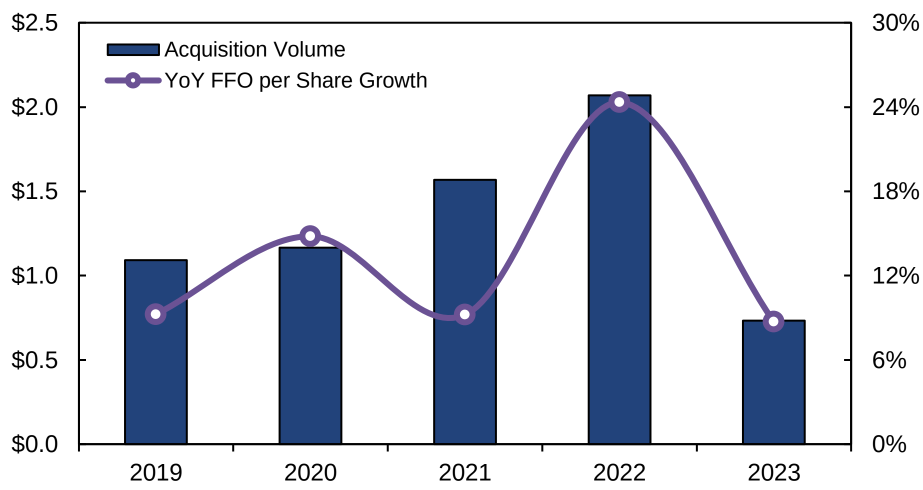
Trading Performance vs Blended Benchmark (Indexed to $100)



Occupancy Rate vs Peers [1]

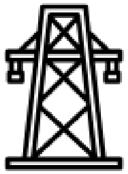


LHS Acquisition Volume (US$B) vs RHS FFO per Share Growth



Source(s): Bloomberg, Company Filings
(1) Peers Include: EastGroup Properties (NYSE: EGP) , First Industrial Realty Trust (NYSE: FR), and Terreno Realty (NYSE: TRNO)

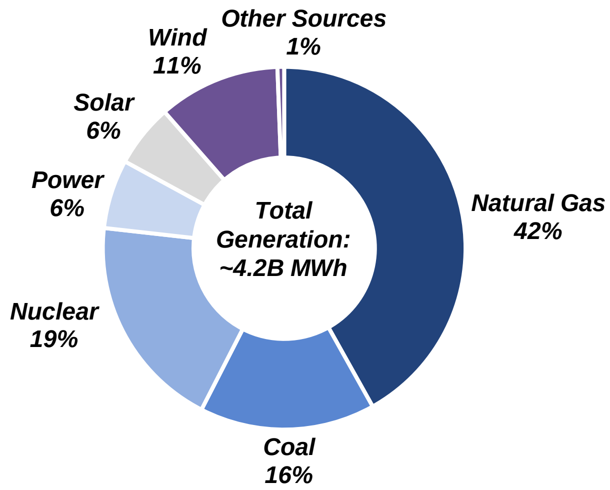
Utilities



Portfolio Managers: *Max Konwitschny, Tara Jindal*
Investment Analysts: *Connor Bot, Dylan Westlake, Joshua Olson*

