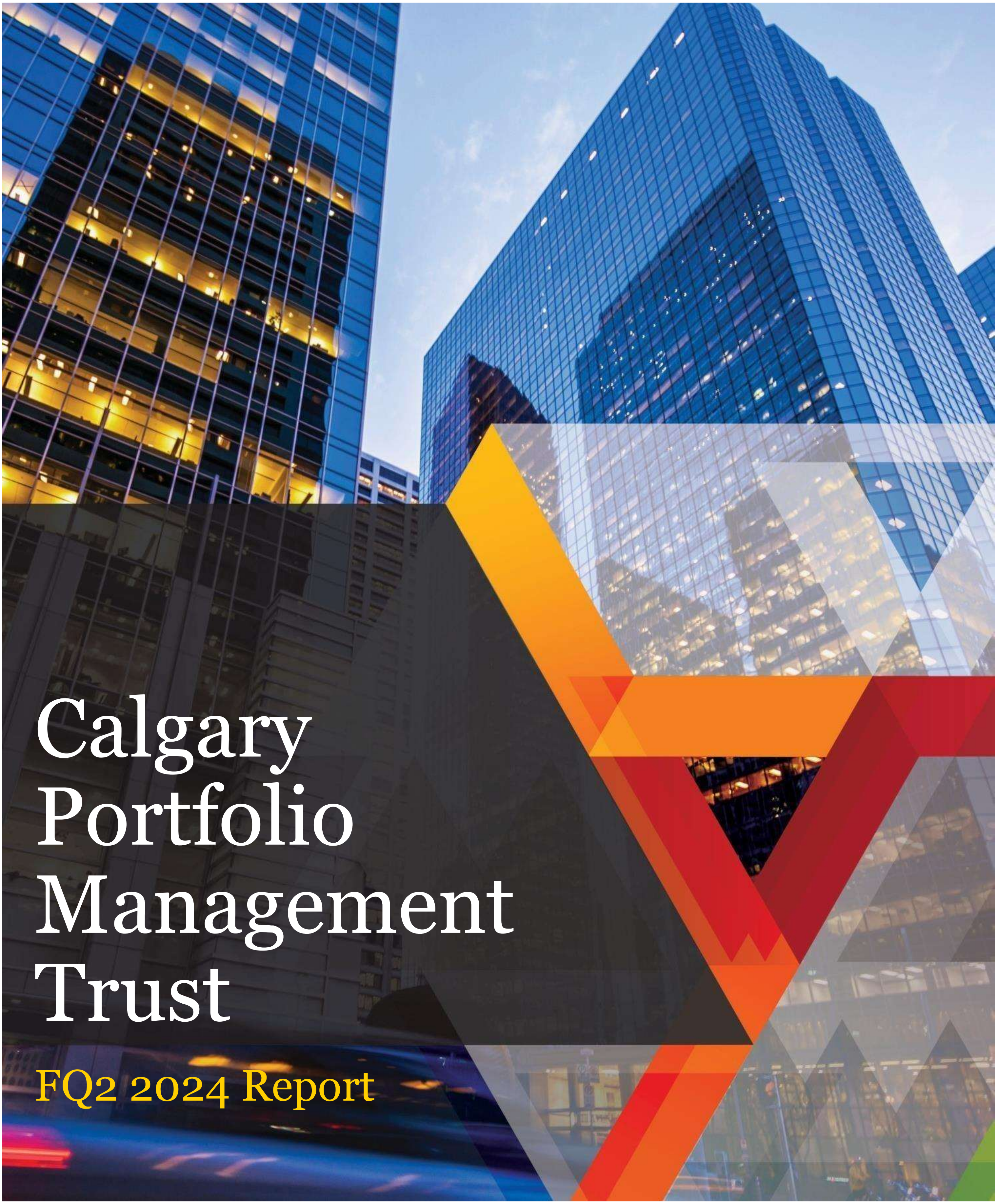

Calgary Portfolio Management Trust

FQ2 2024 Report

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

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Dear Stakeholders,

The Calgary Portfolio Management Trust (CPMT) Class of 2024 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 37/63 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,

Daniel Krapiwin, Portfolio Manager

Daniel K

Jacob Kemp, Portfolio Manager

Jeevan Gill, Portfolio Manager

Jeevan Gill

João Vitor Beani, Portfolio Manager

João Vitor Beani

Joel Homersham, Portfolio Manager

Lucas Frame, Portfolio Manager

Frame

Rebecca Butler, Portfolio Manager

RButler

Ryan Crisalli, Portfolio Manager

Class of 2024

Biographies

CPMT CLASS OF 2024

DANIEL KRAPIWIN
Portfolio Manager
5th 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. Daniel has completed two internships at BluEarth Renewables as a Finance Student and at National Bank Financial as a Project Finance Summer Analyst. Daniel is currently interning at National Bank Financial in its Project Finance team where he will be returning full time upon graduation. In his spare time, Daniel enjoys disc golf, golf, hiking, and watching F1.

JACOB KEMP
Portfolio Manager
5th 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 degree in Finance with a minor in 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. Jacob recently completed an internship at 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
Portfolio Manager
5th 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 previously completed an internship in summer 2022 as a Staff Accountant at Deloitte in its Audit Public group. Jeevan recently completed an internship at Bank of America as an Investment Banking Summer Analyst in its Global Natural Resources & Energy Transition Group, where he will be returning full time upon graduation. In his free time, Jeevan enjoys practicing his drumming, listening to music, and watching basketball.

JOÃO VITOR BEANI
Portfolio Manager
4th 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. João completed a part-time internship at Pivotal Capital Advisory Group and Summer Internships at Stone Co. as a Corporate M&A Analyst and at IGC Partners as an Investment Banking Analyst. In summer 2024, he will join RBC Capital Markets as an Investment Banking Summer Analyst in the Global Energy Group. In his spare time, João enjoys soccer, tennis, and music.

JOEL HOMERSHAM
Portfolio Manager
5th 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. Joel completed an internship at RBC Capital Markets as an Investment Banking Summer Analyst in the Global Energy Group, where he will be returning full time upon graduation. Previously, Joel completed internships in Private Equity and Energy Services with the Ayrshire Group and West Earth Sciences. In his free time, Joel enjoys playing golf, hockey, and reading.

LUKE FRAME
Portfolio Manager
5th Year, Honours Finance / Computer Science

Luke joined the CPMT in March 2022 as an Investment Analyst with the goal of continuing to develop his skills in and understanding of financial analysis and modeling. Over the next year, 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 recently joined Peters & Co. Limited as a full-time Equity Research Associate but remains committed to the CPMT and looks forward to mentoring and collaborating with the new analyst class. Previously, he completed two summer internships in Equity Research and Institutional Equity Sales & Trading at Peters & Co., in addition to a Winter internship at SAF Group, where he worked as an Investment Analyst. In his free time, Luke enjoys hockey, golf, skiing, mountain biking and camping.

REBECCA BUTLER
Portfolio Manager
5th 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 their continued support in making this opportunity possible. Rebecca looks 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 two co-op terms at Fidelity Investments as a Calgary Advisor Sales Intern and a Financial Analyst out of Fidelity's Toronto office. Rebecca recently completed an internship at National Bank Financial as an Investment Banking Summer Analyst in the firm's Energy Group, where she will be returning full-time upon graduation. In her spare time, Rebecca enjoys fitness, skiing, wake surfing, music, and coffee.

RYAN CRISALLI
Portfolio Manager
5th Year, Finance

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. Ryan completed an internship at BMO Capital Markets as an Investment Banking Summer Analyst in the Energy group, where he will be returning full time upon graduation. In his free time, Ryan enjoys hockey, golf, snowboarding, music and traveling.

CPMT CLASS OF 2025

EMMANUEL FIKRESELASSIE
Investment Analyst
5th Year, Finance / Economics

Emmanuel joined the CPMT in March 2023 as an Investment Analyst with the aim of furthering his knowledge of financial markets, equity research, and portfolio management. He is extremely grateful for the continued support of CPMT's Board of Trustees, mentors, and alumni who make this opportunity possible. Emmanuel is completing degrees in Finance and Economics and has completed work terms in venture capital, sustainable finance, and fintech through internships at Ayrshire, SDTC, and Neo Financial. In summer 2024, Emmanuel will be joining RBC Capital Markets as an Investment Banking Summer Analyst in its Global Energy Group. In addition to the CPMT, Emmanuel was involved in the CFA Research Challenge and is the Founder of AGB Student Advising. In his leisure time, Emmanuel enjoys playing soccer, basketball, weightlifting, running, and volunteering.

JACK DEMO
Investment Analyst
3rd Year, Finance

Jack joined the CPMT in March 2023 as an Investment Analyst and is looking forward to developing his skills in portfolio management, financial modelling, and qualitative analysis. He is thankful for the Board of Trustees and alumni that have given him the opportunity to learn from the program. Jack is currently completing a degree in Finance. In addition to the CPMT, Jack has been involved with the Haskayne Finance Club, Denovo Student Investment Fund, and participated in the National Investment Banking Case Competition. He completed an internship with Suncor Energy as a Downstream Finance and Planning analyst in 2023. In summer 2024, he will be joining the BMO Capital Markets Team as an Investment Banking Summer Analyst. In his free time, Jack enjoys fitness, golf, hockey, and podcasts.

LUKAS FAIRLEY
Investment Analyst
4th Year, Finance / Economics

Lukas joined the CPMT in March 2023 as an Investment Analyst. He is looking forward to developing knowledge in portfolio management, financial markets, and financial modeling. He is thankful for the Board of Trustees and the alumni base that continues supporting the program. Lukas is currently working towards degrees in Finance and Economics. In addition to the CPMT, Lukas has been involved with the Haskayne Students' Association, JDC West as an Accounting Delegate, and the DeNovo Student Investment Fund as a Portfolio Manager. Currently, Lukas is working at Plains Midstream Canada as a Crude Supply and Trading Intern. In summer 2024, Lukas will be joining TD Securities as an Investment Banking Summer Analyst in its Global Energy team. Previously Lukas was a Corporate Development Summer Student at Enbridge. In his spare time, Lukas enjoys golf, hiking, and basketball.

MAX KONWITSCHNY
Investment Analyst
3rd Year, Finance

Max joined the CPMT in March 2023 as an Investment Analyst and is excited to further develop his equity research and financial modeling skills. He would like to thank the Board of Trustees, mentors, and alumni for their continued support in making this opportunity possible. In addition to the CPMT, Max has been involved in the Van Berkom Small Cap Case Competition and bp Trading Competitions. He is currently working at Inter Pipeline as a Financial Planning & Analysis Intern, and in the fall of 2023, is joining BMO Capital Markets as an Investment Banking Fall Analyst. In his spare time, Max enjoys astronomy, espresso, and hockey.

SARAH ADAMJEE
Investment Analyst
3rd Year, Finance

Sarah joined the CPMT in March 2023 as an Investment Analyst and looks forward to developing her knowledge in equity research, financial modelling, and portfolio management throughout the course of the program. She is thankful for the Board of Trustees and the alumni base that continues supporting the program. Sarah is currently working towards a degree in Finance. In addition to the CPMT, Sarah has been involved with the University of Calgary Consulting Association and JDC West as a Business Strategy Delegate. Previously, Sarah completed an internship with Dream as a Financial Planning and Analysis Intern. In summer 2024, Sarah will be interning with National Bank Financial as an Investment Banking Summer Analyst. In her free time, Sarah enjoys fitness, listening to music, and hiking.

SOHIL AGRAWAL
Investment Analyst
4th Year, Finance / Data Science (Minor)

Sohil joined the CPMT in March 2023 as an Investment Analyst and looks forward to continuing to develop his skills in financial analysis and modeling. He is thankful for the Board of Trustees and the alumni base that continues to support the program. Sohil is current completing a degree in Finance, with a minor in Data Science and Certificate in Entrepreneurial Thinking. With previous experience in consulting and private equity, he is looking forward to applying his skills learned through CPMT in his role as Investment Banking Analyst with BMO's Capital Markets Group in summer 2024. Apart from CPMT, Sohil has competed in numerous international case competitions throughout the past three years, most recently the Inter-Collegiate Business Competition. In his free time, Sohil enjoys basketball, badminton, hiking, watching F1, and is learning golf.

TARA JINDAL
Investment Analyst
3rd Year, Finance / Data Science (Minor)

Tara joined the CPMT in March 2023 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. Tara is currently working towards a degree in Finance with a minor in Data Science. In addition to CPMT, Tara has been involved with the CFA Research Challenge, University of Calgary Trading Team, Rotman International Trading Competition and JDC West as an Accounting Delegate and VP Finance. During summer 2023, Tara interned at CIBC World Markets as an Investment Banking Summer Analyst in the Energy, Infrastructure and Transition group. In winter 2024, Tara will complete an internship with Ontario Teachers' Pension Plan in its Private Capital, Global Funds group. In summer 2024, Tara is looking forward to interning at BP as a Commercial Energy Trading Intern. In her spare time, Tara enjoys music, fitness, and F1.

Portfolio Strategy and Sector Views

OVERVIEW

During FY 2024, 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 contribute 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 0.6% 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 risk-adjusted returns relative to the benchmark.

CONSUMER DISCRETIONARY

The CPMT's Consumer Discretionary weighting is currently 2.8% underweight relative to the blended benchmark. The performance of companies in this sector faced pressure in FY 2023 as consumer purchasing power continued to erode from high inflation and elevated interest rates. However, the U.S. personal saving rate has risen to 4.0% in August 2023 after falling to a low of 2.7% in June 2022; as such, the Fund believes these renewed savings will slowly increase consumer spending in 2024. With U.S. unemployment at 3.9% and labour participation at 62.0%, 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 customer retention. The CPMT is confident in its holdings Aritzia (TSX: ATZ) and lululemon athletica (NASDAQ: LULU) due to their cash flow resilience and strong market share.

CONSUMER STAPLES

The CPMT's Consumer Staples weighting is currently 6.7% 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), Alimentation Couche-Tard (TSX: ATD), and Darling Ingredients (NYSE: DAR), given each Company's dominant market share, proven management teams, and industry-leading margins.

ENERGY

The CPMT's Energy weighting is equally weighted 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 Europe and North America, but prices continue to remain high. The CPMT believes 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. Moving forward, we will continue to monitor the mandate fit of our current energy holdings, Canadian Natural Resources (TSX: CNQ), Enbridge (TSX: ENB), Enterprise Products Partners (NYSE: EPD) 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), Brookfield Corporation (TSX: BN), and ALLY Financial (NYSE: ALLY). We view strong underlying credit quality and high deposit levels as tailwinds to the performance of larger banks. However, the Fund's favourable view of the space is tempered by increasingly negative investor sentiment due to the recent downfall of several banks, the impact of rising credit spreads on subprime consumer loans, and geopolitical tension. 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. Currently 8.0% underweight in the sector, the CPMT is exploring the addition of several names to diversify its holdings and become more in-line with its blended benchmark.

HEALTH CARE

The CPMT believes that growth opportunities in the Health Care sector will persist post-pandemic, as ever-evolving health concerns continue to drive demand for technological and product innovation of treatment methods. The sector's historically low beta and non-discretionary nature allow it to remain defensive during recessionary periods. The Fund currently holds Thermo Fisher Scientific (NYSE: TMO) and Zoetis (NYSE: ZTS) and is actively searching for other names that fit the CPMT mandate. The Fund remains 3.0% underweight in the sector to further diversify its Health Care portfolio.

INDUSTRIALS

The CPMT expects 2023 to remain 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 (TSX: WCN) within the sector and is equally weighted relative to the blended benchmark. Recession risk remains, but these effects should be mitigated by the oligopolistic nature of each of the CPMT's Industrials holdings. As a result, the CPMT remains confident about its positioning moving into 2024.

INFORMATION TECHNOLOGY

The CPMT is 8.5% 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 about 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). The Fund sees outperformance over the medium term, driven by the sector's ability to partially insulate from rising rates due to limited debt exposure and the stickiness of our holdings.

MATERIALS

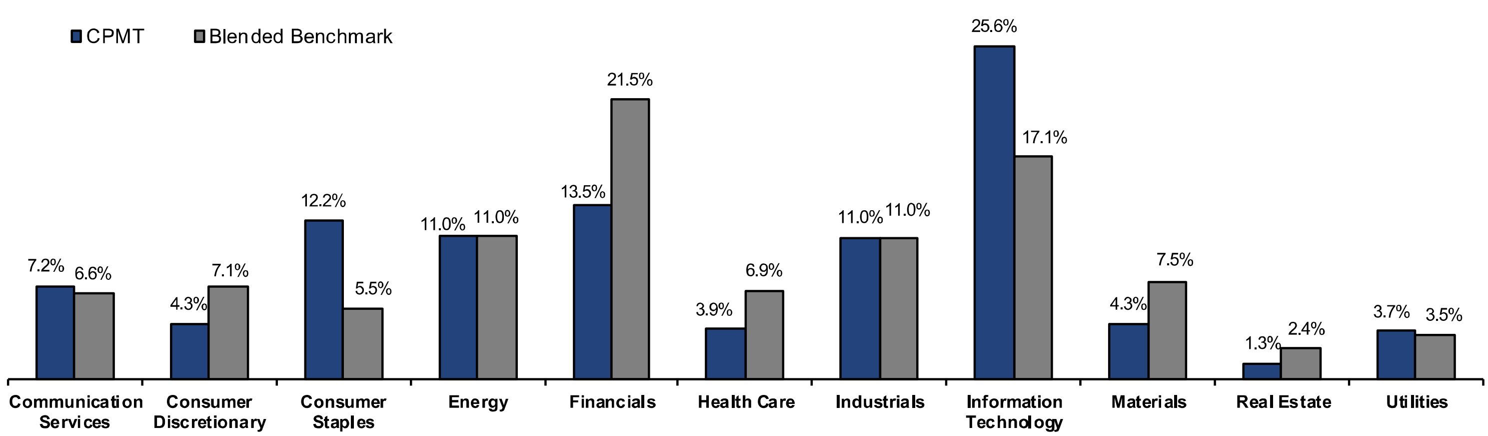
The CPMT is currently 3.2% underweight in Materials relative to the blended benchmark. Companies within the sector have experienced major shifts in scalability and profitability due to streamlined operations. The increasing demand for industrial gases, electrification, and construction/renovation products are expected to be 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).

REAL ESTATE

The CPMT is currently 1.1% underweight in Real Estate relative to the blended benchmark. In FY 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 of 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 remain 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, and material input costs.

