



STRATEGY DESCRIPTION

B-CAP's Defence strategy is designed to achieve long-term capital appreciation by investing directly in the equity of public companies carefully selected by the manager. The portfolio construction primarily relies on a bottom-up approach, wherein the manager applies quantitative filters to identify suitable large-cap listed companies. The management style places a strong emphasis on the sustainability of dividend growth. To ensure this sustainability, the manager considers various factors such as historical and projected growth in revenue per share, profit margins, free cash flow, return on equity, and maintaining a reasonable debt level. Additionally, the manager assigns significant importance to identifying companies with a strong competitive advantage within their respective industries. The Defence model adopts a long-term investment horizon of 5-10 years and focuses on stocks issued by large companies (minimum of \$1 billion, with the majority exceeding \$5B) that exhibit high potential for dividend growth. This approach is implemented without compromising on quality, taking into account factors such as reputation, economic moat, as well as innovation.



DECISION FACTORS



FUNDAMENTAL PROFILE	Defence	MSCI World High Div
Dividend Yield -12M	1.1%	3.5%
Div Growth est. +12M	11.9%	7.1%
Return on Equity (ROE)	36.1%	14.5%
Payout Ratio	35.4%	64.9%
Sustainable Div Growth ¹	23.3%	5.1%
Net Debt/EBITDA	1.3x	1.7x
Free Cash Flow Yield	3.4%	5.3%
Revenue per Share Growth	10%	2.8%

Source: Bloomberg and B-CAP calculations.

1) estimate based on formula $g^* = ROE \times b$, where $b = 1 - \text{payout}$

TOP HOLDINGS	Sector	Industry	Country	Weight
Costco Wholesale Corp	Consumer Sta	Consumer Staples Merchant	US	3.8%
Stantec Inc	Industrials	Construction & Engineering	CA	3.8%
Novo Nordisk A/S	Health Care	Pharmaceuticals	DE	3.4%
Quanta Services Inc	Industrials	Construction & Engineering	US	3.3%
Stella-Jones Inc	Materials	Forest Products	CA	3.0%
Cintas Corp	Industrials	Diversified Support Services	US	2.9%
American Express Co	Financials	Consumer Finance	US	2.9%
Microsoft Corp	Information T	Systems Software	US	2.9%
Alimentation Couche-Tard Ir	Consumer Sta	Food Retail	CA	2.8%
Automatic Data Processing I	Industrials	Human Resource & Employ	US	2.8%
Top 10 Total				31.8%

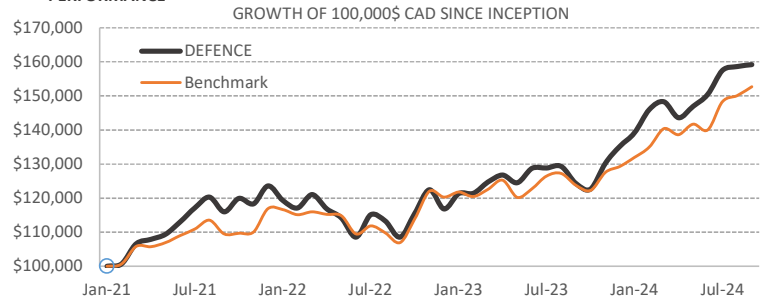
TOP SECTORS	Defence	MSCI World High Div
Industrials	27%	10%
Information Technology	21%	6%
Financials	14%	14%
Consumer Staples	13%	19%
Materials	11%	5%

MARKET CAP	Defence	MSCI World High Div
< \$500M	0%	0%
\$500M - \$1B	0%	0%
\$1B - \$5B	0%	0%
> \$5B	99%	99%
Cash	1%	1%

SUMMARY PROFILE

Primary Management Style	Sustainable Dividend Growth
Selection Process	Quantitative+
Eligible Securities	Large cap common shares
Number of Holdings	42
% of Portfolio in CAD	34%
Inception	January 26th, 2021
Growth of \$100K Since Inception	\$159,160
Min. Investment in Strategy	\$100,000
Min. Investment for B-CAP Clients	Yes
Investment Vehicle	Segregated Accounts
Complete Transparency	Yes
Portfolio Manager	B-CAP
B-CAP Management Fee	Degressive
	0.9% < \$1M, 0.75% thereafter. Global fee 0.60% > \$5M
Custodian	NBIN

PERFORMANCE



	3 months	6 months	1 year	2 years*	3 years*	YTD	Since Inception*
DEFENCE	5.79%	7.33%	28.06%	21.08%	11.13%	17.71%	13.51%
Benchmark	9.07%	8.78%	23.37%	19.50%	11.74%	18.06%	12.23%

Note: Benchmark is the MSCI World High Dividend Yield Index, in CAD. * = annualized returns.

