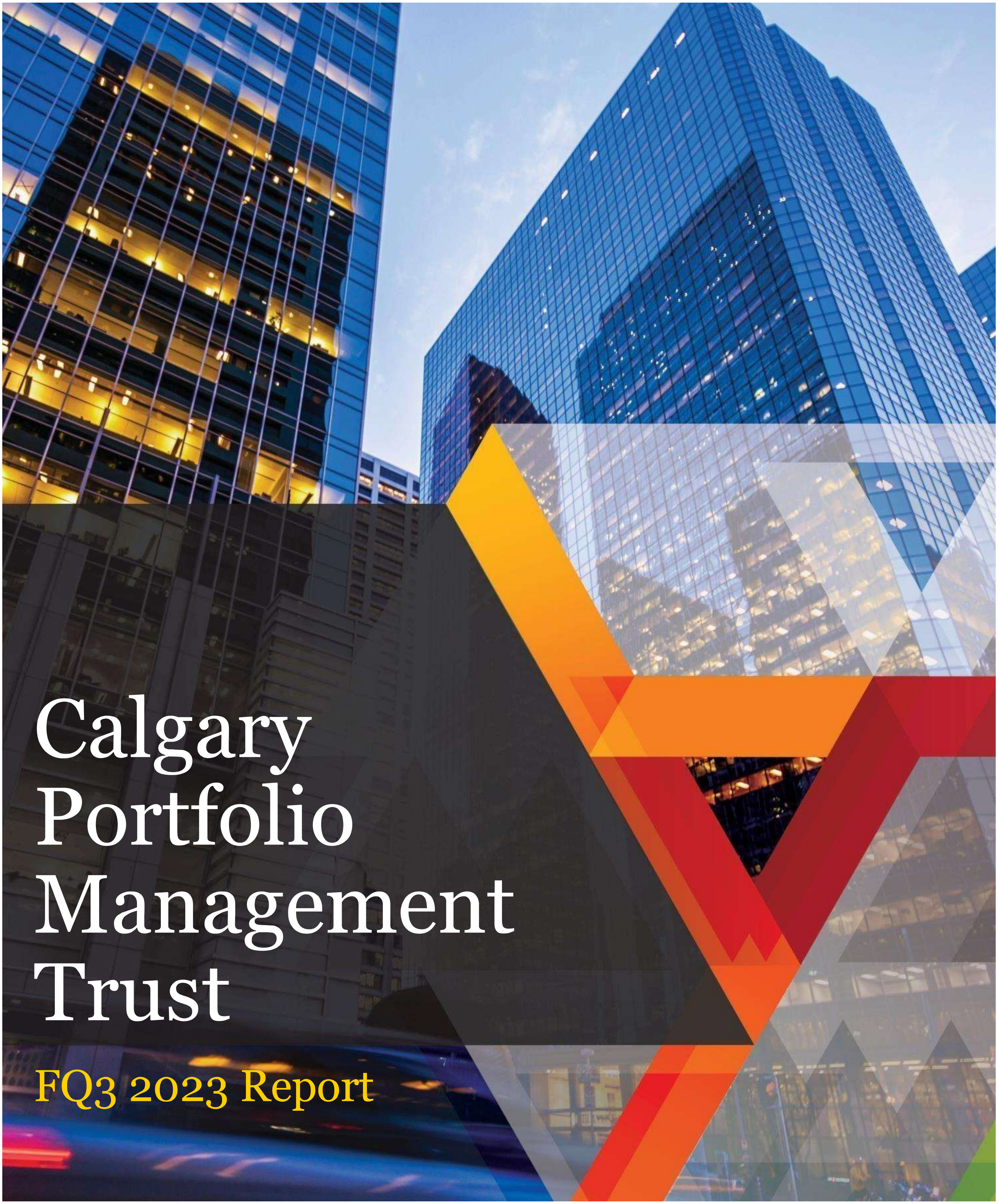


Calgary Portfolio Management Trust

FQ3 2023 Report

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

Table of Contents

Dear Stakeholders,

The Calgary Portfolio Management Trust (CPMT) Class of 2023 would like to extend our gratitude to the Board of Trustees for its continued commitment to and engagement with the program. We would also like to sincerely thank the CFA Society of Calgary and the CPMT alumni for their commitment and support. Finally, we would like to thank all of our supporters in the Calgary business community for their vested interest in the program.

A vital component of the CPMT experience is the mentorship program, which provides students with invaluable support ranging from technical expertise to career guidance. The CPMT is grateful for all the professionals who have made themselves available to students for the upcoming year. We have learned an enormous amount from our mentors and look forward to another year of collaborative mentorship.

The speaker series program, where industry professionals take valuable time out of their days to speak with the team, is also a valued component of the CPMT. The Fund is grateful to the professionals that have made the time to meet with us. The knowledge and relationships built through these engagements have greatly contributed to the ongoing improvement and success of the Fund.

After expanding our investment universe three years ago to include U.S. equities, the Fund currently sits at a 43/57 weighting between Canadian and U.S. equities. Following a volatile year in the market, the Fund aims to carry the momentum and rigor of last year's work into continued fruition into the new fiscal year. The CPMT intends to remain focused and agile in the face of continued market volatility and macroeconomic uncertainty, retaining our commitment to a bottom-up approach of allocating funds to high-quality names that fit our investment mandate of: (1) high caliber management team, (2) sustainable competitive advantage, (3) strong balance sheet, and (4) growing free cash flow. We will continue to evaluate investment decisions in the context of portfolio strategy and our macroeconomic outlook.

Involvement in the CPMT program offers invaluable exposure to a challenging and scholastic environment, creating an unrivaled student experience. We hope that the ongoing effort put forth by our team, along with external support, will continue to develop knowledgeable and skilled graduates from the program. We are eager to continue to improve the program and strive to maintain our commitment to excellence.

Sincerely,

Adrianna Dolata, Portfolio Manager

Arnuv Mayank, Portfolio Manager

Arnuv Mayank

Emily Chen, Portfolio Manager

Eric Xiao, Portfolio Manager

Gavin Stalwick, Portfolio Manager

Gavin Stalwick

Karlen Slater, Portfolio Manager

Noor Azeem, Portfolio Manager

Wesley Sherrard, Portfolio Manager

Class of 2023

Biographies

CPMT CLASS OF 2023

ADRIANNA DOLATA
Portfolio Manager
5th Year, Finance / Economics
Adrianna joined the CPMT in March 2021 as an Investment Analyst. She is excited to further develop her portfolio management, equity research, and financial modeling skills through the program. Adrianna is currently working on completing a dual degree in Finance and Economics with a concentration in Applied Energy Economics. Adrianna completed an internship in summer 2022 at National Bank Financial as a Summer Analyst on the Investment Banking team. In her free time, Adrianna enjoys cooking, swimming, hiking, reading, and travelling.

ARNUV MAYANK
Portfolio Manager
5th Year, Finance / Mathematics
Arnuv joined the CPMT in March 2021 as an Investment Analyst. He is looking forward to further developing his skills in equity research and modelling, while also learning new skillsets as he transitions into his role of a Portfolio Manager. Arnuv is currently working on completing a dual degree in Finance and Mathematics. Currently, Arnuv is working as the Chief Strategy Officer for a Calgary-based startup called Collavidence. In summer 2021, Arnuv was an undergraduate researcher in financial mathematics at the University of Calgary. Arnuv has also completed a prior internship with Hicks Intellectual Property as a patent assistant. In his free time, Arnuv enjoys tennis, gaming, travelling, running, and hiking.

EMILY CHEN
Portfolio Manager
4th Year, Accounting / Data Science (Minor)
Emily joined the CPMT in March 2021 as an Investment Analyst. She is excited to develop her skills pertaining to equity research, portfolio management, and financial modelling over the course of the program. Emily is currently working towards a degree in Accounting with a minor in Data Sciences. In addition to CPMT, Emily has been involved with the Inter-Collegiate Business Competition, the Calgary Social Value Fund, and the University of Calgary Consulting Association's McKinsey pro-bono consulting engagement. During summer 2022, Emily interned at CIBC World Markets as an Investment Banking Summer Analyst in the Energy, Infrastructure and Transition group, where she will be returning full-time upon graduation. Emily has also completed a prior audit internship with Deloitte and has worked at the University of Calgary as a summer research assistant. In her spare time, Emily enjoys baking, painting, music, fashion, yoga, and fitness.

ERIC XIAO
Portfolio Manager
5th Year, Finance / Mathematics
Eric joined the CPMT in March 2021 as an Investment Analyst. He is excited to further develop skills in equity-research, valuation, and portfolio management throughout his time with the program. Eric is currently working towards completing a dual degree in Finance and Mathematics. In addition to the CPMT, Eric is a part of the University of Calgary Trading Team, having competed in the Rotman International Trading Competition in 2021 and 2020. In summer 2023, he will be interning at Barclays as an Investment Banking Summer Analyst. Previously, he has completed internships at Macritchie as a Private Equity Summer Analyst and Seven Generations Energy & ARC Resources as a Treasury intern. Upon graduation, Eric intends to pursue a career in the capital markets. In his free time, Eric enjoys weightlifting, hockey, golf, and cooking.

GAVIN STALWICK
Portfolio Manager
4th Year, Finance

Gavin joined the CPMT in March 2021 as an Investment Analyst. He is thankful for the Board of Trustees and the alumni base that provide continued support of the program. Gavin is looking to develop his knowledge of financial markets, equity research, valuation, and portfolio management during his time in the program. Gavin is currently working towards completing a degree in Finance. In addition to the CPMT, he is a student-athlete with the University of Calgary Men's Rugby Club. Gavin is currently employed with National Bank Financial as an Intern Analyst in the Credit Capital Markets group. In the past, Gavin has worked part-time throughout the school year with Invico Capital and completed summer employment terms with National Bank Financial and the University of Calgary's Endowment as a Treasury and Investments intern. In his spare time, Gavin enjoys snowboarding, weightlifting, and video games.

KARLEN SLATER
Portfolio Manager
5th Year, Finance

Karlen joined the CPMT in March 2021 as an Investment Analyst. He is looking to develop his skills in equity research, portfolio management, and financial modeling during his time with the program. Karlen is currently working towards completing a degree in finance and an embedded certificate in leadership studies. This past summer, Karlen worked at National Bank Financial in Calgary on the Investment Banking team and will be joining the group full time upon graduation. Previously, Karlen has completed internships at Macritchie as a Private Equity Analyst Intern and at Radicle as a Global Markets and Strategy Intern. In his spare time, Karlen enjoys hockey, golf, and water sports.

NOOR AZEEM
Portfolio Manager
5th Year, Finance

Noor joined the CPMT in March 2021 to develop a deeper understanding of financial markets, valuation, and portfolio management. Noor is currently working towards completing a degree in finance, upon which she will join CIBC as an Investment Banking Analyst in the Energy, Infrastructure and Transition group. In addition to the CPMT, Noor has been involved with the University of Calgary Consulting Association, the CFA research challenge, and JDC West as a Business Strategy delegate. In summer 2022, she completed a work term with the investment banking team at JP Morgan Calgary. In summer 2021, she interned at Peters & Co. Limited as a Corporate Finance Intern, before joining BCI as a Canadian Large Cap Equities Analyst for the fall. In her spare time, Noor enjoys spin, hiking, paintball, and music.

WESLEY SHERRARD
Portfolio Manager
5th Year, Finance / Computer Science (Minor)

Wesley joined the CPMT in March 2021 as an Investment Analyst. He is looking forward to expanding his knowledge of portfolio management, financial markets, and financial modelling. Wesley is currently working towards completing a degree in Finance and a minor in Computer Science. In addition to the CPMT, Wesley has been involved with the University of Calgary Trading team. This past summer, he worked at the National Bank Financial in the Project Finance group, where he will be returning full-time upon graduation. He also completed a summer with National Bank Financial in the Credit Capital Markets team and with Merchant Equities Capital as a Fall Co-op Analyst. Upon graduation, Wesley intends to pursue his CFA designation. In his spare time, Wesley enjoys hiking, snowboarding, and cooking.

CPMT CLASS OF 2024

DANIEL KRAPIWIN
Investment Analyst
4th Year, Finance

Daniel joined the CPMT in March 2022 as an Investment Analyst. He is thankful to the Board of Trustees, mentors, and alumni for the continued support in making this opportunity possible. He looks forward to developing a deeper understanding of financial markets, portfolio management, and equity research. Daniel is currently working towards a degree in Finance. In addition to the CPMT, Daniel has been involved with the University of Calgary Consulting Association, JDC West as an International Business Delegate, the McGill International Portfolio Challenge, and the DeNovo Student Investment Fund as both a Portfolio Manager and the VP of Marketing. Presently, Daniel is working at BluEarth Renewables as a Finance Student. In summer 2023, Daniel will be joining National Bank Financial in its Credit Capital Markets team. In his spare time, Daniel enjoys disc golf, golf, hiking, and watching F1.

JACOB KEMP
Investment Analyst
4th Year, Finance / Economics

Jacob joined the CPMT in March 2022 as an Investment Analyst. He is thankful for the Board of Trustees and the alumni base that provide continued support of the program. He is excited to further develop skills in portfolio management, financial modelling, and valuation throughout his time with the program. Jacob is currently working towards completing a dual degree in Finance and Economics. In addition to the CPMT, Jacob is involved with the Haskayne Finance Club. Jacob has previously completed internships in Private Credit, Private Equity, Equity Research, and Oil and Gas with SAF Group, Macritchie, Acumen Capital Partners, and TAQA. In summer 2023, Jacob be joining TD Securities as an Investment Banking Summer Analyst in the Global Energy Group. In his free time, Jacob enjoys weightlifting, golf, hockey, skiing, and reading.

JEEVAN GILL
Investment Analyst
4th Year, Finance / Music (Minor)

Jeevan joined the CPMT in March 2022 as an Investment Analyst. He is excited to develop his skills in equity research, portfolio management, and financial modelling over the course of the program. Jeevan is currently working towards completing a degree in Finance and a minor in Music. In addition to the CPMT, Jeevan was involved with the DeNovo Student Investment Fund, the CFA Research Challenge, and the McGill International Portfolio Challenge. Jeevan is also an active musician in Calgary's jazz community and has performed as a drummer with ensembles such as the University of Calgary Jazz Orchestra and the Calgary Youth Jazz Orchestra. Jeevan completed an internship in summer 2022 as a Staff Accountant at Deloitte in its Audit Public group. In summer 2023, Jeevan will be joining Bank of America as an Investment Banking Summer Analyst in its Global Energy & Power Group. In his free time, Jeevan enjoys practicing his drumming, listening to music, and watching basketball.

JOÃO VITOR BEANI
Investment Analyst
3rd Year, Finance / Economics (Minor)

João joined the CPMT in March 2022 as an Investment Analyst, and would like to thank the Board of Trustees, mentors, and alumni for the continued support in making this opportunity possible. João is looking forward to developing a deeper understanding of financial markets, valuation, portfolio management, and equity research throughout the program. João is an international student from Brazil currently working towards a degree in Finance with a minor in Economics. Previously, João completed a part-time internship at Pivotal Capital Advisory Group and a Summer Internship at Stone Co. in the Software M&A division. In his spare time, João enjoys soccer, tennis, hiking, and music.

JOEL HOMERSHAM
Investment Analyst
4th Year, Finance / Economics

Joel joined the CPMT in March 2022 as an Investment Analyst, and would like to thank the Board of Trustees, mentors, and alumni for the continued support in making this opportunity possible. He is excited to further develop his skills pertaining to portfolio management, equity research and financial modelling throughout his time with the program. Joel is currently working towards a dual degree in Finance and Economics. In addition to the CPMT, Joel is involved with the Haskayne Finance Club and most recently served as the Director of Equity Research. Joel has completed internships in the Private Equity and Energy Services with the Ayrshire Group and West Earth Sciences. In summer 2023, Joel will be joining RBC Capital Markets as an Investment Banking Summer Analyst in the Global Energy Group. In his free time, Joel enjoys playing golf, hockey, and reading.

LUKE FRAME
Investment Analyst
4th Year, Honours Finance / Computer Science

Luke joined the CPMT in March 2022 as an Investment Analyst and looks forward to further developing his skills in and understanding of financial analysis and modelling. Throughout the next two years, he is determined to make a positive contribution to the program and help the University to continue to be a major player in Canadian business academia. Luke is currently working towards completing an honours degree in Finance while also pursuing a degree in Computer Science. Over the past two summers, he completed internships at Peters & Co. working in the Equity Research and Institutional Sales & Trading divisions. In his free time, Luke enjoys hockey, golf, skiing, mountain biking and camping and is a member of the Haskayne Finance Club.

RAUNAK SANDHU
Investment Analyst
3rd Year, Honours Mathematics / Computer Science

Raunak joined the CPMT in March 2022 as an Investment Analyst and looks forward to developing a deeper understanding of portfolio management and equity research. Raunak is currently working towards completing a dual degree in Mathematics and Computer Science and has a strong interest in financial markets. In addition to the CPMT, Raunak has completed a summer software development internship with Dissolve and worked as a computer science research assistant for summer 2022. In winter 2023, Raunak will work at the Ontario Teachers' Pension Plan as a Programming and Quantitative Modelling Intern and in summer 2023, he is scheduled to work as a Software Development Engineer Intern at Amazon. Outside of his academics, Raunak enjoys playing and competing in the sport of badminton and travelling.

REBECCA BUTLER
Investment Analyst
4th Year, Finance

Rebecca joined the CPMT in March 2022 as an Investment Analyst, and would like to thank the Board of Trustees, mentors, and alumni for the continued support in making this opportunity possible. Rebecca is looking forward to developing a deeper understanding of financial markets, valuation, portfolio management, and equity research throughout the program. Rebecca is currently working towards a degree in Finance and an embedded certificate in Sustainability Studies. In addition to the CPMT, Rebecca teaches piano and music theory. Previously, Rebecca completed her first co-op term at Fidelity Investments as a Calgary Advisor Sales Intern, and her second term as a Financial Analyst out of Fidelity's Toronto office. In summer 2023, Rebecca will be interning at National Bank Financial in Calgary as an Investment Banking Summer Analyst. In her spare time, Rebecca enjoys fitness, skiing, wake surfing, music, and coffee.

RYAN CRISALLI
Investment Analyst
4th Year, Finance / Economics (Minor)

Ryan joined the CPMT in March 2022 as an Investment Analyst, and would like to thank the Board of Trustees, mentors, and alumni for the continued support in making this opportunity possible. Ryan is eager to further develop his skills in financial modelling, equity research, and portfolio management during his time with the program. Ryan is currently working towards a degree in Finance with a minor in Economics. In addition to the CPMT, Ryan is a part of the University of Calgary Trading Team. He has previously completed internships in Commodity Trading, Private Equity, and Oil and Gas with CNOOC International, Caldwell Investment Management, and TAQA. In summer 2023, Ryan will be joining BMO Capital Markets as an Investment Banking Summer Analyst in the Energy group. In his free time, Ryan enjoys hockey, golf, snowboarding, music and traveling.

Portfolio Strategy and Sector Views

OVERVIEW

During FY2023, the CPMT aims to supplement pitches and the analysis of new companies with a holistic view of the portfolio. This page provides a summary of the CPMT's outlook on each sector, which will help shape future capital allocation decisions. The CPMT investment philosophy is centered on intrinsic value combined with systematic investment selection. A systematic approach ensures discipline in purchase and sale decisions, focuses on owning high-quality businesses, and reduces the probability of errors. The Portfolio Managers seek investments that offer quality management, competitive advantages, strong balance sheets, and growing free cash flow, all while at an attractive valuation. We continue to monitor the U.S. and Canadian yield curves, credit spreads, labour market, and corporate profits to measure the extent of the economic recovery and believe that our efforts will lead to outperformance over the next year. The lasting macroeconomic impacts of COVID-19 affecting central bank interest rates and supply chains globally will be a continued area of consideration for us as we evaluate potential names, placing increased importance on mandate fit.

COMMUNICATION SERVICES

The CPMT's Communication Services holdings are Alphabet (NASDAQ: GOOGL), and Telus (TSX: T). The Fund is currently 0.2% overweight relative to the blended benchmark. The CPMT will continue to closely monitor its current positions in GOOGL and T, while evaluating other telecommunication and media names that meet our mandate and provide growth opportunities in a post-pandemic environment.

CONSUMER DISCRETIONARY

The CPMT's Consumer Discretionary weighting is currently 0.6% overweight relative to the blended benchmark. According to S&P Global, Consumer Discretionary remained the highest risk sector overall in FQ3 2023, largely due to inflation, recession risk, and a sticky supply chain. The Fund believes that eroding consumer savings and reduced purchasing power will continue to undermine consumer spending growth in 2023. The U.S. personal saving rate fell to 2.3% in November 2022, the lowest level reached in more than 17 years. With U.S. unemployment at 3.5% and labour participation at 62.3%, the Fund believes a relatively healthy labour market should continue to boost retail sales. Moving forward, companies will need to invest heavily in fulfillment capabilities and focus on the customer experience by developing omnichannel services. The CPMT is confident in its holdings Aritzia (TSX: ATZ) and lululemon athletica (NASDAQ: LULU), however, will be divesting Best Buy (NYSE: BBY).

CONSUMER STAPLES

The CPMT's Consumer Staples weighting is currently 3.7% overweight relative to the blended benchmark. The Fund views the sector favourably going forward into a recessionary environment given its defensive nature and historical outperformance during times of market uncertainty. We will continue to monitor further opportunities in the space, but are confident in our Consumer Staples holdings, Costco Wholesale (NASDAQ: COST) and Alimentation Couche-Tard (TSX: ATD), given each Company's dominant market share, competitive advantage, and industry leading margins.

ENERGY

The CPMT's Energy weighting is currently 0.5% underweight relative to the blended benchmark. The sector has benefitted from increased production activity, positive oil strip pricing, and improved demand for oil due to lifted travel restrictions. Recently, natural gas prices have decreased due to warmer weather in the fall season in Europe and North America, but prices continue to remain high. The CPMT believes that the shift towards asset optimization, government support for decarbonization, pipeline and margin expansion projects, and positive price realizations for E&P firms will drive valuations forward. The Fund is exposed to energy through companies with distinct competitive advantages and the ability to generate free cash flow throughout various commodity price cycles. Going forward, we will continue to monitor the mandate fit of our current energy holdings, Canadian Natural Resources (TSX: CNQ), Enbridge (TSX: ENB), and Tourmaline (TSX: TOU).

FINANCIALS

The CPMT is confident in the quality of its financial holdings, JPMorgan Chase (NYSE: JPM), Royal Bank of Canada (NYSE: RY), and Brookfield Corporation (TSX: BN). We view strong underlying credit quality and high deposit levels in combination with low savings interest rates as tailwinds to the performance of larger banks. However, the Fund's bullish view of the space is tempered by increased downside risk stemming from the impact of rising credit spreads on subprime consumer loans, recessionary concerns arising from efforts to control rapid inflation, and geopolitical tension. Additionally, the Fund has observed softened capital markets activity largely due to expanding credit spreads primarily in low-rated tranches, as a function of recessionary concerns. The Fund is exploring the addition of Brookfield Asset Management (TSX: BAM), as it introduces pure-play asset management operations into the portfolio, and the potential to benefit off of realized value from its split from the total conglomerate.

HEALTH CARE

The CPMT believes that growth opportunities in the Health Care sector will persist post-pandemic, as the demand for technological and product innovation to accommodate ever-evolving health concerns and treatment methods continue to increase. The sector's historically low beta and non-discretionary nature allow it to remain defensive during recessionary periods. The Fund has primarily capitalized on these trends through its core holding, Thermo Fisher Scientific (NYSE: TMO); furthermore, the addition of Zoetis (NYSE: ZTS) has provided a strong source of diversification within the sector. However, with both names reaching their respective target prices and offering little additional alpha, the CPMT is discussing trimming these names. The Fund is currently 1.2% underweight in the sector but is actively searching for additional names that better fit the CPMT mandate.

INDUSTRIALS

Broader markets remain torn about the outlook on real economic growth as seen in the divergence of opinion between the FOMC consensus for the Federal Funds Rate and the bond market's pricing of a 50 bp rate cut. The CPMT expects 2023 to be volatile, emphasizing our view on holding companies with a distinct competitive advantage in critical industries to weather inflation and generate cash flow. The Fund currently holds Canadian National Railway (TSX: CNR), Cintas (NASDAQ: CTAS), and Waste Connections (TXS: WCN) within the sector and is 1.0% overweight relative to the blended benchmark. Recession risk remains, but these effects should be mitigated by the oligopolistic nature each of the CPMT's Industrials holdings enjoy in their respective industries. As a result, the CPMT remains confident on its positioning moving into 2023.

INFORMATION TECHNOLOGY

The CPMT is 4.3% overweight in Information Technology relative to its blended benchmark. The Fund has actively monitored the performance and decline of Information Technology sector valuations amidst the rising rates environment. The CPMT remains optimistic on the growth opportunities of its Information Technology holdings, which include Microsoft (NASDAQ: MSFT), Apple (NASDAQ: AAPL), Adobe (NASDAQ: ADBE), Visa (NYSE: V), Constellation Software (TSX: CSU), and Topicus.com (TSXV: TOI). Although we expect long-term outperformance, the Fund will continue to monitor the impacts of inflation and rising interest rates on the sector.

MATERIALS

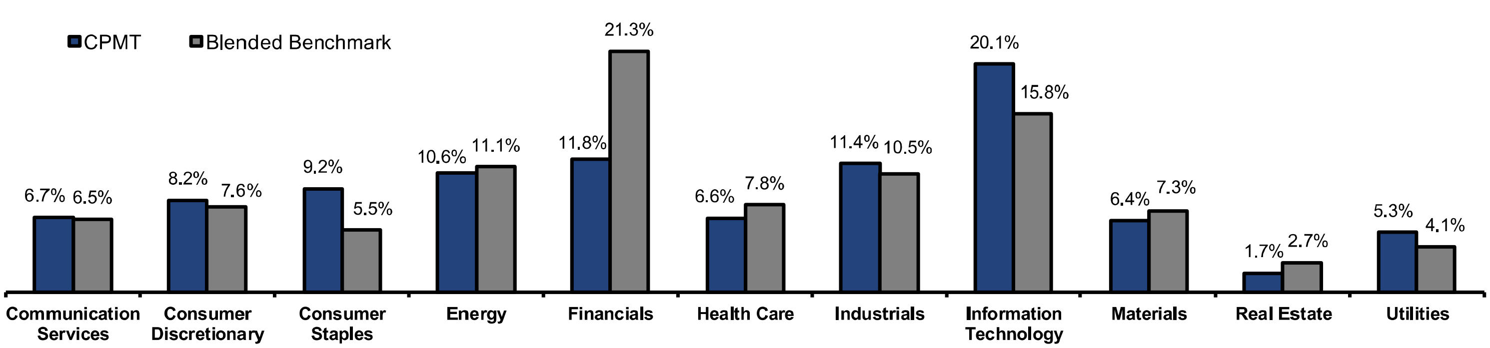
The CPMT is currently 0.9% underweight in Materials relative to the blended benchmark. Companies within the sector have experienced major shifts in scalability and profitability due to streamlined operations. The increasing demand for industrial gases, electrification, and construction/renovation products are expected to act as key catalysts for growth. Although fluctuating commodity prices, rising input costs due to labour, and ongoing supply chain issues have hindered the recent momentum experienced by major players, the CPMT's Materials holdings are well-suited to mitigate inflation effects through pricing power. The Fund will continue to monitor the impact of these developments on its Materials portfolio, which includes CCL Industries (TSX: CCL.B), Linde Plc (NYSE: LIN), and Teck Resources (NYSE: TECK).