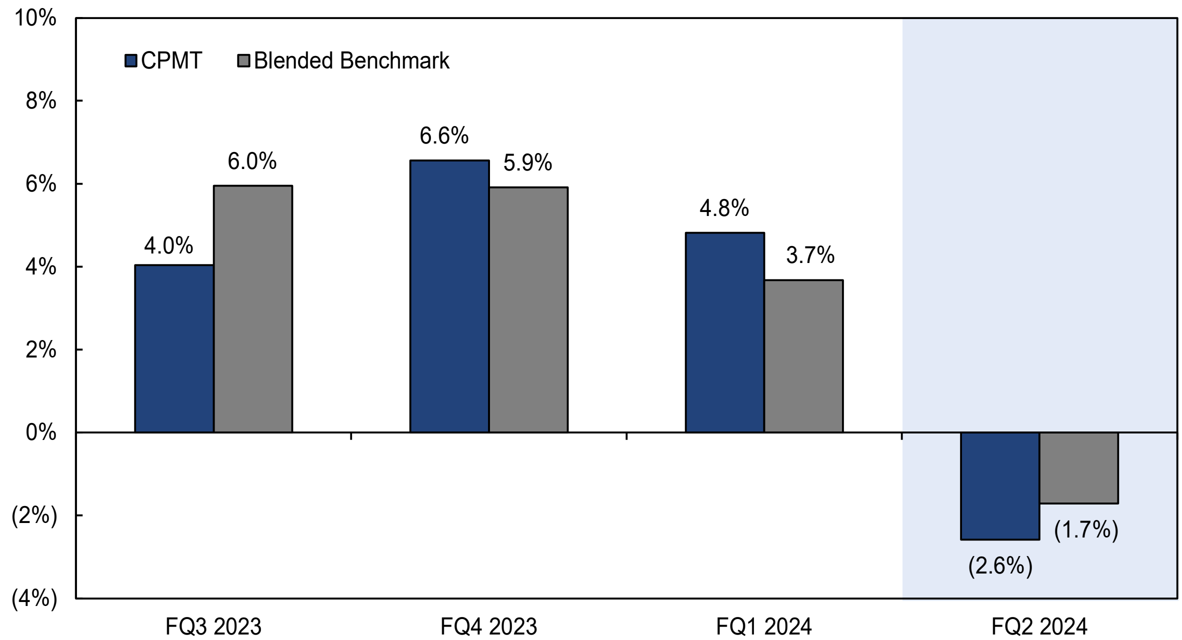
UTILITIES

The CPMT holds NextEra Energy (NYSE: NEE) and Brookfield Renewable Partners LP (TSX: BEP.UN). Rate hikes maintain concerns about being 0.2% overweight the sector because of utility stocks' historical inverse relationship with yields. While yields have fallen from their peak, the CPMT favours BEP's and NEE's 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.

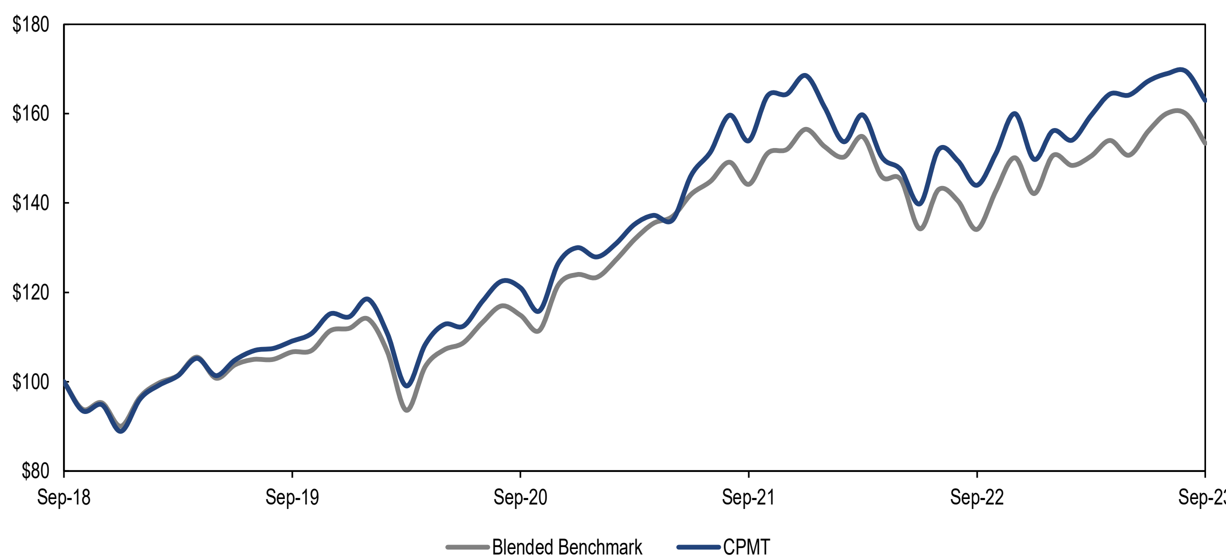


Quarterly Snapshot - FQ2 2024

CPMT and Benchmark Total Return (TTM)



Value of $100 (since September 30, 2018)

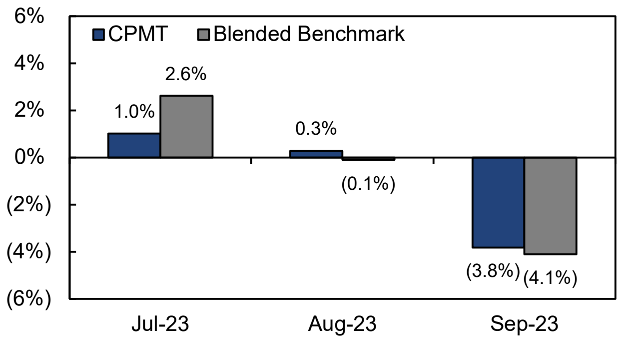


Fund Universe

	FQ2 2024	1 Year	3 Year	5 Year	10 Year
CPMT	(2.58%)	13.21%	11.03%	10.63%	8.64%
Blended Benchmark	(1.71%)	14.35%	10.09%	8.93%	8.37%
Blended Benchmark Difference	(0.87%)	(1.14%)	0.94%	1.70%	0.28%

Quarter in Review

QUARTER RETURN



NOTE TO STAKEHOLDERS

The CPMT Class of 2024 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 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 succeed long into the future and support student opportunities. This goal is driven by our commitment to research within the Fund as well as donating 4% of the 3-year trailing AUM annually in support of collaborative financial research.

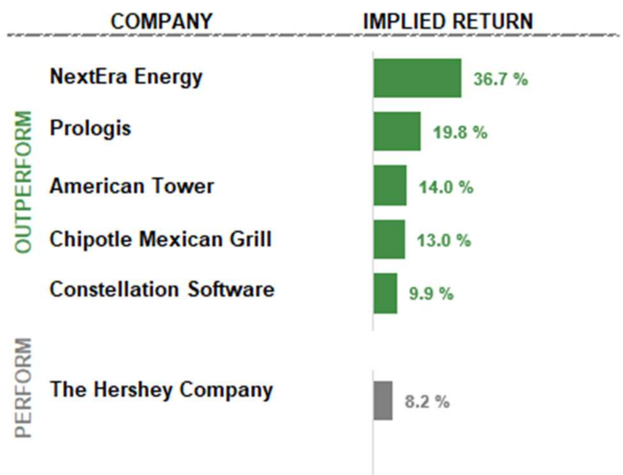
OVER THE QUARTER

The Fund returned -2.58% over the quarter, 87 bps below the Blended Benchmark's return of -1.71.%. The outperformance can be largely attributed to the Health Care, IT, and Financials sectors but was offset by underperformance in Consumer Discretionary and Industrials. The Fund currently has a 40/60 Canada/U.S. equity exposure. At this time, we are comfortable being overweight U.S. names due to the quality and growth profiles of our U.S. holdings but will continue to seek companies with a mandate fit in both Canada and the U.S.

In late September, the current class of Investment Analysts presented preliminary pitches on prospective portfolio additions as the final component of the summer training program. Through this process, the Fund uncovered two promising investments on which we plan to conduct further due diligence: TSX: CP and NYSE: PLD. The Fund also had a full pitch on NYSE: HSY with an investment thesis centered around the Company's dominant position in the U.S. chocolate confectionery landscape allowing it to continue benefiting from its retail partnerships, as well as its ability to translate large-scale manufacturing and distribution to become a cost leader relative to peers and gain market share as a result. The Fund will explore entering into a position in the name following further discussion.

Moving forward, members of the Fund will continue to conduct due diligence and evaluate current holdings to ensure alignment with our investment mandates.

NEW RECOMMENDATIONS



*Note: Reflects implied upside as of September 30, 2023

TRANSACTION LOG

COMPANY	OLD AUM	NEW AUM
No trades executed	N/A	

American Tower

Real Estate
NYSE: AMT
Market Outperform | Hold

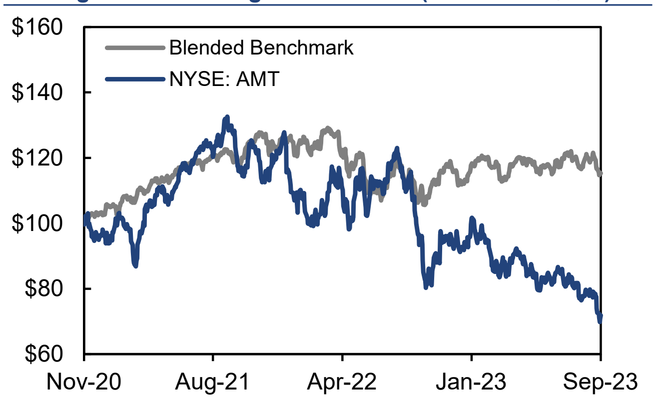
September 30, 2023	
Jeevan Gill, Portfolio Manager	
Ryan Crisalli, Portfolio Manager	
Tara Jindal, Investment Analyst	

Return on Investment	
Current Share Price	$164.45
Target Price	$181.00
Dividend Yield	3.90%
Implied Return	14%
Conviction Rating	1

Market Profile	
52-Week Range	$158.17 - $235.57
Market Capitalization (US$mm)	$76,659
Net Debt (US$mm)	$45,161
Minority Interest (US$mm)	$6,481
Enterprise Value (US$B)	$128
Beta (5-Year Monthly)	0.58

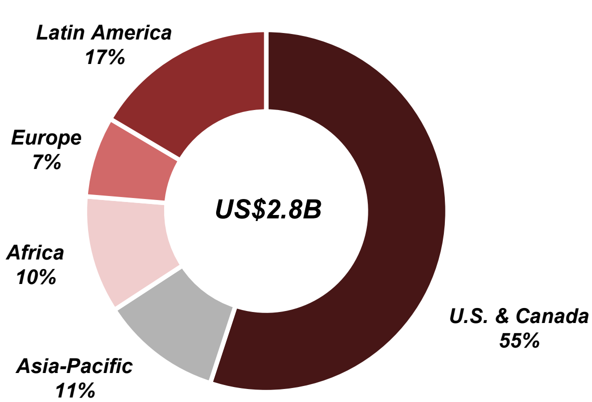
Metrics	2023E	2024E	2025E
Revenue (US$mm)	$11,134	$11,628	$12,145
AFFO (US$mm)	$4,769	$5,191	$5,650
AFFO/Share (US$)	$10.23	$11.14	$12.12
P/AFFO	16.1x	14.8x	13.6x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Q3 2023 Revenue Segmentation



Source: Company Filings

Business Description

American Tower Corp (NYSE: AMT) is a real estate investment trust (REIT) which owns, operates, and develops multitenant telecommunications real estate. The Company owns a portfolio of ~205,000 telecommunication sites, which it leases to wireless service providers, broadcasters, and other communication service providers under contracts ranging from five to ten years. AMT holds a well-diversified portfolio of assets, with ~81% of its communication sites located internationally. The Company reports under five regional segments: (1) U.S. & Canada, (2) Asia-Pacific, (3) Africa, (4) Latin America, and (5) Europe. AMT's major customers, AT&T (NYSE: T), T-Mobile (NASDAQ: TMUS), and Verizon (NYSE: VZ) contribute 42% of AMT's property revenue as of Q3 2023.

Industry Overview

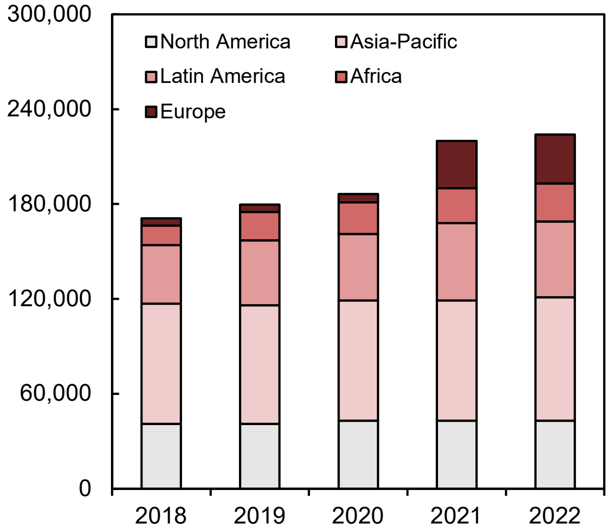
The major operators in the wireless cell tower industry include AMT, Crown Castle International (NYSE: CCI), and SBA Communications (NASDAQ: SBAC). The industry is characterized by high barriers to entry, as cell tower operators' operational success is determined by the construction of towers in areas that optimize network range, connectivity, and bandwidth capacity among carriers. Additionally, carriers face significant capital and time requirements to build meaningful scale, making the first-mover advantage for tower operators critical for success. Tower tenants face high switching costs that dissuade them from seeking alternative providers once equipment has been installed on a tower. Therefore, success in the industry includes maximizing the number of tenants per tower, as it discourages competitors from establishing towers in areas that already have adequate wireless network coverage.

The U.S. telecommunications industry is dominated by T, TMUS, and VZ. Growth within the U.S. segment is expected to result from the expansion of 5G, which is estimated to comprise 50% of the U.S. market share of connectivity[(1)] by 2025. The industry's competitive landscape is such that carriers have a significant economic incentive to choose a colocation business model where companies utilize existing towers to grow network availability rather than constructing their own sites. This provides significant expansion opportunities for tower operators that experience significant revenue growth and minimal incremental costs for installing additional cell sites on towers. However, headwinds remain in the U.S. market from churn due to carrier consolidation, as seen through TMUS' most recent acquisition of Sprint. Operators in the U.S. will be impacted by the acquisition at different time frames, with AMT expected to experience losses until 2025, CCI until 2025, and SBAC until 2028.

The international telecommunications industry remains in the preliminary stages of wireless technology development, ranging from an early, voice-centric stage (~10 years away from the data-centric stage) to rapidly evolving stages (~five years away from the data-centric stage). Emerging markets are also characterized by carrier-owned towers, denser 3G networks with accelerating 4G build-outs, and increasing mobile device penetration. There is significant expansion opportunity for international markets to service large populations in various countries. Growth prospects in India (cont.)

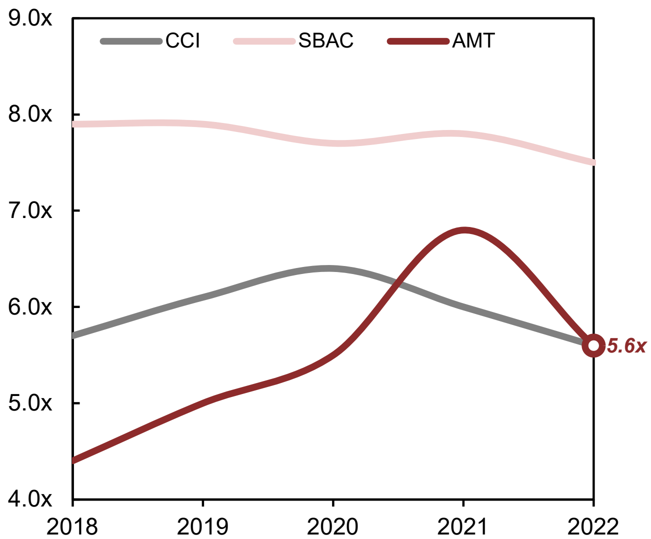
(1) Connectivity Standards Based on Devices

Figure 2: Regional Breakdown of Towers by Year



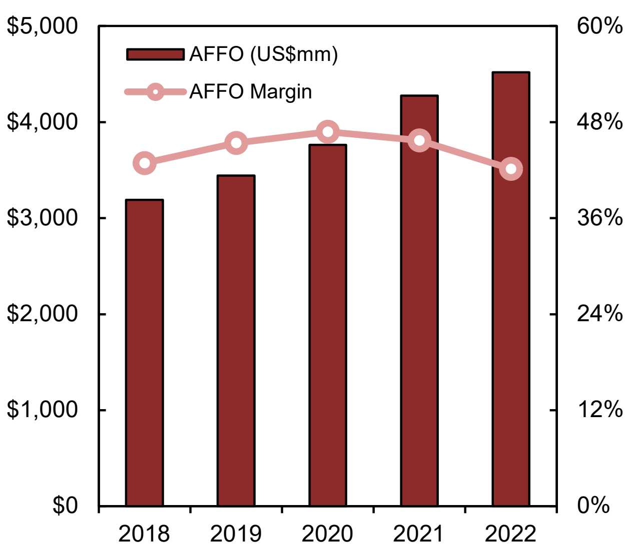
Source: Company Filings

Figure 3: Net Debt/EBITDA vs Peers



Source: S&P Capital IQ

Figure 4: LHS AFFO vs RHS AFFO Margin



Source: FactSet

and numerous countries in Africa are the most notable due to increasing smartphone penetration and new technology overlays (4G and 5G), as well as long-term network buildouts. As such, Advanced(2) and Rapidly Evolving(3) markets are expected to grow at five-year CAGRs of 18% and 24%, respectively. These growth opportunities are further catalyzed by additional spectrum auctions by local governments in international markets.

Mandate Fit

Quality Management: Thomas Bartlett joined AMT in April 2009 as Executive Vice President and assumed the role of CEO in 2020. Prior to joining the Company, he served as both the Corporate Controller and Treasurer at VZ. Management identifies scaling AMT's core business of cell towers as the most compelling opportunity to drive growth and create incremental shareholder value. Since 2020, Bartlett has overseen the completion of several successful acquisitions, such as Insite and Telxius' European and Latin American assets. The Company has a compelling compensation structure, with CEO and NEO compensation being 94% and 89% at-risk, respectively. AMT has a diverse board of directors, with five out of 12 directors being female.

Competitive Advantage: AMT's competitive advantage lies in its position as a global leader through its international portfolio of cell tower infrastructure. The Company is able to take advantage of the increasing global demand for mobile data due to high barriers to entry and its first-mover advantage of developing towers in international markets. AMT owns ~205,000 towers, of which ~27,000 are domestic, and ~178,000 are international. The Company's tower ownership exceeds competitors, as CCI owns only ~40,000 domestic towers, and SBAC owns ~17,000 domestic and ~22,000 international towers. AMT's ability to acquire new tenants and pass on costs results in its stronger organic tenant billing growth estimated at 4.6% for 2024, compared to CCI at 4.3% and SBAC at 2.9%. Furthermore, the Company has extensive experience constructing tower infrastructure for 2G, 3G, 4G, and 5G networks in the U.S. market. As such, AMT can leverage its experience to repeat the same process of implementing network infrastructure in emerging markets, only more rapidly and at superior margins.