	January	February	March	April	May	June	July	August	Sep	Octobre	November	December	Year (YTD)
2024	2.90%	4.93%	1.59%	-3.15%	2.33%	2.37%	4.66%	0.72%	0.36%				17.71%
2023	3.85%	0.10%	2.70%	1.64%	-1.78%	3.42%	0.07%	0.38%	-3.87%	-1.31%	6.14%	3.87%	15.78%
2022	-3.43%	-1.88%	3.35%	-3.45%	-2.28%	-4.95%	6.03%	-1.63%	-4.10%	6.33%	6.05%	-4.60%	-5.49%
2021	inception	0.66%	5.89%	1.23%	1.34%	3.34%	3.65%	2.65%	-3.56%	3.39%	-1.30%	4.44%	23.57%

Note: Strategy launched on January 26th, 2021. Performance data is presented net of fees and represent total return inclusive of distribution, in CAD. Past performance may not be repeated and is no guarantee of future results. The content is provided for information only and should not be considered as a sale or recommendation. Consult the back to read the complete legal notice.

Source: Bloomberg and B-CAP calculations based on information as provided by the custodian and portfolio administration system. As of the end of the period analyzed.

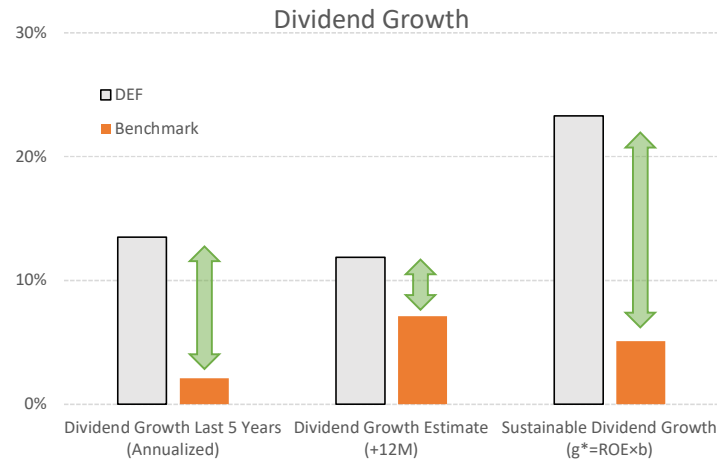


MISSION OF THE DEFENCE INVESTMENT STRATEGY (DEF):

The manager meticulously screens an expansive universe of securities, focusing on companies that exhibit robust financial fundamentals. This approach enables the anticipation of high growth rates in cash flows and a substantial return of capital to shareholders through dividends and share buybacks. Special emphasis is placed on evaluating the issuer's financial track record, including its resilience across economic cycles, particularly during periods of economic downturn. Key metrics such as sales per share, margins, financial leverage, and more are carefully scrutinized to ensure a comprehensive assessment of the issuer's financial history.