REAL ESTATE

The CPMT is currently 0.9% underweight in Real Estate relative to the blended benchmark. In FQ3 2021, the Fund initiated a position in American Tower (NYSE: AMT), which remains the sole holding in the sector. The CPMT maintains a strong view on telecommunication REITs due to the industry's high lease renewal rates, high operating margins, and low maintenance expenses. Additionally, AMT's international asset base and acquisition strategy continue to be key drivers of our thesis on the name. The Fund will continue to monitor developments throughout the sector, including changes in the interest rate environment, material input costs, and the progression of the ongoing economic reopening.

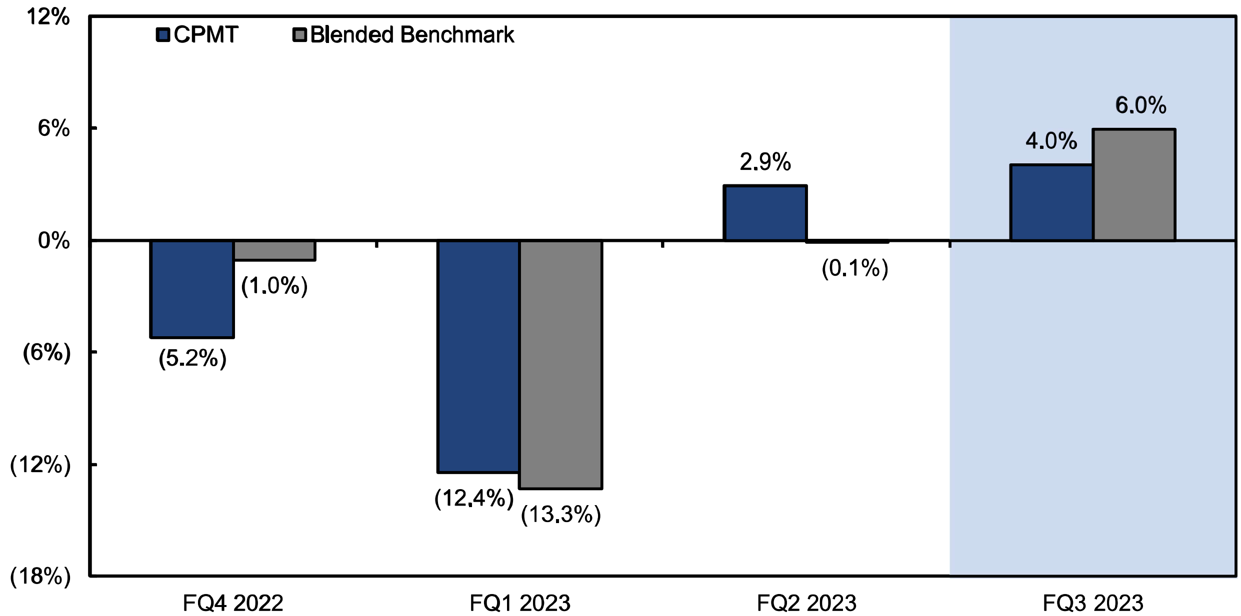
UTILITIES

The CPMT holds NextEra Energy (NYSE: NEE), and Brookfield Renewable Partners LP (TSX: BEP.UN). Rate hikes maintain concerns about being 1.3% overweight the sector because of utility stocks' historic inverse relationship with yields. However, yields have fallen from their peak of 4.1%, signaling a divergence in opinion between the market and the Fed. The CPMT favours BEP's and NEE focus on reinvestment and best-in-class assets with long-dated PPAs, so the Fund has decided to remain invested in both companies but is exploring a trim in its Utilities holdings over the near- to medium-term.

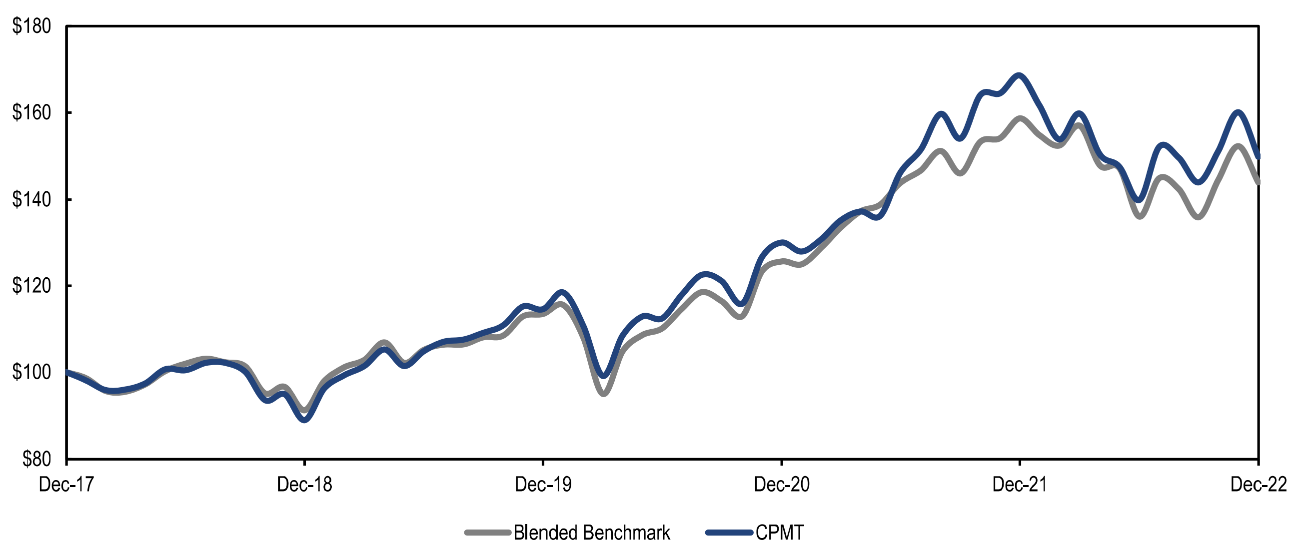


Quarterly Snapshot - FQ3 2023

CPMT and Benchmark Total Return (TTM)



Value of $100 (since December 29, 2017)

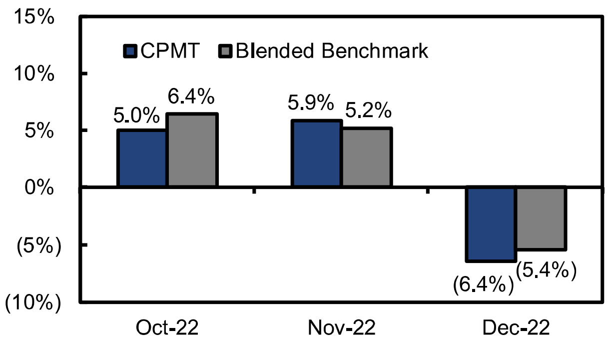


Fund Universe

	FQ3	1 Year	3 Year	5 Year	10 Year
CPMT	4.04%	(11.12%)	9.96%	8.78%	8.26%
Blended Benchmark	5.95%	(9.20%)	8.26%	7.57%	8.10%
Blended Benchmark Difference	(1.91%)	(1.92%)	1.70%	1.21%	0.16%

Quarter in Review

QUARTER RETURN



NOTE TO STAKEHOLDERS

The CPMT Class of 2023 would like to extend our gratitude to the Board of Trustees, the CFA Society of Calgary, and CPMT alumni for their continued involvement and support of the program. We would like to thank all of our supporters in the Calgary business community for their vested interest in the program and the professionals who have volunteered their time to be a part of the mentorship program. This mentorship provides students with invaluable support, ranging from technical expertise to career guidance, and more.

Involvement in the CPMT program offers unique exposure to a challenging, rewarding, and scholastic environment, creating an unrivaled student experience. The goal of the Fund is to perpetually support student opportunities, driven by our commitment to provide real-world investing experience. Additionally, the Fund donates 4% of the 3-year trailing AUM annually in support of collaborative financial research.

OVER THE QUARTER

The Fund returned 4.04% over the quarter, 191 bps below the Blended Benchmark's return of 5.95%. Our underperformance was largely attributed to intra-sector effects within the Consumer Staples, Energy, Communication, and Industrials sectors. A significant positive sector effect within Consumer Discretionary lessened the Fund's underperformance with regards to name selection. The Fund's equity exposure is split approximately 43/57 between Canadian and U.S. equities. At this time, we remain comfortable being overweight in U.S. names due to our conviction in the Fund's individual holdings.

The Fund initiated positions in the following names:

Alimentation Couche-Tard (TSX: ATD): ATD owns, operates, and licenses an international chain of gas stations and convenience stores. ATD's competitive advantage is derived through its track record of seamless acquisition integration combined with its decentralized operating model. Management has extensive experience growing the Company through M&A and has a demonstrated history of preserving balance sheet strength and utilizing free cash flow to fund further acquisitions and payout dividends. The Fund views ATD favorably given the Company's global presence, dominant market share, experienced management team, and operational excellence, which makes the Company an excellent fit for the CPMT mandate. In December, the Fund entered a position at a 2 conviction.

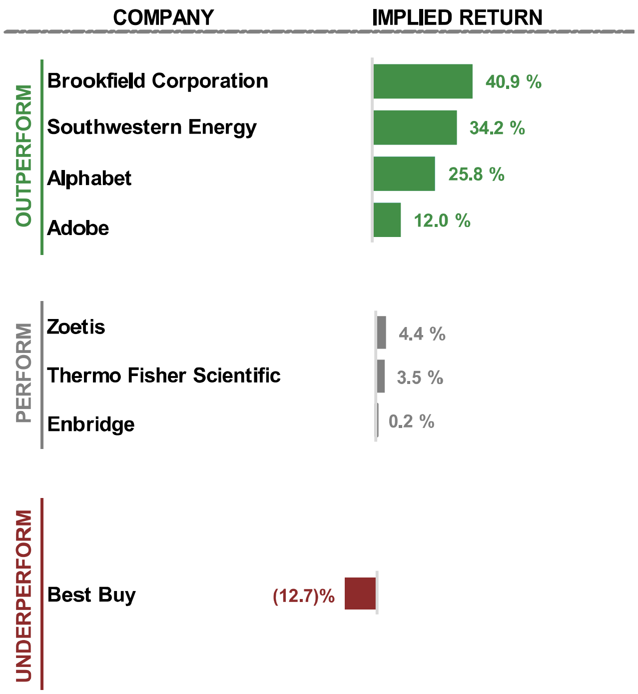
TELUS Corporation (TSX: T): The Fund had a full pitch on T in the previous quarter with an investment thesis centered around its best-in-class wireless and wireline assets, market positioning, and differentiated growth strategy relative to North American peers. T is a former holding of the CPMT, and the Fund was satisfied with the additional due diligence and current valuation. In November, the CPMT entered a position at a 2 conviction.

To fund these trades, the CPMT made the decision to trim our position in Canadian National Railway (TSX: CNR) from a 3 to a 2 conviction, as the Fund is uncertain if the Company is shifting back to its strategy of implementing Precision Schedule Railroading or refocusing to prioritize a balance between operational efficiency and customer service.

The Fund also made the decision to trim our position in Cintas (TSX: CTAS) back to a 2 conviction, as our position in the name was 1.5% overweight.

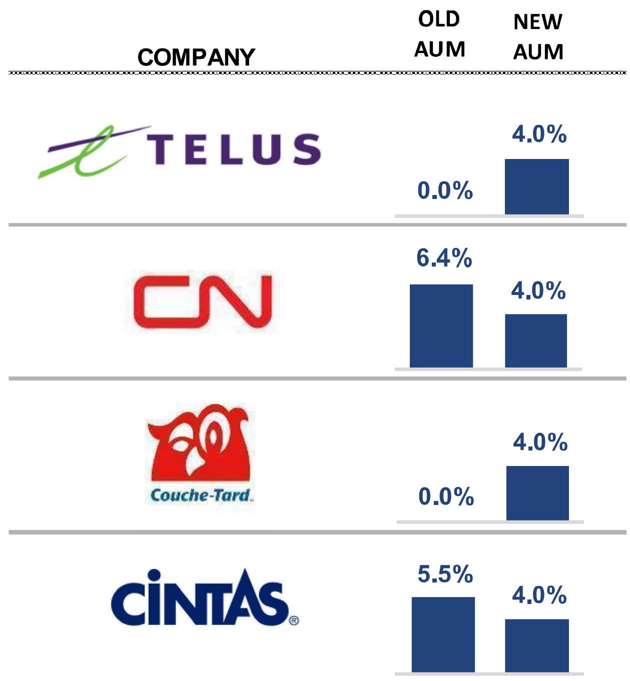
Lastly, we would like to thank SAF Group, BCi, Fiera Comox, ARC Financial, QV Investors, and Andrew Kim for hosting Speaker Series over the quarter.

NEW RECOMMENDATIONS



*Note: Reflects implied return as of December 31, 2022.

TRANSACTION LOG



Adobe

Information Technology
NASDAQ: ADBE
Market Outperform | Hold

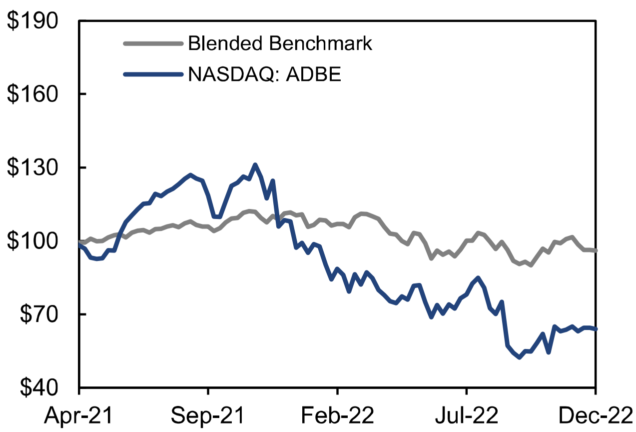
December 31, 2022	
Wesley Sherrard, Portfolio Manager	
Daniel Krapiwin, Investment Analyst	

Return on Investment	
Current Share Price	$337.53
Intrinsic Value	$378.00
Dividend Yield	N/A
Implied Discount	12%
Conviction Rating	2

Market Profile	
52-Week Range	$274.73 - $575.00
Market Capitalization (US$mm)	$156,450
Net Debt (US$mm)	($1,463)
Enterprise Value (US$mm)	$154,987
Beta (5-Year Monthly)	1.26

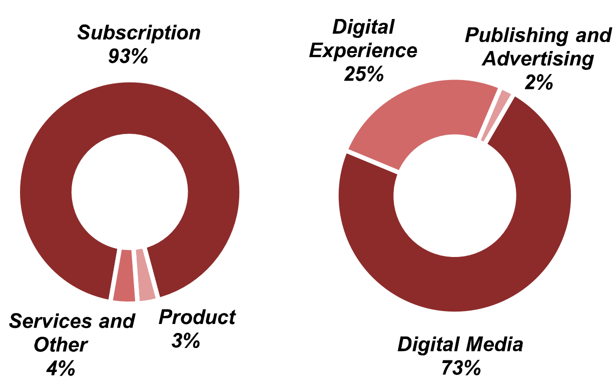
Metrics	2022A	2023E	2024E
Revenue (US$mm)	$17,606	$19,256	$21,460
EBITDA (US$mm)	$6,976	$7,669	$8,765
EPS	$10.10	$10.94	$12.59
EV/EBITDA	22.2x	20.2x	17.7x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: 2022 Revenue Mix



Source: Company Filings

Business Description

Adobe Inc. (NASDAQ: ADBE) is a diversified software company that offers an extensive portfolio of products catering to content creators, creative professionals, students, businesses, and educators around the world. ADBE was founded in 1982 and is headquartered in San Jose, California. The Company has been a global leader in software packaging for more than 40 years, expanding through organic and inorganic channels. ADBE operates through three main business segments: (1) Digital Media, (2) Digital Experience, and (3) Publishing and Advertising. Digital Media offers the Company's Creative Cloud products like Photoshop and Lightroom while Digital Experience includes customer relationship management (CRM) products. Publishing and Advertising contains niche services and products for diverse markets. The product suite is primarily sold through app stores, cloud-based platforms such as Software-as-a-Service (SaaS), system integrators, and value-add resellers.

Industry Overview

The growing digital media industry can be segmented into multiple categories including e-commerce, communication platforms, and CRM. The industry is dominated by a few large players, including ADBE, Microsoft (NASDAQ: MSFT), Salesforce (NYSE: CRM), SAP (NYSE: SAP), and Oracle (NYSE: ORCL), but experiences low barriers to entry and intense competition from disruptive technology development. Customers expect high-quality products and are typically sensitive to price changes. ADBE and its peers have been actively expanding use of the SaaS model to stabilize cash flow and drive customer retention. The digital media industry is expected to grow at an annualized rate of 6% in the next five years, in-line with the adoption of emerging technologies and society's growing dependence on the industry's products.

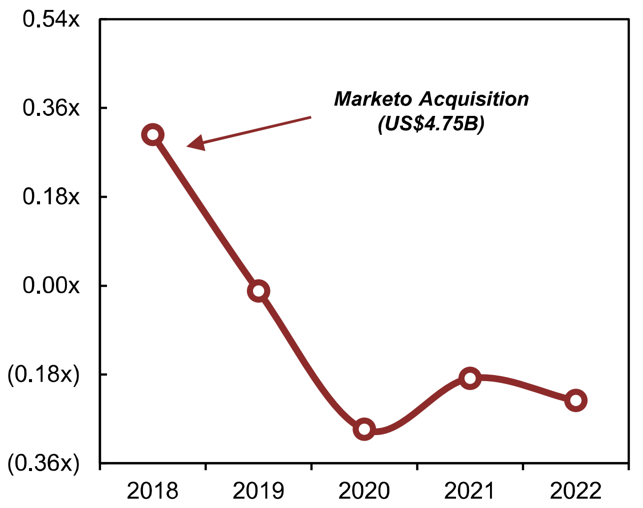
Figma Acquisition

On September 15, 2022, the Company announced the pending acquisition of Figma, a web-first leading design program. The company's primary product offering is its all-in-one multiplayer product design platform that extends across the product design process, from development to marketing. Figma is expected to generate annualized recurring revenue (ARR) of US$200mm in 2022 and surpass US$400mm following YE2023. Additionally, the company boasts positive operating cash flows and gross margins of ~90%. ADBE's management has indicated the acquisition will be accretive three years after the close of the transaction. The deal is planned to close in 2023 following approval from the U.S. Department of Justice which is performing an antitrust investigation on the proposed acquisition.

The acquisition is ADBE's largest to date, valued at US$20B and is expected to be financed with approximately half cash and half stock (~30mm shares). The cash portion of the financing is expected to be funded through cash-on-hand and, if required, a term loan. In addition, ADBE is providing Figma's CEO and employees 6mm restricted share units which ADBE"s management indicated will be offset by future share repurchases.

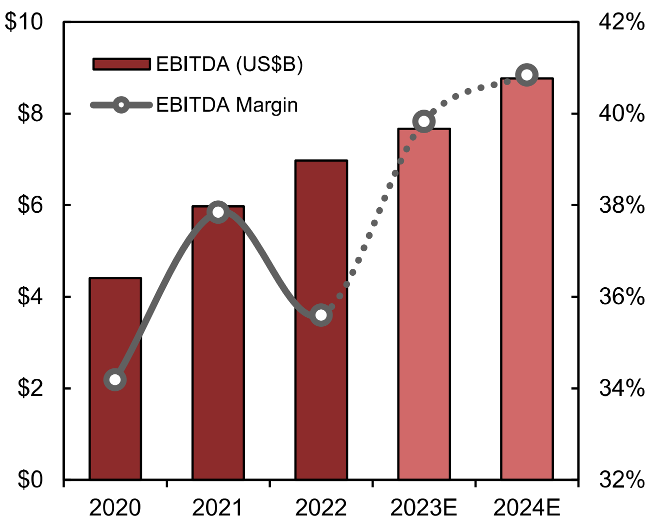
The Fund views the acquisition as strategic and a valuable (cont.)

Figure 2: LTM Net Debt/EBITDA



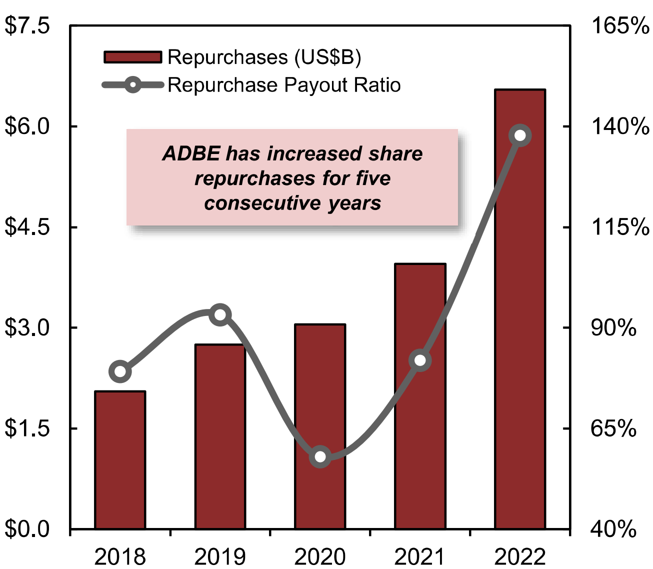
Source: Company Filings

Figure 3: LHS EBITDA vs RHS EBITDA Margin



Source: Company Filings, CPMT Estimates

Figure 4: LHS Repurchases vs RHS Repurchase Payout



Source: Company Filings

addition to ADBE's product portfolio with significant bundling and cross-selling opportunities. The acquisition is not of a competitor but of a business that complements ADBE's existing product portfolio, enabling it to sustain consistent FCF growth. ADBE's management has indicated that there are many existing joint customers between the companies and that Figma will help ADBE appeal to smaller businesses. However, the CPMT questions the high valuation of the transaction, which is ~50x ARR. Additionally, the timing of the acquisition is of questionable, considering the current period of growing economic uncertainty. Following the announcement of the acquisition, ADBE's share price fell 17%, ADBE's worst trading day in over 10 years. Nonetheless, ADBE's acquisition of Figma follows the Company's strategy of purchasing leading SaaS companies to continuously improve its product portfolio.

Mandate Fit

Quality Management: ADBE is led by CEO and Chairman Shantanyu Narayen, who has been with the Company since 1998 and has served as CEO for over 15 years. During his tenure, Shantanyu has demonstrated his ability to identify and execute on strategic SaaS acquisitions like Omniture and Marketo, which have strengthened ADBE's position in the industry. The Fund remains confident in management's ability to execute its business strategy.

Competitive Advantage: The Company's extensive product portfolio of high quality and easy-to-use services has become pervasive in the creative world and as a result has created significant barriers for replacement. ADBE also has an extensive 40-year track record demonstrating its ability to provide multi-functional and reliable products that simplify complex tasks for end users.

ADBE's Creative Cloud bundle has developed itself to be the standard software service for creative and educational professionals, which has resulted in customer stickiness. Additionally, the creative industry incentivizes individuals and firms to become well-versed with Creative Cloud Products, which has led to decreased competition. Lastly, ADBE's growing extensive product portfolio and consistent software updates provides users with a one-stop-shop experience that is difficult to replicate.

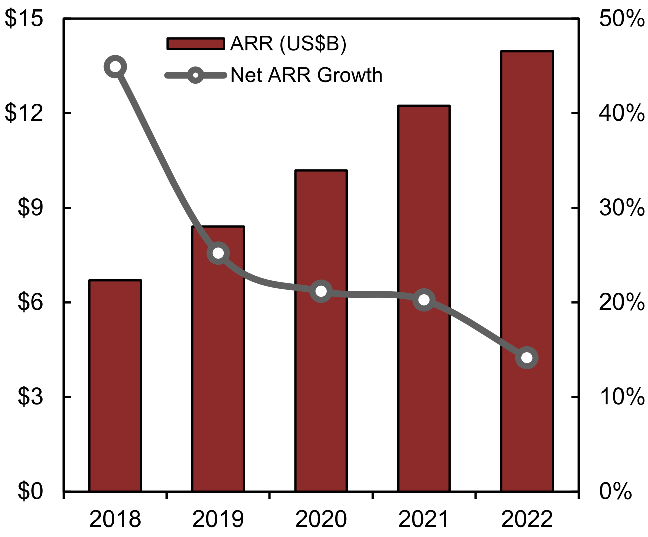
Strong Balance Sheet: The Company's balance sheet remains healthy, driven by robust FCF generation and low leverage, with net debt of (US$1.5B). Furthermore, the Company has available liquidity of US$1.5B under its undrawn revolver and a US$4.2B cash position. ADBE has previously used leverage to fund acquisitions such as Marketo in 2018. One year following the Marketo acquisition, ADBE returned to a net cash position demonstrating management's commitment to maintain balance sheet strength. ADBE's management has indicated they may use leverage to fund the Figma acquisition. The Fund expects any use of leverage will be followed by a focus on deleveraging to a net cash position. ADBE maintains an investment-grade credit rating of A+ and A2 from S&P Global and Moody's, respectively.

Growing Free Cash Flow: ADBE has continuously demonstrated strong FCF generation, achieving a five-year CAGR of 22.5% and US$7.1B during FY2022. Additionally, the Company has consistently grown its Digital Media ARR (i.e., recurring subscription service revenue) from US$6.7B in 2018 to US$14.0B in 2022. ADBE's use of capital has been focused on returning capital to shareholders and inorganically growing its product portfolio through acquisitions.

Risks

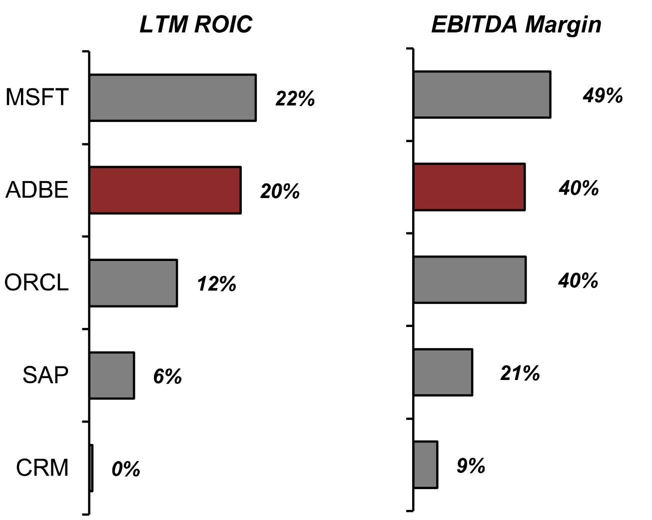
The Company's primary idiosyncratic risk is its niche product (cont.)