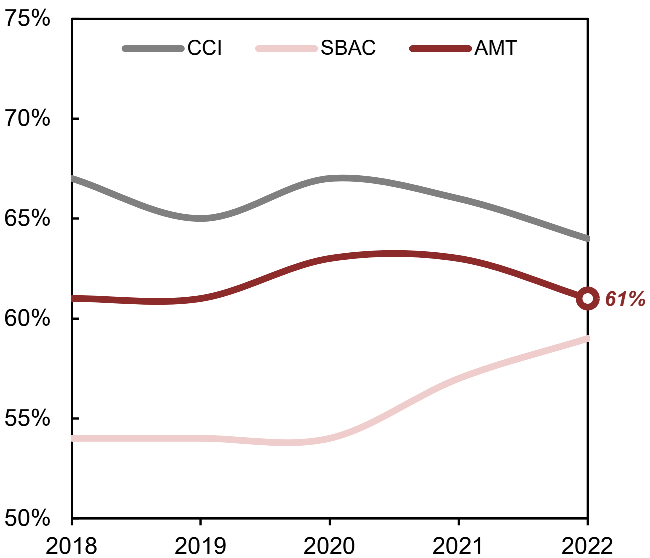
Strong Balance Sheet: AMT has a Net Debt/EBITDA of 5.6x, compared to the peer average of 6.4x. 85% of AMT's total debt is fixed, lower than CCI and SBAC, with a fixed debt of 88% and 93%, respectively. The Company's interest expense has increased by an average of ~US$50mm YTD, placing pressure on AMT's balance sheet and AFFO. The Company's weighted average interest rate for 2023 was 3.41% and is set to increase to 5.46% by 2027. AMT possesses a leading interest coverage ratio of 6.5x versus the peer average of 5.4x. However, higher proportional variable debt poses a risk to the Company due to elevated interest rates. AMT has a credit rating of Baa3 and BBB- from Moody's and S&P, respectively.

Growing Free Cash Flow: AMT is well positioned to continue generating stable cash flow, as the majority of its revenue is derived from non-cancellable leases. The Company has grown FFO and AFFO at five-year CAGRs of 10.5% and 7.2%, respectively. As the industry is characterized by high operating leverage, AMT experiences mostly fixed costs associated with tower construction and equipment installation, and minimal variable costs such as maintenance or installation of additional carrier technology. FFO/share sits at $10.12, higher than the peer average of $9.93.

The Company has a well-defined capital allocation strategy encompassing further dividend payments, de-levering, (cont).

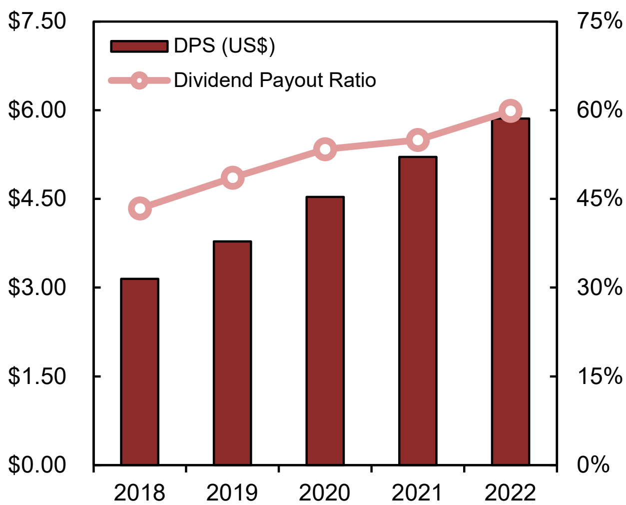
(2) Includes U.S., Germany, France, and Spain. (3) Includes India, Brazil and Mexico

Figure 5: EBITDA Margin vs Peers



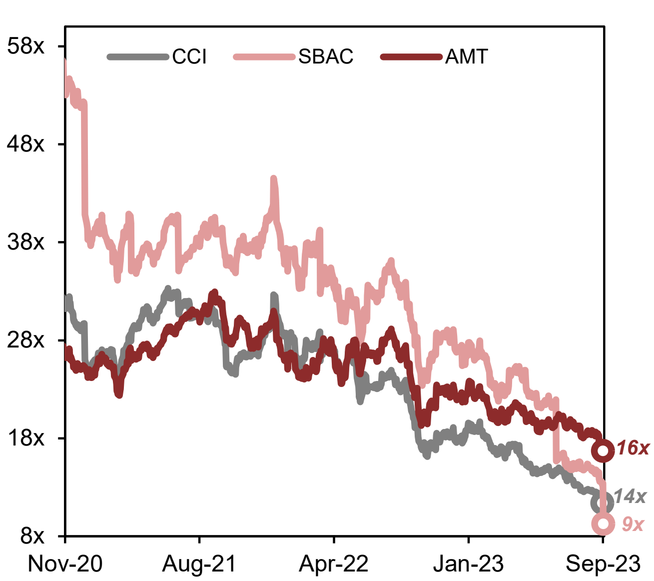
Source: S&P Capital IQ

Figure 6: LHS DPS vs RHS Dividend Payout Ratio



Source: FactSet

Figure 7: P/FFO vs Peers



Source: Bloomberg

growth capital expenditures, opportunistic acquisitions, and share repurchases. AMT aims to reach its leverage target of 5x Net Debt/EBITDA by YE 2024 through prioritizing paying off its variable debt, thereby reducing the Company's exposure to interest rate risk. However, management has expressed that AMT may not grow its dividend in 2024 to support its de-levering efforts, which presents significant concerns regarding the Company's ability to continue delivering value to shareholders. Additionally, AMT is expected to deploy a total of US$1.9B by YE 2023 towards capital expenditure, specifically focused on capital improvement, ground lease purchases, start-up capital projects, and redevelopment, which aligns with historical and forecasted capital expenditure. Moving forward, the Company will continue to seek acquisition opportunities and land for the construction of new towers to support wireless network investments in developing markets and jurisdictions.

Risks

AMT's business and valuation depend on carriers needing to invest in towers. The increasing use of small cells by carriers due to a shift towards 5G could impact long-run tower density and, subsequently, the profitability of AMT. Rising interest rates negatively affect the Company's leverage position for future acquisitions and may disrupt its international growth strategy. Further consolidation of carriers negatively impacts the AMT's future growth profile due to cell site tower consolidation and customer churn. The Company's international expansion also comes with uncertainty with buildouts in developing countries introducing country-specific risk different from that present in the U.S. This may heighten the Company's risk profile and weaken valuation multiples.

AMT's acquisition of CoreSite for ~US$10.1B shifts focus away from core tower operations and presents uncertainty regarding adequate shareholder returns. This is due to few operational synergies, high acquisition costs, and intensive capital expenditures required to maintain and grow the CoreSite business. As a result, AMT may experience capital constraints when expanding its tower operations.

Investment Thesis and Valuation

AMT was valued at US$181 using a five-year DCF with a WACC of 7.33%. The terminal value was determined through a 50/50 blend of (1) the Gordon Growth method, using a 3.00% terminal growth rate, and (2) a P/AFFO exit multiple of 18x.

The CPMT believes AMT can continue to benefit from aggressive expansion in international markets. The Company is well positioned to retain market share in these geographies and fortify barriers to entry, given the number of towers owned in international markets relative to peers. AMT is poised to maintain its position as a leader in capturing the global 5G evolution and can leverage its operational efficiency to repeat the same business strategy of cell tower expansion in North America in the international market, only faster and at better margins with the hindsight advantage. However, the CPMT is concerned about AMT's ability to maintain financial health, given higher expected interest rate payments and an inability to simultaneously grow its dividends and de-lever. Thus, the Fund will continue to rigorously monitor the Company's balance sheet health in the short-term, while actively searching for other opportunities in the Real Estate industry that offer attractive returns and align more closely with the CPMT's investment mandate.

Chipotle Mexican Grill

Consumer Discretionary
NYSE: CMG
Market Outperform | No Action

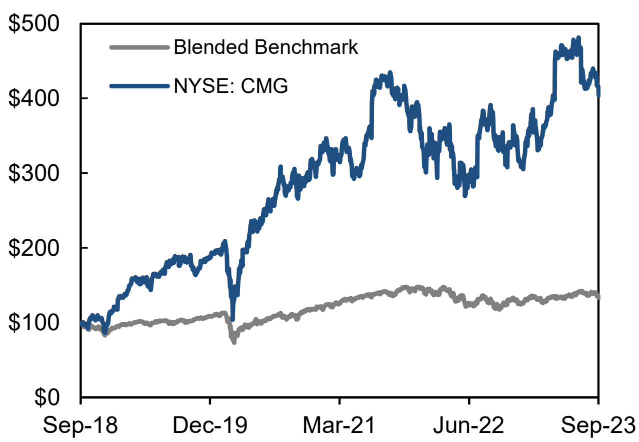
September 30, 2023
Joel Homersham, Portfolio Manager
Emmanuel Fikreselassie, Investment Analyst

Return on Investment	
Current Share Price	$1,831.83
Target Price	$2,070.00
Dividend Yield	0.00%
Implied Return	13%
Conviction Rating	N/A

Market Profile	
52-Week Range	$1,364.16 - $2,153.20
Market Capitalization (US$mm)	$52,074
Net Debt (US$mm)	($1,444)
Enterprise Value (US$mm)	$50,630
Beta (5-Year Monthly)	0.89

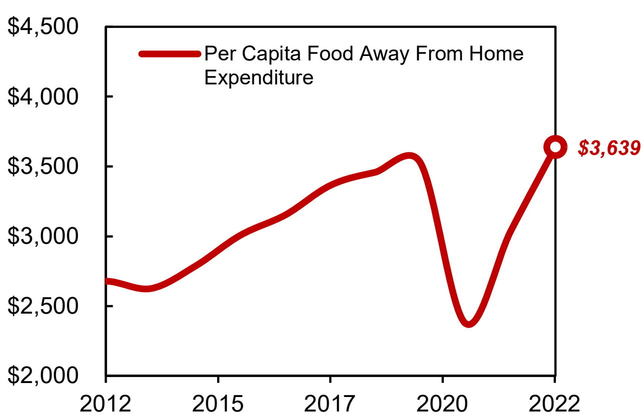
Metrics	2022A	2023E	2024E
Revenue (US$mm)	$8,635	$9,835	$11,122
EBITDA (US$mm)	$1,836	$1,869	$2,226
EPS (US$)	$42.38	$44.09	$54.03
EV/EBITDA	27.6x	27.1x	22.7x

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: U.S. Per Capita Restaurant Expenditure (US$)



Source: St. Louis Federal Reserve Bank

Business Description

Chipotle Mexican Grill (NYSE: CMG) develops and operates fast-casual style restaurants that offer fresh, authentic Mexican cuisine, specifically burritos, burrito bowls, tacos, and salads. CMG owns and operates all store locations and offers customers delivery, take-out, and dine-in options. The Company was founded by Steve Ells in 1993 in Denver, Colorado, and still primarily operates in the U.S., with 98% of its locations nationwide. Internationally, CMG operates in Canada and Western Europe, with 63 of the Company's 3,268 restaurants in these regions.

Industry Overview

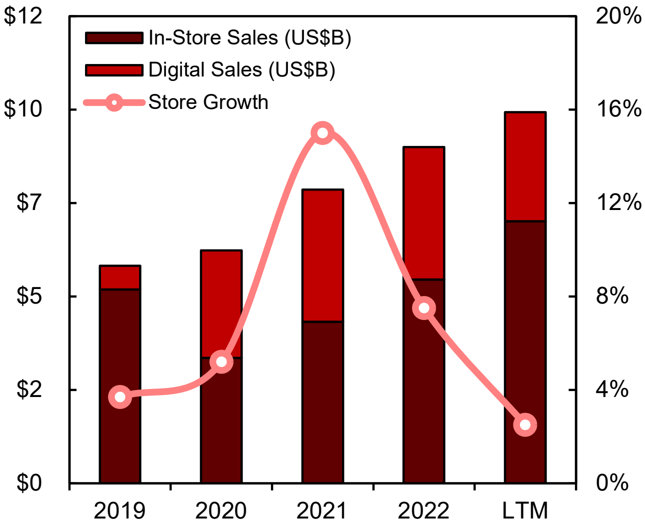
CMG operates within the fast-casual restaurant industry where it primarily competes with other fast-casual establishments that serve high-quality, healthy, and sustainably sourced meals. The quick service restaurant (QSR) industry consists of fast-food and fast-casual operators that compete on price, convenience, and product quality. The industry is highly competitive as firms have low barriers to entry and customers have minimal switching costs. The QSR industry in the U.S. has grown at a five-year CAGR of 3.9%, with growth primarily originating from the fast-casual segment. Fast-casual restaurants advertise higher quality ingredients and greater customizability, while maintaining quick service times. Greater demand for food-away-from-home has resulted in consumers opting for healthier, higher quality meals. CMG is the largest fast-casual restaurant brand in the U.S. and the third largest QSR operator, preceded only by McDonalds (NYSE: MCD) and Burger King. Health-conscious peers of CMG include Shake Shack (NYSE: SHAK), Sweetgreen (NYSE: SG), Panera Bread, and Subway.

Companies in the QSR industry primarily operate with a franchise model, typically with over 90% of system-wide stores owned by franchisees. These asset-light, high-margin franchises are administratively undemanding and easy to scale. The growth of operators in this segment is driven by store growth, product innovation, and promotional activities, with successful operators continually adapting to changing consumer preferences. Digital, delivery, and drive-thru sales are now major sources of revenue for QSR operators, which has resulted in significant investment in technology to capitalize on these new consumer spending patterns. QSR brands are currently focused on three key areas of development: (1) sales channel optimization, (2) technological integration, and (3) improving nutrition.

Operational Overview and Corporate Strategy

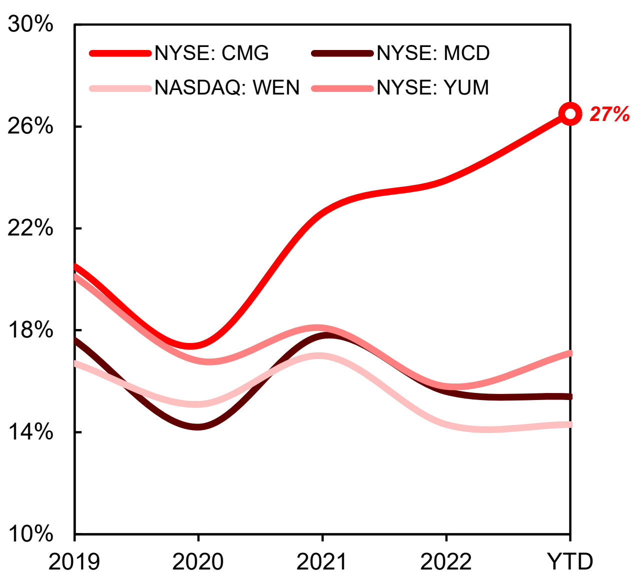
CMG's strategy is predicated on the operational efficiency it generates through a simplistic and streamlined business model. The Company's uniquely small menu is highly customizable relative to its fast-casual competitors. Additionally, its menu size and use of only fresh ingredients with little to no shelf-life results in efficient inventory turnover and lower worker training costs. The combination of its customizable menu with a fixed number of ingredients and its open kitchen, the station-orientated model allows for capacity to serve up to 100 customers over 15 minutes, 12% faster than fast-food peer MCD. Alongside its streamlined operations, (cont.)

Figure 2: Segmented Revenue Mix vs Store Growth



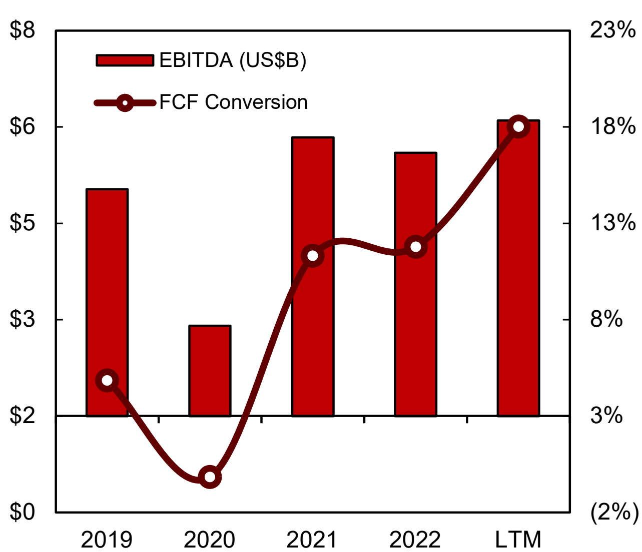
Source: S&P Capital IQ

Figure 3: Company-Operated Store Operating Margin



Source: S&P Capital IQ

Figure 4: LHS EBITDA vs RHS FCF Conversion



Source: S&P Capital IQ

CMG has led its peers in digital ordering, being one of the first fast-casual restaurants to create an online store pick-up ordering model. The Company's first-mover advantage in online ordering has led to same-store sales outperformance when compared to peers, with online orders now accounting for ~40% of total sales. CMG has averaged same-store sales growth of 9.6% over the last five years, nearly double that of peers. CMG's online orders are processed in a separate part of the open-kitchen, contributing to further decongestion and improved service times. CMG's online-order, drive-thru pick-up platform, "Chipotlanes", has been adopted at ~600 locations, further driving decongestion and same-store sales growth, particularly concerning catering and bulk orders.

Mandate Fit

Quality Management: Brian Niccol replaced founder Steve Ells as CEO in 2017. In his initial years as CEO, Niccol focused on reconstructing CMG's food preparation and storage procedures to address prior food safety concerns. Additionally, Niccol optimized the Company's fresh ingredient supply chain for operational efficiency and quality. Under Niccol, CMG has outperformed peers and the broader market while continuously improving operating performance and market penetration.

Competitive Advantage: CMG's competitive advantage stems from its differentiated operating model and the Company's first mover advantage in online-store pick-up ordering. CMG's strong ability to leverage these facets in tandem provides the Company with the opportunity for low-cost and organic growth through the expansion of pick-up-only locations and online-only menu items. The combination of the in-store experience and online store pick-up channels creates a robust platform for customer engagement, which has proved difficult to replicate for its competitors. These qualities have enabled the Company to outperform peers' same-store sales growth while also expanding margins at a greater rate.

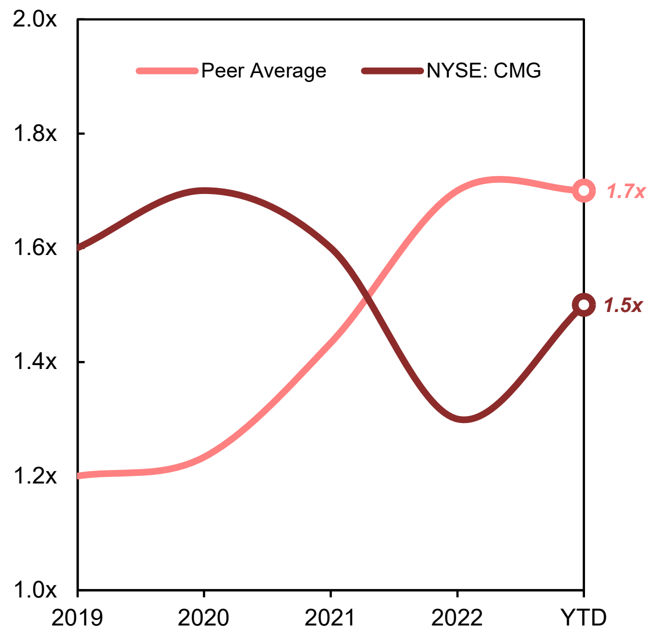
Strong Balance Sheet: CMG is an unlevered company, with the only liabilities being its operating leases for store locations. The CPMT supports CMG's capital structure, given the flexibility to reduce its cost of capital and its un-tethered correlation to the broader market. The Company has ample liquidity as measured by its current ratio of 1.6x, cash ratio of 1.3x, and is supplemented by its US$500mm undrawn credit facility. CMG's balance sheet can support any capital requirements that arise as it continues to penetrate markets in North America and internationally.