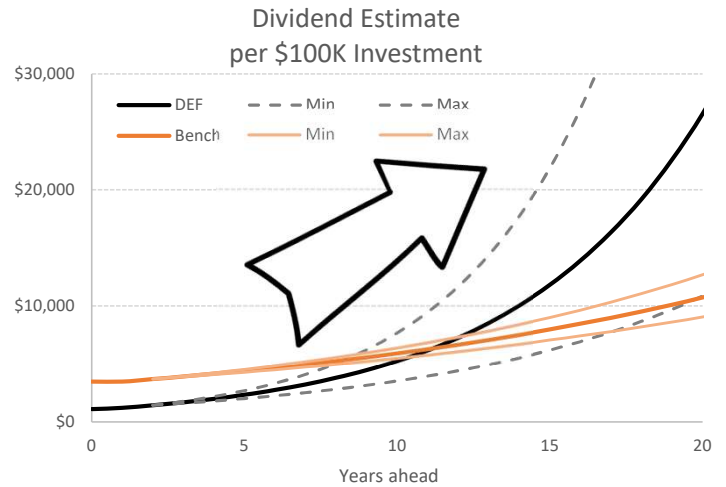
PROMOTING SUSTAINABLE DIVIDEND GROWTH

RAPID DIVIDEND GROWTH



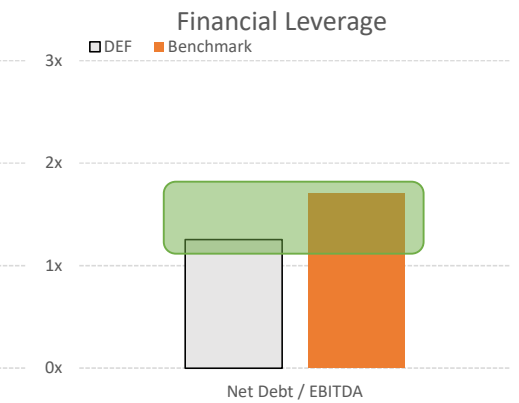
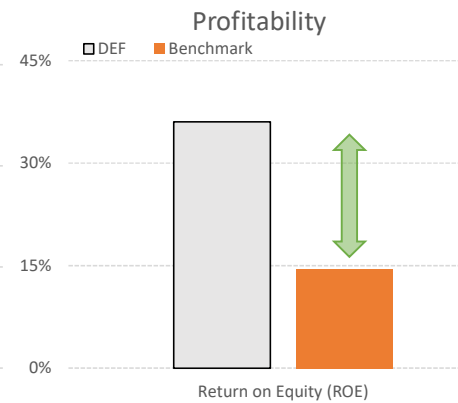
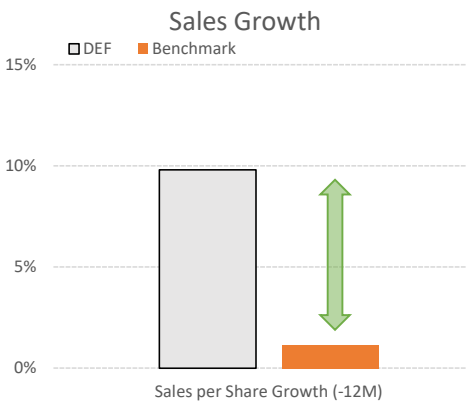
Source: Bloomberg and B-CAP calculations.

As of 2024-09-30



Note: Represents a hypothetical scenario based on analysts' estimated dividend growth followed by sustainable dividend growth (formula $g=ROE \times b$).

ACHIEVING INCREASED GROWTH AND PROFITABILITY... WITHOUT ASSUMING ADDITIONAL FINANCIAL LEVERAGE



Source: Bloomberg and B-CAP calculations.

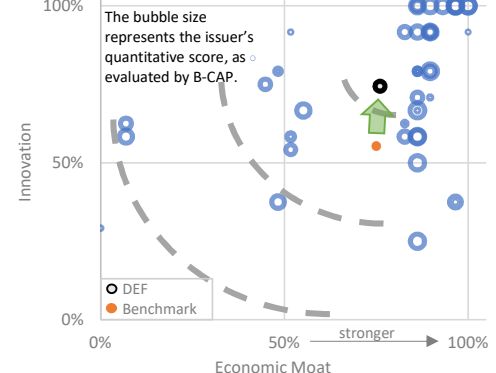
As of 2024-09-30

ROBUST QUALITATIVE ATTRIBUTES

The manager prioritizes companies operating in oligopolistic industries, where barriers to entry and operating margins are often higher. Sustainable dividend growth relies primarily on the resilience of the business model, which we assess well beyond the numbers by examining the competitive landscape, the quality of the products offered, their relevance to consumers, and the company's ability to control its pricing policy and cost structure, among other factors.

Additionally, we are witnessing a continuous acceleration in technological advancements, which are uniquely transforming the fundamental dynamics of each sector. Constantly evolving innovation must be embedded at the core of the company's mission to become a credible driver of sustainability and capture future opportunities.

Qualitative Positioning of Constituents



Source: B-CAP, data from various sources.

As of 2024-09-30



MANAGER'S QUARTERLY COMMENTS

After a fourth consecutive positive quarter and reaching new historical highs, the Defensive strategy exhibited an impressive 12-month return of +28%, net of fees. The third quarter of 2024 resulted in a gain of approximately 6%. The Industrial sector was the strongest contributor, driven by gains in PWR and ALLE. The complete absence of the Energy sector benefited performance, as it was the only sector that dropped last quarter. The benchmark index saw its best quarter since 2022, showing significant strength during the period. B-CAP's investment strategy underperformed by about 300 basis points, mainly due to stock selection within the Info Tech sector; overweights in semiconductors, particularly ASML and LRCX, had the most negative impact on total returns. The Materials sector, however, performed exceptionally well, including two major contributors this quarter: SHW (initiated in Q2) and AEM. The manager made three portfolio changes, significantly enhancing the model's sustainable growth profile. The three liquidated positions—BMO and TD banks, both of which also exhibited operational issues and potential weaknesses in governance practices, along with residential real estate firm KMP—were all characterized by weak quantitative scores and gaps in their competitive advantages and demonstrated innovation. Three innovative companies with strong barriers to entry were added: 1) Amphenol (APH), a cutting-edge electrical components manufacturer with growing exposure to data centers, 2) Moody's (MCO), the international leader in credit rating, and 3) Visa (V), the world's largest payment network. These additions improve both margin and growth profiles. The sustainable growth rate (g*) for the Defensive strategy is currently estimated at +25%, nearly five times higher than that of its benchmark, the MSCI World High Dividend index.

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Historical publications on this investment strategy are available on our website:

<https://b-cap.ca/en/strategies/#defence>

For more information on the benchmark index:

<https://www.msci.com/msci-high-dividend-yield>