Figure 5: LHS Digital Media ARR vs RHS Net ARR Growth



Source: Company Filings

Figure 6: Comparable Company Analysis



Source: S&P Capital IQ

focus, decelerating growth, and consequently, management's pressure to maintain high growth through acquisition. Additionally, ADBE is subject to the risk of management's capital allocation strategy and, more specifically, the integration of Figma. The Company also operates in an industry prone to disruptive technology development which could lead to increased unforeseen competition.

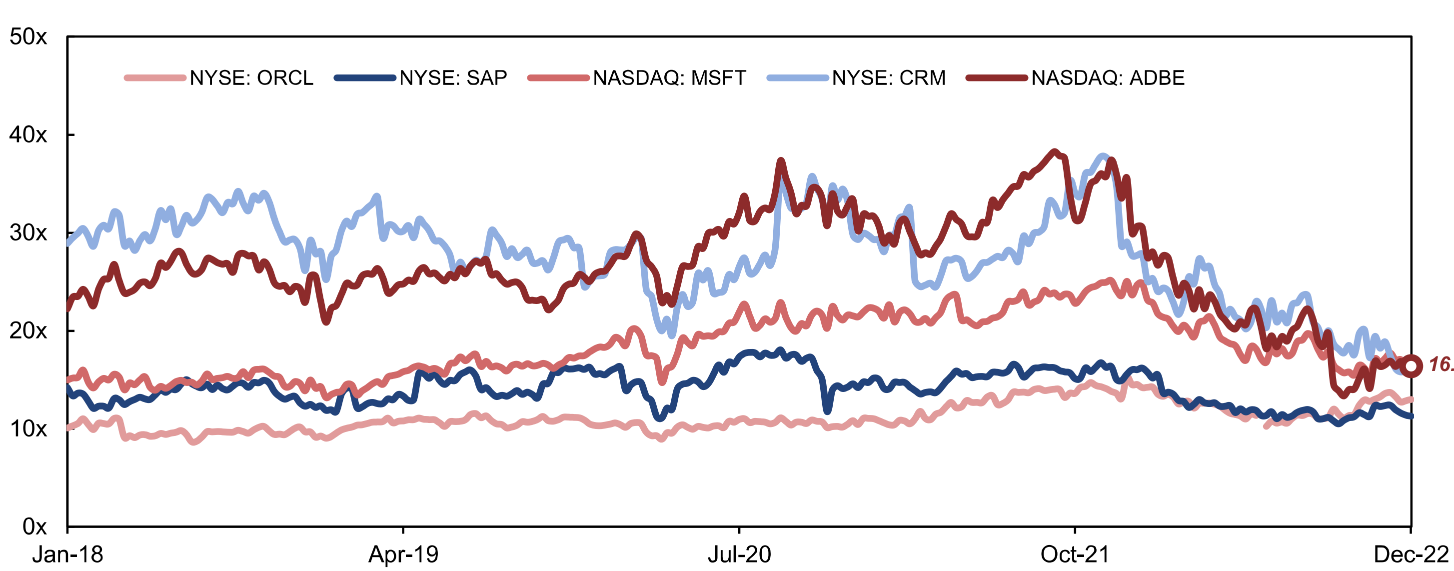
Investment Thesis and Valuation

The CPMT entered a position in ADBE in April 2021. The original investment thesis was based on the Company's integrated-software packaging platform, which generated growing cash flows by serving millions of individuals and professionals globally. Furthermore, management possessed a strong track record of integrating major acquisitions to enhance the product mix available to its customers.

ADBE has largely delivered on the original investment thesis as the Company has continued to deliver growing ARR, disciplined use of the Company's balance sheet, and returning value to shareholders through share repurchases. However, the Fund questions management's consideration of growing economic uncertainty and shareholder appetite for high valuation acquisitions in its capital allocation strategy, especially given the limited disclosure on the Figma transaction. The Fund is unable to perform thorough due diligence on Figma until the transaction is closed, at which point the CPMT will develop a more conclusive conviction in the transaction and ADBE's overall acquisition strategy. However, ADBE is trading at a 41.0% discount to its all-time high despite continuing to demonstrate its strong business fundamentals. Additionally, ADBE has historically traded at a premium relative to its peers but has recently traded more in-line. The CPMT believes that ADBE possesses significant upside potential which justifies a premium due to its strong acquisition track record, consistent FCF and ARR growth, and continuous product portfolio enhancement. The Fund plans to increase ADBE's AUM from 2.7% back to 4.0% pending internal discussion and upon acquisition close, as well as further analysis on Figma and ADBE's rationale behind the investment.

The intrinsic value of US$378 was derived using a 50/50 blend of (1) Gordon Growth method using a WACC of 10% and 1% terminal growth rate, and (2) applying an EV/FCF exit multiple of 23x, resulting in an implied discount of 12%.

Figure 7: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

Alphabet

Communication Services
NASDAQ: GOOGL
Market Outperform | Hold

Calgary Portfolio Management Trust

Alphabet

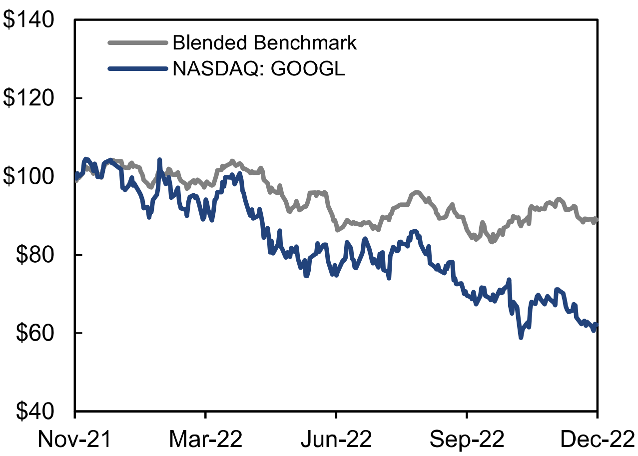
December 31, 2022
Emily Chen, Portfolio Manager
Joel Homersham, Investment Analyst
Ryan Crisalli, Investment Analyst

Return on Investment	
Current Share Price	$88.23
Intrinsic Value	$111.00
Dividend Yield	N/A
Implied Discount	26%
Conviction Rating	2

Market Profile	
52-Week Range	$83.34 - $151.55
Market Capitalization (US$B)	$1,142
Net Debt (US$B)	($87)
Enterprise Value (US$B)	$1,055
Beta (5-Year Monthly)	1.07

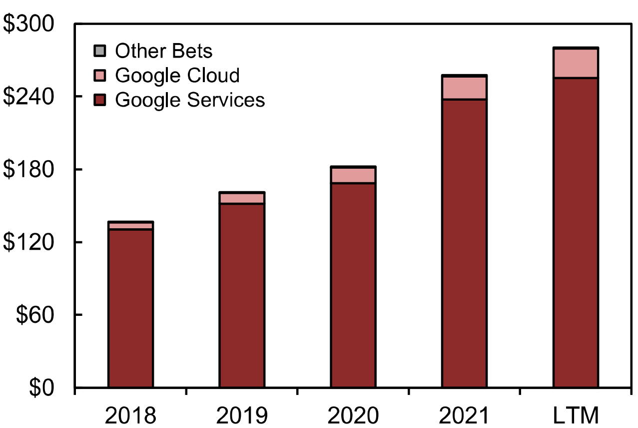
Metrics	2022E	2023E	2024E
Revenue (US$B)	$278.2	$299.8	$332.6
EBITDA (US$B)	$99.5	$110.1	$125.3
EV/EBITDA	10.6x	9.6x	8.4x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Segmented Revenue (US$B)



Source: S&P Capital IQ

Business Description

Alphabet (NASDAQ: GOOGL) was established in 2015 by the co-founders of Google (Sergey Brin and Larry Page) to expand outside of the Company's core internet and search advertising business. As a well-known multinational conglomerate, GOOGL continues to revolutionize how the world shares, creates, and accesses information. The Company reports in three segments: (1) Google Services, (2) Google Cloud, and (3) Other Bets.

Google Services: GOOGL's main products and services (ads, Android, Chrome, hardware, Google Maps, Google Photos, Google Play, Search, and YouTube) comprise this segment. To generate revenue, the Company primarily relies on its advertising model, which can be further segmented into performance-based advertising (clickable ads that are relevant to the target user) and brand-based advertising (ads that are designed to enhance brand awareness in marketing campaigns). Further product monetization is achieved through app sales, device sales, and YouTube Premium. In Q3 2022, Google Services generated 89.7% of total revenues.

Google Cloud: GOOGL's significant investment in cloud infrastructure, cybersecurity, data management, analytics, and artificial intelligence (AI) is captured by this segment. The Company has developed two main offerings: Google Cloud Platform (which allows developers to test and deploy applications using its infrastructure) and Google Workspace (suite of cloud-based collaboration tools for enterprises including Docs, Drive, Calendar, and Meet). In Q3 2022, this segment generated 10.0% of revenues.

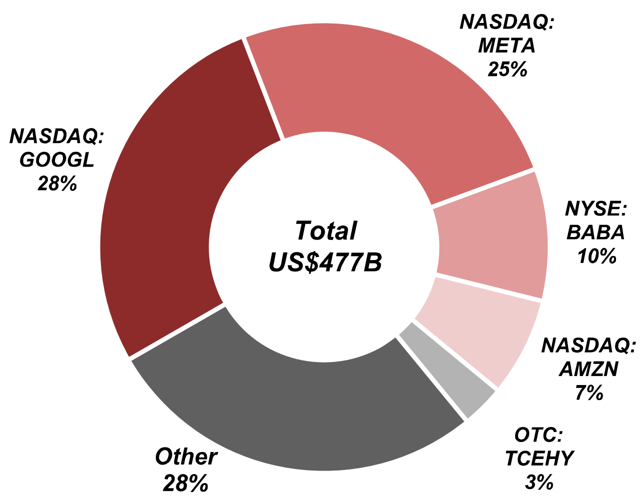
Other Bets: Apart from its core business, GOOGL also possesses an investment portfolio focused on supporting technology start-ups. Other Bets operates as independent companies in varying stages of development ranging from R&D to commercialization. Examples of portfolio holdings include GV, Nest, and Waymo. As these ventures are early-stage, the Other Bets segment generates minimal revenue for GOOGL, comprising only 0.3% in Q3 2022.

Industry Overview and Outlook

The U.S. web-services industry is dominated by entrenched major players, requiring continuous investment to develop new and unique offerings. An additional level of complexity is present in advertising business models, which must balance the interests of platform users with the Company's efforts to attract advertisers. In 2023, competitive pressures within the industry are expected to intensify as a result of reduced marketing budgets and the increasing popularity of alternative platforms (i.e., TikTok and ChatGPT). On the other hand, cloud services are forecasted to experience resilient demand due to the critical functions that it serves for clients. While GOOGL captured ~13% of the global cloud market in 2022, Amazon Web Services and Microsoft Azure continued to protect their market share positions, retaining 38% and 24%, respectively.

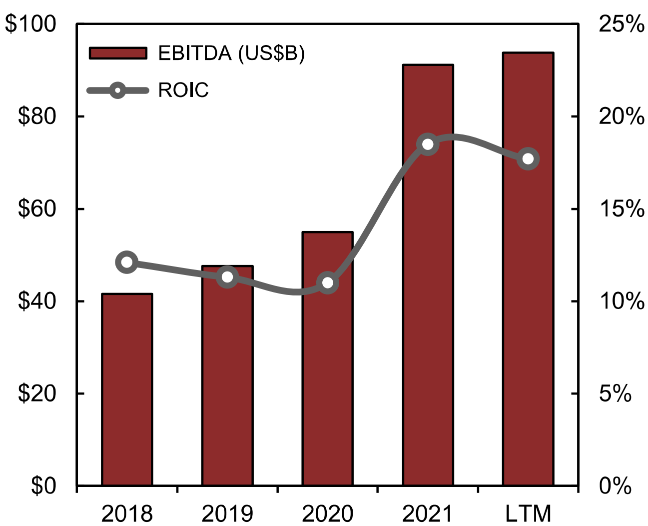
Over the past decade, rapid technological advancement in AI and machine learning has enabled companies to drastically improve the quality of products offered (i.e., better content recommendations for search engines). However, regulatory risks may pose unforeseen barriers to fully implementing and monetizing these developments.

Figure 2: 2022E Digital Advertising Market Share



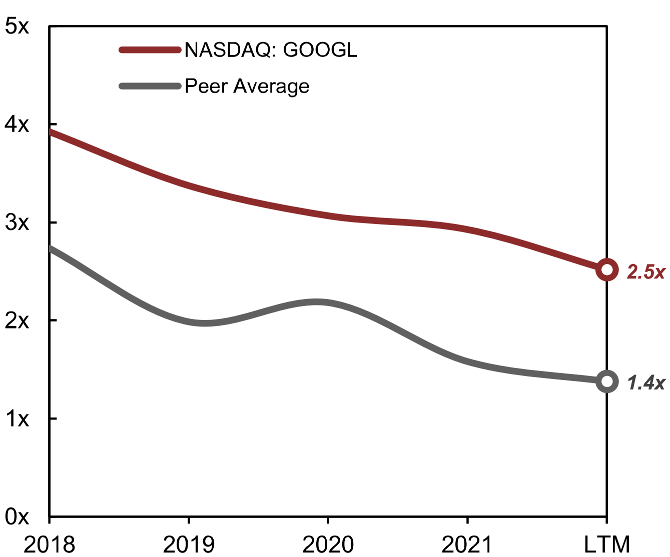
Source: Bloomberg, Research and Markets

Figure 3: LHS EBITDA vs RHS ROIC



Source: S&P Capital IQ

Figure 4: Current Ratio vs Peers



Source: S&P Capital IQ

Mandate Fit

Quality Management: Sundar Pichai is the CEO of Alphabet and CEO of Google, serving in each role since 2019 and 2015, respectively. With nearly 20 years of experience working at GOOGL, Pichai has acquired extensive knowledge while supporting the Company's development of many key offerings, such as Search, Chrome, Google Maps, Android, and Gmail. Under Pichai's leadership, GOOGL's corporate strategy has shifted towards advancing AI technology, which has enabled the Company to protect its competitive edge. In 2019, upon assuming the Alphabet CEO role, Pichai was issued US$280mm in PSUs/GSUs as one-time compensation, with a US$2mm base salary paid annually thereafter. The first tranche of Pichai's PSUs successfully vested in January 2022 due to GOOGL's superior performance relative to the S&P 100. NEO compensation in 2021 consisted primarily of stock awards (>95% of total pay).

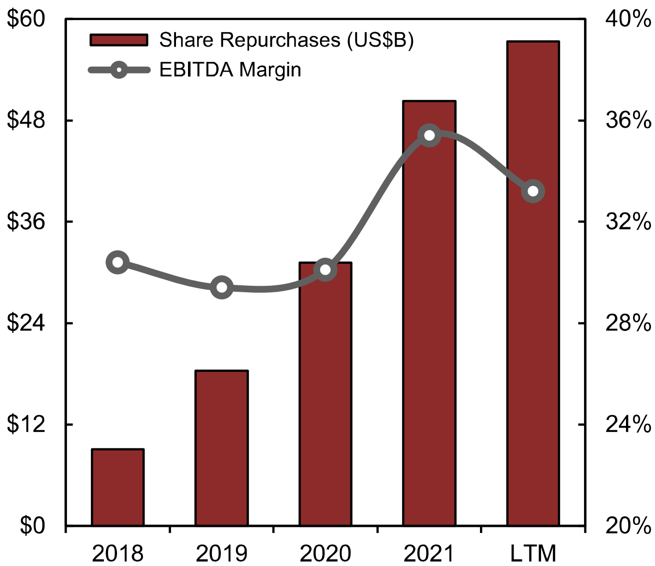
Competitive Advantage: The key to GOOGL's success is its sizable yet streamlined technology development pipeline. In the last five years, GOOGL has invested US$100B in R&D, resulting in best-in-class product offerings that provide superior functionality and user experience. Examples of recent and/or developing initiatives include the monetization of YouTube Shorts, Google Maps, and the Discover tab. Additionally, GOOGL has maintained a strong focus on AI integration through experimentation with its Multitask Unified Model.

GOOGL's balanced approach to achieving sustainable growth is extremely effective within the rapidly evolving competitive landscape. The Company leverages its high-margin core advertising business to fund 'non-Search' investments that diversify revenue streams and provide significant upside potential in the long-term (i.e., YouTube, Google Cloud, and Google Play). In Q3 2022, GOOGL achieved a 32.2% operating margin in its Google Services segment, offsetting losses in Cloud and Other Bets. As ongoing monetization improvements (such as Performance Max) are launched, GOOGL can further enhance profitability and generate shareholder value. Additionally, the Company's success is highly difficult to replicate due to the breadth of its offerings, requiring extensive R&D efforts to become a true rival. Even if new entrants and industry disrupters gain initial traction, the strength of GOOGL's base business allows it to acquire competitors before they pose a significant threat. The Company can also make strategic M&A deals to address gaps in its existing operations, as seen with its acquisition of Mandiant (a leader in providing cybersecurity solutions) for US$5.4B in Q1 2022.

Furthermore, GOOGL's Other Bets portfolio is carefully curated to provide exposure to high-risk high-reward opportunities (moonshots). Notably, the Company has exposure to the autonomous vehicle market through Waymo, which was founded in 2009 as the Company's self-driving car project. Waymo is positioned to generate significant returns once the technology matures due to its in-house development system and emphasis on rigorous data testing. Currently, the majority of revenues generated in the Other Bets segment is from health technology and internet services sales.

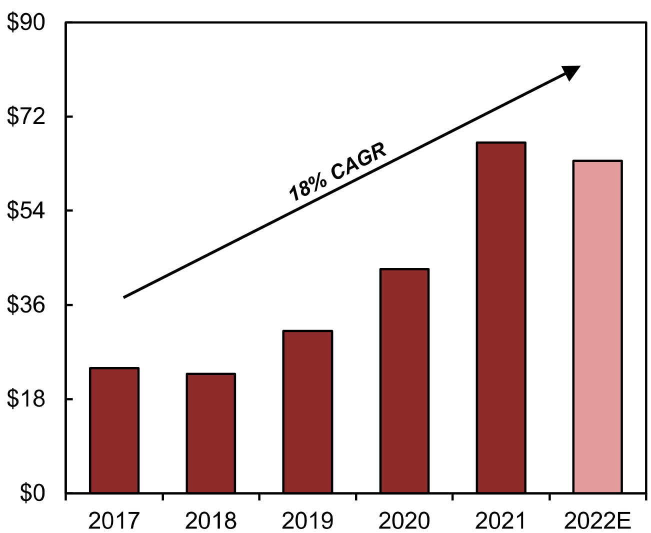
Strong Balance Sheet: As of Q3 2022, GOOGL has current liabilities of US$64B, long-term debt of US$15B, and lease liabilities of US$11B. However, the Company possesses US$140B of cash on hand, which is more than sufficient to fund GOOGL's debt obligations and planned R&D investments. Short-term liquidity remains a strength for the Company, as the LTM current ratio is 2.5x (higher than the peer average of 1.4x). Furthermore, due to the Company's capital discipline and high-margin business (cont.)

Figure 5: LHS Repurchases vs RHS EBITDA Margin



Source: S&P Capital IQ

Figure 6: Free Cash Flow (US$B)



Source: S&P Capital IQ

model, the Total Debt/EBITDA ratio remains low at 0.3x. GOOGL's financial strength is reflected by its investment grade credit ratings of AA+ and Aa2 from S&P Global and Moody's, respectively.

Growing Free Cash Flow: GOOGL has maintained strong FCF growth over the trailing five- and ten-year periods but faces significant headwinds surrounding its digital advertising business. The Company has seen material pullback in search advertising from areas including insurance, mortgage, and cryptocurrency – all of which were major contributors to record FCF in 2021. GOOGL has announced layoffs and postponed projects such as its next generation Pixelbook laptop to focus on core business priorities and insulate margins. Despite the challenging macroeconomic backdrop, GOOGL continues to return value to shareholders via share buybacks, having repurchased US$50.3B in FY2021.

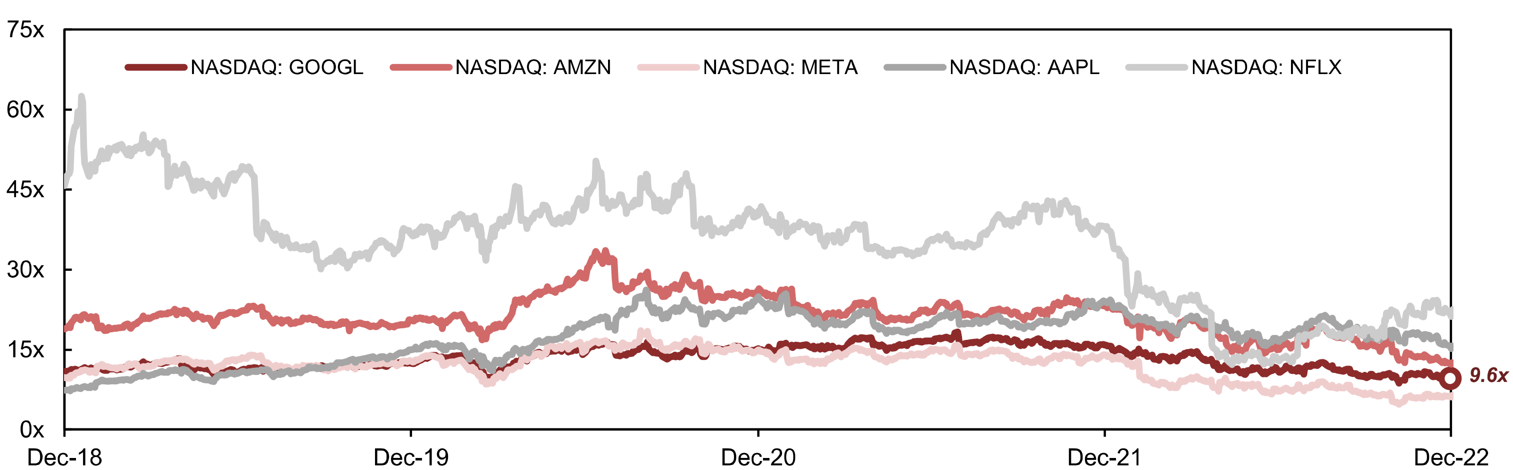
Business Risks

In the current inflationary environment, GOOGL may experience a decrease in advertisement revenues due to clients reducing their marketing budgets. Even in periods of macroeconomic headwinds, the Company must still innovate to maintain a technological edge relative to peers, requiring careful human capital management and significant financial investment. Furthermore, consumers are becoming increasingly sensitive to data privacy and security issues, which may prompt the development of stringent legislation that can hinder GOOGL's ability to monetize its offerings. Other risks include slow adoption of the Company's new ad products, enforcement of antitrust legislation, and loss of intellectual property rights.

Revised Valuation and Investment Thesis

The intrinsic value of $111 was derived by applying a 2024E EV/EBITDA exit multiple of 13x, resulting in a 26% implied discount. Upon review, the CPMT believes that the original investment thesis for GOOGL remains intact. GOOGL has continued to demonstrate excellence in allocating FCF to value-add opportunities, evidenced through the development of Google Cloud, Maps, and the Discover tab. The CPMT believes that GOOGL will continue to win market share relative to peers and maintain its leading position in the digital advertising space. Furthermore, the upside optionality of the Other Bets segment can generate additional shareholder value in the long-term. Although current macroeconomic conditions pose challenges to the Company's growth, the Fund remains convicted in GOOGL's ability to efficiently allocate resources into highly accretive projects.

Figure 7: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

Best Buy

Consumer Discretionary
NYSE: BBY
Market Underperform | Sell

December 31, 2022

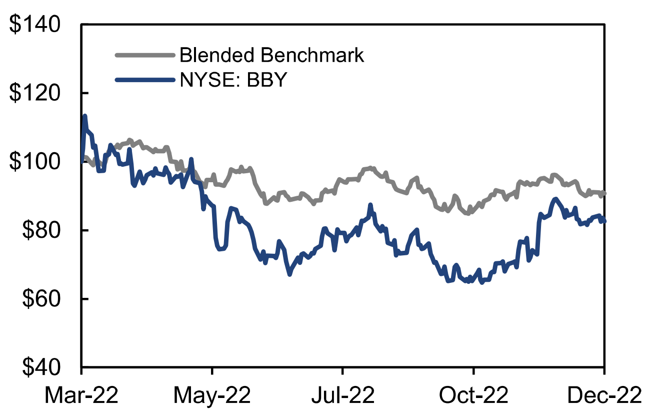
Adrianna Dolata, Portfolio Manager
Joao Vitor Beani, Investment Analyst

Return on Investment	
Current Share Price	$80.21
Intrinsic Value	$70.00
Dividend Yield	4.27%
Implied Discount	(13%)
Conviction Rating	0

Market Profile	
52-Week Range	$60.79 - $112.96
Market Capitalization (US$mm)	$17,748
Net Debt (US$mm)	$2,931
Enterprise Value (US$mm)	$20,679
Beta (5-Year Monthly)	1.52

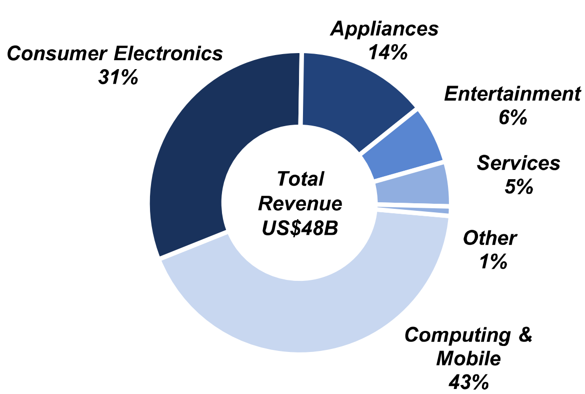
Metrics	2023E	2024E	2025E
Revenue (US$mm)	$46,813	$44,643	$45,618
EBITDA (US$mm)	$3,116	$2,803	$2,818
EPS	$7.71	$6.52	$6.64
EV/EBITDA	6.6x	7.4x	7.3x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: LTM Segmented Revenue



Source: Company Filings

Business Description

Best Buy (NYSE: BBY) is a consumer electronics retailer that seeks to "enrich lives through technology." BBY operates 1,142 stores of which 86% are located in the U.S. and 14% in Canada. Online sales make up 31% of BBY's total sales, with the remaining coming from in-store locations. The Company segments its revenue streams into five product categories: (1) Computing and Mobile Phones: phones, computing, networking, tablets, and wearables; (2) Consumer Electronics: digital imaging, health and fitness, home theatre, portable audio, smart home; (3) Appliances: large appliances (dishwashers, refrigerators, etc.) and small appliances (blenders, coffee makers, vacuums, etc.); (4) Entertainment: gaming, drones, movies, music, and other software; and (5) Services: consultation, delivery, installations, memberships, and technical support.