Growing Free Cash Flow: CMG has generated predictable FCF in various market conditions due to the pricing power and cost control it is afforded through its competitive advantage. CMG has grown FCF at a five-year CAGR of 35.1%, while FCF conversion increased from 4.8% to 18.0% over the same period. Sustained FCF growth has allowed the Company to return an average of ~US$388mm to shareholders via buybacks over the last five years while maintaining a cash balance greater than US$675mm.

Risks

The Fast-Causal restaurant and broader food services industries have generally experienced margin compression due to persistent inflation and a tight labour market. CMG's protein items, most notably beef and chicken, experienced a 41% and 35% increase in price, respectively, since the onset of the COVID-19 Pandemic. To date, CMG has successfully transferred incremental costs to its customers; however, there remains uncertainty about the duration for which this can be sustained. In addition, the Company (cont.)

Figure 5: Current Ratio vs Peers



Source: S&P Capital IQ

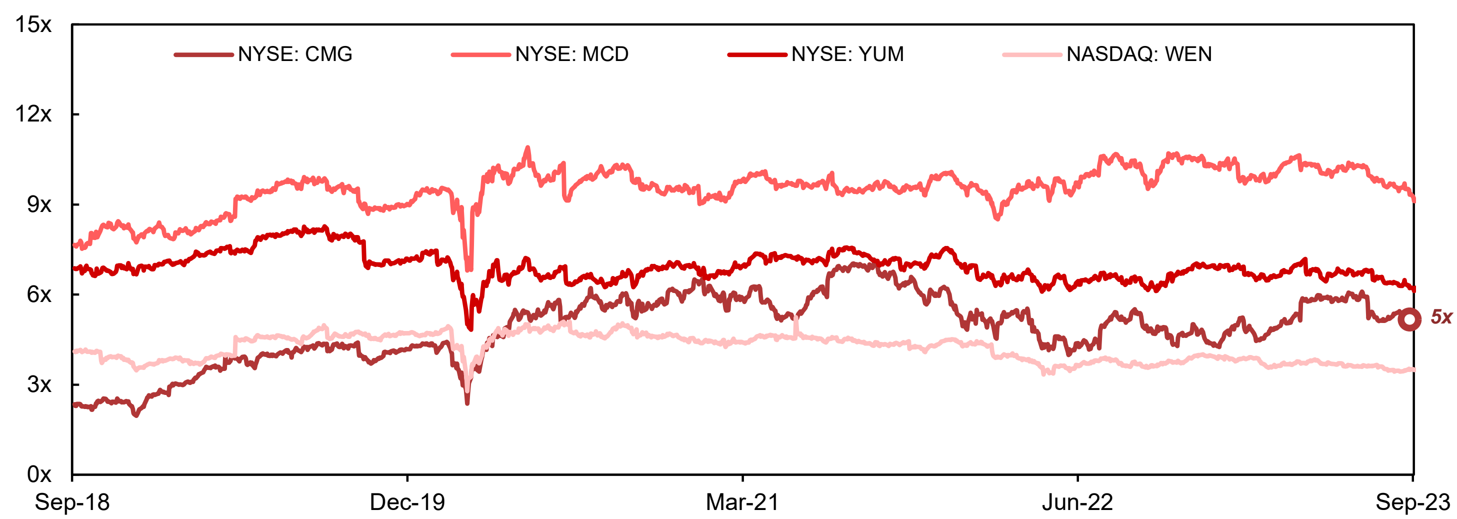
has seen increased labour costs arising from wage inflation and struggles to adequately staff current locations.

Investment Thesis and Valuation

The CPMT views CMG as a high-quality business with a distinct competitive advantage and platform for organic growth. The Company has a track record of generating excess cash flow in a variety of market conditions, validating the Company's operating model and prudent capital allocation. The Fund believes CMG's best-in-class management team, FCF generation, and strong brand identity warrant a slightly higher valuation than its peers.

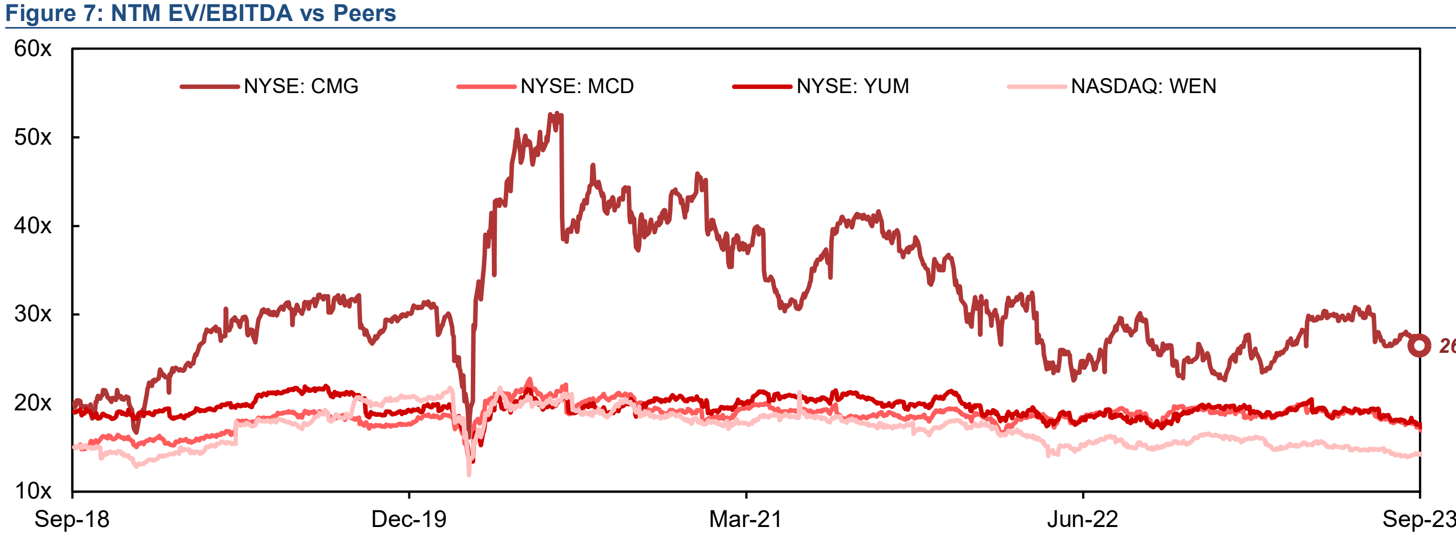
CMG was valued using a 2024E EV/EBITDA multiple of 24x, resulting in a target price of US$2,070. The Company's shares proved to be resilient due to strong earnings releases that have demonstrated CMG's ability to pass on rising costs to its customers alongside continued same-store sales growth. However, the Fund believes that The Company's robust growth opportunities are currently priced in. CMG has historically traded at a ~10x EV/EBITDA premium relative to peers. The CPMT views this premium as currently reflecting or potentially overrepresenting the present value of CMG's growth opportunities. The CPMT sees CMG aligning with the Fund's investment mandate. It will closely track the name for potential entry should the valuation gap with peers better reflect an attractive valuation given CMG's unique growth prospects.

Figure 6: NTM EV/Revenue vs Peers



Source: S&P Capital IQ

Figure 7: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

Constellation Software

Information Technology
TSX: CSU
Market Outperform | Hold

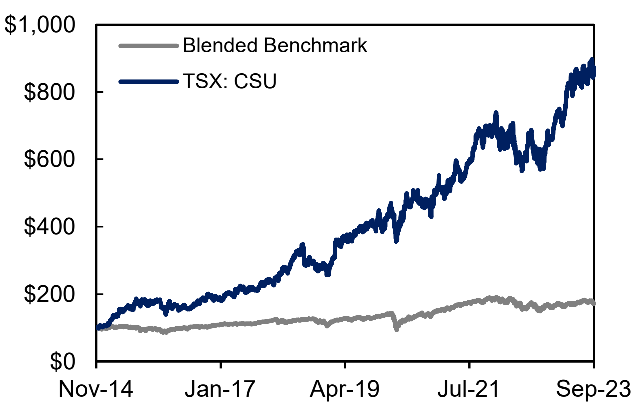
September 30, 2023
Joao Beani, Portfolio Manager
Sohil Agrawal, Investment Analyst

Return on Investment	
Current Share Price	$2,804.07
Target Price	$3,075.00
Dividend Yield	0.20%
Implied Return	10%
Conviction Rating	2

Market Profile	
52-Week Range	$1,827.33 - $2,905.40
Market Capitalization ($mm)	$59,422
Net Debt ($mm)	$2,453
Enterprise Value ($mm)	$61,876
Beta (5-Year Monthly)	0.83

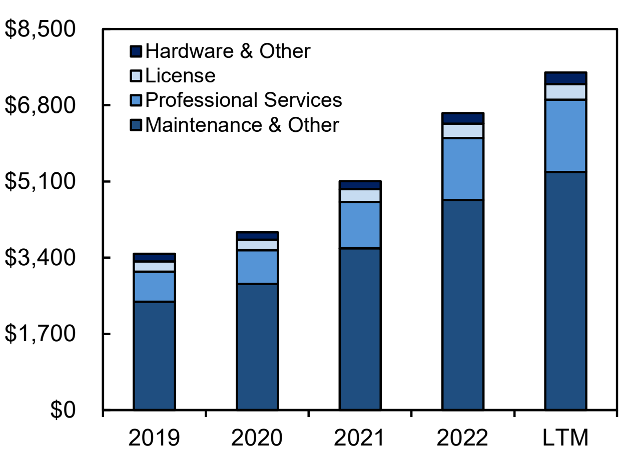
Metrics	**2023E**	**2024E**	**2025E**
Revenue (US$mm)	$8,145	$9,463	$11,010
EBITDA (US$mm)	$2,020	$2,517	$2,973
EPS (US$)	$30.59	$41.63	$50.02
EV/EBITDA	22.1x	17.7x	15.0x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Segmented Revenue Mix (US$B)



Source: Company Filings

Business Description

Constellation Software Inc (TSX: CSU) is a leading acquirer, manager, and builder of vertical market software (VMS) businesses, which delivers tailored software solutions to customers. These companies operate across various markets, including agriculture, utilities, and real estate. CSU focuses on acquiring companies with strong historical ROIC values, robust FCF profiles, and promising growth prospects. The Company's portfolio is organized into six operating segments: (1) Harris Computers, (2) Jonas Software, (3) Lumine Group, (4) Perseus Group, (5) Vela Software, and (6) Volaris Group. These segments oversee more than 600 companies and serve 125K users in 100 markets globally.

Industry Overview and Growth Strategy

The software industry is projected to grow at a five-year CAGR of 1.6%, driven by the continued adoption of digital transformation. The industry is dominated by firms focused on growth by acquisitions, allowing companies to achieve economies of scale through efficient IT infrastructure and cost synergies. As a large-scale software consolidator, CSU competes with Descartes (TSX: DSG), Enghouse (TSX: ENGH), and OpenText (NASDAQ: OTEX). VMS-based companies often have lower penetration rates and lower churn, which deters new entrants. This is amplified by the fact that once a client adopts a VMS solution, there is extremely low churn, as clients will experience high switching costs. Furthermore, customer reliance on CSU's products provides stable and recurring revenue. The Company's growth relies on its extensive expertise of executing acquisitions and successful integration of smaller VMS businesses. CSU has made 62 acquisitions as at Q3 2023, on track to meet its five-year average.

Operating Group Updates and Spin-Offs

CSU has six distinct operating segments, each managed by an operating group manager. These managers invest capital to generate returns at or above the investment hurdle rates set by the President and Board of Directors of CSU.

Harris Computer Systems: In May 2022, Harris purchased Allscripts' (NASDAQ: MDRX) Hospitals & Large Physician Practices segment for US$727mm, enhancing its digital health offerings.

Jonas Software: In September 2023, Jonas Software acquired 4GL Solutions, a specialized ERP software provider for the metals industry, to enhance its portfolio of over 140 global companies.

Vela: Vela acquired GreatSoft in August 2023, enhancing its offerings for accountants with an R&D focus and expansion into Africa and global markets, backed by a strong client base.

Volaris: In September 2023, Volaris acquired RAF Technology, a leader in AI-optical character recognition for postal and logistics sectors, bolstering its software portfolio of over 190 companies.

Perseus: In September 2023, CSU acquired Black Knight's Optimal Blue for US$700mm, a mortgage secondary technology marketing leader. This compliments its existing portfolio of 800 companies.

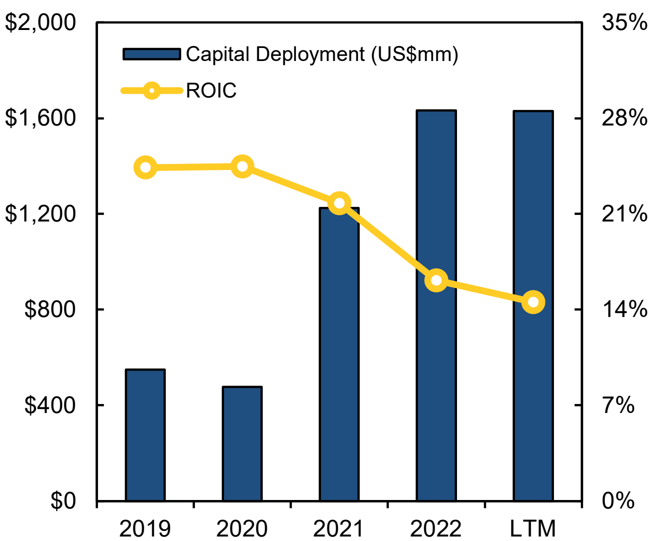
Total Specific Solutions (TSS): TSS acquires leading European VMS software providers and was spun off during the Topicus (cont.)

Figure 2: Decentralized Business Model

CSU operates 600+ companies. As of September 2023, CSU has spun-off two business units, Topicus (CVE: TOI) in January 2021 and Lumine (CVE: LMN) in March 2023.

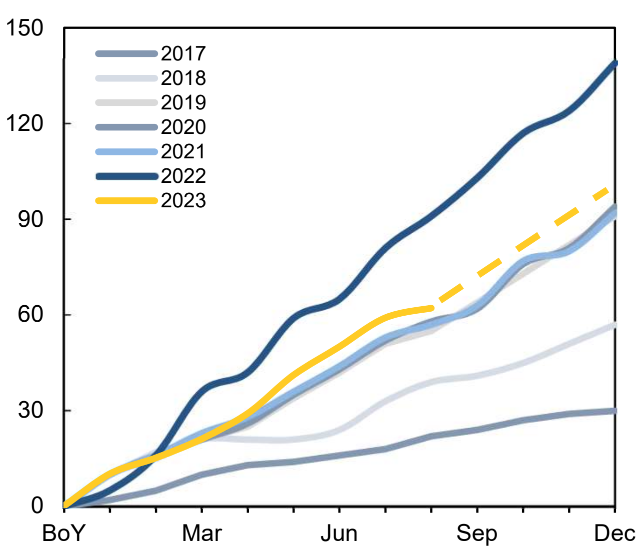
Source: Company Filings

Figure 3: LHS Capital Deployment vs RHS ROIC



Source: Company Filings, S&P Capital IQ

Figure 4: Cumulative Acquisitions by Month



Source: CPMT Estimates, Street Research

Acquisition in December 2020. Both entities now trade under Topicus.com (CVE: TOI) and oversee 160+ companies.

Lumine Group: A part of Volaris and a subsidiary of CSU, acquired 100% of WideOrbit Inc, a U.S. media VMS provider, for US$490mm. In March 2023, the combined entity was spun out of the Company and operates as a separate entity as Lumine (CVE: LMN).

Mandate Fit

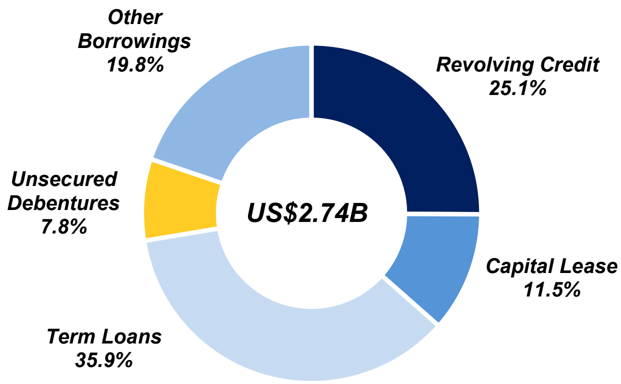
Quality Management: Since 1995, CSU has been led by its founder and President, Mark Leonard. CSU operates through a decentralized model, creating individual business leads for each division, with an average CEO tenure of 17 years across its six operating units. In addition to experienced leadership, the Company exercises a unique long-term incentive compensation plan. Rather than committing to stock-based compensation, CSU buys its shares in the open market and pays them to employees as a bonus. Executive officers must invest 75% of bonus into common shares and are restricted from selling these shares for an average of four years. NEO compensation is broken down as follows: cash bonus (10%), salary (20%), bonus to be used to purchase common shares (33%), and bonus withheld at source for tax purposes (37%).

Competitive Advantage: CSU's competitive advantage lies within its expertise in M&A execution, especially in an industry with low penetration and churn. Its decentralized M&A structure and large track-record of VMS M&A allows the Company to engage in post-acquisition reviews and utilize mutually exclusive collectively exhausting modelling (MECE) to evaluate transactions. CSU's valuation methods utilize four probably-weighted scenarios, enabling a single hurdle rate for different-risk investments. Using reliable base rates from numerous past acquisitions, the Company consistently applies MECE methods across investment opportunities. The Company's targets small, specialized VMS businesses, which avoids competitive bidding processes. Acquisition targets continue to function independently from CSU's operating segments, which has proven to be a successful business model as it accelerates targets' management decision-making. Moreover, the Company's proprietary acquisition target database has experienced substantial growth from ~1K in 2006 to ~45K currently. The Company estimates that 30% of its acquisitions are converted from its database.

Strong Balance Sheet: CSU maintains a conservative capital structure of 96.9% equity and 3.1% debt, which is in line with peers. The Company's financial strength is reflected by its investment-grade of BBB from Moody's. This is justified through its consistent FCF growth, stable business model, and disciplined capital allocation strategy. CSU holds a 1.4x Net Debt/EBITDA ratio, above the Company's three-year average of 0.6x due to its recent engagements in larger acquisitions. This is still lower than OTEX's Net Debt/EBITDA of 2.6x, while DSG and ENGH have a cash surplus compared to debt. Considering CSU's tendency to finance larger acquisitions through debt, the Company's recent debt issuances move signals an intent to increase cash reserves for future M&A.

Growing Free Cash Flow: CSU's growing FCF generation has allowed it to continue conducting M&A, having completed over 62 acquisition YTD. The Company has grown FCF at a 24.7% CAGR since 2017, driven through accretive M&A. Although CSU has had significant M&A in past years, the Company lowered its hurdle rate from 30% to 20% for purchases larger than US$100mm in 2019 to increase acquisition opportunities. This is reflected through CSU's recent larger deals such as Altera, Optimal Blue, and Wide Orbit for US$727mm, US$700mm, and US$490mm, respectively.

