



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	11.8%	4.6%
Return on Equity (ROE)	37.3%	14.4%
Payout Ratio	33.6%	64.7%
Sustainable Div. Growth ¹	24.8%	5.1%
Net Debt/EBITDA	1.1x	1.7x
Free Cash Flow Yield	3.5%	5.3%
Rev. per Share Growth Est	9%	2.6%

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	4.0%
Stantec Inc	Industrials	Construction & Engineering	CA	3.6%
Quanta Services Inc	Industrials	Construction & Engineering	US	3.4%
American Express Co	Financials	Consumer Finance	US	3.3%
Taiwan Semiconductor Man	Information T	Semiconductors	TA	3.1%
Microsoft Corp	Information T	Systems Software	US	3.0%
Automatic Data Processing I	Industrials	Human Resource & Employ	US	2.9%
Alimentation Couche-Tard Ir	Consumer Sta	Food Retail	CA	2.9%
Cintas Corp	Industrials	Diversified Support Services	US	2.8%
GFL Environmental Inc	Industrials	Environmental & Facilities S	CA	2.7%
Top 10 Total				31.8%

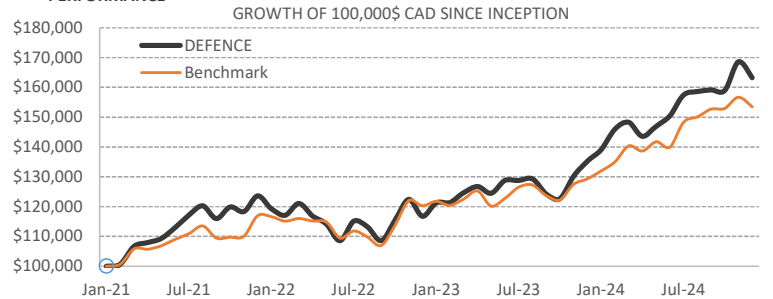
TOP SECTORS	Defence	MSCI World High Div
Industrials	24%	11%
Information Technology	24%	6%
Financials	14%	14%
Consumer Staples	14%	18%
Materials	8%	4%

MARKET CAP	Defence	MSCI World High Div
< \$500M	0%	0%
\$500M - \$1B	0%	0%
\$1B - \$5B	2%	0%
> \$5B	94%	100%
Cash	1%	0%

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	29%
Inception	January 26th, 2021
Growth of \$100K Since Inception	\$163,193
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	2.53%	8.47%	20.69%	18.21%	9.71%	20.69%	13.32%
Benchmark	0.54%	9.66%	18.69%	12.98%	9.50%	18.69%	11.56%

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%	-0.13%	6.05%	-3.19%	20.69%
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.

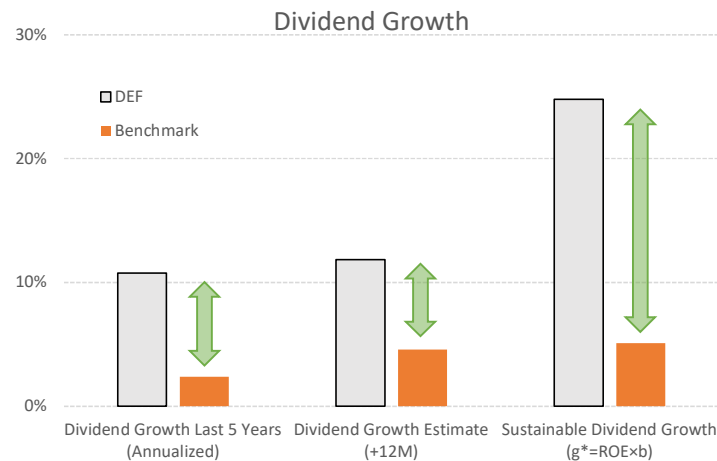
Source: Bloomberg and B-CAP calculations based on information as provided by the custodian and portfolio administration system. As of the end of the period analyzed.



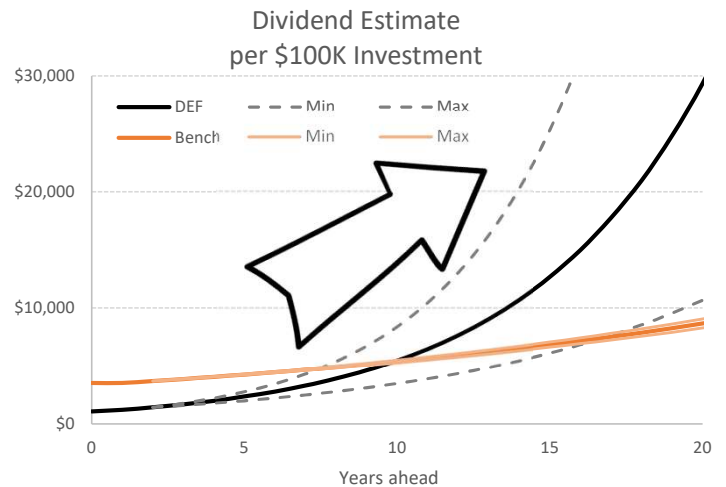
MISSION OF THE DEFENCE INVESTMENT STRATEGY (DEF): PROMOTING SUSTAINABLE DIVIDEND GROWTH

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.