Industry Overview

The Consumer Electronics (CE) retail industry includes stores that sell a range of appliances, electrical goods, and home entertainment products. In the U.S., BBY holds the largest market share within the sector at 37.9%, followed by GameStop (NYSE: GME) at 3.6%, with the remaining share being fragmented into private stores. Due to BBY's dominant position in the industry as a pure-play CE retailer, its closest comparable peer group consists of broader retailers and e-commerce companies Walmart (NYSE: WMT), Amazon (NASDAQ: AMZN), Costco (NASDAQ: COST), and eBay (NYSE: EBAY) that compete with BBY to sell CE products. The industry is also threatened by consumers who choose to buy specific CE products directly from their respective brands, such as from Apple (NASDAQ: AAPL) or Microsoft (NASDAQ: MFST).

The demand for CE products in North America is expected to grow at a revenue CAGR of 6.1% until 2028, a slower pace compared to the elevated demand for CE observed during the COVID-19 pandemic from stay-at-home orders. Although CE product sales are expected to grow, the retail industry revenue for CE is expected to decrease at a 0.7% CAGR until 2027, challenged by broader retailers that sell CE products and e-commerce businesses attempting to capture market share. According to the U.S. Census Bureau, Electronics & Appliance Stores is the only large retail category with YTD sales below the 2019 level, suffering from increased inflation, elevated interest rates, and tightened consumer spending in 2022. While consumers are expected to become more dependent on CE in the post-pandemic era, monthly sales in this category have decreased by 6.4% YoY. In 2023, retail volumes are expected to decline given low levels of consumer confidence and high levels of inflation as the consumer confidence index and consumer price index fell YoY by 1.4% and 7.1%, respectively. Due to increasing competition and a pessimistic economic outlook, the CE retail industry will face continued headwinds.

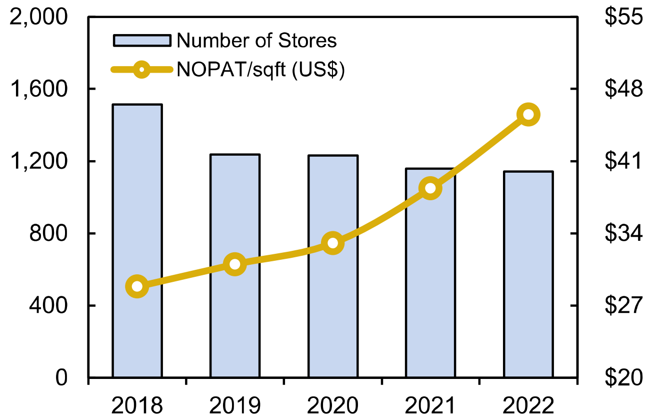
Mandate Fit

Quality Management: Corrie Barry assumed the role of CEO in 2019 after 22 years working with the Company. Since Barry's appointment, BBY has continually optimized its store base and has tested different layouts to enhance customer experience. In 2020, the CEO successfully adapted BBY's operations to (cont.)

Figure 2: Totaltech Membership (US$199/year)

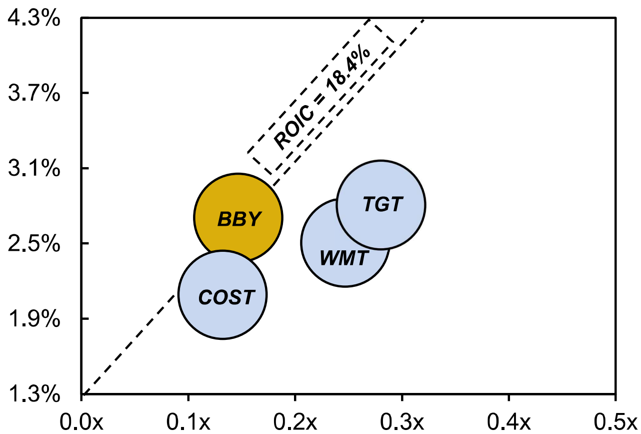
Source: Company Filings

Figure 3: LHS Number of Stores vs RHS NOPAT/sqft



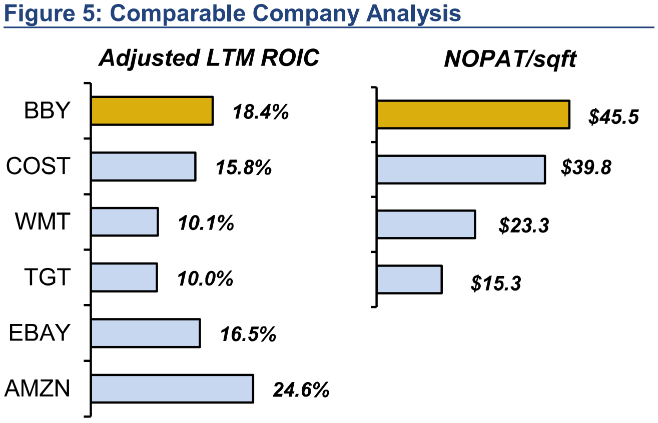
Source: S&P Capital IQ

Figure 4: NOPAT Margin per Investment Capital/Revenue



Source: S&P Capital IQ

Figure 5: Comparable Company Analysis



Source: S&P Capital IQ

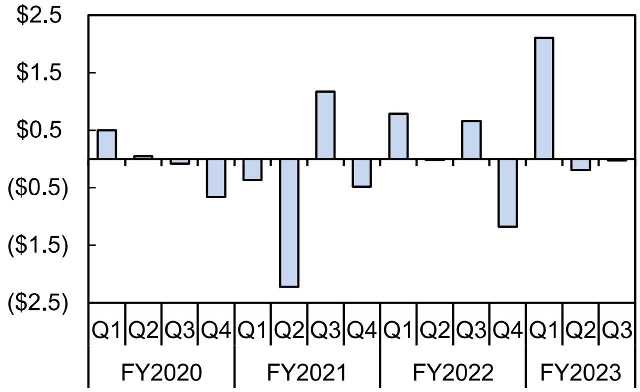
pandemic conditions. Barry pivoted BBY's business model to be exclusively online and introduced curbside pick-up to ensure customer and employee safety. Despite operational challenges, Barry introduced virtual stores and space reallocation which led to repeated record-breaking quarters. In addition, management has implemented two pilot projects in Houston and Charlotte, which have led to meaningful results such as a ~35,000 sqft remodel. The new model offers more premium merchandise and allocates additional space to fulfillment capabilities. In FY2022, management compensation consisted of ~90% and ~74% of at-risk pay for the CEO and NEOs, respectively.

Competitive Advantage: BBY revamped its brick-and-mortar operations, reducing its total store count by 24.4% since 2018 and introducing 42 remodels in 2022. This allowed the Company to optimize its efficiency, increasing NOPAT/sqft at a 7.3% CAGR from 2018 to 2022. BBY's NOPAT margin of 18.4% is greater than the average of its peers with brick-and-mortar locations at 11.9%, while its e-commerce peers AMZN and EBAY have an average NOPAT margin at 20.5%. BBY invests in initiatives to capitalize on its omnichannel model, with its primary initiative being Totaltech. Since its launch in October 2021, the Company has actively enrolled over one million members. As of March 2022, there were 4.6mm members, of which 3.7mm were automatically converted from other programs. Management expects to double the total number of members by the end of FY2025. However, member signups have been below expectations since the beginning of 2022, due to consumer spending and a challenging macroeconomic environment. While subscription services boomed during the pandemic, recent surveys suggest that a subscription apocalypse may be on the horizon; the Kearney Consumer Institute found that more than half of subscribers wanted to reduce their subscription exposure. In inflationary environments, consumers tend to cancel automatic payments when budgeting, causing purchases to be more discretionary. Consequently, the Fund is skeptical of the attractiveness of Totaltech as a growth strategy within management's long-term expectations.

Strong Balance Sheet: BBY has a credit rating of A3 (Stable) from Moody's and a rating of BBB+ (Stable) from S&P Global. BBY has US$1.1B in C&CE and Total Debt of US$4.0B, of which US$0.7B is due within one year. As of FY2022, the Company's US$1.3B revolving credit facility remains undrawn. BBY's total operating lease liabilities were US$2.7B in FY2022, and the Company's Debt/Equity has remained consistent over time, sitting at 1.3x in FQ3 2023. BBY's interest coverage was 71.5x as of FY2022, compared to the peer average of 20.0x. The Company's LTM Net Debt/EBITDA is 1.0x as of Q3 2023, compared to the peer average of 1.5x.

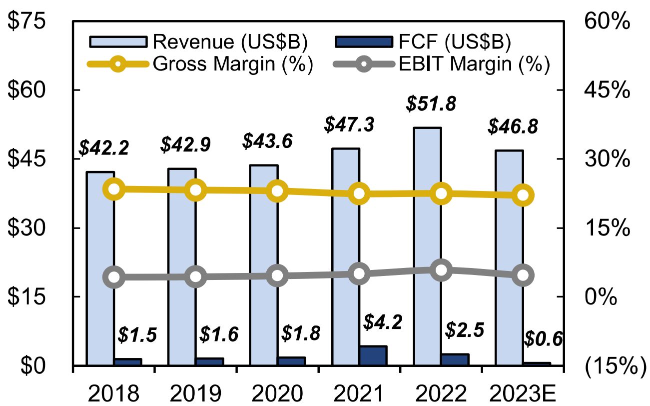
Growing Free Cash Flow: BBY's LTM gross margin and EBITDA margin are 21.5% and 6.2%, respectively, slightly higher than the average of its closest retail peers (WMT, TGT and COST). Over the four-year period of FY2018 to FY2022, BBY had a FCF CAGR of 14.7%. The Company generated US$2.5B FCF in FY2022 and negative US$0.8B FCF YTD, largely due to negative US$1.6B FCF in FQ1 2023 from the repayment of supplier accounts after the holiday season. FY2023E FCF is expected to be positive at US$0.6B and grow to US$1.6B in FY2028E. FY2021 was an outlier year for the Company, as it generated a record US$3.7B in FCF due to changes in working capital collection timing and strong consumer demand for its products during the COVID-19 pandemic. BBY returned a total of US$1.1B YTD to shareholders in the form of share repurchases (US$0.5B) and dividends (US$0.6B), (cont.)

Figure 6: Change in Net Working Capital (US$B)



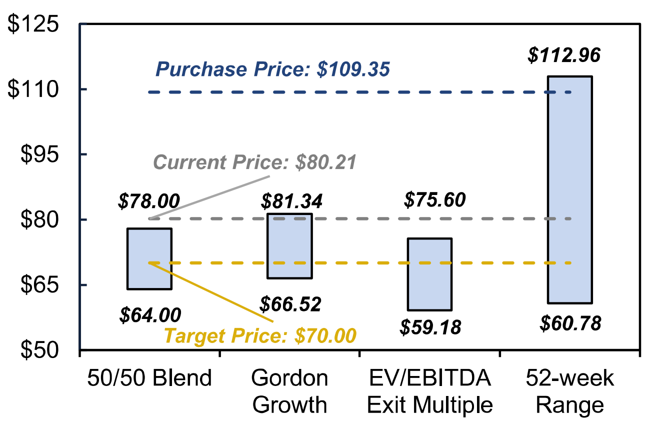
Source: S&P Capital IQ

Figure 7: LHS Revenue & FCF vs RHS Margins



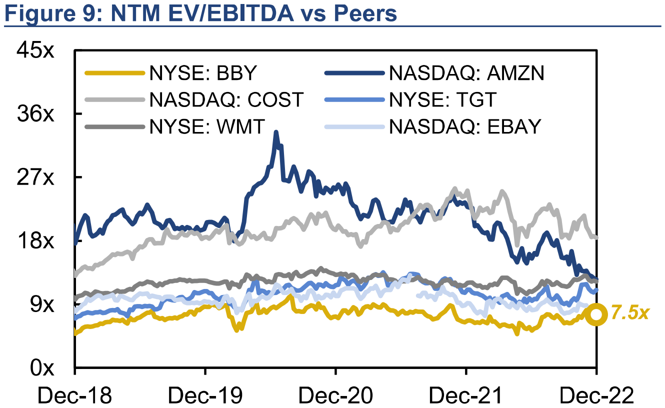
Source: CPMT Estimates, Company Filings

Figure 8: Valuation Football Field (US$)



Source: CPMT Estimates, S&P Capital IQ

Figure 9: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

with FY2023 guidance of US$1.0B in total buybacks. In February 2022, the Board approved a new US$5.0B share repurchase authorization, which has no expiration date.

ESG Initiatives

Environment: BBY is a Green Power Partner (GPP) that has invested in two new solar developments in FY2022, estimated to produce 1.5mm MWh of clean electricity annually. Moreover, BBY's Geek Squad Agents and In-Home Advisors are committed to fleet electrification through Ceres' Corporate Electric Vehicle Alliance, with EV vehicles and chargers scheduled to arrive in FY2023.

Social: The Company supports teens from disinvested communities through its "Best Buy Teen Tech Centers," whereby individuals gain exposure to career opportunities in programming, filmmaking, 3D design, and music production. In 2021, BBY contributed US$5.5mm to support the program, operating 47 tech centers. Moreover, BBY is working with partners to reach 30,000 teens per year by 2025.

Governance: As of 2021, the Company's board structure has 10 of 11 independent directors, five of which are female. Additionally, BBY possesses 36% ethnic diversity among its board members.

Risks

The main risk to BBY's business in the near-term is the effects of a depressed macro environment outlook that may limit management's ability to fully realize its growth strategies. Although supply chain concerns have generally eased from stabilized fuel costs and relief at U.S. ports, the CE industry continues to be affected by inventory constraints primarily within computing and gaming products. Another risk to BBY is the threat of substitution from broader retailers and e-commerce businesses. As BBY continues to optimize its store base and increase its percentage of online sales, it will likely face heightened competition in the e-commerce space, further limiting margin upside potential. Another risk to BBY is the success of its current investment into TotalTech, which has seen slower than expected growth over the past year, mainly due to a challenging macroeconomic environment.

Valuation and Investment Thesis

BBY was valued using a five-year DCF analysis with a WACC of 9.6%. The intrinsic value of US$70 was derived using a 50/50 blend of (1) the Gordon Growth method (assuming a terminal growth rate of 1.5%), and (2) an EV/EBITDA exit multiple of 6.5x, implying a negative implied discount of 12.7%.

The CPMT entered a position in BBY in March 2022 due to its dominant presence in the CE industry and competitive ranking within the broader retail and e-commerce space. The CPMT considered the name undervalued and that the capitalization of BBY's omnichannel strategy through its Totaltech membership would create a new reliable growth opportunity. While BBY certainly has a strong balance sheet and a quality management team, the CPMT has concerns over BBY's ability to attract new members and maintain customer loyalty through its Totaltech membership. As the economy moves to an environment characterized by pricing pressures and lower discretionary spending, the Fund is skeptical of BBY's ability to generate substantial margin accretion and FCF growth long-term. The Fund believes that these macroeconomic factors have been priced in, and that there is little potential for upside in BBY. The Fund will divest the name and is confident in its remaining consumer discretionary names to curtail the anticipated macroeconomic headwinds in 2023.

Brookfield Corporation

Financials
TSX: BN | NYSE: BN
Market Outperform | Hold

Brookfield

Calgary Portfolio Management Trust

December 31, 2022

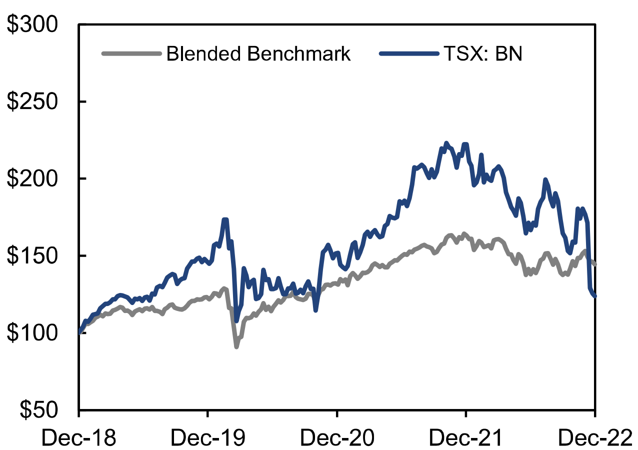
Noor Azeem, Portfolio Manager
Luke Frame, Investment Analyst

Return on Investment	
Current Share Price	$42.58
Intrinsic Value	$60.00
Dividend Yield	N/A
Implied Discount	41%
Conviction Rating	2

Market Profile	
52-Week Range	$41.40 - $64.07
Market Capitalization ($mm)	$73,281
Net Debt, PF, & NCI ($mm)	$401,239
Enterprise Value ($mm)	$474,520
Beta (5-Year Monthly)	1.28

Metrics	2022E	2023E	2024E
Revenue ($mm)	$121,980	$122,678	$123,088
FFO ($mm)	$8,011	$8,988	$9,540
FFO/Share	$4.81	$5.39	$5.72

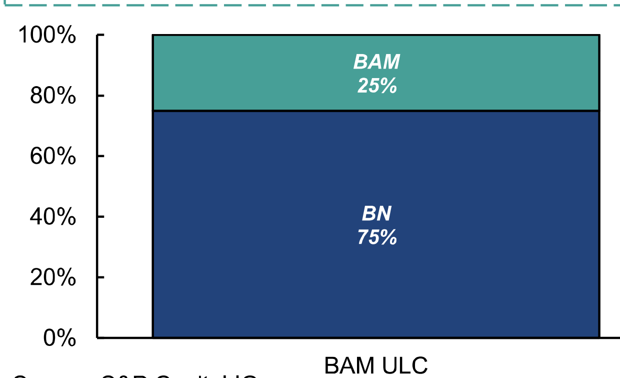
Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: BAM ULC Asset Management Ownership Split

BN holds 75% of BAM ULC, the asset management operating entity, while the new BAM owns the remaining 25%, acting as a pure-play asset management entity



Source: S&P Capital IQ

The Original Brookfield Asset Management

The original Brookfield Asset Management ("Old BAM") spun off its asset management division and ownership interest in Oaktree Capital Management into an operating entity, BAM ULC, upon receiving unanimous approval from its Board on September 23, 2022. It now operates as Brookfield Corporation (TSX: BN), which holds 75% of BAM ULC.

BN operates as an alternative asset manager with over US$750B AUM highly diversified across the renewables, infrastructure, private equity, real estate, and credit industries. The Company provides investors with a diverse product mix of private and public funds with exposure to each individual asset class through its publicly traded subsidiaries: TSX: BEP.UN, TSX: BIP.UN, and TSX: BAMR. The Company's strong operational expertise in over 30 countries underpins its international growth and targeted returns of 12-15% over the long-term while its diversified operations reduce idiosyncratic risk.

Spin-off Overview

BAM ULC functions as the underlying operating company of Old BAM's asset management operations and 64% stake in Oaktree. 25% of this entity has been spun off into the new Brookfield Asset Management, a pure-play alternative asset manager, which began trading under the "BAM" ticker on the NYSE and TSX on December 12, 2022. The original company, with 25% of its asset management segment spun off, is now Brookfield Corporation.

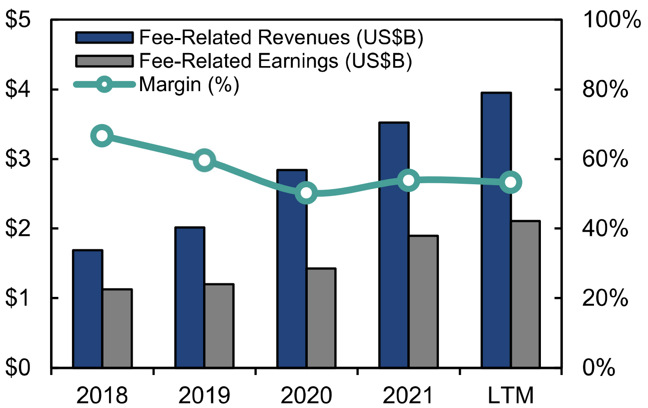
Structure: Subsequent to the resumption of trading, class A shareholders of Old BAM received shares in the spun-off entity at a ratio of 1:4, with residual (fractional) shares paid out as cash. The distribution occurred on a tax-free basis for U.S. and Canadian shareholders. BN will retain 100% of carried interest on existing funds and 1/3 on funds created in BAM ULC going forward.

Rationale: In recognition of a market that prioritizes asset-light operations, New BAM's pure-play operations are well-positioned to benefit from increased investor interest. The spin-off was likely prompted by management's belief in the tendency of markets to value diversified businesses at less than the sum of its parts. The spin-off provides the potential to increase valuation to trade in-line with peers, as it attracts new investors interested in pure exposure to its asset-light model of operations. Additionally, it establishes the firm as a more attractive buyer of alternative asset management operations, given its pure-play nature.

Mandate Fit

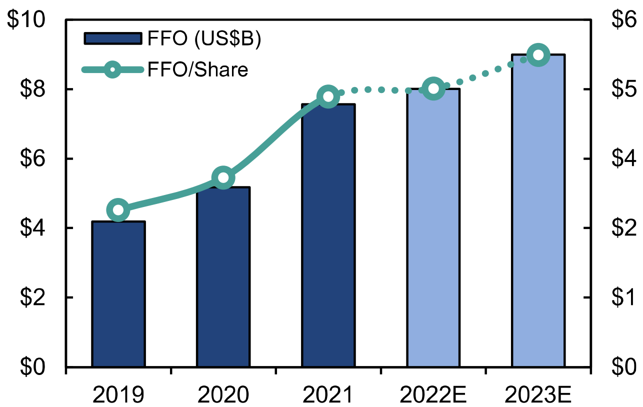
Quality Management: Bruce Flatt is maintaining his position as CEO in both legacy BN and the newly spun-off BAM. The CPMT has a positive view on his continued leadership given his strong execution in previous years with a focus on enhancing shareholder value. Over the past five years, BN has boasted an average ROE of 6.07% and increased its annual dividend from $0.40 to $0.55 per share. Moving forward, BN plans to distribute quarterly dividends of $0.07 per share, which in combination with an anticipated variable dividend paid by New BAM, will provide investors with a payout in-line with pre-spin levels.

Figure 2: LHS Fee-Related Flows vs RHS Earnings Margin



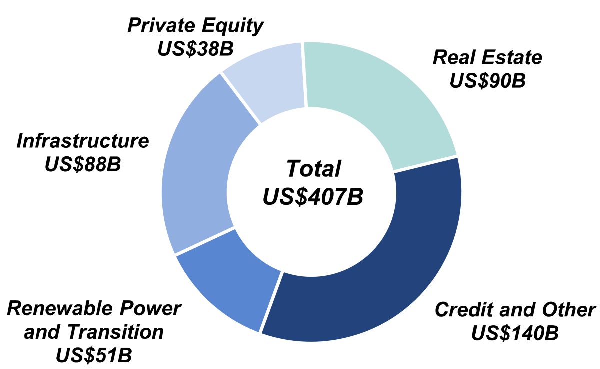
Source: Company Filings

Figure 3: LHS FFO Growth vs RHS FFO per Share



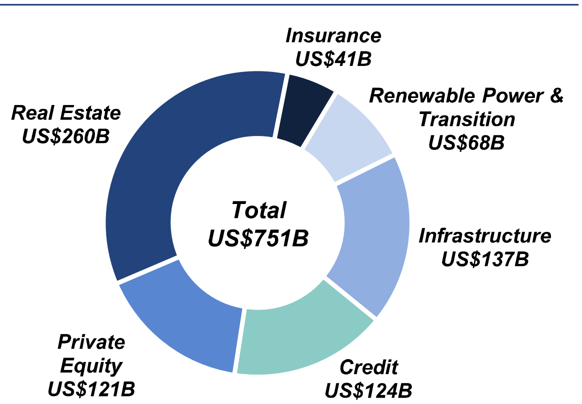
Source: Company Filings

Figure 4: Fee-Bearing Capital Diversification



Source: Company Filings

Figure 5: Total AUM Diversification



Source: Company Filings

Competitive Advantage: BN has demonstrated strong deal-sourcing capabilities and strategic flexibility in its operating platform. This, in addition to its extensive network of government, partner, and stakeholder relationships, allows it to access a wide range of investment opportunities out of reach for competitor asset managers. BN's global presence and diversified portfolio mix help reduce idiosyncratic risk and provide unique insight into economic fluctuations, easing the Company's selection process for allocating exposure to specific trends. BN's portfolio consists of long-duration assets with stable cash flows secured through contracts in industries with significantly high barriers to entry. The Company's long-standing track record of intrinsic growth through optimized asset procurement and operational expertise further sets it apart from industry peers.

Strong Balance Sheet: As of Q3 2022, BN had US$205B of total debt, with only 6% having recourse to the Company and US$178B attributable to property-specific borrowings. In the same period, BN had US$419B of total assets equating to a debt-to-asset ratio of 0.5x. The Company's leverage deployment has allowed it to preserve capital and maintain returns throughout economic downturns. With US$28B in cash and US$8B undrawn from its credit facilities, BN has increased its core liquidity to US$36B in Q3 2022, an increase of >100% YoY. The rise in BN's core liquidity provides ample dry powder to fund future transactions and capitalize on investment opportunities.

Growing Free Cash Flow: Over the last 12 months to Q3 2022, BN generated funds from operations of US$6.2B, compared to US$7.6B in FY2021. The decline was primarily related to an additional ~US$0.5B of interest expenses on increased debt levels from recent acquisitions. Over the same period, the Company increased its distributable earnings net of realizations to US$5.0B reflecting a 16% CAGR since FY2018. The two sources of the Company's LTM gross distributable earnings are fee-related earnings (~45%) and distributions from investments (~55%). The CPMT views this breakdown as favourable as it enables relatively equal exposure to cash flows supported by long-term, perpetual contract agreements, and high-quality operating assets.

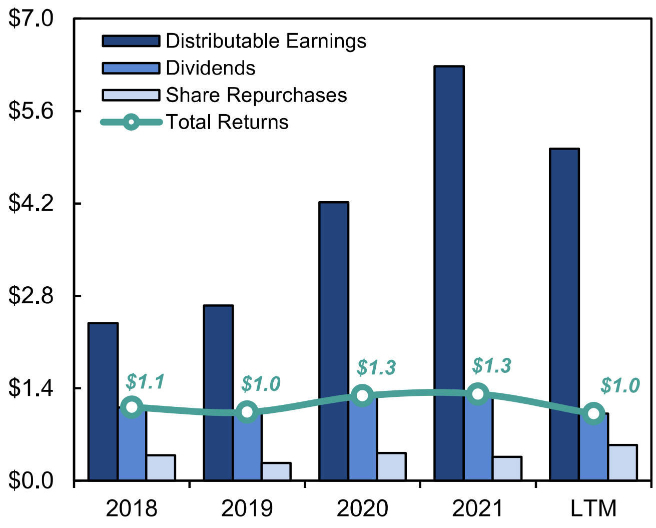
Risks

Global headwinds from the COVID-19 pandemic have resulted in a high interest rate environment accompanied by recessionary fears pointing toward a weakened fundraising outlook in the coming year. Although the value of BN's real assets typically increase during inflationary periods, high interest rates could expose the Company to diminishing future cash flows generated by its long-life assets. Furthermore, should volatility and unfavourable conditions prevail in public markets, BN may be faced limited fee-related earnings growth, primarily driven by lower asset management fees.