Industry Outlook

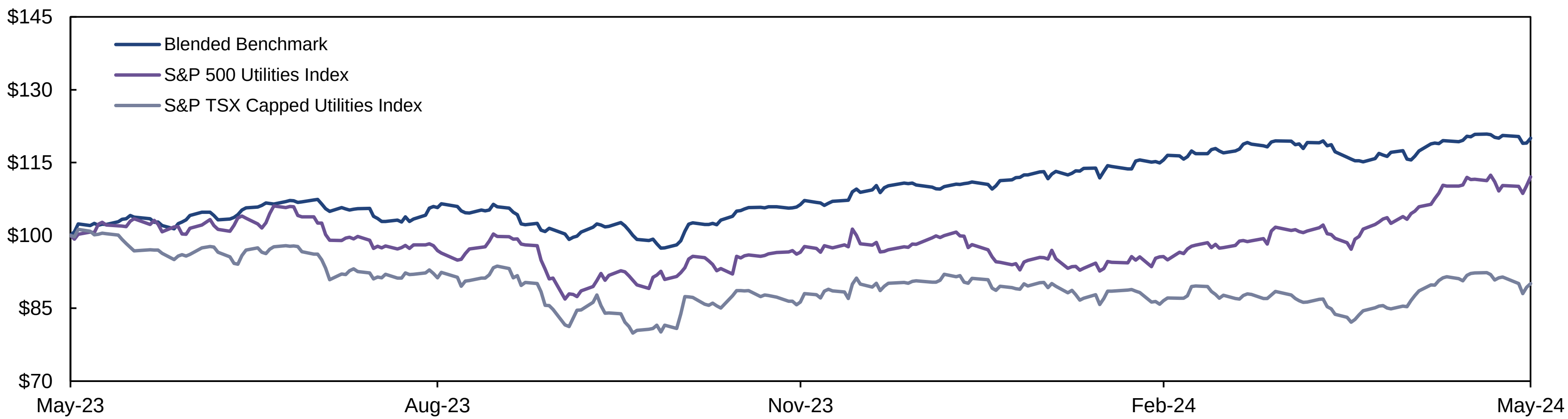
U.S. 2023 Power Generation Breakdown by Source



Commentary and Outlook

- U.S. investor-owned utilities requested rate base increases of US$18.1B in 2023, an 8.0% increase YoY and new record for rate increase requests
  - Requests were dominated by electric utilities, which represented 74.5% of all requests. Much of the rate increase requests stem from plans to increase capex on grid modernization as well as rising inflation and financing costs
- Recently, rising demand for data centers has served as a tailwind for Utilities
  - Over the past decade, U.S. power demand has remained stagnant, despite rising population and economic activity. Goldman Sachs projects that between 2022 and 2030, power demand will increase by ~2.4%, with a significant portion of this growth driven by data centers
  - Additionally, according to Citi analysts, data centers could account for ~10.9% of U.S. electricity demand by 2030, up from ~4.5% today
- Electricity prices and sales are expected to maintain relatively stable in 2024, with an expected volume increase of ~2%
- Power generation costs are expected to stabilize in 2024 as opposed to the heightened volatility partially due to fuel prices in recent years

Utilities Indices vs Blended Benchmark (Indexed to $100)



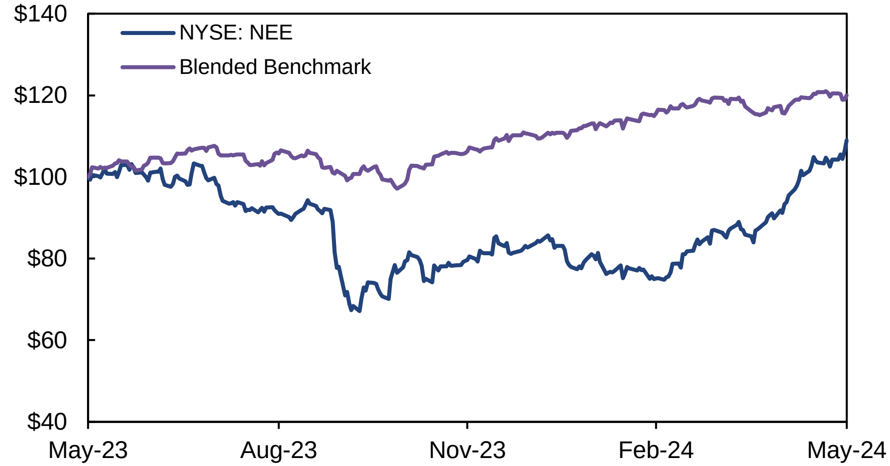
Source(s): Deloitte, IEA, Goldman Sachs, S&P Capital IQ, Street Research, The Wall Street Journal