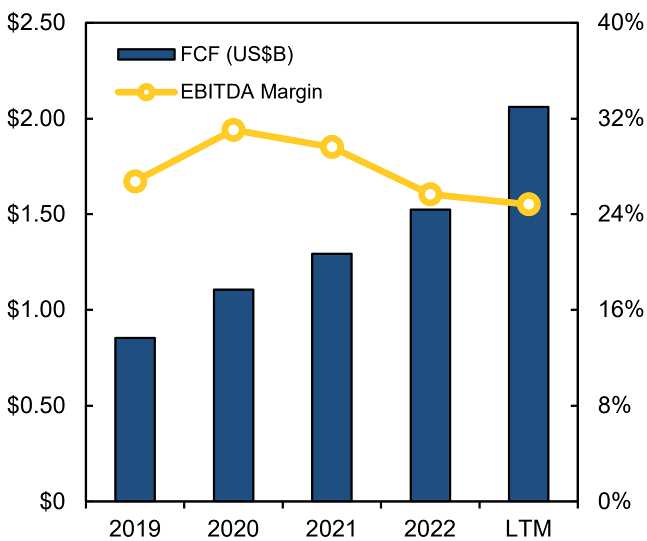
Figure 5: Q3 2023 Debt Composition



In August 2023, CSU announced up to $700mm of its Series One Unsecured Subordinated Floating Rate Debenture. This is at a rate of "Inflation + 650 bps".

Source: FactSet, S&P Capital IQ

Figure 6: LHS Free Cash Flow vs RHS EBITDA Margin



Source: Company Filings, S&P Capital IQ

Risks

(1) Ability to Sustain Margins: CSU's inorganic growth strategy relies heavily on its ability to execute accretive M&A. The software industry has seen a notable increase in industry consolidation over the past few years. Deal values have a 17.2% CAGR since 2014, when the CPMT entered a position in the Company. As the market becomes more saturated, CSU may experience difficulty in sustaining its margins. This is seen in the Company's ROIC, which declined from 27% in 2018 to its LTM value of 15%.

(2) Investment Hurdle Rate: Total software transaction value has decreased 52% YoY as of Q1 2023. This decrease in deal value highlights increased competition. Shareholders are concerned about the Company's ability to meet its investment hurdle rate of a ROIC of 20%. In 2022, CSU deployed ~US$1.6B on 139 acquisitions, shifting its strategy towards acquiring larger businesses. Mr. Leonard emphasized that this strategy would decrease ROIC but is necessary to become appropriate stewards of investor capital, indicating difficulty in executing M&A that provide historical returns.

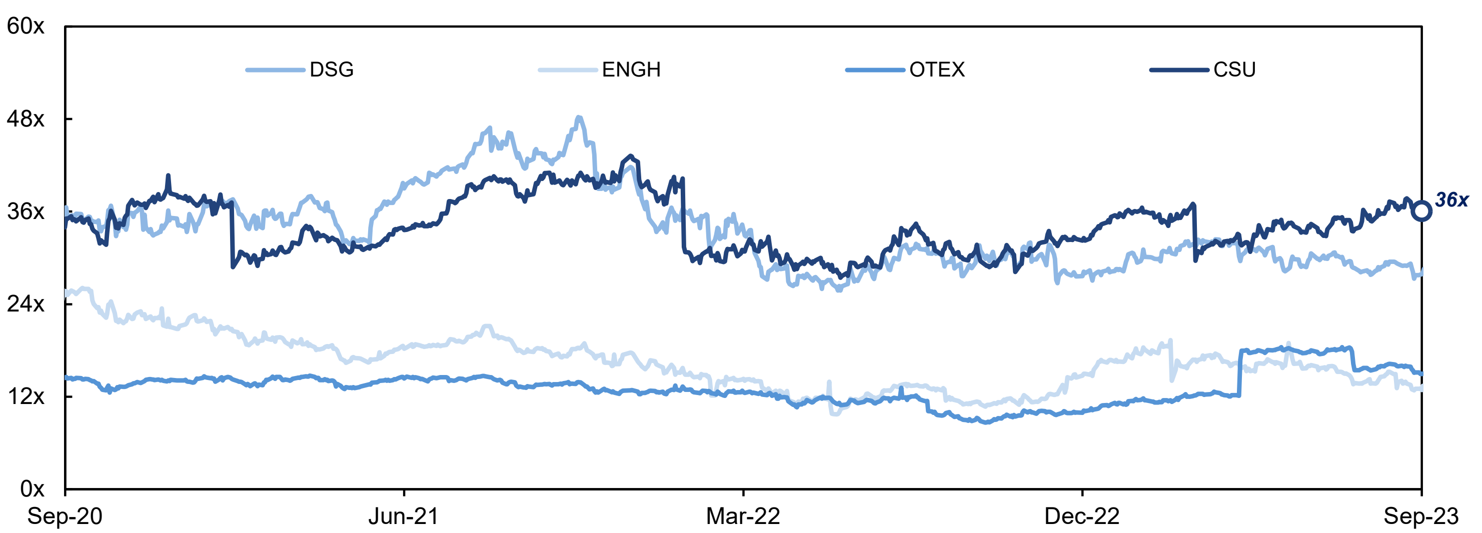
(3) Future Debt Issuances: CSU recently issued a $284mm unsecured debenture despite having an initial target of $700mm. Its interest rate is tied to the Canadian All-Items CPI plus 6.5% and will mature in 2040. The persistence of the current inflationary environment will drastically increase interest expenses. This uncertainty regarding a recession may exacerbate financial strain, lower credit ratings, and lead to unfavourable future financing terms.

Investment Thesis and Valuation

CSU was valued at US$3,075 using an eight-year DCF with a WACC of 8.84%. The terminal value was determined through the Gordon Growth method, using a 3.00% terminal growth rate.

The CPMT maintains confidence in CSU's ability to pursue accretive VMS M&A despite concerns surrounding its investment hurdle rate and sustenance of margins. The CPMT believes that the Company possesses an outstanding business model due to its capacity to finance most its acquisitions using cash, thereby maintaining low levels of debt and consistently generating FCF. Due to its steady stream of recurring revenue generated by its highly adhesive software products, CSU will persist in generating cash flow and engaging in acquisitions, even in a high interest rate environment, as demonstrated by its acquisition performance in the H1 of 2023.

Figure 7: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

The Hershey Company

Consumer Discretionary
NYSE: HSY
Market Perform | Buy

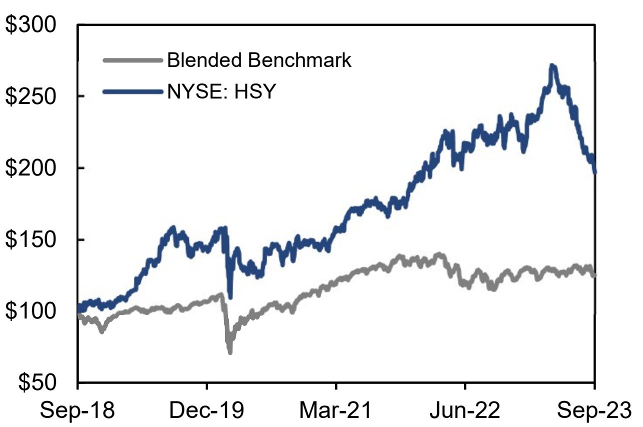
September 30, 2023
Jacob Kemp, Portfolio Manager
Rebecca Butler, Portfolio Manager

Return on Investment	
Current Share Price	$200.80
Target Price	$213.00
Dividend Yield	2.14%
Implied Return	8%
Conviction Rating	2

Market Profile	
52-Week Range	$184.11 - $276.35
Market Capitalization (US$mm)	$38,655
Net Debt (US$mm)	$4,761
Enterprise Value (US$mm)	$43,415
Beta (5-Year Monthly)	0.34

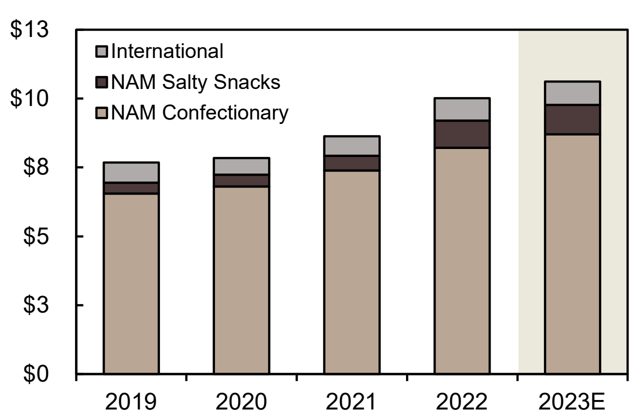
Metrics	2022A	2023E	2024E
Revenue (US$mm)	$10,419	$11,130	$11,900
EBITDA (US$mm)	$2,630	$2,731	$2,921
EPS	$7.96	$11.42	$12.19
EV/EBITDA	16.5x	15.9x	14.9x

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Revenue Segmentation (US$B)



Source: S&P Capital IQ

Business Description

The Hershey Company (NYSE: HSY) engages in the manufacturing and marketing of confectionary and pantry products in the U.S., Canada, and internationally. HSY operates through three segments: (1) North American Confectionary, (2) North American Salty Snacks, and (3) International. In 2022, North American and International revenues contributed 92% and 8%, respectively. The Company offers chocolate and non-chocolate confectionary products, with well-known brands such as Hershey's, Reese's, and Kisses. HSY markets and sells its products to wholesale distributors, grocery stores, mass merchandisers, convenience stores, and more. The Company was founded by Milton S. Hershey in 1894 and is headquartered in Hershey, Pennsylvania.

Industry Overview

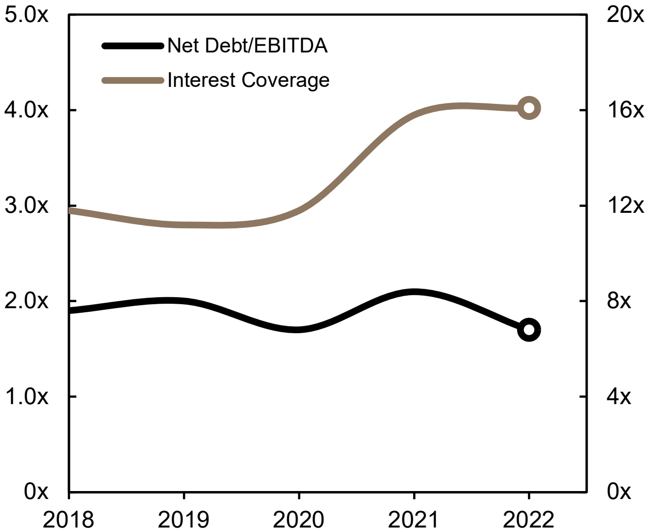
The chocolate industry holds the largest share of the global confectionery market at 55.3%, followed by sugar confectionery (32.6%) and gum (12.1%). High competition in the industry revolves around product quality and innovation, brand awareness, effective marketing, and strong relationships with retailers. The U.S. chocolate market is largely dominated by HSY (~45%), followed by its closest competitor, Mars (~30%), which is privately owned. Industry wholesalers consist of supermarkets, convenience stores, specialist retailers, e-retailers, and others. Supermarkets and hypermarkets represent the leading distribution channels and significantly influence demand for end products. Evolving trends in customer preferences and purchasing behaviours have resulted in significant consumer buying power. Increased demand for indulgent treats with less sugar, more protein, or plant-based alternatives has required companies to pivot their product portfolios to address customer needs. Additionally, weight-loss drugs such as Ozempic have recently impacted the short-term outlook for players in the consumer-packaged goods industry. However, the CPMT believes that market reactions have overlooked the growth drivers for companies in the snacking industry, with consumers favouring snacks over meals.

Over the next five years, the U.S. chocolate market is expected to grow at a CAGR of 2.9% to US$25.7B in 2028. Consequently, retailers are inclined to provide shelf space to brands that will attract high-traffic volumes into stores and are hesitant to the risk of stocking unproven brands.

Mandate Fit

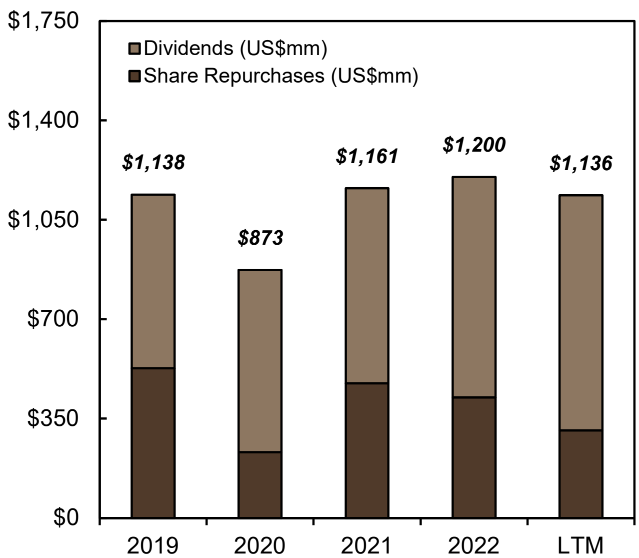
Quality Management: Michele Buck is the President and CEO of HSY, having served in the position since February 2019. Buck joined the Company in November 2005 and assumed various positions, such as COO in June 2016. Buck's extensive experience within the packaged foods industry has proven to be invaluable, demonstrated in her effective leadership thus far. The CPMT believes her strategic focus on maintaining disciplined capital deployment towards core domestic brands and reducing investment in international markets will allow HSY to further optimize operational efficiencies. Buck's 2022 compensation was 13% base salary, with the remainder (87%) comprising incentive-based pay in stock awards and non-equity incentive plans. The CPMT is aware that the Milton Hershey School Trust has ~80% voting power, with (cont.)

Figure 2: LHS Net Debt/EBITDA vs RHS Interest Coverage



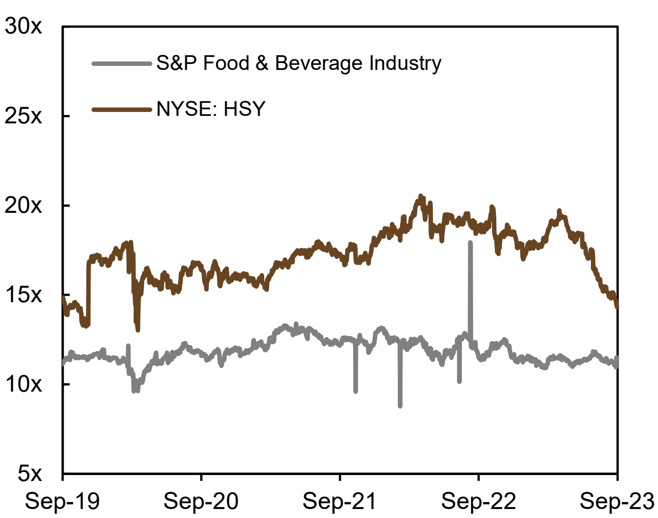
Source: S&P Capital IQ

Figure 3: Return of Capital History



Source: S&P Capital IQ

Figure 4: HSY vs Industry NTM EV/EBITDA



Source: S&P Capital IQ

only 28% share ownership. However, given its 100-year heritage of asset management and trust administration, the Fund does not believe this poses any material risks to the Company.

Competitive Advantage: As an internationally recognized brand, HSY sells and distributes its products to ~90 countries worldwide under 100+ labels. The Company demonstrates superior margins over its closest public peer, Mondelez International (NASDAQ: MDLZ), outperforming gross margins by ~7.0% over the past five years. Furthermore, HSY's large-scale manufacturing and broad distribution networks allow it to quickly replicate competitor products at lower prices, establishing the Company as a critical partner for retailers. In addition to HSY's Better-For-You confection strategy launched in 2021, the Company's portfolio innovation and wellness-focused acquisitions over the past four years have successfully executed on satisfying growing customer needs.

Strong Balance Sheet: HSY holds a strong balance sheet, with a Net Debt/EBITDA of 1.7x, compared to MDLZ at 4.3x. The Company demonstrates its ability to meet current debt obligations with an interest coverage ratio of 16.2x, compared to MDLZ's at 8.9x. HSY entered a new $1.4B unsecured revolving credit facility in July 2023, providing the Company with adequate resources to fund growth opportunities and capital investment plans. HSY holds investment-grade credit ratings of A from S&P and A1 from Moody's.

Growing Free Cash Flow: HSY has a strong history of stable cash flow generation, growing at a five-year CAGR of 13.3% since 2017. Management's 2023 capex guidance of ~US$800mm - 850mm represents ~8.0% of projected revenues, compared to a historical five-year average of ~5.0%. Increased capex is primarily driven by core confection capacity expansion and continued investments in digital infrastructure. The CPMT believes the Company will continue identifying niche acquisitions to augment its portfolio, rather than engaging in large transformative acquisitions. Furthermore, HSY expects continued dividend growth and annual share repurchases.

Risks and Mitigants

Similar to other chocolate manufacturers, HSY's operations depend on West African countries for product ingredients. As a result, the Company is exposed to fluctuations in raw material costs and reputational risks associated with the cocoa supply chain. HSY's risk mitigation involves hedging commodity costs, excluding dairy (given its undeveloped futures market), while monitoring and remediation systems target 100% of cocoa operations by 2025 to ensure responsible sourcing.

Valuation and Investment Thesis

The CPMT valued HSY at US$213, implying a return of 8.2%, using a five-year DCF with a WACC of 6.1% and a 2.0% terminal growth rate. A further top-down assumption was that the Company would maintain market share and grow its salty snack business unit.

The CPMT believes that HSY's dominant position in the U.S. chocolate confectionery landscape will allow it to continue benefiting from established retail partnerships and a strong brand image among customers. The Company's ability to translate large-scale manufacturing and distribution into superior cost efficiencies above its peers will contribute to further market share expansion. The Fund favours HSY's management team in identifying strategic acquisitions and allocating capital to bolster its product portfolio. Overall, the CPMT is confident that HSY's successful track record of adapting to evolving customer needs positions the Company to successfully navigate macroeconomic headwinds in the sector.

NextEra Energy

Utilities
NYSE: NEE
Market Outperform | Hold

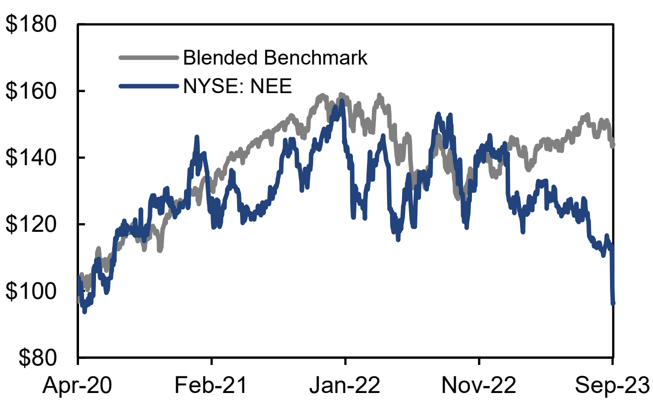
September 30, 2023
Daniel Krapiwin, Portfolio Manager
Lucas Frame, Portfolio Manager
Jack Demo, Investment Analyst
Lukas Fairley, Investment Analyst

Return on Investment	
Current Share Price	$56.24
Target Price	$75.00
Dividend Yield	3.33%
Implied Return	37%
Conviction Rating	1

Market Profile	
52-Week Range	$47.14 - $88.61
Market Capitalization (US$B)	$151
Net Debt (US$B)	$74
Enterprise Value (US$B)	$225
Beta (5-Year Monthly)	0.54

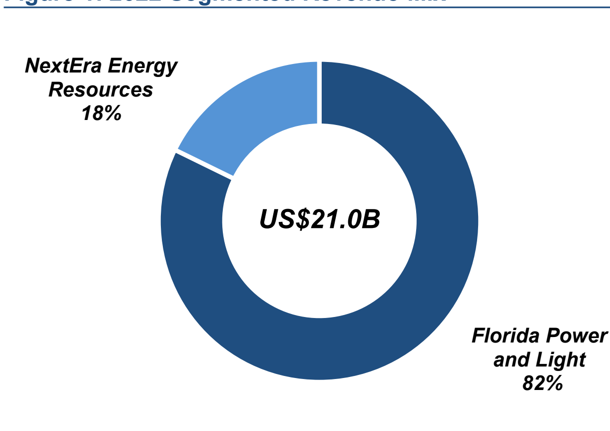
Metrics	2023E	2024E	2025E
Revenue (US$mm)	$26,012	$26,999	$29,274
EBITDA (US$mm)	$13,804	$14,889	$15,723
EPS (US$)	$3.13	$3.40	$3.65
EV/EBITDA	16.3x	15.1x	14.3x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: 2022 Segmented Revenue Mix



Source: Company Filings

Business Description

NextEra Energy (NYSE: NEE) is a clean energy generation, transmission, and distribution company based in Juno Beach, Florida. The Company is segmented into two main businesses: Florida Power and Light (FPL) and NextEra Energy Resources (NEER). As of December 2022, FPL is the largest electric utility in Florida with ~34GW of generation capacity, 88,000 miles of transmission, and serves over 12 million people through approximately 6 million customer accounts. FPL invests in generation, transmission, and distribution facilities to deliver highly reliable and low-cost energy to end consumers. NEER's strategic focus is developing, constructing, and operating long-term renewable contracted assets in the U.S. and Canada. ~92% of FPL's energy mix consists of natural gas and nuclear generation, while NEER's energy mix is 96% renewable.