Original Investment Thesis

The CPMT's original investment thesis prior to BN's restructuring stemmed from the Company's experienced management team with a proven track record of operational success and a focus on shareholder value creation. The Company's diversified portfolio of assets and disciplined approach to capital investment provided a stable platform for growth. In addition, market-wide interest in and capital allocation to real asset classes had been increasing, which left BN well-positioned to benefit through its industry-leading operational and investment capabilities. The Fund believed that BN was an attractive long-term investment that provided a differentiated, diversified, and steady source of returns.

Figure 6: Distributable Earnings & Returns (US$B)



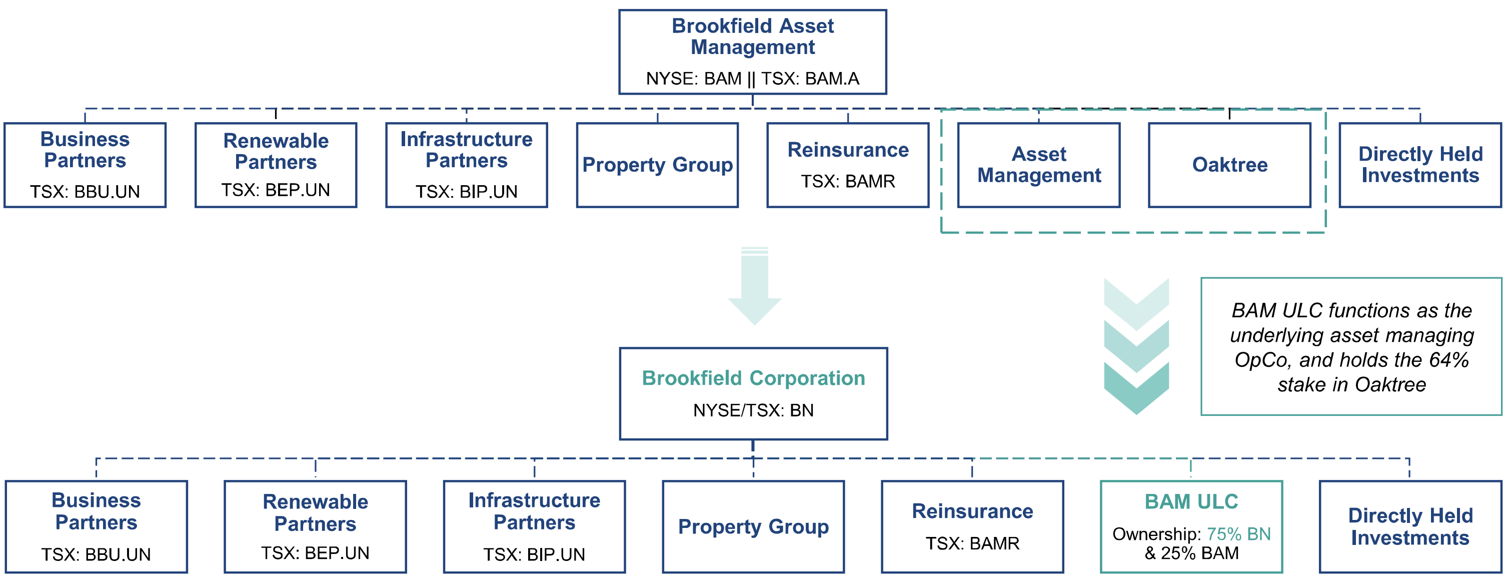
Source: Company Filings

Brookfield Corporation Investment Thesis

BN: The Fund is confident in BN's ability to execute upon attractive investment opportunities to drive future growth, given its strong track record and ample cash-on-hand (US$124B). Its broad investment portfolio, consistent long-term returns, operational flexibility, and deal sourcing capabilities instill confidence in its ability to generate returns for investors. The CPMT arrived at an intrinsic value of $60 through a sum-of-parts NAV analysis, implying a 41% discount to its price at year-end.

BAM: The spun-off entity provides direct exposure to private/alternative asset management operations. The Fund views BAM as an attractive investment opportunity given its expected fee-related earnings multiple expansion driven by realized valuation post-split and increased investor interest in its asset-light operations. Furthermore, BAM's 90.0% dividend payout policy on distributable earnings implies a 4.4% dividend yield in 2023E. The CPMT will conduct further due diligence on BN and BAM to determine a balanced position between the two names with optimal exposure to heavy and light asset operations.

Figure 7: BN Organizational Structure Transformation



Source: Company Filings

Figure 8: BN Comparable Analysis

	Company Metrics			P/E		P/BV		Margin Analysis		Leverage	
(all figures in US$, unless noted otherwise)	Price	Mkt Cap	AUM[2]	LTM	2023E	LTM	2023E	Profit	Operating	ND /EBITDA	Int. Coverage
COMPANY	*($/sh)*	*($mm)*	*($B)*	*(x)*	*(x)*	*(x)*	*(x)*	*(%)*	*(%)*	*(x)*	*(x)*
Peers											
Blackrock	$708.63	$106,433	$8,594	19.5x	20.4x	2.9x	2.7x	29.8%	28.5%	0.3x	32.5x
Blackstone Group	$74.19	$52,065	$975	21.1x	14.5x	6.9x	7.7x	21.9%	43.9%	0.8x	32.8x
KKR & Co	$46.42	$39,973	$496	(65.0x)	11.0x	2.4x	1.5x	(5.7%)	(2.0%)	3.8x	3.8x
Franklin Resources	$26.38	$13,197	$1,297	10.4x	10.6x	1.1x	1.1x	15.6%	16.1%	(0.1x)	24.7x
Ares Management	$68.44	$12,108	$341	76.2x	16.9x	8.0x	5.7x	5.1%	12.0%	12.9x	2.3x
Carlyle Group	$40.39	$14,685	$369	6.2x	7.8x	1.8x	2.0x	30.5%	31.2%	2.4x	9.3x
Average				**11.4x**	**13.5x**	**3.9x**	**3.4x**	**16.2%**	**21.6%**	**3.3x**	**17.6x**
Median				**15.0x**	**12.8x**	**2.7x**	**2.3x**	**18.8%**	**22.3%**	**1.6x**	**17.0x**
Brookfield Corp[1]	**$42.58**	**$67,022**	**$762**	**15.0x**	**8.9x**	**1.2x**	**1.1x**	**3.7%**	**9.2%**	**8.1x**	**2.5x**

Source: S&P Capital IQ. Notes: (1) TSX: BN share price and market capitalization listed in CAD. (2) AUM expressed as LTM values.

Enbridge

Energy
TSX: ENB | NYSE: ENB
Market Perform | Hold

December 31, 2022

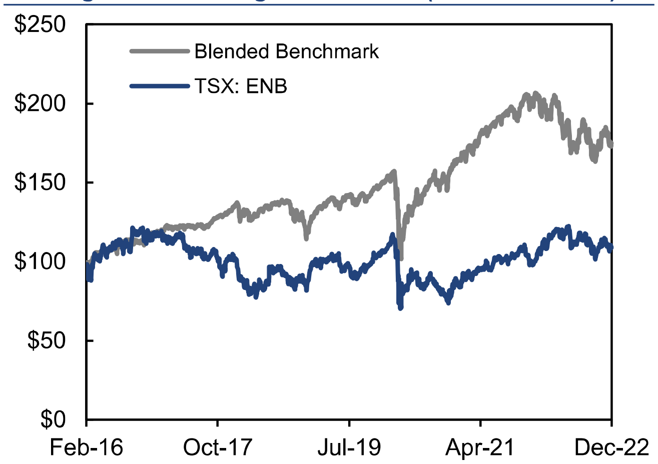
Eric Xiao, Portfolio Manager
Karlen Slater, Portfolio Manager
Raunak Sandhu, Investment Analyst
Ryan Crisalli, Investment Analyst

Return on Investment	
Current Share Price	$52.92
Intrinsic Value	$53.00
Dividend Yield	6.7%
Implied Discount	0%
Conviction Rating	2

Market Profile	
52-Week Range	$49.26 - $59.55
Market Capitalization	$107,153
Net Debt, PF, & NCI	$90,613
Enterprise Value	$197,766
Beta (5-Year Monthly)	0.91

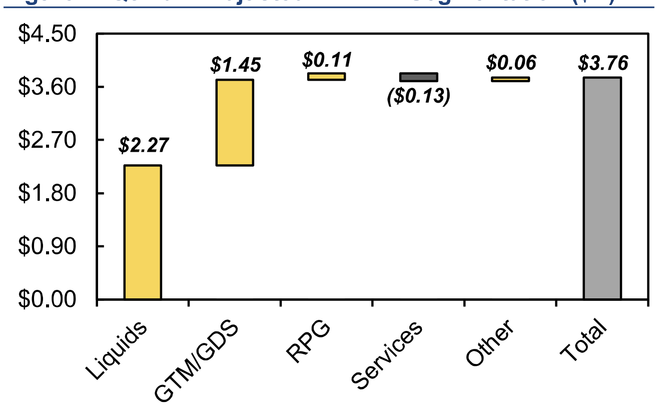
Metrics	2022E	2023E	2024E
Revenue ($mm)	$49,962	$52,036	$53,597
EBITDA ($mm)	$15,712	$16,232	$16,559
Dividend per Share ($/share)	$3.44	$3.55	$3.66
EV/EBITDA	12.6x	12.2x	11.9x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Q3 2022 Adjusted EBITDA Segmentation ($B)



Source: Company Filings

Investment Thesis Summary

The CPMT remains convicted on ENB due to its low-risk business model offering a utility-like cash flow profile, in addition to its capital allocation strategy which prioritizes balance sheet strength and a sustainable and growing dividend. ENB's existing liquids and gas assets offers steady base cashflows while renewable investments, smaller-scale hydrogen, renewable natural gas (RNG), and carbon capture, utilization, and storage (CCUS) investments offer growth and a portfolio-wide low-carbon strategy.

Business Description

Enbridge (TSX: ENB) is a North American energy infrastructure company with core operations consisting of five segments: Liquids Pipelines, Gas Transmission and Midstream (GTM), Gas Distribution and Storage (GDS), Renewable Power Generation (RPG), and Energy Services. ENB owns and operates the world's longest and most complex crude oil and liquids transportation system, moving ~30% of the crude oil produced in North America and ~65% of U.S. bound Canadian exports. The Company also transports ~20% of natural gas consumption in the U.S. through its natural gas pipeline network. Notably, ENB also has a diversified portfolio of renewable energy projects with a total net generation capacity of 2,315 MW, making it one of the largest renewable energy companies in Canada.

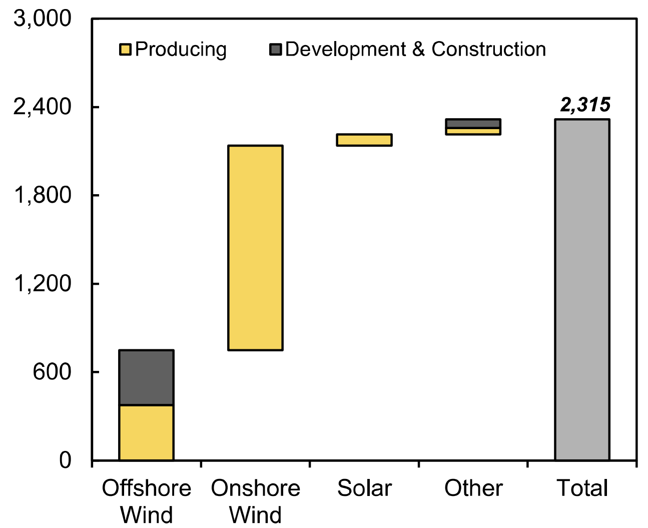
Industry Overview and Competitive Landscape

Within the energy infrastructure industry, ENB's peer group consists of pipeline and midstream companies based in Canada (TSX: ALA, GEI, KEY, PPL, TWM, TRP) and in the U.S. (NASDAQ: PAA; NYSE: EPD, KMI, MMP, TRGP, WMB). In 2020, rapid declines in fuel consumption due to COVID-19 caused large cuts to refinery and crude oil production, resulting in significant decreases in transport volumes and asset utilization rates for midstream operators. Throughout 2021 and 2022, strong but volatile commodity prices were prevalent due to the COVID-19 recovery and ongoing Russia-Ukraine conflicts which led to increased demand and asset utilization of energy infrastructure globally. Two notable risks the industry faces in future growth are high interest rates and inflation. The current inflationary environment has impacted the capital budgeting process, but both new and expansionary projects from companies are still being announced. Government regulation, such as the Inflation Reduction Act in the U.S., has propelled project growth, specifically within the energy transition sector. This push has provided infrastructure companies with both an opportunity and a challenge. From an opportunity standpoint, the increased demand for natural gas, carbon capture, and renewable-related infrastructure is a tailwind for the industry. Challenges posed by the energy transition include the future use of existing infrastructure, as long-term oil demand is expected to slow and existing refineries may look to convert into renewable refineries.

Mandate Fit

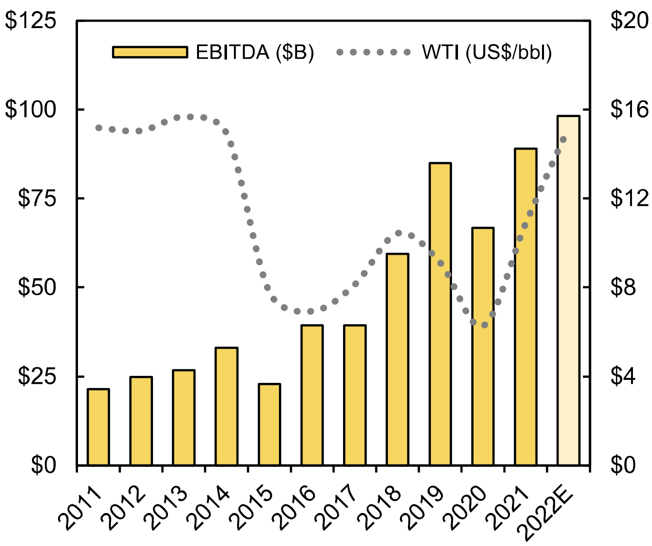
Quality Management: The CPMT favours management's focus on divesting lower quality assets to secure utility-like return projects across North America. The Company has also been committed to returning capital to shareholders through consistent (cont.)

Figure 2: Renewables Net Capacity Breakdown (MW)



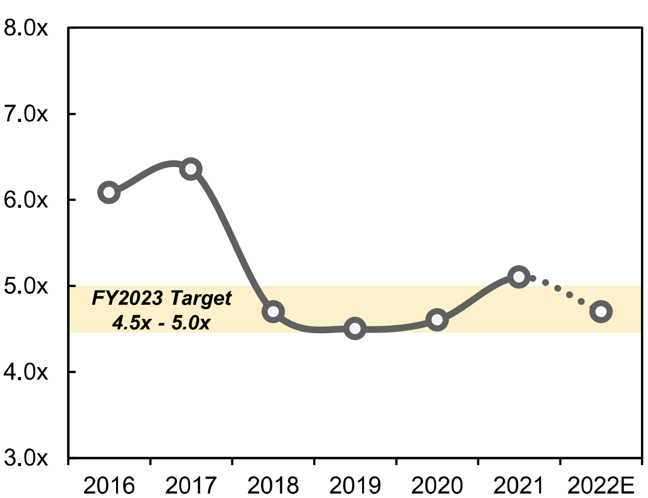
Source: Company Filings

Figure 3: LHS Average WTI vs RHS EBITDA



Source: Company Filings, CPMT Estimates, EIA

Figure 4: LTM Debt/EBITDA



Source: Company Filings

dividend increases, while also building $17B in its secured capital program. This program enables up to $6B per year of organic growth capital, from 2022 to 2024. Management has outlined two major ESG targets: (1) net zero carbon by 2050 on Scope 1 and 2 emissions, and (2) reduce its carbon emissions by 35% by 2030 from 2018 levels. In addition, ENB is transitioning Greg Ebel (current Board Chair) to CEO following the retirement of Al Monaco. Furthermore, management has remained committed to its strategic plan of balancing growth for conventional and lower-carbon platforms while supporting energy transition initiatives.

Competitive Advantage: ENB stands out among Midstream operators with a low-risk profile and a premier portfolio of North American assets. Its Mainline system controls over 70% of Canada's takeaway capacity and is an integral connectivity platform for the Canadian heavy oil supply with both USGC and captive Midwest refiners. While the Mainline is a common carrier pipeline, meaning no firm contract commitment, it has historically been highly utilized (~90%). ENB's other assets such as regional oil sands and North American natural gas pipelines also retain long-term contracts, typically ranging from 10-30 years, with 95% of the capacity held by investment-grade counterparties, ensuring secured cashflows.

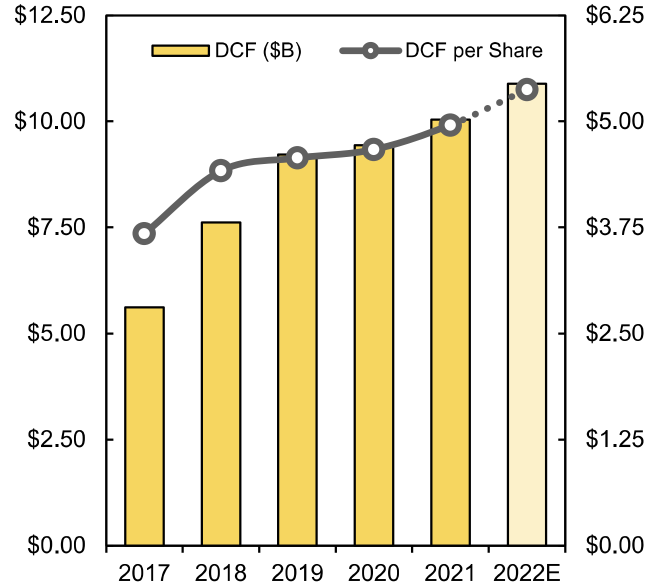
Strong Balance Sheet: ENB has a strong balance sheet, exhibited by its LTM Debt/EBITDA ratio of 4.9x, which has contributed to its ability to generate stable and growing FCF. ENB has a credit rating of BBB+ from Standard & Poor's and Baa1 from Moody's. The Company has adequate liquidity with $7.1B available out of approximately $23.2B committed under its revolving credit facilities. Futhermore, ENB has a proven track record of balance sheet-protective capital reallocation strategies, having recycled $2.8B of capital since 2021.

Growing Free Cash Flow: ENB has experienced strong growth in its FCF this year, due to strong operational performance, achieving returns in-line with pre-pandemic levels. In the LTM, the Company's FCF was approximately $4.4B, representing an increase of 106% YoY. Distributable cash flow (DCF) per share is expected to be in the range of $5.20 to $5.50 for FY2022 and ENB guidance suggests that it will increase to the range of $5.25 to $5.65 for FY2023. In December 2022, ENB also announced a ~3% increase in its quarterly dividend, resulting in a dividend per share of $0.89. Over the past 28 years, ENB's dividend has grown at a CAGR of 10%. ENB has also been successful in acquiring complementary assets such as Tri Global Energy in late 2022, which has helped to diversify its revenue streams and increase its scale.

Strategic Outlook

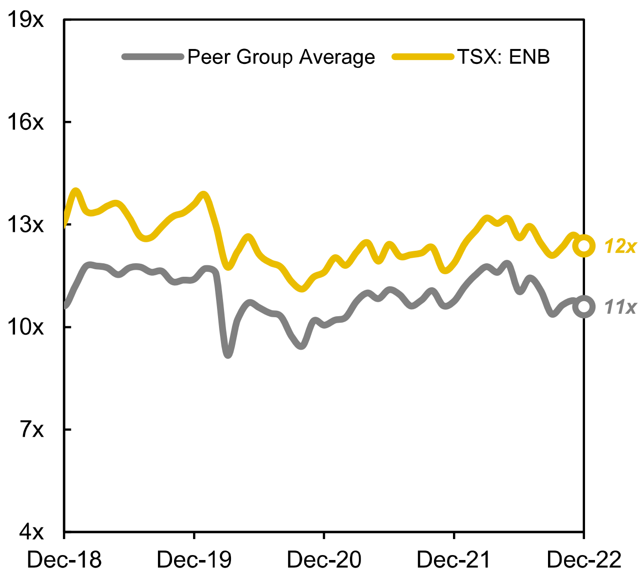
The Company has been focused on strengthening its core business operations through the investment in system modernization throughout each operating segments to boost productivity. In addition, ENB looks to shift the contracting of the Mainline system. The Company is looking to move away from its current uncontracted monthly nomination system to long-term contracts in order to lock in capacity. Overall, ENB plans to invest ~$3 - 4B annually across its existing portfolio, with total spending in 2023 expected to be $6B. Spending will also be focused on new opportunities in renewable natural gas, hydrogen, CCUS, and wind projects. The Company has also been lowering costs through increased supply chain efficiencies and power optimization efforts. Furthermore, ENB is seeking to move forward with a dual-pronged strategy that focuses on conventional and low-carbon growth opportunities. Conventional growth has been showcased through the Company's (cont.)

Figure 5: LHS DCF vs RHS DCF per Share



Source: Company Filings, Street Research

Figure 6: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

USGC build-out with a 2 mmbbl expansion at EIEC and increased interest in the Gray Oak pipeline (now 59%) and Cactus II pipeline. Furthermore, ENB's Woodfibre LNG investment, T-South, and USGC export expansion highlight key initiatives toward the Company's committed low-carbon strategy.

Valuation

The CPMT valued ENB through applying a 13.0x EV/EBITDA multiple to 2023E EBITDA of $16.2B. Using a WACC of 6.3%, the resulting intrinsic value was $53. ENB's dividend yield of 6.7% remains at the upper-end of peers and is a compelling feature of the holding as it has the highest dividend yield in the CPMT portfolio. ENB has historically traded at a premium to peers, which the Fund believes is warranted given ENB's track record of project execution, M&A integration, and stable contracted cash flows.

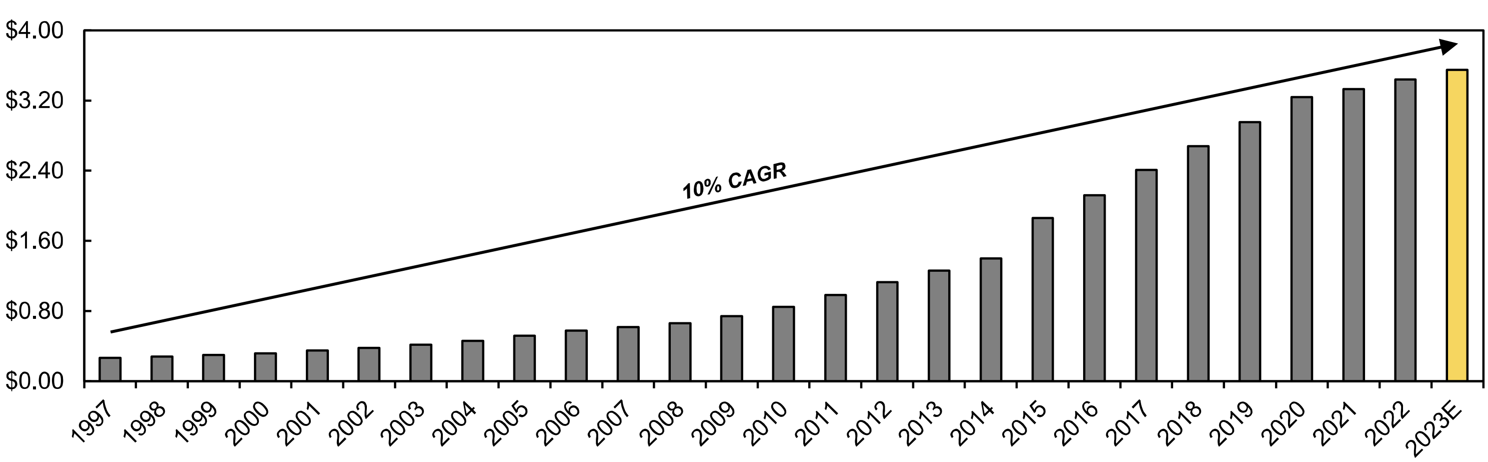
Revised Investment Thesis

The CPMT remains convicted on ENB due to its highly contracted oligopolistic core assets (98% of EBITDA is cost-of-service/contracted) and prudent capital allocation. Balance sheet strength is prioritized through capital recycling and an excess ~$2B of annual investable capacity (5 - $6B total) allocated toward debt reduction, additional organic growth, and share repurchases. This highly flexible capital allocation plan was rounded out by $7B in dividends paid in 2022, which has grown at a 10% CAGR over the past 28 years. Overall, ENB presents itself as a sustainable investment opportunity offering exposure to higher-growth energy verticals. Despite trading at fair value, the CPMT is comfortable returning the Company's cost of equity (~8%) given the Fund's favourable view towards its low-risk, consistent cash flow generation, strong balance sheet, and flexible approach to capital allocation.

The CPMT will monitor major investment progress, particularly the $6.3B in B.C. Gas Transmission developments offering exposure to Asian LNG demand through favourable West Coast economics, and the Wabamun Carbon Hub boasting 4 $MtCO_2$ of carbon capture and storage capacity.

ENB is currently undergoing contract negotiations to switch the Mainline system to a new structure of either (1) an incentive toll framework, or (2) cost of service. The Company is pushing towards an incentive tolling agreement, offering toll stability to shippers while exposing ENB to incremental upside. However, a transition to a cost-of-service agreement will still generate sufficient returns and offer volume-related downside protection. In either case, the Fund is comfortable with the outcome.