RAPID DIVIDEND GROWTH

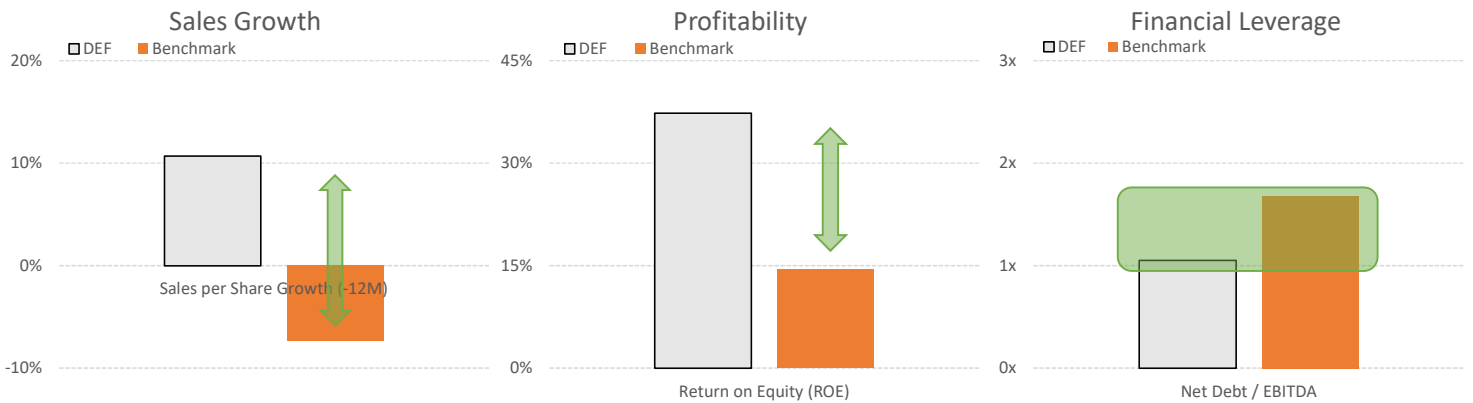


Source: Bloomberg and B-CAP calculations. As of 2024-12-31



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



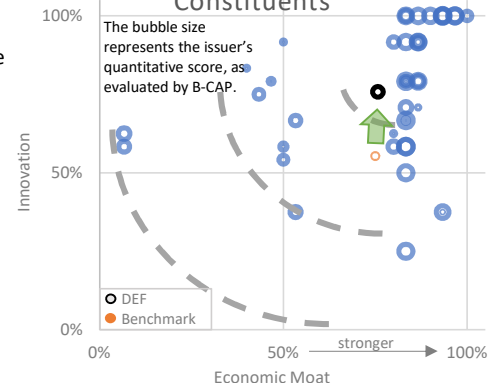
Source: Bloomberg and B-CAP calculations. As of 2024-12-31

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 2024-12-31



MANAGER'S QUARTERLY COMMENTS

In the final quarter of the year, the Defensive Investment Strategy delivered a return of +2.5%, outperforming its benchmark by 200 basis points. The allocation to the Info Tech sector proved to be the most rewarding. The best stock selection performance was within the Consumer Staples sector, driven by the outperformance of COST, ATD, and MRU. GFL stood out by posting the highest quarterly return, an especially remarkable performance relative to its sector. The manager strengthened the overall portfolio profile by making two position changes. The gold mining company AEM (the last commodity exposure) and the aerospace firm LHX (the last defense exposure) were sold. Two global leaders with very high quantitative and qualitative scores were introduced to the portfolio. First, Meta, which operates the Facebook-Instagram-WhatsApp-Messenger ecosystem, has positioned itself as a pioneer in virtual reality and AI; its new dividend policy made it eligible for our strategy. The second addition is TJX, a global leader in off-price apparel and home goods retail, an exceptional operator offering a non-replicable online experience. For the full calendar year 2024, the strategy generated a total net return of nearly 21% in CAD, surpassing its benchmark by 200 basis points. This favorable spread is roughly in line with its historical annual average.

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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>