Industry Overview

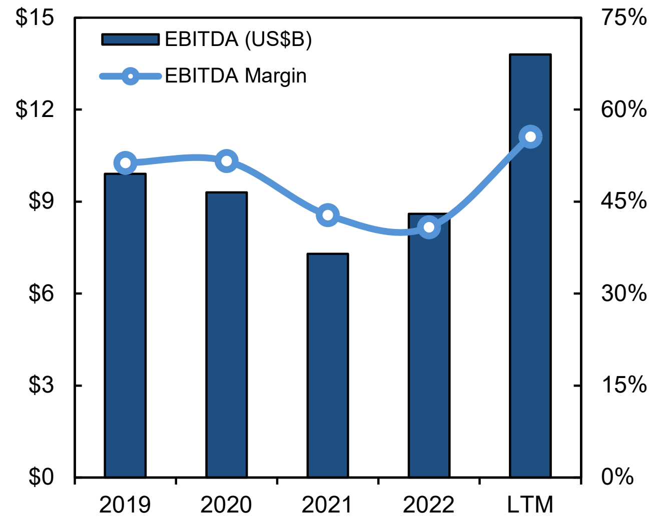
The utilities industry is segmented into four main business units: (1) Electric Power Transmission and Distribution, (2) Electric Power Generation, (3) Natural Gas Distribution, and (4) Water, Sewage and Other. NEE operates in the electric power transmission and distribution and electric power generation segments, competing with peers such as Duke Energy Corp (NYSE: DUK), ReNew Energy Global PLC (NASDAQ: RNW), Southern Company (NYSE: SO), Algonquin Power & Utilities (TSX: AQN), and Northland Power (TSX: NPI). Electric Power Transmission and Distribution is highly regulated, with federal bodies setting the rates at which utility companies can charge consumers. These rates are set to recover any development, construction, and operational costs the Company realizes, while allowing for a modest rate of return while maintaining consumer affordability.

As the world transitions its energy supply to sustainable resources to meet net-zero targets, demand for clean energy projects such as renewables and LNG has increased. Across the Electric Power Generation segment, power prices have risen slower than inflation due to a surge in renewable assets. This has put pressure on sponsors when developing projects, while inflation has caused cost overruns on new projects. As a result, it has been more difficult for smaller companies with lower access to capital to compete on a large scale. However, with the introduction of the *U.S. Inflation Reduction Act* (IRA), renewable power projects have been heavily incentivized through investment and production tax credits, accelerating the transition and driving the industry forward.

Development Pipeline and Growth Strategy

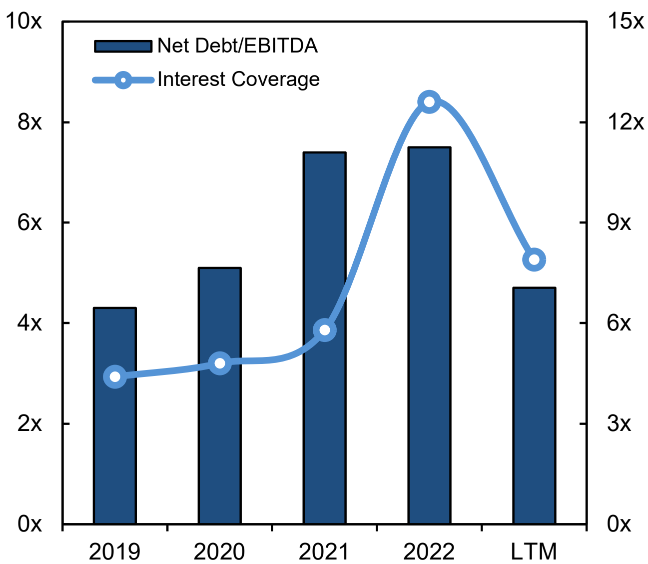
NEE brought ~1.0GW of renewable generation and storage into operation over the third quarter. It also added ~3.2GW of generation and storage to its backlog, which now totals ~21.0GW. This addition to the Company's backlog includes ~0.4GW of wind generation, ~1.5GW of solar generation, ~0.9GW of storage, and ~0.5GW of wind repowering. NEE's growth plan includes funding growth through the sale of its Meade and Texas pipelines to third parties. The proceeds from these sales will be used to fund asset repowering and third-party acquisitions over the next five years.

Figure 2: LHS EBITDA vs RHS EBITDA Margin



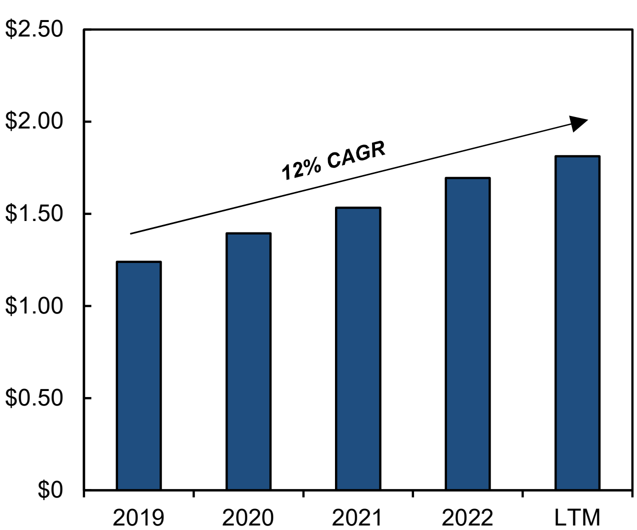
Source: S&P Capital IQ

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



Source: S&P Capital IQ

Figure 4: Dividend Per Share Growth (US$)



Source: S&P Capital IQ

Mandate Fit

Quality Management: John Ketchum was appointed as CEO and Chairman in 2022. Since joining the Company in 2002, Ketchum has also served as president and CEO of NEER and CFO of both FPL and NEE. Since becoming CEO, Ketchum has exercised disciplined capital allocation, focusing on reinvesting into NEE's core assets. NEE's CEO compensation package consists of 90% at-risk pay, of which a majority is tied to long-term performance, whereas NEO compensation consists of 15% at-risk pay. Additionally, 92% of the Company's Directors are independent, and 31% of its board membership are female and gender diverse.

Competitive Advantage: NEE's competitive advantage resides in its ability to deliver competitive pricing and reliable distribution for consumers in Florida, further establishing its position as the state's leading energy provider. NEE benefits from a first-mover advantage in the renewables market while continuing to exercise its broad scope of regulated operations. This translates to the Company's North American operations, where it is one of the largest electric and energy infrastructure companies. NEE leverages its expertise by expanding into diversified revenue streams across markets in its FPL and NEER segments. The Company's dominant position in the clean energy industry, vertical integration, and geographic diversification has positioned it as a leader in clean energy production and distribution. The Company has an operating efficiency ratio of 37%, compared to its peer average of 24%. In Q3 2023, NEE reported EPS growth of ~11% YoY, compared to peer EPS growth of ~7% in the comparable period.

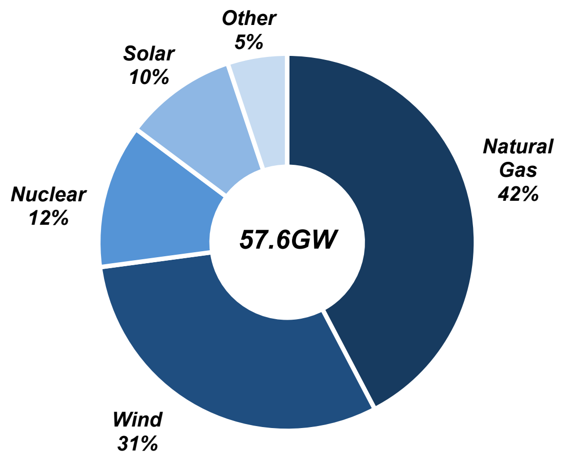
Strong Balance Sheet: NEE achieves financial strength through its size and scope of operations, advantageous market positioning, and strong credit quality in its regulated and renewable segments. The Company holds credit ratings of A-, Baa1, and A, from S&P, Moody's, and Fitch, respectively. The Company's FFO/Debt of 19.2%, has been above the downgrade threshold of 18.0% from S&P for the last five consecutive years. NEE holds a Net Debt/EBITDA ratio of 4.6x, below the peer average of 5.6x. NEE's regulated power segments of FPL have been the financial anchor of the Company, providing credit risk mitigation through long-term contracts and dependable revenues from a diversified clientele. Due to the rate-sensitive nature of the industry, NEE is prone to fluctuations in the economic viability of certain capital projects. Given that the Company has entered ~US$20.5B of interest rate hedges, a 50bps upward shift in the yield curve would not materially impact adjusted EPS in 2023 and 2024. The tenor of swaps are between five and ten years, with a weighted average rate of ~3.8% this allows the Company to mitigate interest rate impacts on its backlog debt maturities from 2024 through 2026.

Growing Free Cash Flow: The Company's capital expenditures represented ~93% and ~91% of revenue in 2021 and 2022, respectively. NEE announced Q3 2023 capital expenditures of US$13.2B, of which ~US$6B is allocated towards the modernization of FPL's transmission and distribution assets. The remainder is allocated towards the Company's growth plan, consisting of legacy asset divestitures for the development of new, high-growth assets. NEE has a five-year CFO CAGR of 4.92% and has generated stable cash flows through its utility-scale generation portfolio and contracting abilities.

Catalysts and Risks

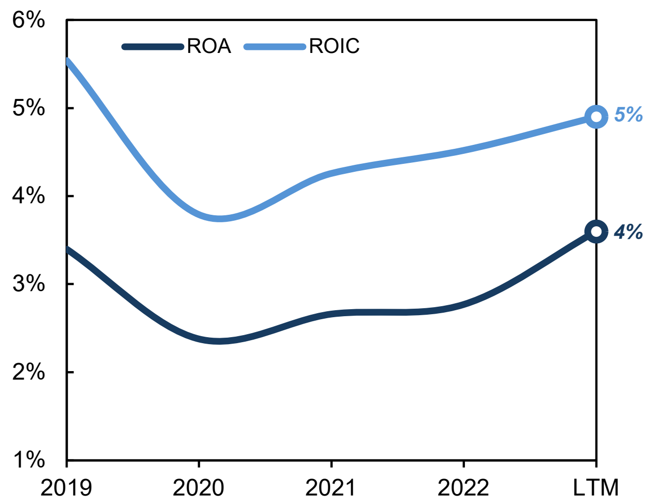
NEE's three primary risks include: (1) reduced regulatory (cont.)

Figure 5: 2022 Generation Capacity by Fuel Type



Source: Company Filings, S&P Capital IQ

Figure 6: ROA & ROIC



Source: S&P Capital IQ

incentives, (2) adjustments to its allowed level of return on equity, and (3) the inability of NEE to sell its legacy pipeline assets.

(1) NEE relies on government and regulatory incentives to develop its utility-scale renewable generation portfolio. This includes tax credits, grants, or legislation favorable to renewables and green energy generation.

(2) Judicial changes to NEE's return on equity could impact the Company's ability to generate revenue and result in a decreased ability to achieve the Company's 6% growth plan.

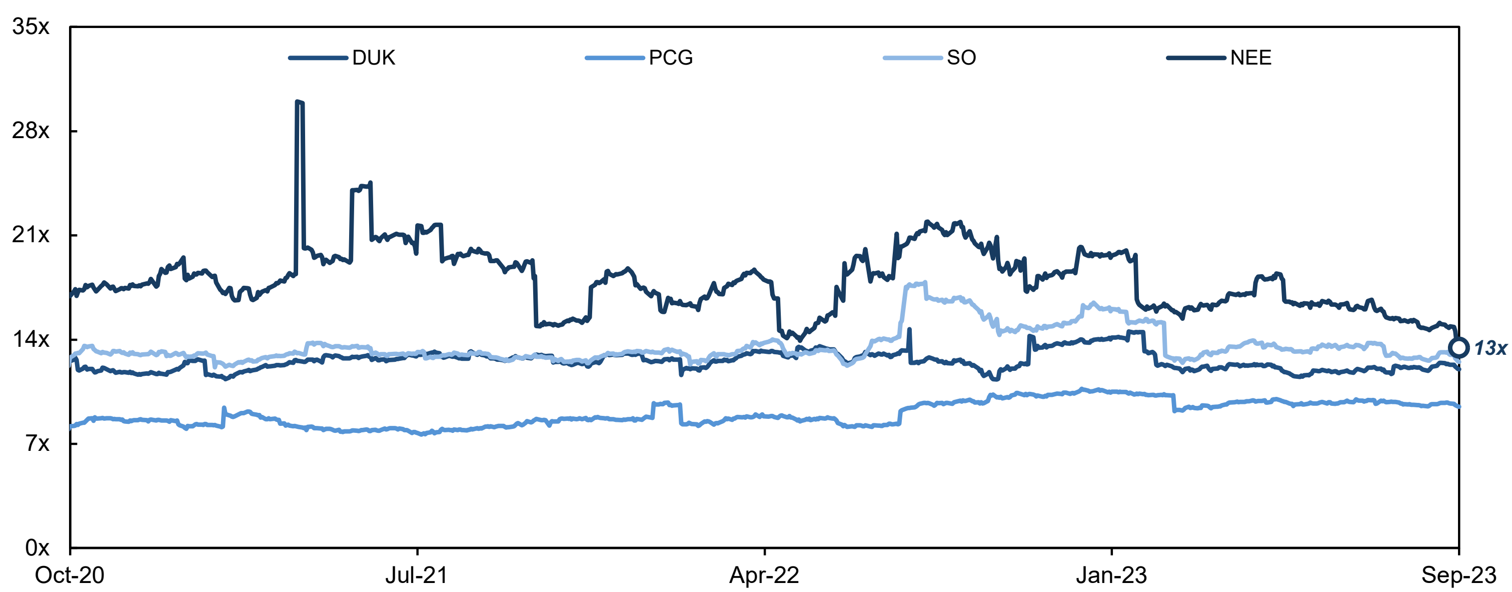
(3) The Company has plans to fund parts of its long-term growth strategy by selling its legacy pipeline assets in Texas and Pennsylvania. This includes its growth equity requirements. If the Company is unable to do so, NEE may need to turn to more expensive sources of financing to fund its growth.

The Company's catalysts are derived from Florida's population and housing growth, which drives its FPL revenue. FPL added ~65,000 new customers in Q3 2023, representing a 1.1% increase YoY. Florida building permits, measured by a three-month moving average, were ~17,000 as of Q3 2023, a decrease of ~2,000 YoY. As Florida's Q3 retail sales increased 3.0% YoY, the Florida economy remains healthy and continues to be the fastest-growing state in the country.

Investment Thesis and Valuation

The CPMT valued NEE at $75 using an eight-year DCF with a WACC of 7.5%. The terminal value was derived using a blend of (1) an 11x EV/EBITDA multiple and (2) the Gordon Growth method using a 1.0% terminal growth rate. The CPMT initiated its position in NEE in April 2020 with a thesis that the Company will leverage its competitive positioning in the regulated utilities industry to expand its high-growth renewable platform. With the implementation of the IRA and a Tax Credit structure in Canada, NEE is now more solidified to expand its renewable and energy infrastructure portfolio. Its large development backlog secured by long-term PPAs will provide sustainable growth with steady cash flows. Overall, the Company's best-in-class operations, accompanied by recent drawdowns in valuation due to interest rate increases, provide an opportunity to rebalance NEE in the portfolio.

Figure 7: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

Prologis

Real Estate
TSX: PLD
Market Outperform | Buy

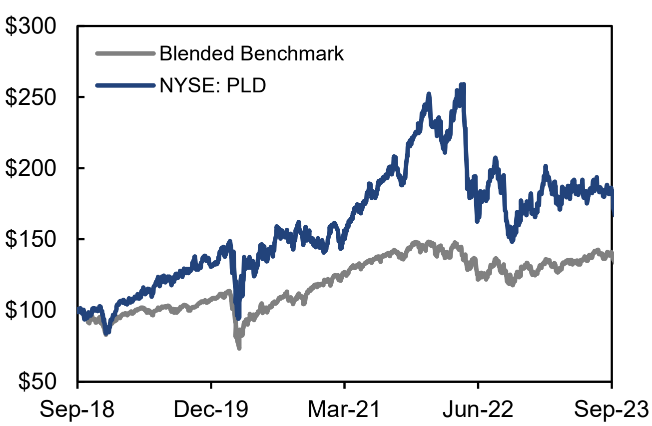
September 30, 2023	
Sarah Adamjee, Investment Analyst	

Return on Investment	
Current Share Price	$112.21
Target Price	$131.00
Dividend Yield	3.10%
Implied Return	17%
Conviction Rating	1

Market Profile	
52-Week Range	$98.03 - $136.67
Market Capitalization (US$B)	$107
Net Debt (US$B)	$28
Enterprise Value (US$B)	$135
Beta (5-Year Monthly)	1.02

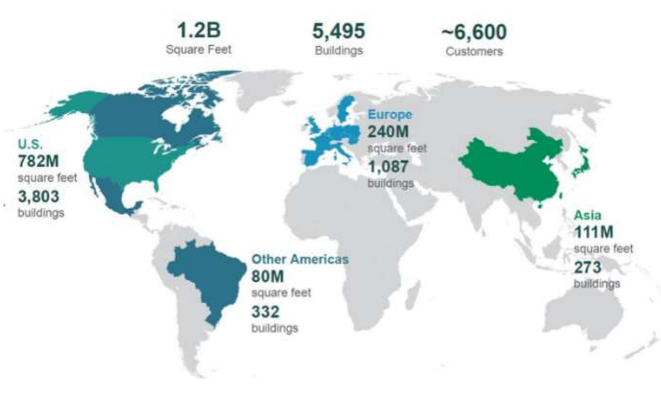
Metrics	2022A	2023E	2024E
Revenue (US$mm)	$6,285	$7,131	$8,026
FFO (US$mm)	$5,328	$6,030	$6,939
AFFO/Share	$5.16	$5.60	$5.57
P/FFO	19.8x	18.3x	18.8x

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Geographical Operations Overview



Source: Company Filings

Business Description

Prologis Inc (NYSE: PLD) is a self-managed, self-administered real estate investment trust (REIT) that owns and operates logistics facilities across 19 countries. The Company currently manages 5,563 buildings under its portfolio, amounting to 1.2B leasable square feet (sqft). In addition to operating a portfolio of land and logistics facilities, PLD offers its clients in-house leasing and property management solutions. The Company operates under two main segments: (1) Real Estate and (2) Strategic Capital. The Real Estate segment encompasses rental and development revenues within the U.S., which comprise ~85 - 90% of total annual revenues. The Strategic Capital segment involves international investment conducted by the Company, in conjunction with institutional investors, comprising ~10 - 15% of total annual revenues. The majority of PLD's international investments are funded through two public vehicles (Nippon and Fibra Prologis) and long-term joint ventures with institutional investors.