Figure 7: Dividend per Share



Source: Company Filings, S&P Capital IQ

Southwestern Energy

Energy
NYSE: SWN
Market Outperform | No Action

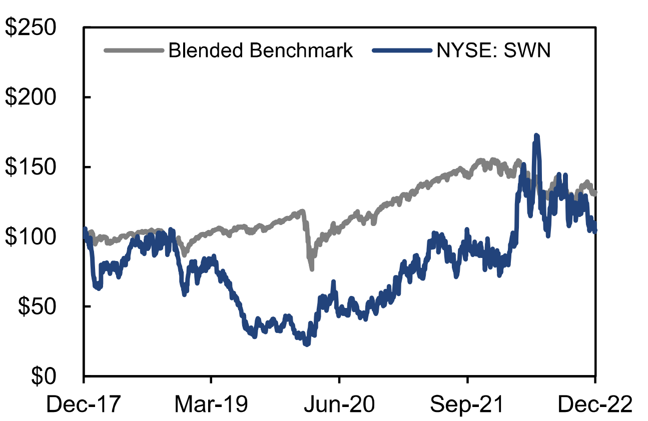
December 31, 2022	
Jeevan Gill, Investment Analyst	
Joel Homersham, Investment Analyst	

Return on Investment	
Current Share Price	$5.85
Intrinsic Value	$7.85
Dividend Yield	N/A
Implied Discount	34%
Conviction Rating	1

Market Profile	
52-Week Range	$3.81 - $9.87
Market Capitalization (US$mm)	$6,455
Net Debt (US$mm)	$5,030
Enterprise Value (US$mm)	$11,485
Beta (5-Year Monthly)	1.23

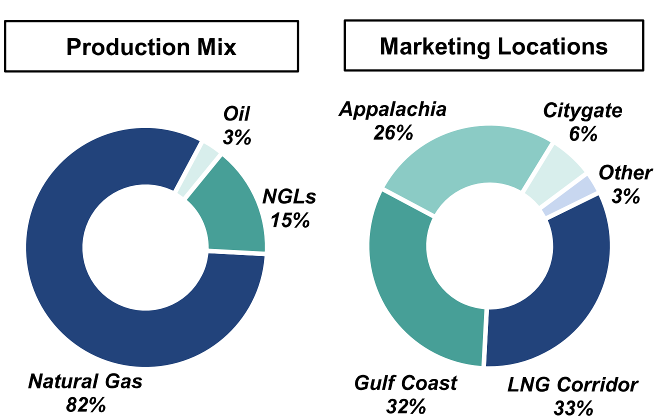
Metrics	2021A	2022E	2023E
Revenue (US$mm)	$6,667	$13,777	$11,146
Production (Bcfe)	1,240	1,735	1,719
DACF (US$mm)	$1,708	$3,032	$3,822
EV/DACF	5.4x	3.8x	3.0x

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Production & Marketing Overview (Q3 2022)



Source: Company Filings

Business Description

Southwestern Energy (NYSE: SWN) is an independent oil and gas producer in the U.S. focused on the exploration, development, production, and marketing of natural gas, natural gas liquids (NGLs), and oil. The Company's exploration assets are situated in the Appalachia and Haynesville natural gas basins in the eastern U.S. SWN is focused on developing natural gas reservoirs in the Marcellus Shale, Utica, and Upper Devonian formations in Pennsylvania, West Virginia, and Ohio, as well as the Haynesville and Bossier reservoirs in Louisiana. SWN achieved total production of 4.2 Bcfe/d in 2021, and is expected to produce 4.8 Bcfe/d in 2022, making it the largest dual-basin natural gas producer in the U.S.

Industry Overview

During the "Shale Boom" era, U.S. independent exploration and production (E&P) companies undertook a strategy of de-risking emerging plays, growing production to achieve economies of scale, and seeking exits through M&A or IPOs. The aggressive capital expenditure and leverage required to finance this strategy led to the depletion of tier 1 drilling locations in key plays such as the Bakken, Marcellus, and Permian. Previously, U.S. E&Ps quickly developed acreages solely for midstream access, causing bottlenecks that forced management teams to select tier 2 locations with uncertain drilling results in order to fulfill its take-or-pay obligations. This strategy, in part, triggered a wave of bankruptcies and damaged investor sentiment toward the industry.

In the current environment, independent E&Ps are focused on creating value through sustainable production growth, improved marketing opportunities, and return of capital to shareholders. Rather than focus on top-line growth, E&Ps are now utilizing FCF for accretive acquisitions to bolster tier 1 drilling inventory and developing relationships with LNG exporters to improve realized pricing. Another key theme is improving netbacks through cost reduction at the G&A level alongside holding a dominant land position to improve pricing power with energy services companies.

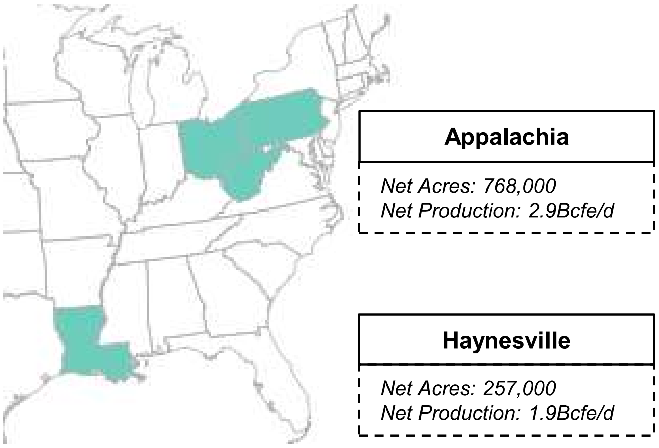
In the current interest rate environment, E&Ps with ample FCF, high netbacks, and access to global natural gas markets are preferred by the CPMT given its ability to return additional value to shareholders.

Regional & Global Natural Gas Pricing

Regional Pricing: Natural gas pricing across the U.S. varies at different hubs based on various market factors. Demand-based factors include weather, population density, and storage capacity. On the supply side, pipeline capacity and production are key drivers of pricing. Markets in the Northeast and Midwest such as Chicago Citygate and Dominion trade at a premium to Henry Hub given their high population density relative to the amount of gas produced.

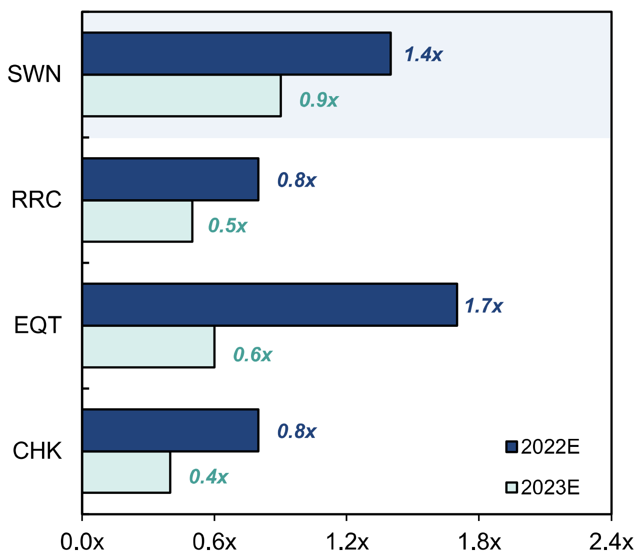
Global Pricing: Liquified Natural Gas (LNG) is shipped from exporting countries such as the U.S., Qatar, and Australia to importing nations in Europe and Asia. Importing nations often lack domestic gas production and thus pay a significant premium to North American prices, affording producers and shippers the opportunity to access new markets. In 2022, U.S. LNG exports averaged ~US$13/Mcf representing a ~$9 premium to Henry Hub.

Figure 2: Core Areas and Land Position



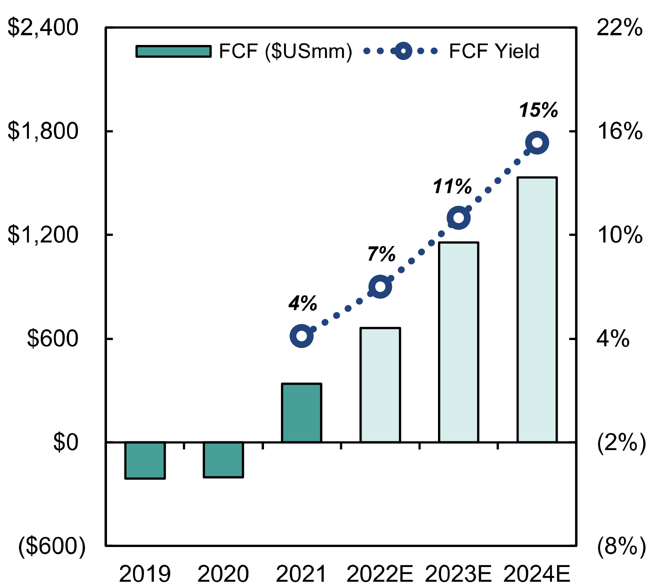
Source: Company Filings

Figure 3: LTM Net Debt/Cash Flow vs Peers



Source: Company Filings, Street Research

Figure 4: LHS FCF vs RHS FCF Yield



Source: S&P Capital IQ, Street Research

Mandate Fit

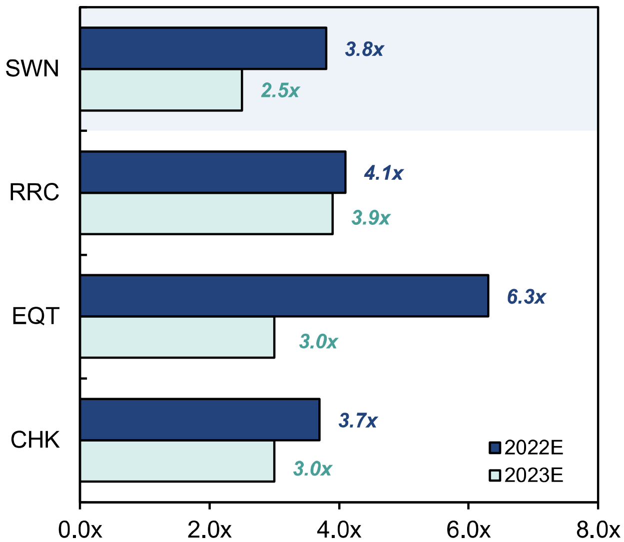
Quality Management: SWN's management team has extensive industry experience, and the Company's Board of Directors is composed of 89% independent members. SWN is led by President and CEO William J. Way, who brings unique LNG focused experience as he previously headed the comparable division at ConocoPhillips (NYSE: COP). Way has been with the Company since 2011 where he served as Executive Vice-President and COO. SWN's other NEOs have tangible experience managing and divesting E&Ps including ARCO Oil & Gas, Jones Energy I & II, EP Energy, and Sandridge Energy. The majority of executive compensation is at-risk with all NEOs having >80% deferred pay tied to corporate performance.

Competitive Advantage: SWN's competitive advantage lies within its access to premium natural gas pricing domestically and abroad given its leading transport margins while providing predictable drilling results through developing its existing tier 1 inventory. In 2021, SWN acquired Indigo Natural Resources and GEP Haynesville to expand its land positions in the Appalachia and Haynesville basins, allowing for marketing optionality as the Company is not limited to a single geography. Additionally, SWN possesses production capacity significantly higher than peers as the two acquisitions in 2021 have solidified the Company as the largest dual-basin natural gas producer in the U.S. As such, SWN can leverage its scale to capture additional market share in its operating regions. The Company will also have increased pipeline capacity in the Appalachia through the Mountain Valley Pipeline (MVP) and a 6 Bcf/d increase to Haynesville midstream infrastructure to support LNG demand, to which the Company has already secured capacity. As an established supplier to the Gulf Coast and LNG corridor, SWN is positioned to supply a material portion of the ~19 Bcf/d of expected LNG export capacity backstopped by 20+ years of inventory in the Haynesville and transportation opportunities from its Appalachia assets.

Strong Balance Sheet: SWN has been focused on reducing its debt levels to pave the way toward an investment grade credit rating. The Company has a BB+, Ba1, and BB+ credit rating from S&P, Moody's, and Fitch, respectively. SWN has a stable outlook and is one increase away from an investment grade rating by all three major credit rating agencies. SWN is significantly more levered than other mid-sized E&Ps, with a Net Debt/EBITDA ratio of 1.8x compared to its peer median of 0.8x. The Company's current capital structure is a result of the transformative acquisitions of Indigo Natural Resources and GEP Haynesville in 2021 that unlocked increased production capacity in the Haynesville basin. SWN reduced its leverage by US$0.2B in Q3 2022 and is expected to reach its target net debt level of US$3.5B by YE2022. The Company's rationale to deleverage involves a two-pronged approach. First, SWN's management has outlined its preference to reduce share price volatility. Second, the Company wants to reduce its operating leverage to expand its opportunity set and reduce the risk of bankruptcy through limited interest coverage. The Company has no significant debt maturities until 2027 and can repay immaterial short-term maturities with FCF rather than refinancing in an unfavorable interest rate environment. SWN currently has ~62% of gas production hedged to enhance earnings predictability for creditors and provide clarity in corporate planning.

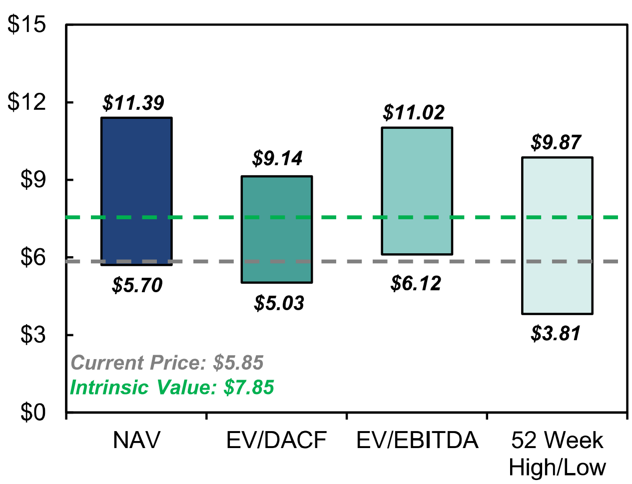
Growing Free Cash Flow: Following years of lower commodity prices and cost reduction initiatives, SWN is poised to generate FCF driven by stronger natural gas pricing and the development (cont.)

Figure 5: EV/DACF vs Peers



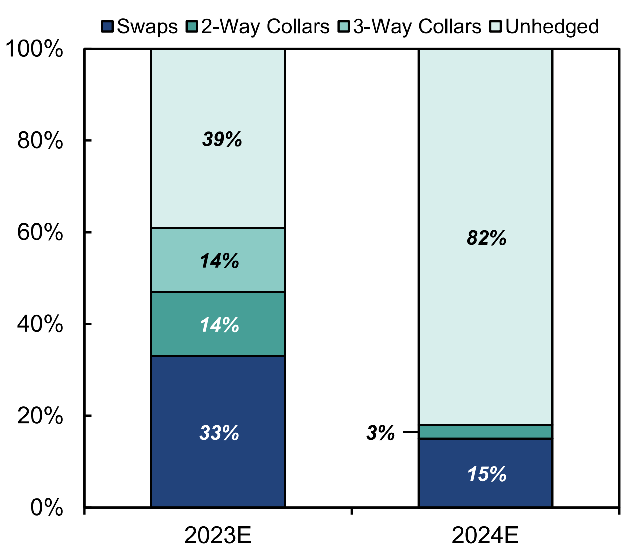
Source: Street Research

Figure 6: Valuation Football Field



Source: CPMT Estimates, Street Research

Figure 7: Natural Gas Hedging Summary



Source: Company Filings

of its tier 1 drilling inventory. The Company has been focused on the integration of Indigo Natural Resources and GEP Haynesville and thus lags peers in acreage development. Both transactions were immediately accretive to SWN's cash flow and leverage metrics and have positioned the Company with ~30 years of tier 1 drilling inventory. SWN is currently the largest supplier of gas to LNG exporters among peers by 1.5 Bcf/d allowing for higher cash flow margins. Additionally, the Company has a US$1B share repurchase plan in place to complement its continued debt reduction, and it repurchased US$80mm shares in Q3 2022.

Risks

The two material risks unique to SWN are: (1) its non-investment grade credit profile; (2) growth in the Appalachia basin due to uncertainties surrounding the MVP.

(1) Despite current efforts to deleverage, SWN's non-investment grade credit rating may cause LNG exporters to favour more financially secure producers to supply gas to its facilities. This may hinder SWN's growth as a leading LNG supplier and cause marketing bottlenecks.

(2) The MVP is a proposed pipeline that will connect gas from Marcellus and Utica Shale to markets in the Mid and South-Atlantic U.S. The project has faced protest from environmental groups due to its routing through sensitive wetlands and waterbodies. The MVP is expected to be in-service during H2 2023 and will afford Appalachia producers egress to increase production.

Valuation and Investment Thesis

SWN was valued at US$7.85 using equal parts of (1) a 30% discount to implied NAV, (2) a 2022E EV/DACF multiple of 4.5x, and (3) a 2022E EV/EBITDA multiple of 3.2x. As mid-sized E&Ps have historically traded at a discount to NAV, the CPMT elected to also focus on earnings and cash flow metrics which better represent the Company's ability to generate future cash flow. SWN trades below its peer group of Range Resources Corporation (NYSE: RRC), EQT Corporation (NYSE: EQT), and Chesapeake Energy (NYSE: CHK) on a DACF basis, in part due to the Company's weaker FCF yield. The Fund's FCF outlook is sensitive to in-service date delays of the MVP, though it is not pivotal to SWN's Haynesville focused strategy.

The CPMT believes SWN is better positioned relative to peers to capitalize on LNG export growth and can prioritize deleveraging given the Company's robust drilling inventory. SWN is uniquely positioned across two basins allowing for access to premium pricing both domestically and internationally. The acquisitions of Indigo Natural Resources and GEP Haynesville provides SWN with the opportunity to significantly increase production capacity and develop a reputation as a key supplier to the LNG Corridor. The Company has largely completed its inorganic growth and can now focus on generating FCF to continue paying down debt and returning value to shareholders through share repurchases, as well as increasing its role as a supplier to LNG exporters to realize premium pricing compared to mid-sized peers in other regions.

The CPMT currently recommends No Action due to uncertainties surrounding SWN's capital structure inhibiting its ability to optimize existing assets, as well as undertaking a significant capital program to develop its Haynesville assets. The Fund will continue to monitor the Company's ability to generate sufficient FCF to organically grow its Haynesville production.

Thermo Fisher Scientific

Health Care
NYSE: TMO
Market Perform | Hold

December 31, 2022

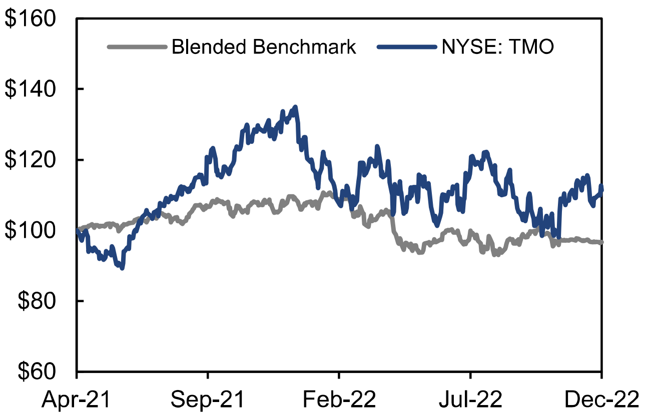
Gavin Stalwick, Portfolio Manager
Jacob Kemp, Investment Analyst

Return on Investment	
Current Share Price	$550.69
Intrinsic Value	$570.00
Dividend Yield	0.21%
Implied Discount	4%
Conviction Rating	2

Market Profile	
52-Week Range	$667.24 - $484.71
Market Capitalization (US$mm)	$216,972
Net Debt (US$mm)	$26,241
Enterprise Value (US$mm)	$243,213
Beta (5-Year Monthly)	0.80

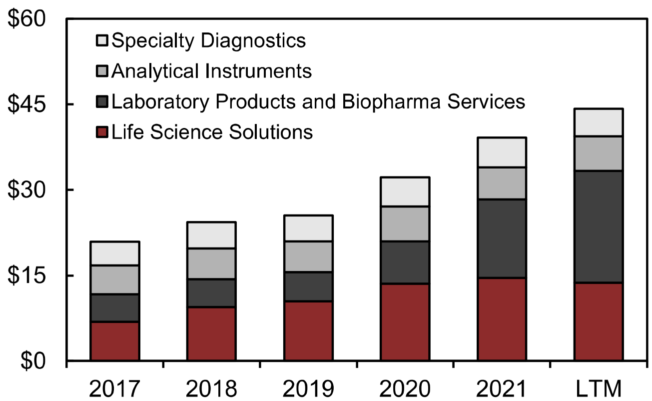
Metrics	2022E	2023E	2024E
Revenue (US$mm)	$43,808	$47,221	$50,554
EBITDA (US$mm)	$13,924	$14,963	$15,910
EPS (US$)	$24.22	$26.65	$29.25
EV/EBITDA	17.5x	16.3x	15.3x

Holding Period Trading Performance (Indexed to US$100)



Source: S&P Capital IQ

Figure 1: Segmented Revenue (US$B)



Source: Company Filings

Business Description

Thermo Fisher Scientific (NYSE: TMO) is a global diversified manufacturer and distributor of scientific instruments, consumables, and related services. TMO's product and service portfolio consists of various brands, including Thermo Scientific, Applied Biosystems, Invitrogen, Fisher Scientific, and Unity Lab Services. The Company's key end-markets consist of biotech and pharmaceuticals (biopharma) companies, hospitals and clinical diagnostic labs, universities, research institutions, and government agencies. TMO is based in Waltham, Massachusetts and operates through four segments: (1) Analytical Instruments, (2) Life Science Solutions, (3) Specialty Diagnostics, and (4) Lab Products & Services.

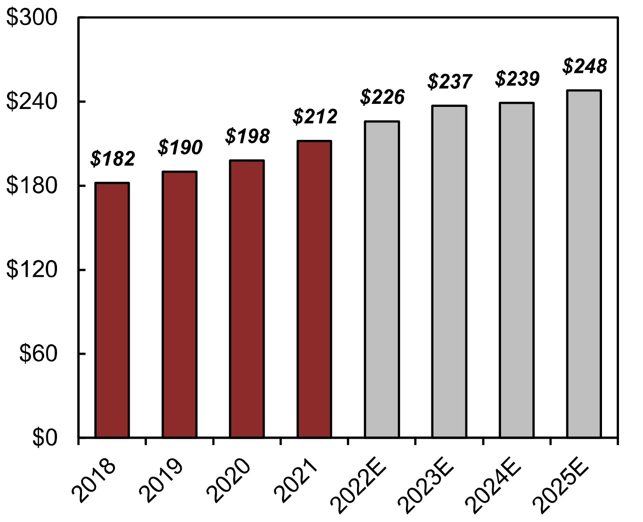
TMO recently announced the completion of its acquisition of The Binding Site Group, a global leader in specialty diagnostics, for €2.3B (US$2.8B) in cash from Nordic Capital.

Industry Overview

The U.S. life sciences industry provides researchers and scientists with analytical instruments, research consumables, laboratory software and equipment, and contract services necessary to accelerate scientific exploration. Unique aspects of the industry include changes in leverage based on government subsidization and investment and a symbiotic relationship with the biopharma industry, as key drivers include the National Institutes of Health (NIH) budgeting and biopharma R&D spending. Key drivers for the life sciences industry have been positive, resulting in a robust average annual revenue growth rate of 13% from 2016 - 2019. The industry is highly competitive and fragmented, but players can gain a competitive advantage through scale, software-integrated instruments, vertical integration, and broad product and service offerings. The Biotech industry remains well-funded despite the slowdown in public markets. The industry raised US$42B in 2022, down from US$97B in 2020 and US$91B in 2021 but remains in-line with historical levels. As a result of capital inflows to the industry, FDA drug approvals accelerated over the past five years to an average of ~50 per year and is expected to continue with an average of ~60 drugs per year beginning in 2023.

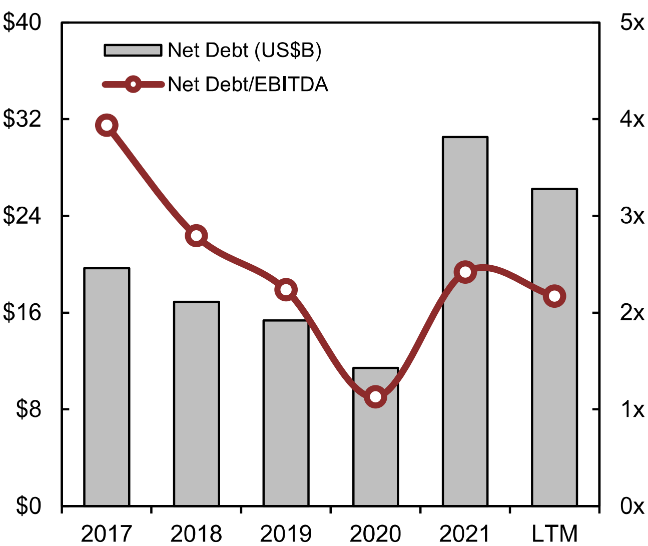
TMO's flexibility and scale allow it to respond to unforeseen events faster and better than its peers. In response to COVID-19, TMO leveraged its industry-leading polymerase chain reaction testing platform to develop and launch a test kit for the virus. The Company generated ~US$20B of COVID-related revenue from a combination of testing and vaccine/therapy products, which equated to 19% of total revenue since the start of the pandemic. Following a U.S. government contract win to address an acute shortfall of sample collection materials, TMO built a new facility in Kansas in ~6 weeks to manufacture Viral Transport Media (VTM), with a similar facility in Scotland also being built. While testing revenue has declined significantly, TMO believes vaccine/therapy related sales are sustainable and have been included in 'core' revenue. TMO's EPS growth from COVID-related revenues in 2020 and 2021 equated to 58% and 29%, respectively. The CPMT expects TMO's large contract backlog to offset the decrease in COVID-related revenue.

Figure 2: Global Biopharma R&D Spend (US$B)



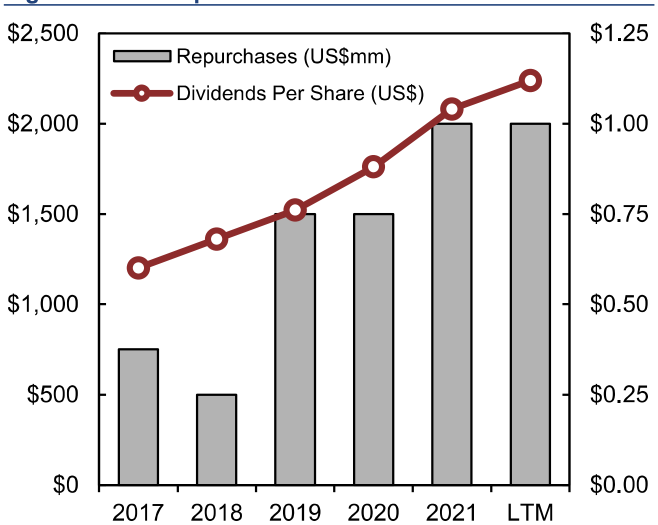
Source: Street Research

Figure 3: LHS Net Debt vs RHS Net Debt/EBITDA



Source: Company Filings, S&P Capital IQ

Figure 4: LHS Repurchases vs RHS Dividends Per Share



Source: Company Filings, S&P Capital IQ

Mandate Fit

Quality Management: The Company's management team is guided by President, CEO, and Chairman of the Board, Marc Casper, who has held the position of CEO since 2009 and Chairman of the Board since 2020. TMO's management has demonstrated a track record of success through its capital allocation strategy by completing ~100 acquisitions since 2006 and successfully integrating these companies into its operating segments, leading to further operational synergies and outsized growth relative to peers.

Competitive Advantage: Having completed eight acquisitions since 2018, TMO is a serial acquirer that outpaces the growth of its peers through acquiring high-quality firms which enhances diversification among its end-markets. TMO has been gradually increasing its bio-pharma end-market mix to ~60% of its sales with its recent acquisitions of Patheon and PPD. With BioPharma accounting for 45% of sales for the Life Science Tools End-Markets, TMO is in a strong position to utilize its vertically integrated supply chain to capture additional market share from its competitors.