NextEra Energy

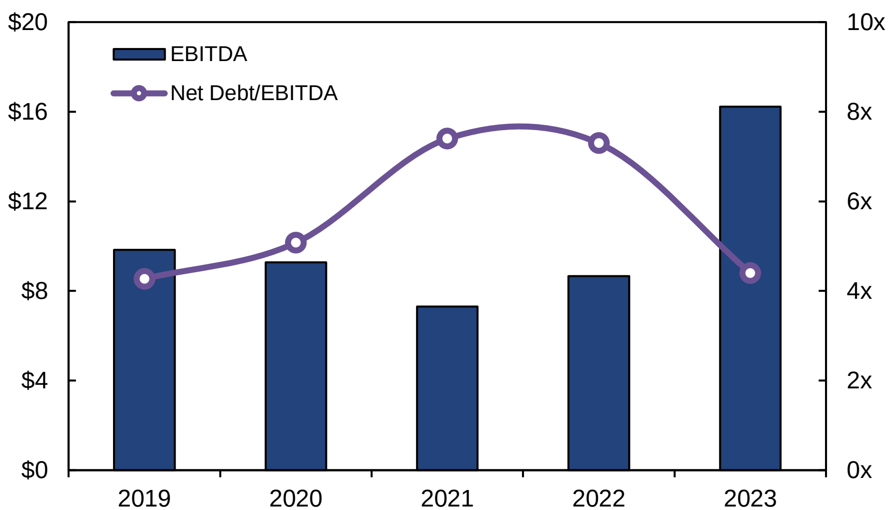
Q1 2024 Highlights

- In Q1 2024, NextEra Energy (NYSE: NEE) reported EPS of US$1.10, an increase of 8.3% YoY
  - Florida Power and Light (FPL) EPS growth remained flat YoY while NextEra Energy Resources (NEER) portfolio delivered EPS growth of 13.1% YoY
- At the end of the quarter, NEER added 2,765 MW of new renewables and storage to its backlog, marking its second-best origination quarter ever as well as its best solar and storage origination quarter
  - NEER added new projects consisting of 1,545 MW of solar, 1,025 MW of storage, and 195 MW of wind
- FPL added 1,640 MW of new solar generation capacity, increasing FPL's total owned solar generation to 6,400 MW
  - Additionally, FPL grew regulatory capital employed by 11.5% YoY to US$66B over the quarter
- The Company projects annual EPS growth in the 6 - 8% range with 10% dividend per share growth until 2026

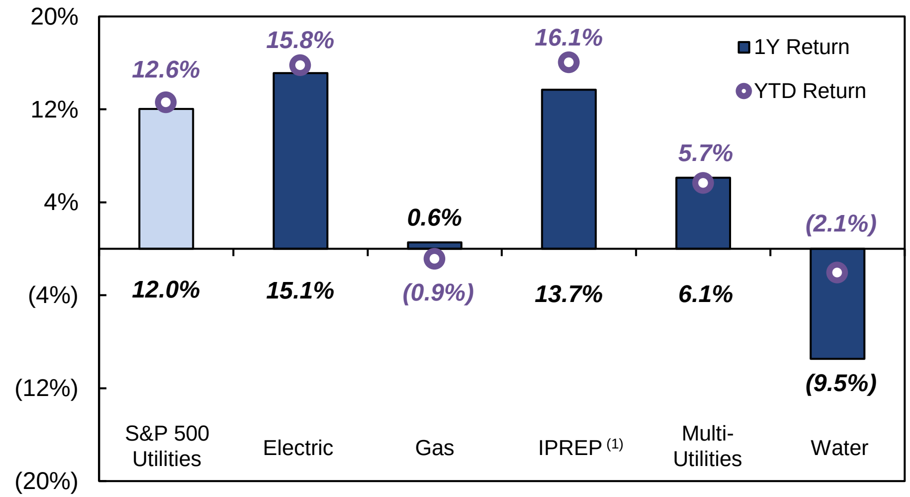
Trading Performance vs Blended Benchmark (Indexed to $100)



LHS EBITDA (US$B) vs RHS LTM Net Debt/EBITDA



U.S. Utilities Performance (S&P 500 Utilities Index Components)



Source(s): Company Filings, S&P Capital IQ, OpenEI
(1) Independent Power and Renewables Electricity Producers