Industry Overview

The U.S. industrial REIT sector is a highly fragmented industry, with the majority of competition being driven by major industrial REIT companies, private equity industrial firms, and smaller, private institutional industrial investors. The major players within the industry are Terreno Realty (NYSE: TRNO), First Industrial Realty Trust (NYSE: FR), and EastGroup Properties (NYSE: EGP).

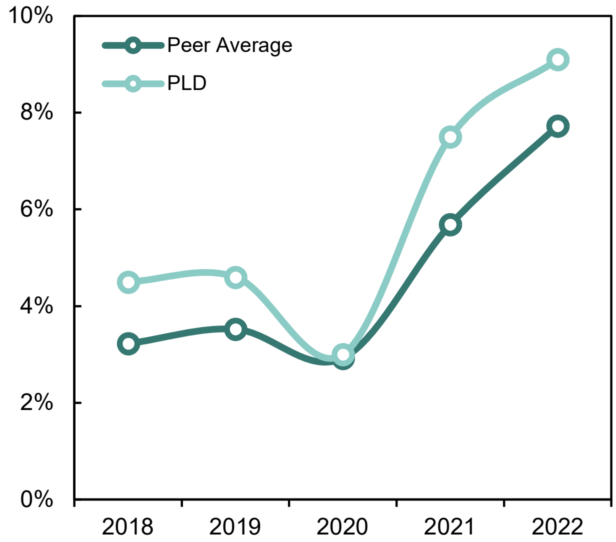
The warehousing industry is experiencing sustained demand and long-term growth at a five-year CAGR of 1.7%. The majority of demand for logistics spaces is being bolstered by three major drivers: (1) supply chain optimization targeted towards nearshoring, (2) increased penetration of e-commerce as a percentage of total retail sales, and (3) increase in product differentiation, supported by growing household demand across the U.S.

(1) Resurgence of Nearshoring: Over the past 10 years**,** U.S. companies have been capitalizing on nearshoring to optimize supply chain capabilities. The majority of off-shore facilities are moving operations to facilities in Mexico, which enables companies to better service sales centers within the U.S. Given that PLD's operations in Mexico consist of ~228 facilities, the Company is positioned to capitalize on the strong demand within Mexico due to the impacts of nearshoring.

(2) E-Commerce Penetration: E-commerce disruption in the retail sales space remains one of the largest contributors to warehousing demand. Supply chains optimized towards e-commerce use three times the warehousing capacity compared to brick-and-mortar supply chains. This displays the increased need for logistics space to accommodate e-commerce supply chains. E-commerce as a percentage of total retail sales currently sits at ~16% and is set to grow at ~1% annually until 2028.

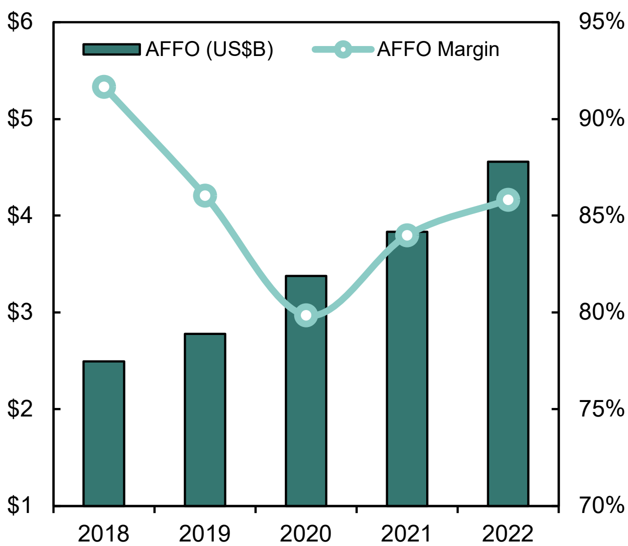
(3) Product Differentiation: The rapid increase in product offerings and change in the product mix has driven a portion of demand for additional warehousing. From 2018 to 2023, the industry's consumer goods product mix increased by ~16%, contributing to expansive warehousing needs.

Figure 2: Same-Store NOI vs Peers



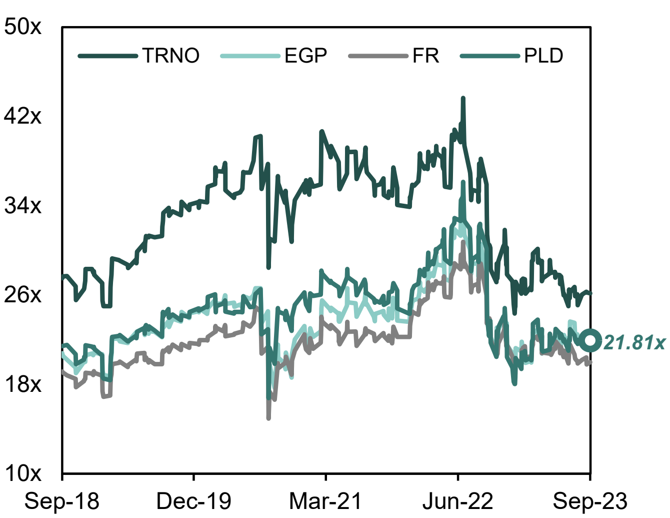
Source: Company Filings

Figure 3: LHS AFFO vs RHS AFFO Margin



Source: Company Filings

Figure 4: P/FFO vs Peers



Source: S&P Capital IQ

Mandate Fit

Quality Management: Hamid Moghadam, PLD's co-founder, has served as CEO since the Company's inception in 2011. Moghadam's notable achievements include successful expansion through acquisitions and geographic growth. CEO and NEO at-risk compensation consists of stock awards and bonuses, representing 100% and 96%, respectively. The board consists of 91% independent directors, with 37% being female. The Company commits to returning value to shareholders, demonstrated through its dividend growth of a five-year CAGR of ~11%.

Competitive Advantage: PLD is a leader in the industrial REIT space as it is the only U.S.-based REIT with operations on a global scale. The Company's strategy of acquiring assets involves choosing facilities in areas with high barriers to entry, near extensive transport facilities, and in areas with high population density. PLD's customer base is highly diversified, consisting of retailers, wholesalers, and manufacturers catering to various consumer needs. This results in consistent demand for a wide array of warehousing space. PLD's top three clients are Amazon (NASDAQ: AMZN), The Home Depot (NYSE: HD), and FedEx (NYSE: FDX). These clients comprise less than 20% of total revenues, depicting diversification in PLD's customer base. With leasing being a primary source of revenue for industrial REITS, customer retention remains an important competitive factor. PLD possesses a customer retention ratio of 71% versus the peer average of 65%.

Strong Balance Sheet: PLD remains committed to maintaining a strong balance sheet to enable growth through development and acquisitions. PLD holds a Net Debt/EBITDA ratio of 4.8x, below the peer average of 5.0x. The Company's debt profile consists of a weighted average interest rate of 2.9%, a weighted average term rate of 9.7 years, and only 3.6% of total debt maturing in 2026. The Company's current net leverage is 21%. In addition to possessing a strong and flexible balance sheet, the Company boasts a best-in-class credit rating of A and A3 from S&P and Moody's, respectively. PLD's strong credit rating is accompanied by a fixed charge coverage ratio of 5.6x versus the peer average of 3.4x.

Growing Free Cash Flow: PLD remains an industry leader in same-store NOI growth, representing ~9% in 2022, compared to the peer average of ~8%. The Company increased its FFO by ~24% from 2021 to 2022. More specifically, AFFO has grown at a ~6% CAGR over the past five years, while FFO has grown at a five-year CAGR of ~8%. Current AFFO/Share sits at $4.67 in comparison to the peer averages of $4.19. Historically, PLD has allocated ~US$350mm to capital expenditures to service property improvements, leasing commissions, and tenant improvements. In 2022, PLD allocated US$500mm to service similar capital expenditure requirements.

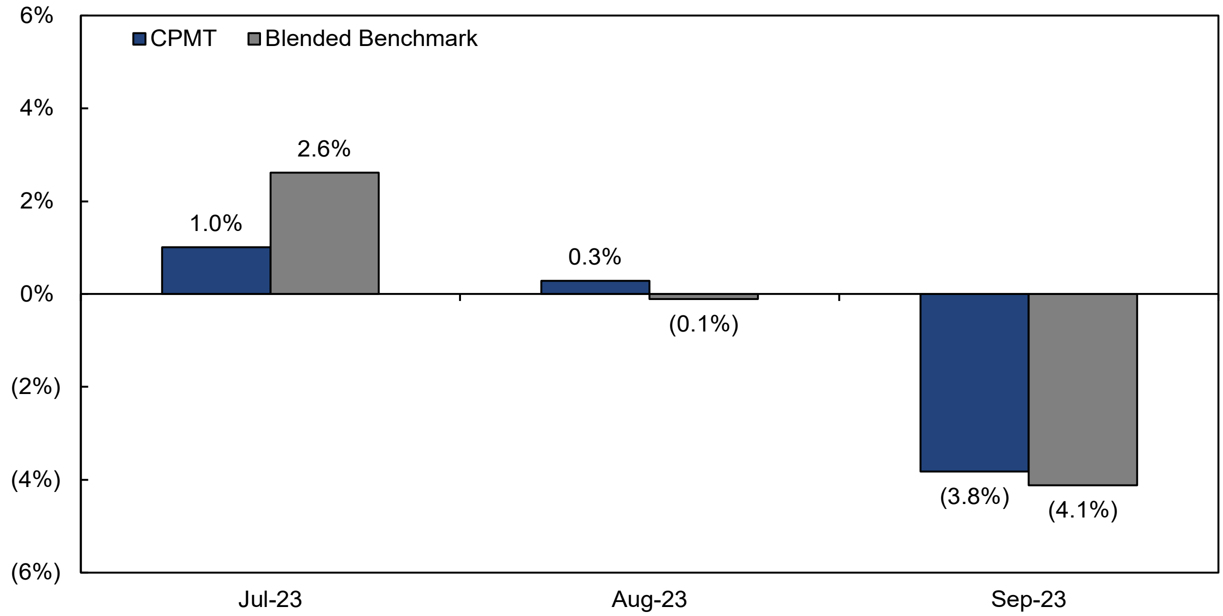
Investment Thesis and Valuation

PLD's target price of US$131 was derived using a five-year DCF with a WACC of 7.61%. The terminal value was derived using a blend of (1) the Gordon Growth Method, using a terminal growth rate of 1.50% and (2) a P/FFO exit multiple of 20x. PLD is positioned as a global leader in the industrial REIT space, with its competitive and strategic advantages being comprised of its global acquisition strategy and diversified customer base. In addition to this, PLD commits to operating under a low-cost structure, thus enabling warehousing development. This strategy proves to be beneficial when meeting organic growth targets. Finally, PLD's client-centric approach to leasing provides the Company with strong customer retention and consistent leasing revenues.

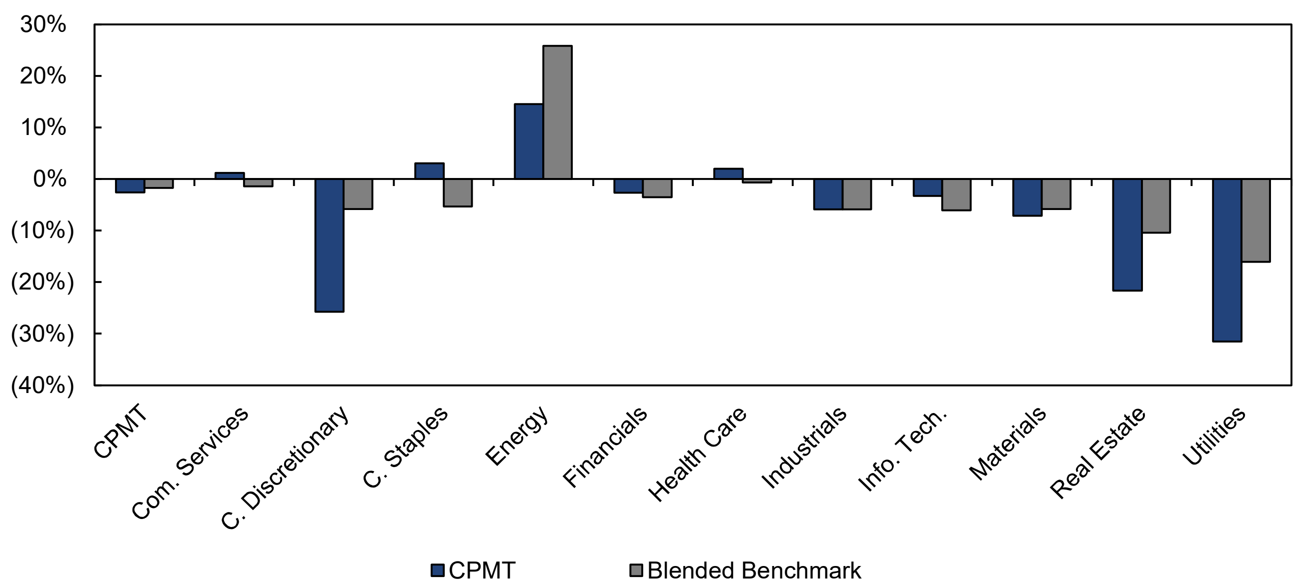
Compliance and Performance

QUARTERLY PERFORMANCE

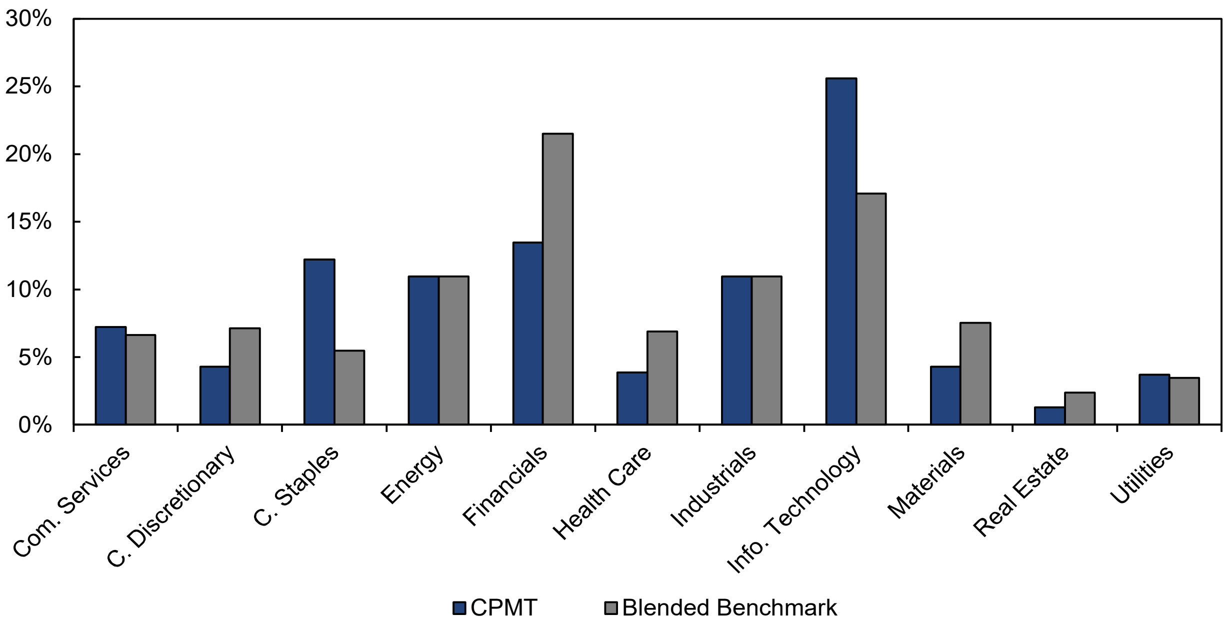
CPMT and Blended Benchmark Monthly Returns



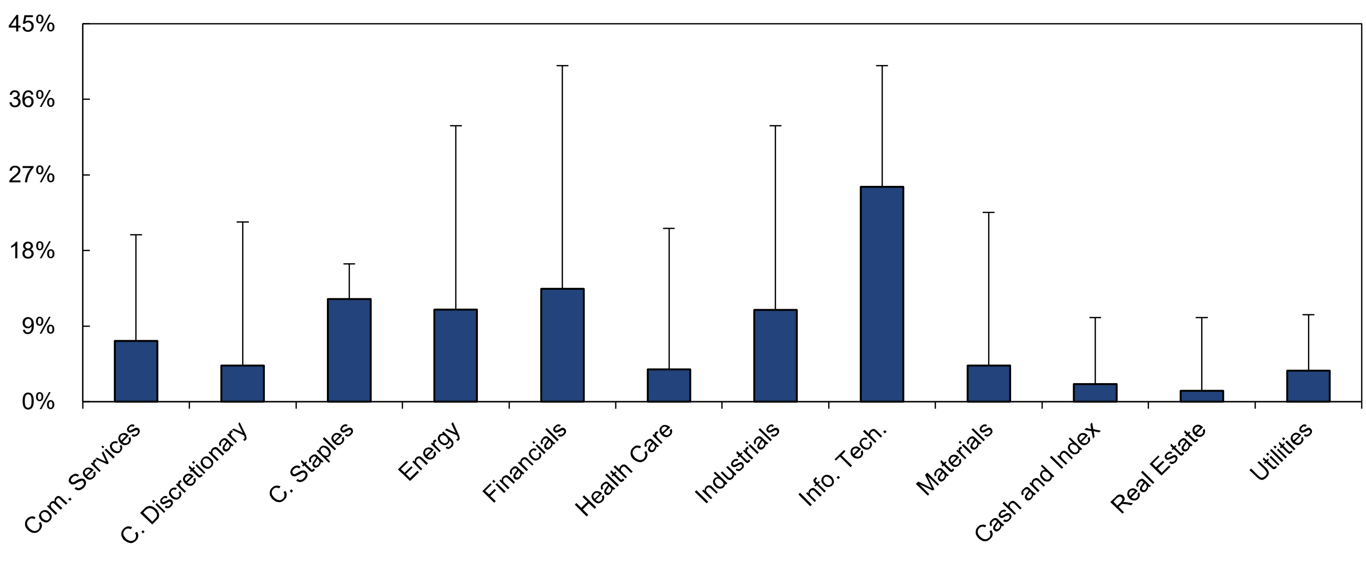
CPMT and Blended Benchmark Quarterly Sector Returns