Strong Balance Sheet: The Company is currently undrawn on its revolving credit facility of US$5B, which provides ample liquidity to capitalize on future accretive M&A opportunities when they arise. Additionally, TMO has Net Debt/EBITDA of 2.17x as of Q3 2022 which is lower than the current peer average of 2.23x (NYSE: A, AVTR, DHR, MTD, PKI, TMO). Furthermore, TMO has a credit rating of A- (stable) rating from S&P Global and a BBB+ (stable) rating from Fitch Ratings.

Growing Free Cash Flow: TMO had strong FCF generation of US$7.4B in 2021, with a CAGR of 14% from 2017-2021. FCF is forecasted to grow at a CAGR of 10% through 2024, which represents a slight decline from the historical average due to decreased COVID-related revenues and increased capital costs.

Risks

As the Company actively seeking to grow inorganically, TMO may feel the pressures of the high interest rate environment. Increased capital costs may hinder its ability to pursue future acquisition targets as they may not qualify with current central bank rates. Due to the current macroeconomic environment, the Company may experience lower inorganic growth rates, which is a quintessential component to its overall growth strategy. Additionally, TMO has previously taken on debt to achieve its growth strategy, which resulted in ~US$30B total debt on its balance sheet as of Q3 2022. As a result of the heightened interest rate environment, the Company is experiencing higher interest costs associated with its variable debt which materially impacts its bottom line. Lastly, the current strength of the U.S. dollar is causing foreign exchange headwinds for internationally generated revenue which will negatively impact cashflow during the forecast period.

Investment Thesis & Valuation

TMO was valued using a five-year DCF model with a 50/50 blend of the Gordon growth method (7.5% WACC and 2.5% terminal growth rate) and an EV/EBITDA exit multiple of 20.0x. Despite macroeconomic headwinds, the Fund expects TMO to continue stable FCF generation during the forecast period underpinned by modest organic and inorganic growth as its diversified end-markets are expected to remain stable. As the Company is limited by the macroeconomic outlook and the reduced demand of COVID-19 related products, the Fund will continue to hold TMO while exploring other opportunities within the healthcare sector.

Zoetis

Health Care
NYSE: ZTS
Market Perform | Hold

December 31, 2022

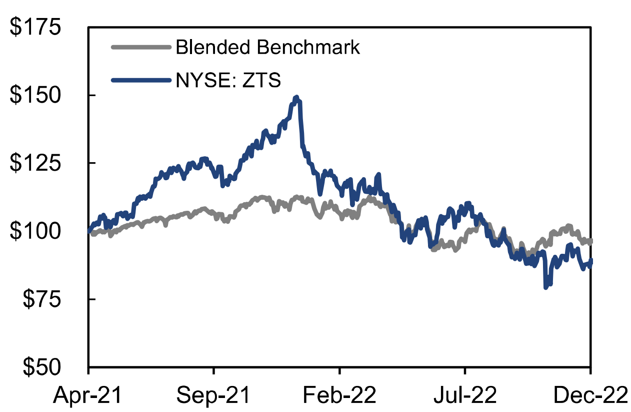
Arnuv Mayank, Portfolio Manager
Rebecca Butler, Investment Analyst

Return on Investment	
Current Share Price	$146.55
Intrinsic Value	$153.00
Dividend Yield	0.90%
Implied Discount	4%
Conviction Rating	1

Market Profile	
52-Week Range	$124.15 - $249.27
Market Capitalization (US$mm)	$66,737
Net Debt (US$mm)	$4,173
Enterprise Value (US$mm)	$70,911
Beta (5-Year Monthly)	0.63

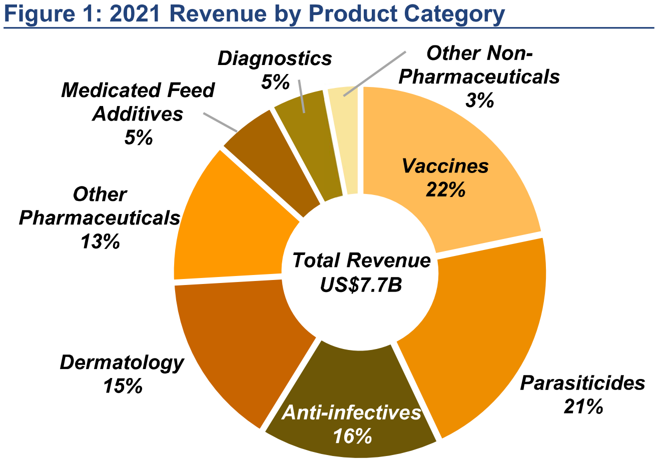
Metrics	2022E	2023E	2024E
Revenue (US$mm)	$8,112	$8,630	$9,376
EBITDA (US$mm)	$3,042	$3,279	$3,563
EPS	$5.12	$5.74	$6.41
EV/EBITDA	23.3x	21.6x	19.9x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: 2021 Revenue by Product Category



Source: Company Filings

Business Description

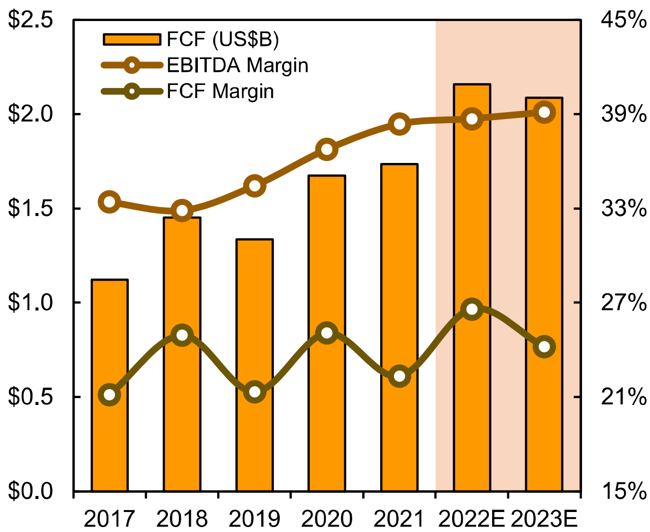
Zoetis (NYSE: ZTS) is a global leader in the animal health industry that develops, manufactures, and commercializes pharmaceutical products. ZTS' products are sold in over 100 countries across North America, South America, Europe, Asia, Africa, and Australia. The Company's diversified business operates in two main segments of animal species: (1) Companion Animals and (2) Livestock. The Companion Animal segment includes products for pets such as dogs, cats, and horses; the Livestock segment categorizes species such as cattle, swine, poultry, and fish. ZTS has ~300 product lines across seven main product categories including pharmaceutical, vaccines, parasiticides, dermatology, anti-infectives, medicated feed additives, and animal health diagnostics. ZTS' remaining revenue is accumulated from non-pharmaceutical product categories such as nutritional, agribusiness, as well as products/services in biodevices, genetics, and precision animal health.

Industry Overview

The animal healthcare industry consists of a fragmented customer base with cash-paying buyers and a high concentration of animal health firms, granting animal drugmakers substantial pricing power. This starkly contrasts human health, wherein drug manufacturers and consumers are so distant that intermediaries can aggressively negotiate on list prices. ZTS' main competitors include companies within animal health medicine, vaccines, and diagnostics industries, such as: Boehringer Ingelheim Animal Health, Merck Animal Health, Elanco Animal Health (NYSE: ELAN), and IDEXX Laboratories (NASDAQ: IDXX). Boehringer and Merck operate as animal health divisions of larger human healthcare companies, as did Abbott Laboratories (NYSE: ABT) until ZTS acquired its animal health assets in 2015. ELAN is ZTS' closest standalone competitor.

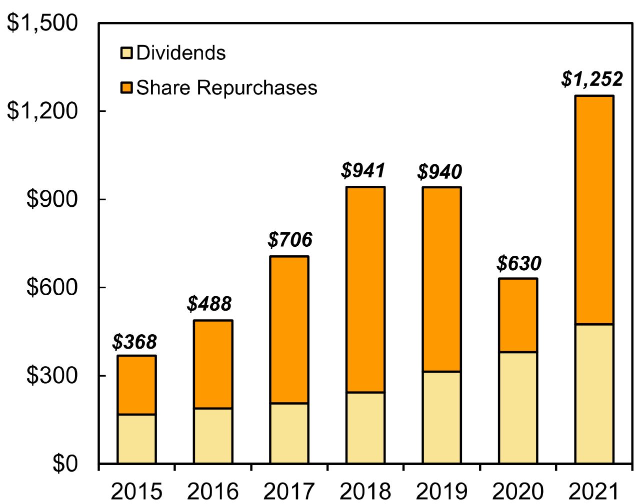
Although not as expensive and time consuming as human health, the capital and innovation intensity needed to compete in animal healthcare still create high barriers to entry. Additionally, efficient responses to the regulatory landscape is a key success factor in the industry; for example, there is growing interest in alternatives to livestock antibiotics due to its potential for human ingestion through the food chain. With an expected increased demand for livestock products alongside a growing adoption of meat-heavy diets in emerging markets, innovation remains a primary focus for guiding price-sensitive consumers away from generic alternatives. In turn, these alternatives are becoming a target for R&D spending. The advanced care resulting from this innovation has also resulted in a higher life expectancy of pets. There is skepticism about the legitimacy of pet adoption growth numbers during the pandemic, as several papers report a 45% decrease in animal shelter adoption in 2020. However, there was still a significant increase in veterinary visits in 2020 and 2021, as pet owners working from home were more diligent in identifying health concerns. The willingness to subsequently pay for care also increased, with U.S. pet owners spending ~US$70B on pet health and treatments in 2022. In 2023 to 2032, the pet healthcare market has an expected 7% CAGR due to inelastic spending for animal care. The overall trend towards a strengthening human-pet bond suggests continued increases in pet care spending, and thus a large runway for industry growth.

Figure 2: LHS FCF vs RHS Margins



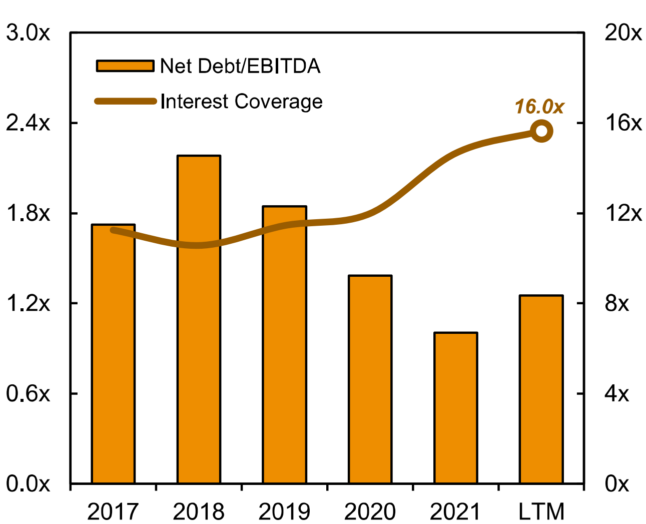
Source: S&P Capital IQ

Figure 3: Capital Returned to Shareholders (US$mm)



Source: S&P Capital IQ

Figure 4: LHS Net Debt/EBITDA vs RHS Interest Coverage



Source: S&P Capital IQ

Mandate Fit

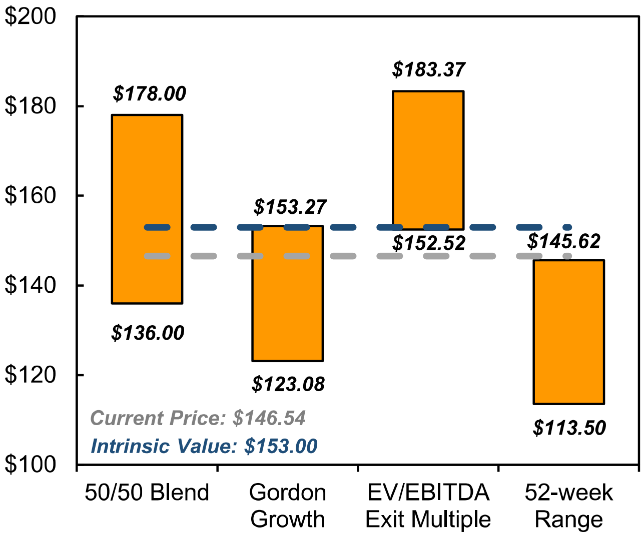
Quality Management: Kristin Peck has been with the Company since 2012 and was appointed as CEO in January 2020. Prior to this role, Peck served as Executive VP of Business Development and Strategy of U.S. Operations at ZTS. Before ZTS' initial public offering in 2012, Peck served as Executive VP of Worldwide Business Development and Innovation at Pfizer (NYSE: PFE) where she was responsible for evaluating strategic alternatives for PFE's Animal Health and Nutrition businesses. Management's capital allocation strategy consists of reinvestment into R&D and inorganic growth. The selection of acquisitions has been rigorous, as management focuses on targets with long-term growth potential that easily synergize with the Company's existing network. The CPMT points to Abaxis, ZTS' largest acquisition to date, as exemplary in this regard. Management has successfully deployed the Abaxis platform through its existing salesforce and created a single product for veterinarian customers, enhancing its already strong competitive advantage. The Fund is confident that management will continue to identify the fastest-growing subindustries of animal health (in the case Abaxis diagnostics) whose products easily tuck into ZTS' product portfolio, then pursue high-NPV acquisitions to capitalize on the opportunities.

Competitive Advantage: ZTS has the widest economic moat of all its competitors, with a presence in almost every type of animal-related health market. Unlike the Company's competitors that are embedded in larger human pharmaceutical firms, ZTS can allocate resources to products that primarily address unmet animal needs. ZTS' product portfolio possesses ~6,250 granted patents in more than 50 countries, concentrated in major markets with strong patent systems. Patent-protected products account for at least 20% of the firm's revenue, enabling quasi-monopolistic pricing power. Moreover, the Company possesses the capital required to continually invest in R&D and ensure insulation around key products from competitors. Additionally, due to its scale and direct distribution service to customers, ZTS captures superior gross margins over its competitors (e.g., a consistent ~12% advantage over ELAN).

Strong Balance Sheet: ZTS has a LTM Net Debt/EBITDA of 1.3x, significantly lower than the peer average of 3.1x. The Company holds US$2.5B in cash and equivalents, with additional liquidity available through a US$1.0B unsecured revolving credit facility. Traditionally, the regulatory risks within animal healthcare result in lower credit ratings for industry participants. ZTS holds a BBB Stable credit rating from S&P Global and a Baa1 Stable from Moody's, with upgrades pending the Company's ability to sustain a Total Debt/EBITDA below 2.5x. Currently, ZTS' LTM Total Debt/EBITDA is 2.0x with US$8.0B in Total Debt, with its capital structure consisting of only ~12% debt. The CPMT is confident in the Company's ability to pay off its maturing debt in early 2023 and late 2025 via incoming FCF and cash on hand.

Growing Free Cash Flow: ZTS has grown FCF at a five-year CAGR of ~7%. Growth has primarily been driven by companion animals, who provide larger and faster-growing revenues along with superior margins to livestock. The CPMT expects the Company's operating margin to further improve as it removes poor-performing products in its livestock segment and consolidates its manufacturing sites. However, though a substantial source of growth, the Company's expansion into emerging markets will be accompanied by lower margins, and recent supply chain troubles and regulatory hurdles with Librela are delaying anticipated growth. As such, the Fund forecasts a four-year FCF CAGR of 8%.

Figure 5: Valuation Football Field

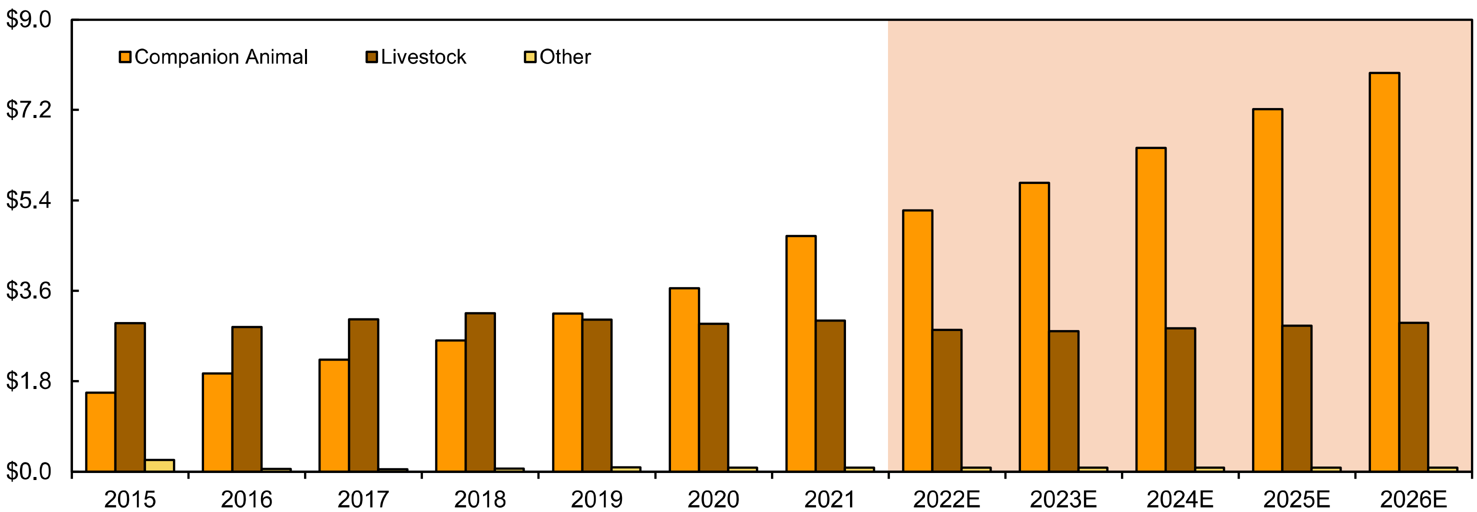


Source: CPMT Estimates

Investment Thesis and Valuation

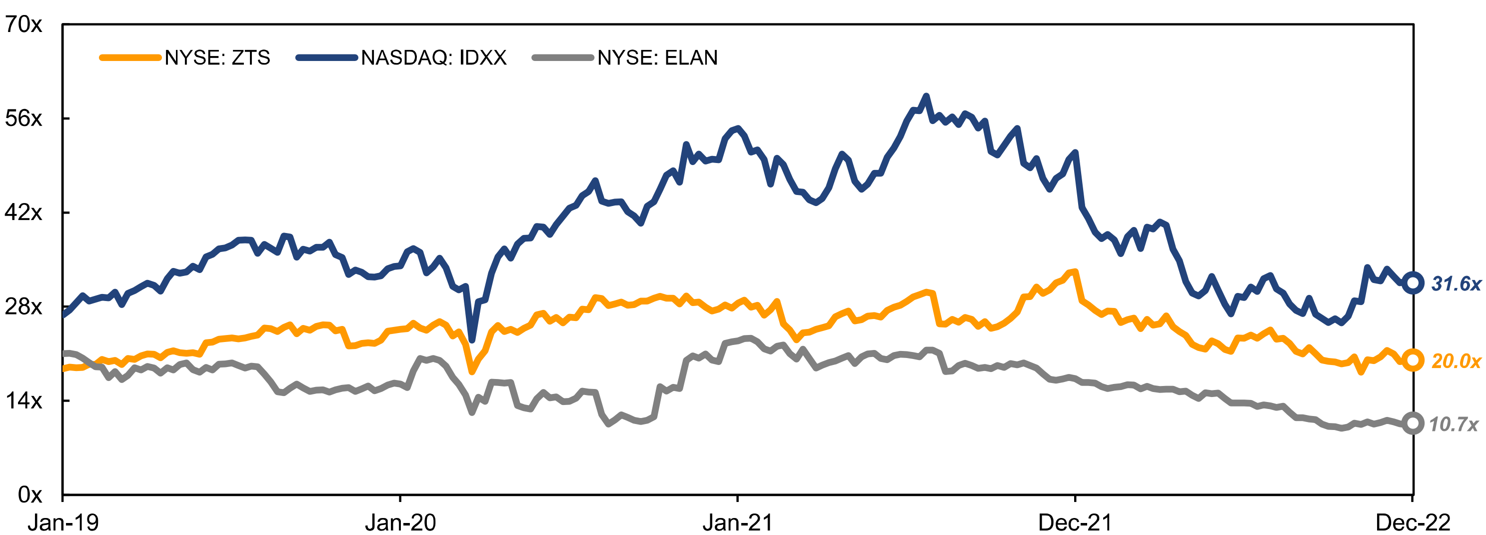
The CPMT valued ZTS using a DCF analysis with a forecast period from Q4 2022 until Q4 2026. UFCFs were discounted at a WACC of 7.3%, consisting of a 50/50 blend of (1) the Gordon Growth method using a 3.0% terminal growth rate, and (2) the application of a 20.0x EV/EBITDA exit multiple, yielding an intrinsic value of $153. Since entering a position in Q4 2021, ZTS has upheld the original investment thesis, realizing higher-than-expected companion animal growth. That said, the intrinsic value has been lowered since initially entering a position, largely due to headwinds from increased generic competition in the livestock segment, where ZTS' competitive advantage is weaker. In the bull case, livestock revenues rebound off strong international growth with margins similar to those achieved in the U.S., resulting in an intrinsic value of $189. The bear case forecasts slowed growth in companion animals and stagnation in livestock revenues, resulting in an intrinsic value of $123. As ZTS' share price has also lowered over the holding period, the new base intrinsic value still offers minor upside, and the Company has shown resilience in its ability to meet the mandate. Accordingly, the CPMT remains convicted in the name and thus recommends a hold.

Figure 6: Revenue by Segment (US$B)



Source: S&P Capital IQ

Figure 7: NTM EV/EBITDA vs Peers

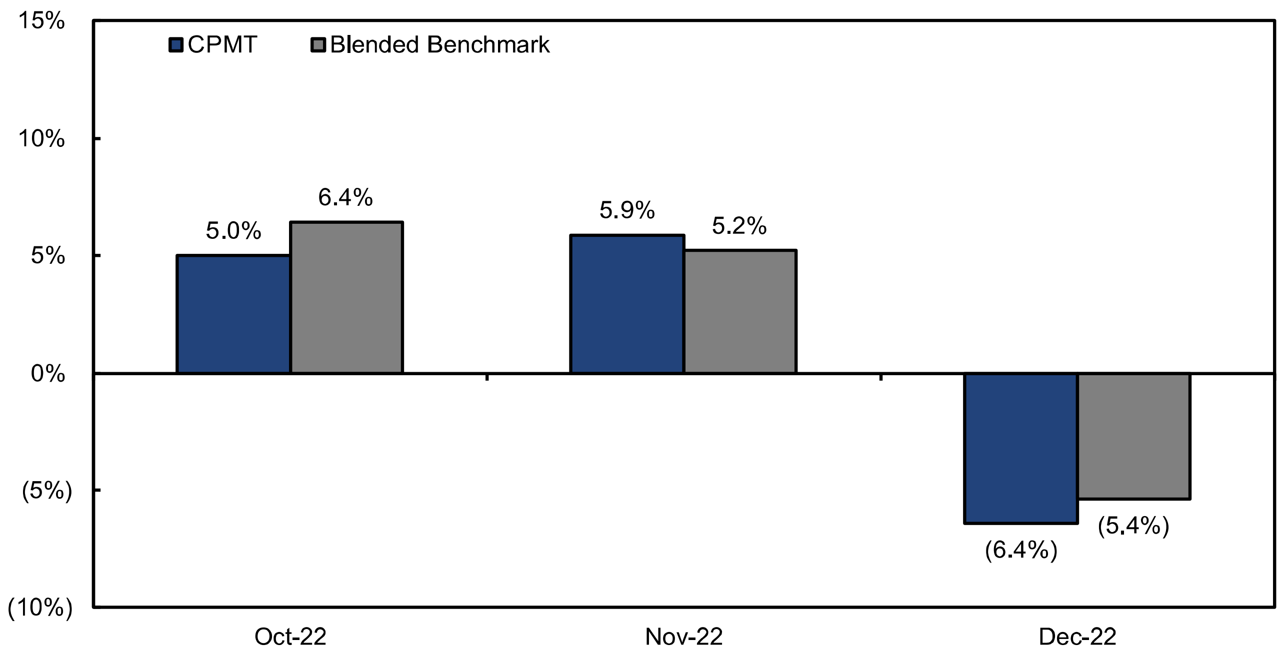


Source: S&P Capital IQ

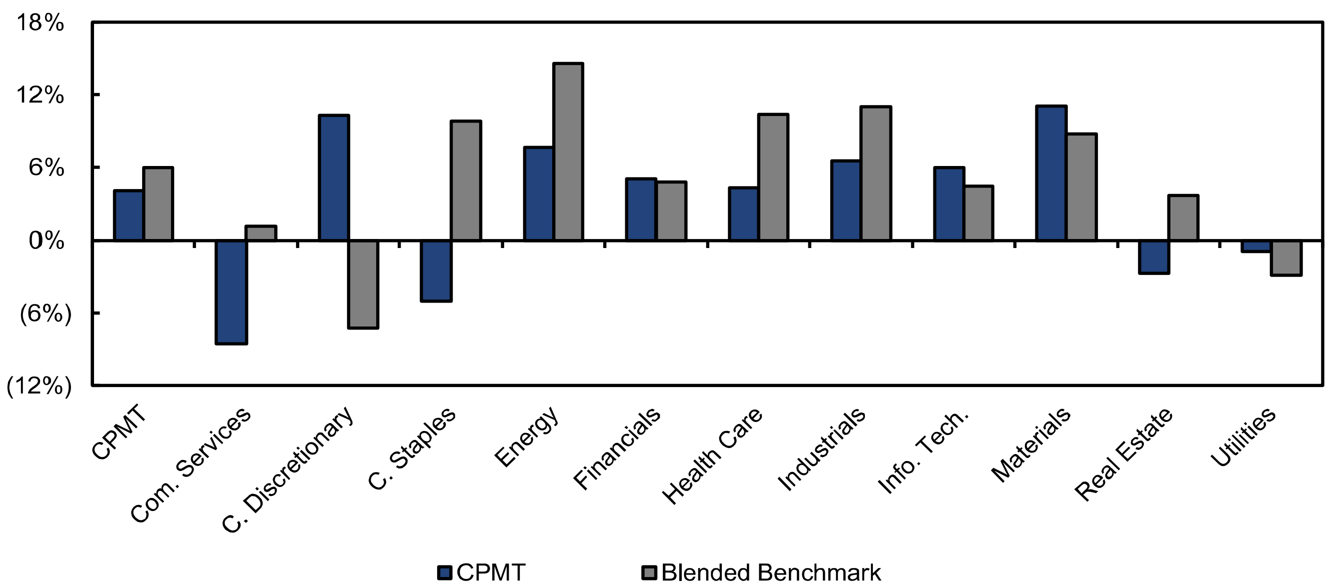
Compliance and Performance

QUARTERLY PERFORMANCE

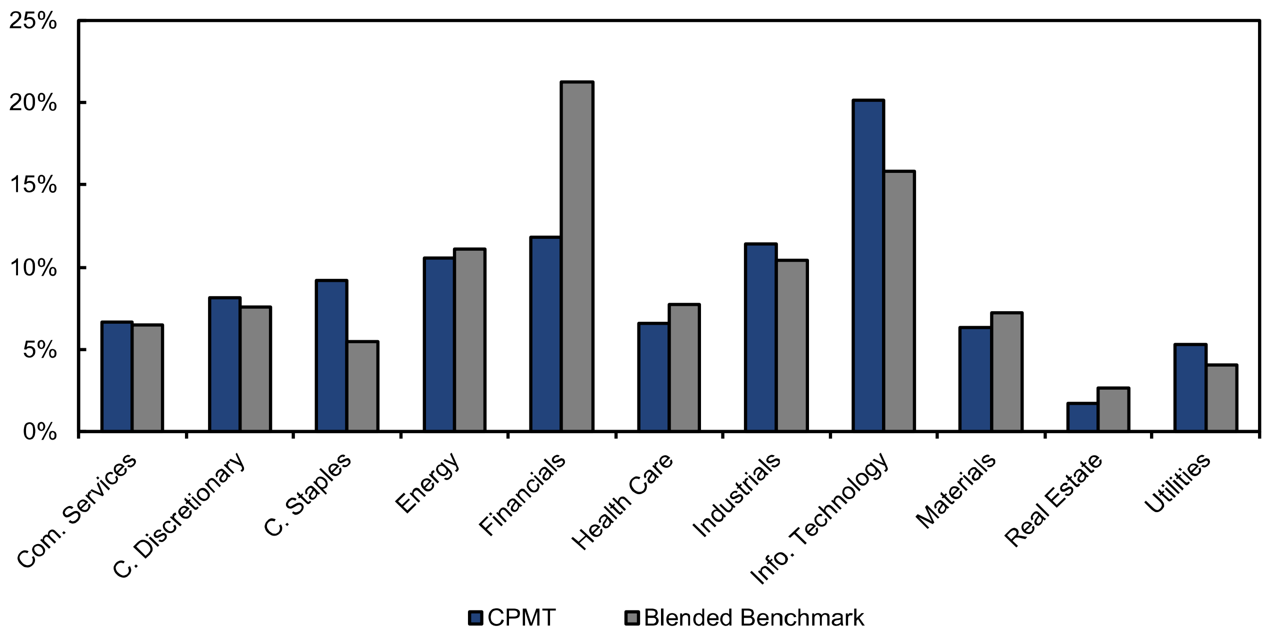
CPMT and Blended Benchmark Monthly Returns



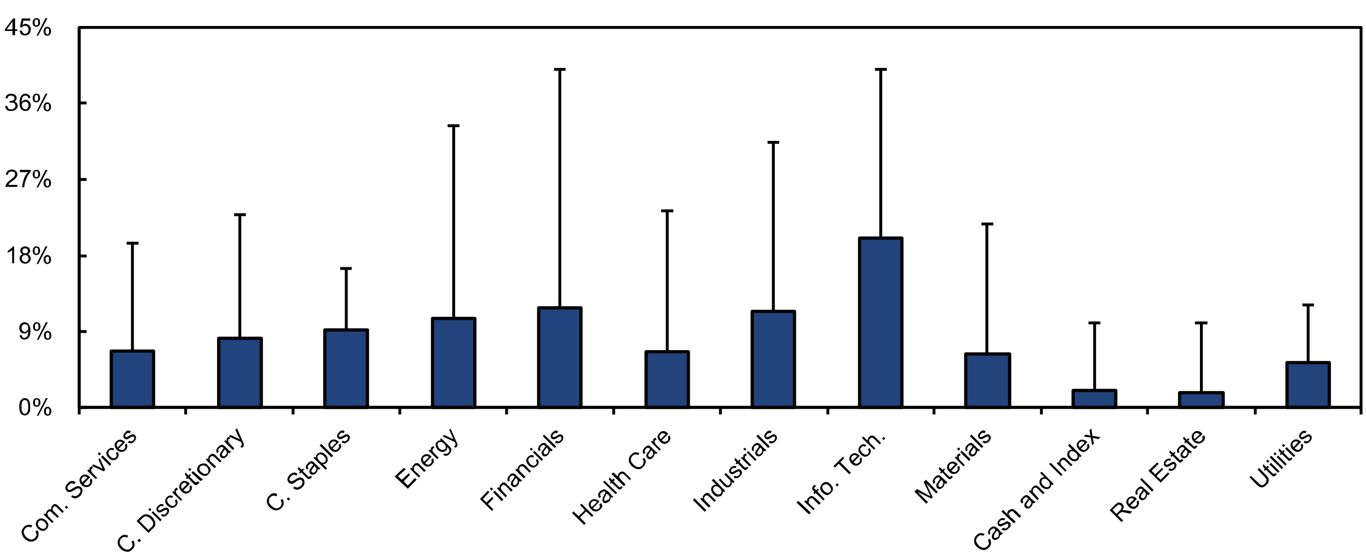
CPMT and Blended Benchmark Quarterly Sector Returns



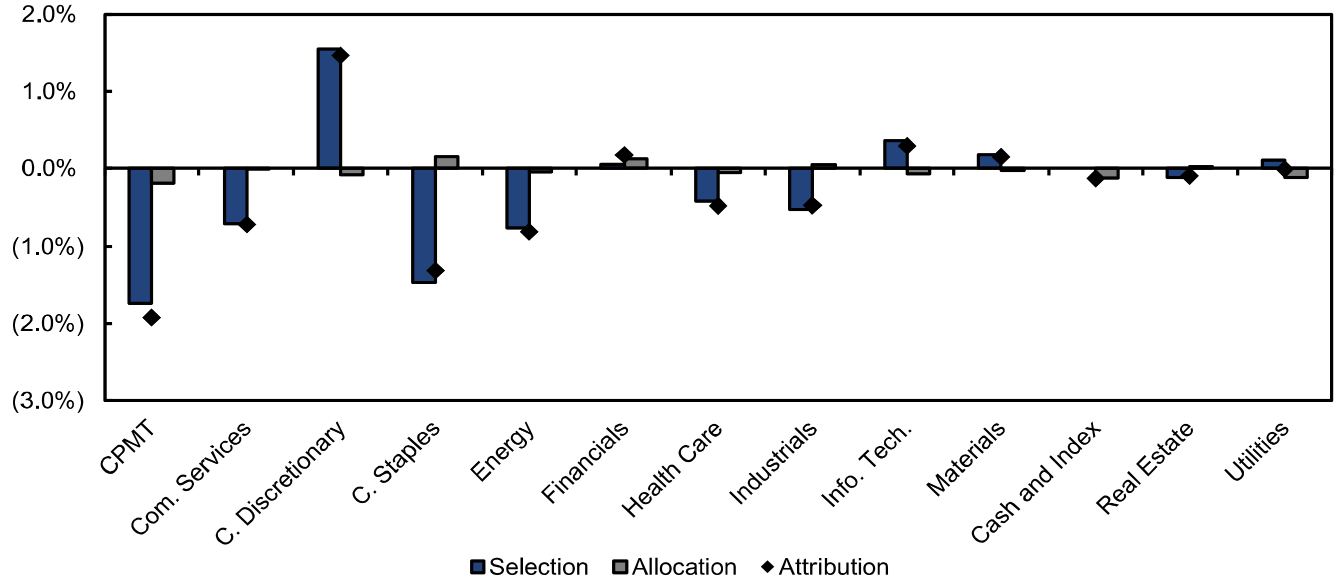
CPMT and Blended Benchmark Sector Weightings



CPMT Sector Weights vs Maximum Weight



Attribution Analysis (FQ3 2023)



CPMT Attribution Analysis

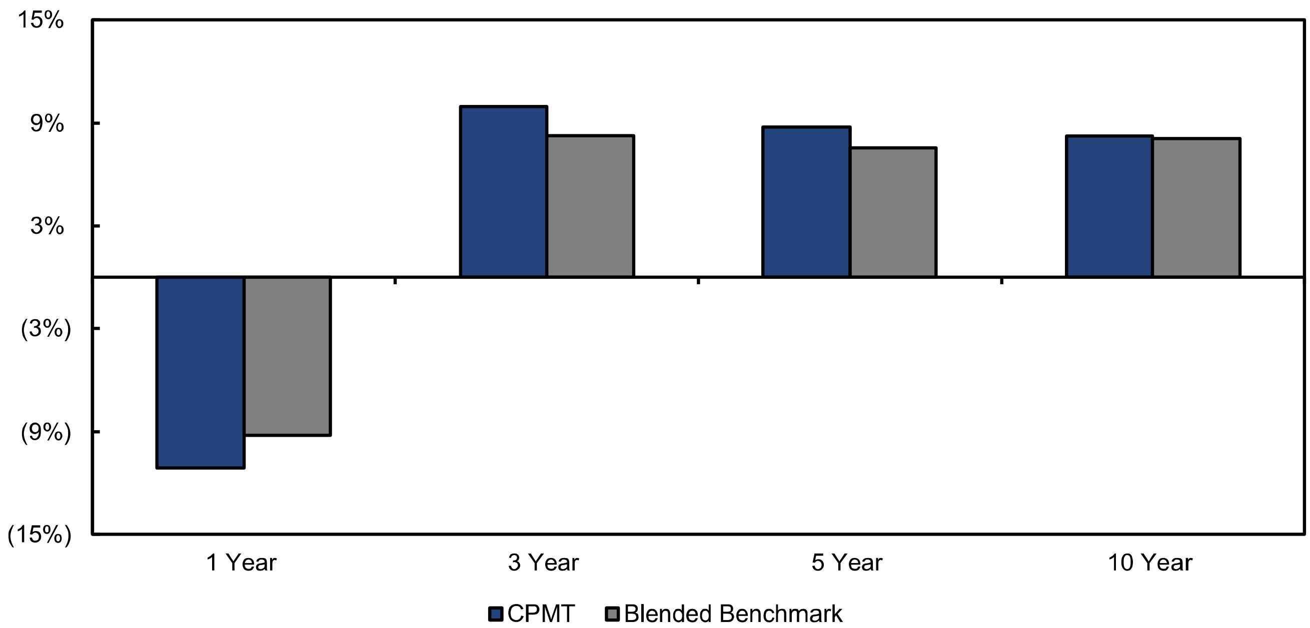
FQ3 2023	Attribution	Allocation	Selection
CPMT	(1.92%)	(0.19%)	(1.73%)
Communication Services	(0.71%)	(0.01%)	(0.70%)
Consumer Discretionary	1.46%	(0.08%)	1.55%
Consumer Staples	(1.31%)	0.15%	(1.46%)
Energy	(0.80%)	(0.05%)	(0.76%)
Financials	0.17%	0.12%	0.05%
Health Care	(0.47%)	(0.05%)	(0.42%)
Industrials	(0.47%)	0.05%	(0.52%)
Information Technology	0.29%	(0.07%)	0.36%
Materials	0.15%	(0.03%)	0.18%
Other	(0.13%)	(0.13%)	0.00%
Real Estate	(0.10%)	0.02%	(0.12%)
Utilities	(0.01%)	(0.12%)	0.11%

1 Year	Attribution	Allocation	Selection
CPMT	(1.92%)	(1.61%)	(0.30%)
Communication Services	0.56%	(0.62%)	1.18%
Consumer Discretionary	3.50%	0.02%	3.48%
Consumer Staples	2.67%	(0.09%)	2.76%
Energy	(0.59%)	0.17%	(0.76%)
Financials	0.76%	(0.55%)	1.32%
Health Care	(0.49%)	(0.23%)	(0.26%)
Industrials	(1.79%)	(0.01%)	(1.78%)
Information Technology	(0.84%)	1.58%	(2.42%)
Materials	(3.06%)	(0.05%)	(3.01%)
Other	(0.99%)	(1.00%)	0.01%
Real Estate	(2.39%)	(0.28%)	(2.11%)
Utilities	0.74%	(0.54%)	1.28%

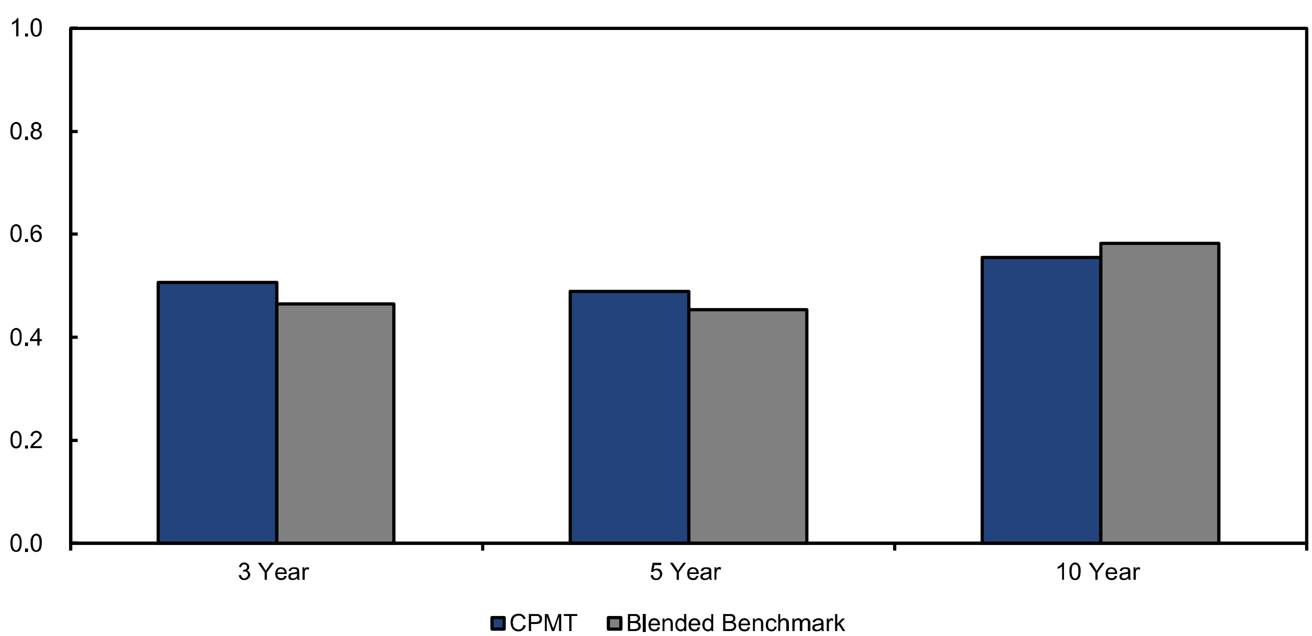
Compliance and Performance

LONG-TERM PERFORMANCE

CPMT and Blended Benchmark Total Return (Annualized)



CPMT and Blended Benchmark Composite Index Sharpe Ratios



The CPMT Long-Term Performance Targets

		1 Year		3 Year		5 Year		10 Year
Absolute Returns (annualized)								
CPMT (1)	✗	(11.12%)	✓	9.96%	✓	8.78%	✓	8.26%
Relative Returns (bps)								
Blended Benchmark (2)	✗	(192)	✓	170	✓	121	✗	16
Risk Adjusted Returns (bps)								
Blended Benchmark (3)	✗	(181)	✓	108	✗	82	✗	5

(1) Performance target of 7.0% annual returns.

(2) Performance target to exceed the Blended TSX & S&P 500 Benchmark by 100 bps.

(3) Performance target to exceed the Blended TSX & S&P 500 Benchmark by 100 bps on a risk adjusted basis.

CPMT Long-Term Performance Details

	1 Year	3 Year	5 Year	10 Year
Annualized Return				
CPMT	(11.12%)	9.96%	8.78%	8.26%
Blended Benchmark	(9.20%)	8.26%	7.57%	8.10%
Annualized Volatility				
CPMT	17.43%	17.28%	15.15%	12.12%
Blended Benchmark	16.35%	16.38%	14.37%	11.44%
Sharpe				
CPMT	(0.75)	0.51	0.49	0.55
Blended Benchmark	(0.68)	0.46	0.45	0.58

APPENDICES

Appendix 1: CFA Code of Ethics

The following is the CFA Code of Ethics to be complied with at all times by Portfolio Managers:

- To act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- To place the integrity of the investment profession and the interests of clients above personal interests.
- To use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- To practice and encourage others to practice in a professional and ethical manner that will reflect credit on ourselves and the profession.
- To promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- To maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

Appendix 2: Account Activity

CPMT Transactions Log (2022-2023)

FQ1 2023	Date	Action	Shares	Purchase Price	Sale Price	Currency	Capital Gain (CAD)	Return
PYPL	28-Apr-22	Sell	93	$209.01	$84.57	USD	-$11,572.69	(59.54%)
XEG	28-Apr-22	Sell	445	$9.12	$14.60	CAD	$2,439.84	60.14%
ENB	28-Apr-22	Sell	135	$47.29	$56.11	CAD	$1,190.70	18.65%
TOU	28-Apr-22	Buy	200	$62.45				
COST	28-Apr-22	Sell	10	$217.56	$555.48	USD	$3,379.20	155.32%
V	28-Apr-22	Buy	50	$202.41				
Total							($4,562.95)	-14.23%

FQ2 2023	Date	Action	Shares	Purchase Price	Sale Price	Currency	Capital Gain (CAD)	Return
ABT	14-Sep-22	Sell	148	$75.14	$109.11	USD	$5,028.15	45.21%
Total							$5,028.15	45.21%

FQ3 2023	Date	Action	Shares	Purchase Price	Sale Price	Currency	Capital Gain (CAD)	Return
T	03-Nov-22	Buy	920	$20.86				
CTAS	15-Dec-22	Sell	17	$262.62	$460.35	USD	$3,361.41	75.29%
CNR	15-Dec-22	Sell	100	$77.31	$172.04	CAD	$9,473.00	122.53%
ATD	15-Dec-22	Buy	430	$62.96				
Total							$12,834.41	105.24%

Appendix 2: Account Activity (Continued)

Dividend Summary

April, 2022			
Equity	Date	DPS	Credit (CAD)
CNQ	05-Apr-22	$0.75	$300.75
CSU	12-Apr-22	$1.27	$17.81
BBY	14-Apr-22	$0.79	$79.29
TMO	14-Apr-22	$0.27	$11.08
AMT	29-Apr-22	$1.78	$69.60
TD	30-Apr-21	$0.79	$158.00
Total			**$636.53**

May, 2022			
Equity	Date	DPS	Credit (CAD)
JPM	02-May-22	$1.29	$184.06
AAPL	12-May-22	$0.30	$45.59
COST	13-May-22	$1.16	$63.71
ABT	16-May-22	$0.60	$89.49
TOU	19-May-22	$1.50	$300.00
RY	21-May-21	$1.20	$257.55
WCN	26-May-21	$0.25	$32.24
Total			**$972.64**

June, 2022			
Equity	Date	DPS	Credit (CAD)
ENB	01-Jun-22	$0.86	$399.90
V	01-Jun-22	$0.48	$24.13
WCN	01-Jun-22	$0.30	$38.39
ZTS	01-Jun-22	$0.42	$25.52
MSFT	09-Jun-22	$0.80	$83.79
CTAS	15-Jun-22	$1.22	$73.37
NEE	15-Jun-22	$0.55	$126.91
LIN	17-Jun-22	$1.51	$52.71
BAM.A	30-Jun-22	$0.18	$80.18
CCL.B	30-Jun-22	$0.24	$48.00
CNR	30-Jun-22	$0.73	$183.13
TECK.B	30-Jun-22	$0.12	$34.16
TOU	30-Jun-22	$0.23	$45.00
Total			**$1,215.20**

July, 2022			
Equity	Date	DPS	Credit (CAD)
BBY	05-Jul-22	$0.75	$88.00
CNQ	05-Jul-22	$1.27	$300.75
AMT	08-Jul-22	$0.62	$72.05
CSU	11-Jul-22	$0.21	$18.19
TMO	15-Jul-22	$1.78	$12.30
Total			**$491.29**

August, 2022			
Equity	Date	DPS	Credit (CAD)
JPM	02-Aug-22	$1.00	$143.00
AAPL	11-Aug-22	$0.23	$35.42
COST	12-Aug-22	$0.90	$49.50
TOU	12-Aug-22	$0.60	$400.00
ABT	15-Aug-22	$1.50	$88.41
RY	24-Aug-21	$0.93	$211.48
CNQ	31-Aug-21	$0.25	$601.50
Total			**$1,529.31**

September, 2022			
Equity	Date	DPS	Credit (CAD)
ENB	01-Sep-22	$0.86	$399.90
WCN	01-Sep-22	$0.38	$38.65
ZTS	01-Sep-22	$0.30	$19.83
V	01-Sep-22	$0.33	$18.75
MSFT	08-Sep-22	$0.62	$65.10
NEE	15-Sep-22	$0.95	$98.60
CTAS	15-Sep-22	$0.43	$69.00
LIN	16-Sep-22	$1.17	$40.95
CNR	29-Sep-22	$0.18	$183.13
BAM.A	29-Sep-22	$0.24	$81.87
CCL.B	29-Sep-22	$0.73	$48.00
TECK.B	29-Sep-22	$0.10	$25.12
TOU	29-Sep-22	$0.23	$45.00
Total			**$1,133.90**

Appendix 2: Account Activity (Continued)

October, 2022			
Equity	**Date**	**DPS**	**Credit (CAD)**
CNQ	05-Oct-22	$0.75	$300.75
BBY	11-Oct-22	$1.19	$119.10
CSU	11-Oct-22	$1.33	$18.68
TMO	14-Oct-22	$0.41	$16.65
AMT	26-Oct-22	$1.99	$77.64
JPM	31-Oct-22	$1.35	$193.54
Total			**$726.35**

November, 2022			
Equity	**Date**	**DPS**	**Credit (CAD)**
AAPL	10-Nov-22	$0.31	$47.94
COST	10-Nov-22	$1.22	$66.99
TOU	18-Nov-22	$2.25	$450.00
RY	24-Nov-22	$1.29	$277.64
Total			**$842.57**

December, 2022			
Equity	**Date**	**DPS**	**Credit (CAD)**
V	01-Dec-22	$0.61	$30.45
ZTS	01-Dec-22	$0.44	$26.84
WCN	01-Dec-22	$0.34	$44.13
ENB	01-Dec-22	$0.86	$399.90
MSFT	08-Dec-22	$0.92	$96.63
CTAS	15-Dec-22	$1.56	$93.38
NEE	15-Dec-22	$0.58	$133.45
LIN	16-Dec-22	$1.58	$55.42
CCL.B	29-Dec-22	$0.24	$48.00
CNR	29-Dec-22	$0.73	$183.13
TECK.B	30-Dec-22	$0.12	$34.21
TOU	30-Dec-22	$0.25	$50.00
BAM.A	30-Dec-22	$0.19	$84.89
Total			**$1,280.44**

CPMT Holdings - December 30, 2022	Market Cap	Conviction	Position Size			Target Price		Stock Price	Total Return	
Financials			Current	Target	Difference	Prior	Current	End of Period	QTD	TTM
Brookefield Asset Management	Large	N/A	0.66%	0.00%	0.66%	N/A	N/A	$38.77	19.66%	19.66%
Brookfield Corporation	Large	2	2.92%	4.00%	(1.08%)	$70.00	$60.00	$42.58	(24.65%)	(44.26%)
JPMorgan Chase & Co.	Large	2	4.01%	4.00%	0.01%	$128.00	$128.00	$134.10	26.50%	(9.43%)
Royal Bank of Canada	Large	2	4.23%	4.00%	0.23%	$132.00	$132.00	$94.02	2.93%	(5.26%)
Information Technology										
Adobe	Large	2	2.75%	4.00%	(1.25%)	$575.00	$378.00	$336.53	20.55%	(36.53%)
Apple	Large	2	4.19%	4.00%	0.19%	$165.00	$165.00	$129.93	(7.32%)	(21.74%)
Constellation Software	Large	2	4.58%	4.00%	0.58%	$2,022.00	$2,022.00	$36.65	9.98%	(9.93%)
Microsoft	Large	3	5.27%	6.00%	(0.73%)	$287.00	$287.00	$239.82	1.51%	(23.74%)
Topicus.com	Mid	1	1.17%	2.00%	(0.83%)	$92.00	$92.00	$71.09	7.03%	(38.77%)
Visa	Large	1	2.17%	2.00%	0.17%	$290.00	$290.00	$207.76	15.29%	8.27%
Materials										
CCL Industries	Large	1	1.79%	2.00%	(0.21%)	$79.00	$79.00	$57.84	(13.62%)	(14.73%)
Linde PLC	Large	1	2.39%	2.00%	0.39%	$313.00	$313.00	$326.18	19.27%	0.70%
Teck Resources	Large	1	2.18%	2.00%	0.18%	$62.00	$49.00	$37.82	22.60%	2.23%
Energy										
Canadian Natural Resources	Large	2	4.66%	4.00%	0.66%	$84.00	$84.00	$75.19	16.94%	40.67%
Enbridge	Large	2	3.81%	4.00%	(0.19%)	$59.00	$50.00	$52.92	3.32%	7.10%
Tourmaline Oil	Large	1	2.11%	2.00%	0.11%	$70.00	$70.00	$68.32	(4.83%)	9.40%
Consumer Discretionary										
Aritzia	Mid	2	4.76%	4.00%	0.76%	$33.00	$33.00	$47.35	4.32%	(9.55%)
Best Buy	Large	1	1.68%	2.00%	(0.32%)	$133.00	$70.00	$80.21	24.83%	(21.77%)
lululemon athletica	Large	1	1.74%	2.00%	(0.26%)	$426.00	$426.00	$320.38	12.97%	(12.47%)
Consumer Staples										
Alimentation Couche-Tard	Large	2	3.96%	4.00%	(0.04%)	$70.00	$70.00	$59.50	(5.50%)	(5.50%)
Costco Wholesale	Large	3	5.25%	6.00%	(0.75%)	$610.00	$610.00	$456.50	(4.71%)	(14.00%)
Telecommunications										
Alphabet	Large	2	2.95%	4.00%	(1.05%)	$161.00	$133.00	$88.23	(9.07%)	(34.86%)
Telus	Large	2	3.72%	4.00%	(0.28%)	$34.00	$34.00	$19.31	(8.26%)	(8.26%)
Healthcare										
Thermo Fisher Scientific	Large	2	4.73%	4.00%	0.73%	$563.00	$570.00	$550.69	7.03%	(11.73%)
Zoetis	Large	1	1.87%	2.00%	(0.13%)	$189.00	$153.00	$146.55	(2.58%)	(35.77%)
Industrials										
Canadian National Railway	Large	2	3.73%	4.00%	(0.27%)	$163.00	$163.00	$160.84	7.82%	3.51%
Cintas	Large	2	4.06%	4.00%	0.06%	$430.00	$430.00	$451.62	14.69%	8.99%
Waste Connections	Large	2	3.61%	4.00%	(0.39%)	$124.00	$124.00	$179.48	(3.84%)	4.11%
Real Estate										
American Tower	Large	1	1.73%	2.00%	(0.27%)	$279.00	$279.00	$211.86	(2.73%)	(22.54%)
Utilities										
Brookfield Renewable Partners	Large	1	1.25%	2.00%	(0.75%)	$51.00	$51.00	$34.28	(20.56%)	(24.34%)
NextEra Energy	Large	2	4.06%	4.00%	0.06%	$88.00	$88.00	$83.60	5.10%	(4.23%)