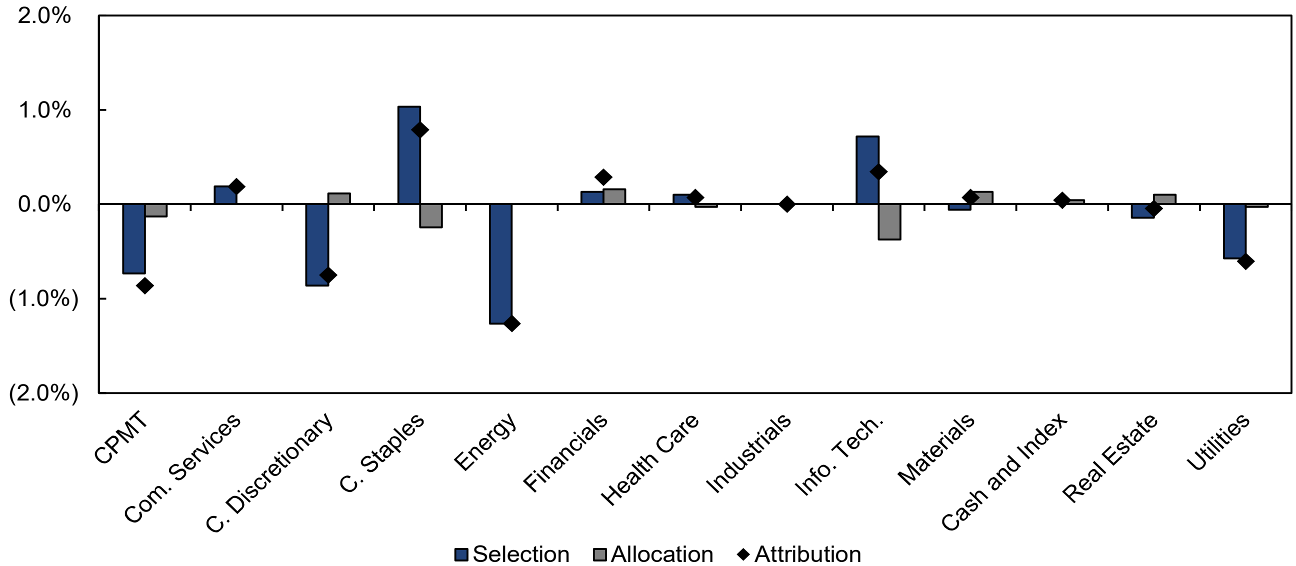
CPMT and Blended Benchmark Sector Weightings



CPMT Sector Weights vs Maximum Weight



Attribution Analysis (FQ2 2024)



CPMT Attribution Analysis

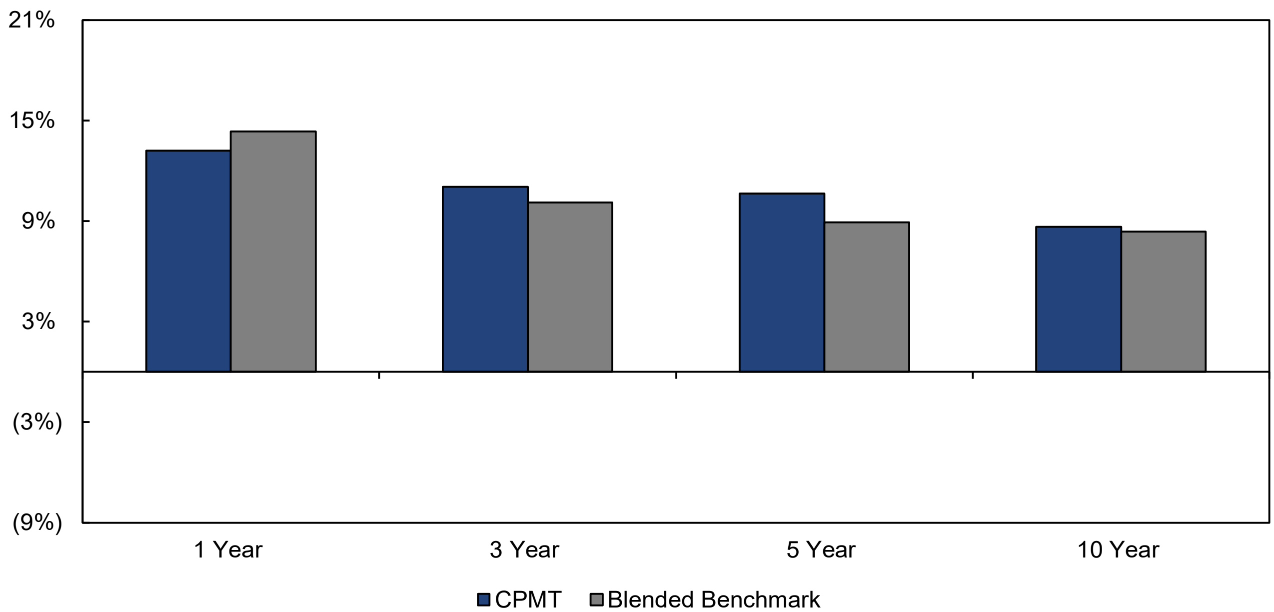
FQ2 2024	Attribution	Allocation	Selection
CPMT	(0.86%)	(0.13%)	(0.73%)
Communication Services	0.19%	0.00%	0.19%
Consumer Discretionary	(0.75%)	0.11%	(0.86%)
Consumer Staples	0.79%	(0.24%)	1.03%
Energy	(1.26%)	0.00%	(1.26%)
Financials	0.29%	0.16%	0.13%
Health Care	0.07%	(0.03%)	0.10%
Industrials	0.00%	0.00%	0.00%
Information Technology	0.34%	(0.37%)	0.72%
Materials	0.07%	0.13%	(0.06%)
Other	0.04%	0.04%	0.00%
Real Estate	(0.04%)	0.10%	(0.14%)
Utilities	(0.60%)	(0.03%)	(0.57%)

1 Year	Attribution	Allocation	Selection
CPMT	(1.14%)	(1.10%)	(0.04%)
Communication Services	0.29%	(0.21%)	0.50%
Consumer Discretionary	(0.62%)	0.07%	(0.69%)
Consumer Staples	(0.02%)	0.30%	(0.32%)
Energy	1.15%	(0.03%)	1.17%
Financials	(0.47%)	(0.34%)	(0.13%)
Health Care	0.61%	(0.01%)	0.62%
Industrials	(0.52%)	(0.17%)	(0.35%)
Information Technology	(1.09%)	(0.59%)	(0.51%)
Materials	(0.88%)	(0.27%)	(0.60%)
Other	0.10%	0.10%	(0.00%)
Real Estate	0.13%	(0.16%)	0.30%
Utilities	0.18%	0.21%	(0.03%)

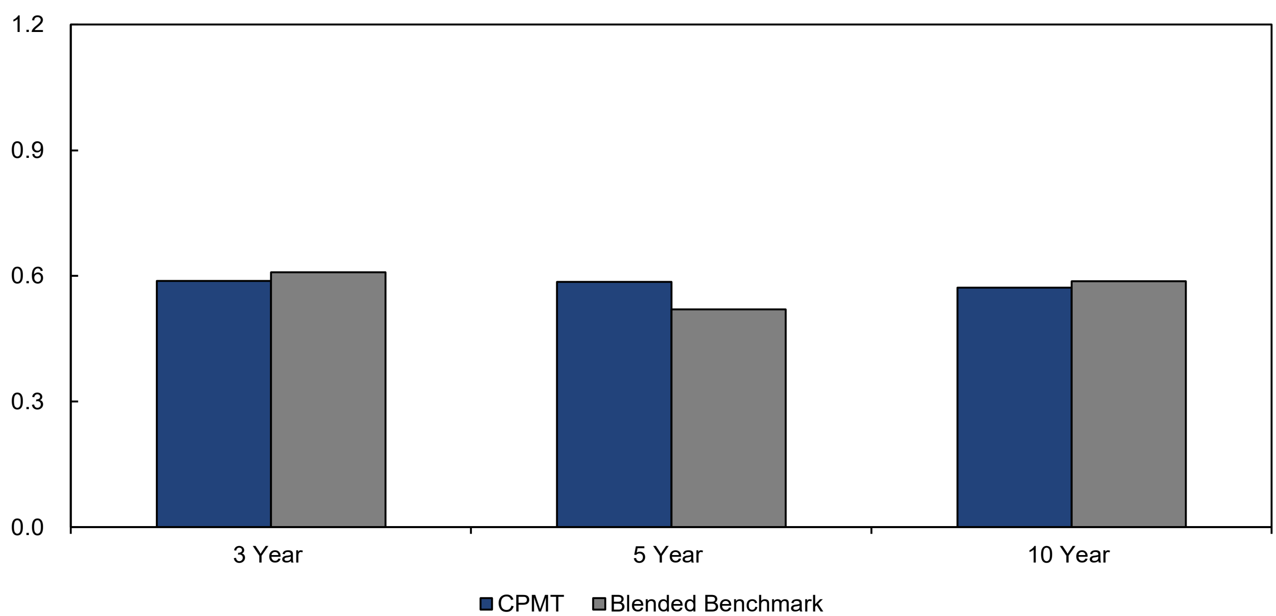
Compliance and Performance

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)	✓	13.21%	✓	11.03%	✓	10.63%	✓	8.64%
Relative Returns (bps)								
Blended Benchmark (2)	✗	(114)	✗	94	✓	170	✗	28
Risk Adjusted Returns (bps)								
Blended Benchmark (3)	✗	23	✗	29	✓	136	✗	24

(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	13.21%	11.03%	10.63%	8.64%
Blended Benchmark	14.35%	10.09%	8.93%	8.37%
Annualized Volatility				
CPMT	12.17%	14.64%	15.26%	12.21%
Blended Benchmark	12.96%	13.38%	14.70%	11.62%
Sharpe				
CPMT	0.79	0.59	0.59	0.57
Blended Benchmark	0.83	0.61	0.52	0.59

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 (2023-2024)

FQ1 2024	Date	Action	Shares	Purchase Price	Sale Price	Currency	Capital Gain (CAD)	Return
ENB	21-Apr-23	Sell	215	$47.29	$53.23	CAD	$1,277.10	12.56%
TECK	21-Apr-23	Sell	275	$39.49	$47.81	CAD	$2,289.18	21.08%
ALLY	21-Apr-23	Buy	370	$27.66				
EPD	21-Apr-23	Buy	370	$26.81				
Total							$3,566.28	16.96%

FQ2 2024	Date	Action	Shares	Purchase Price	Sale Price	Currency	Capital Gain (CAD)	Return
No Transactions								

Appendix 2: Account Activity (Continued)

Dividend Summary

April, 2023			
Equity	Date	DPS	Credit (CAD)
CNQ	05-Apr-23	$0.90	$360.90
ABT	06-Apr-23	$0.14	$60.20
CSU	14-Apr-23	$1.35	$18.87
AMT	28-Apr-23	$1.56	$82.33
T	03-Apr-23	$0.35	$322.36
TMO	14-Apr-23	$0.35	$8.06
Total			**$852.72**

May, 2023			
Equity	Date	DPS	Credit (CAD)
TOU	19-May-23	$1.50	$300.00
WCN	24-May-23	$0.34	$44.34
JPM	01-May-23	$1.00	$194.10
EPD	12-May-23	$0.49	$246.09
ALLY	12-May-23	$0.30	$150.67
AAPL	15-May-23	$0.24	$50.17
COST	18-May-23	$1.02	$76.15
RY	24-May-23	$1.32	$283.93
Total			**$1,345.44**

June, 2023			
Equity	Date	DPS	Credit (CAD)
ENB	01-Jun-23	$0.89	$221.88
BEP	30-Jun-23	$0.46	$107.89
BAM	30-Jun-23	$0.42	$46.46
BN	30-Jun-23	$0.09	$40.93
CCL.B	30-Jun-23	$0.27	$53.00
CN	30-Jun-23	$0.79	$118.50
TOU	30-Jun-23	$0.26	$52.00
V	01-Jun-23	$0.45	$27.16
ZTS	01-Jun-23	$0.38	$30.31
MSFT	08-Jun-23	$0.68	$75.66
CTAS	15-Jun-23	$1.15	$65.50
NEE	15-Jun-23	$0.47	$143.67
LIN	16-Jun-23	$1.28	$59.12
Total			**$1,042.08**

July, 2023			
Equity	Date	DPS	Credit (CAD)
T	04-Jul-23	$0.36	$331.60
CNQ	05-Jul-23	$0.90	$360.90
AMT	10-Jul-23	$1.57	$80.92
CSU	11-Jul-23	$1.32	$18.54
TMO	14-Jul-23	$0.35	$7.85
ATD	21-Jul-23	$0.14	$60.20
JPM	31-Jul-23	$1.00	$188.62
Total			**$1,048.63**

August, 2023			
Equity	Date	DPS	Credit (CAD)
EPD	14-Aug-23	$0.50	$244.02
ALLY	15-Aug-23	$0.30	$146.41
AAPL	17-Aug-23	$0.24	$48.75
TOU	22-Aug-23	$1.00	$200.00
RY	24-Aug-23	$1.35	$281.58
WCN	30-Aug-23	$0.34	$44.81
Total			**$965.58**

September, 2023			
Equity	Date	DPS	Credit (CAD)
ENB	01-Sep-23	$0.89	$221.88
V	01-Sep-23	$0.45	$29.68
Zoetis	01-Sep-23	$0.38	$30.18
Costco	08-Sep-23	$1.02	$74.00
Microsoft	14-Sep-23	$0.68	$75.34
Cintas	15-Sep-23	$1.35	$76.57
Nextera	15-Sep-23	$0.47	$143.06
Linde	19-Sep-23	$1.28	$58.87
ATD	29-Sep-23	$0.14	$60.20
BEP	29-Sep-23	$0.46	$107.32
BAM	29-Sep-23	$0.43	$47.61
BN	29-Sep-23	$0.09	$41.94
CCL.B	29-Sep-23	$0.27	$53.00
CNR	29-Sep-23	$0.79	$118.50
TOU	29-Sep-23	$0.26	$52.00
Total			**$1,190.16**

CPMT Holdings - September 30, 2023	Market Cap	Conviction	Position Size			Target Price		Currency	Stock Price	Total Return	
			Current	Target	Difference	Prior	Current		End of Period	QTD	TTM
Financials											
Ally Financial Inc.	Large	1	1.98%	2.00%	0.02%	$30.00	$30.00	USD	$26.57	0.91%	(3.58%)
Brookefield Asset Management	Large	0	0.74%	0.00%	(0.74%)	N/A	N/A	CAD	$45.26	4.67%	39.69%
Brookfield Corporation	Large	2	2.79%	4.00%	1.21%	$60.00	$60.00	CAD	$42.47	(4.78%)	(24.85%)
JPMorgan Chase & Co.	Large	2	4.17%	4.00%	(0.17%)	$128.00	$128.00	USD	$144.44	1.86%	36.73%
Royal Bank of Canada	Large	2	3.78%	4.00%	0.22%	$132.00	$132.00	USD	$87.09	(6.48%)	(4.32%)
Information Technology											
Adobe Inc.	Large	2	5.43%	4.00%	(1.43%)	$378.00	$378.00	USD	$507.85	6.52%	82.56%
Apple Inc.	Large	2	5.30%	4.00%	(1.30%)	$165.00	$165.00	USD	$170.52	(9.83%)	22.06%
Constellation Software Inc.	Large	2	5.83%	4.00%	(1.83%)	$2,746.00	$3,075.00	CAD	$2,804.07	2.16%	45.89%
Microsoft Corporation	Large	2	5.33%	4.00%	(1.33%)	$287.00	$287.00	USD	$314.48	(5.28%)	33.58%
Topicus.com Inc.	Mid	1	1.41%	2.00%	0.59%	$92.00	$92.00	CAD	$89.72	(17.42%)	35.08%
Visa Inc.	Large	1	2.31%	2.00%	(0.31%)	$240.00	$240.00	USD	$229.09	(1.06%)	27.57%
Materials											
CCL Industries inc.	Large	1	1.69%	2.00%	0.31%	$79.00	$79.00	CAD	$57.01	(12.45%)	(14.86%)
Linde PLC	Large	1	2.62%	2.00%	(0.62%)	$313.00	$313.00	USD	$370.86	(0.18%)	36.09%
Energy											
Canadian Natural Resources Limited	Large	2	5.23%	4.00%	(1.23%)	$84.00	$84.00	CAD	$87.84	17.94%	36.61%
Enbridge inc.	Large	1	1.67%	2.00%	0.33%	$53.00	$53.00	CAD	$45.05	(8.51%)	(12.05%)
Enterprise Products Partners LP	Large	1	2.03%	2.00%	(0.03%)	$30.00	$30.00	USD	$27.26	6.11%	2.04%
Tourmaline Oil Corp.	Large	1	2.03%	2.00%	(0.03%)	$80.00	$80.00	CAD	$68.35	9.50%	(4.79%)
Consumer Discretionary											
Aritzia Inc.	Mid	2	2.28%	4.00%	1.72%	$45.00	$45.00	CAD	$23.63	(35.75%)	(47.94%)
lululemon athletica inc.	Large	1	2.02%	2.00%	(0.02%)	$365.00	$365.00	USD	$385.91	1.96%	38.04%
Consumer Staples											
Alimentation Couche-Tard Inc	Large	2	4.40%	4.00%	(0.40%)	$70.00	$70.00	CAD	$68.98	1.55%	9.56%
Costco Wholesale Corporation	Large	3	6.24%	6.00%	(0.24%)	$610.00	$610.00	USD	$562.69	7.20%	17.87%
Darling Ingredients Inc.	Mid	1	1.57%	2.00%	0.43%	$97.00	$97.00	USD	$51.99	(16.40%)	(18.96%)
Telecommunications											
Alphabet Inc.	Large	2	4.21%	4.00%	(0.21%)	$111.00	$111.00	USD	$130.33	11.68%	34.80%
Telus Corporation	Large	2	3.02%	4.00%	0.98%	$34.00	$34.00	USD	$16.27	(14.22%)	(22.41%)
Healthcare											
Thermo Fisher Scientific Inc.	Large	1	1.73%	2.00%	0.27%	$570.00	$570.00	USD	$504.14	(0.89%)	(1.67%)
Zoetis Inc.	Large	1	2.13%	2.00%	(0.13%)	$153.00	$153.00	USD	$173.28	3.21%	15.60%
Industrials											
Canadian National Railway Company	Large	2	3.28%	4.00%	0.72%	$163.00	$163.00	CAD	$147.09	(8.31%)	(1.40%)
Cintas Corporation	Large	2	4.16%	4.00%	(0.16%)	$532.00	$532.00	USD	$479.08	(1.15%)	22.09%
Waste Connections, Inc.	Large	2	3.52%	4.00%	0.48%	$124.00	$124.00	CAD	$182.37	(3.68%)	(2.29%)
Real Estate											
American Tower Corporation	Large	1	1.29%	2.00%	0.71%	$205.00	$181.00	USD	$164.58	(15.14%)	(23.35%)
Utilities											
Brookfield Renewable Partners L.P.	Large	1	1.03%	2.00%	0.97%	$42.00	$42.00	CAD	$29.51	(24.45%)	(31.61%)
NextEra Energy, Inc.	Large	2	2.67%	4.00%	1.33%	$88.00	$75.00	USD	$57.06	(21.13%)	(28.01%)