



STRATEGY DESCRIPTION

B-CAP's Defence strategy aims for long-term capital appreciation, via direct exposure in the share capital of public companies identified by the manager. The construction of the portfolio relies mostly on a bottom-up approach where the manager quantitatively filters the universe of large listed companies. The management style emphasizes dividend growth sustainability. For example, historical and estimated growth for revenue per share, profit margins, free cash flow, return on equity and a reasonable debt are favored. The manager also grants importance to the issuer's strong competitive advantage within its industry. The Defence model invests over a relatively long time horizon (5-10 years) in stocks exhibiting high dividend growth potential issued by large companies (minimum of 1 billion \$, vast majority >\$5B), without compromising on quality (credit, reputation, economic moat, ESG).

INVESTMENT HORIZON



ESTIMATED VOLATILITY



SECTOR DIVERGENCE (vs benchmarks)



SECURITIES ROTATION



MANAGEMENT STYLE



FUNADEMENTAL PROFILE	Defence	MSCI World High Div
Dividend Yield -12M	2.0%	3.4%
Div Growth est. +12M	8.0%	3.8%
Return on Equity (ROE)	31.2%	16.1%
Payout Ratio	44.4%	56.1%
Sustainable Div Growth ¹	17.3%	7.1%
Net Debt/EBITDA	1.7x	1.6x
Free Cash Flow Yield	6.9%	6.4%
Revenue per Share Growth	15%	3.3%

Source: Bloomberg et calculs B-CAP.

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

TOP HOLDINGS	Industry	Country	Weight
Stantec Inc	Industrials Research & Consulting Servi	CA	3.1%
Apple Inc	Information T Technology Hardware, Stora	US	3.1%
Automatic Data Processing II	Information T Data Processing & Outsourci	US	2.9%
Costco Wholesale Corp	Consumer Sta Hypermarkets & Super Cent	US	2.9%
Constellation Software Inc/C	Information T Application Software	CA	2.8%
Microsoft Corp	Information T Systems Software	US	2.7%
Expeditors International of V	Industrials Air Freight & Logistics	US	2.7%
Toronto-Dominion Bank/The	Financials Diversified Banks	CA	2.6%
Power Corp of Canada	Financials Life & Health Insurance	CA	2.6%
Canadian National Railway C	Industrials Railroads	CA	2.6%
Top 10 Total			28.0%

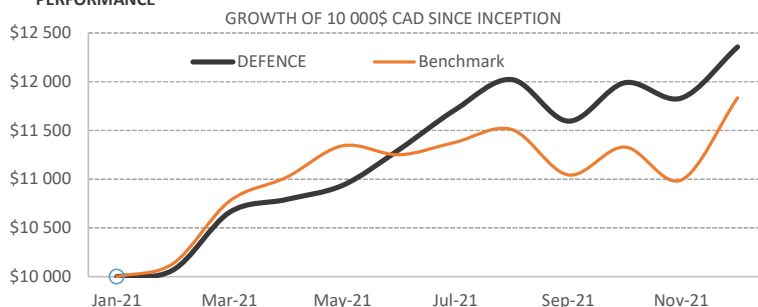
TOP SECTORS	Defence	MSCI World High Div
Financials	19%	14%
Information Technology	18%	8%
Industrials	15%	10%
Consumer Staples	13%	20%
Materials	8%	6%

MARKET CAP	Defence	MSCI World High Div
< \$500M	0%	0%
\$500M - \$1B	0%	0%
\$1B - \$5B	13%	0%
> \$5B	86%	100%
Cash	1%	0%

SUMMARY PROFILE

Primary Management Style	Dividend Sustainable Growth
Selection Process	Quantitative+
Eligible Securities	Large cap common shares
Number of Holdings	42
% of Portfolio in CAD	50%
Inception	January 26th, 2021
Growth of \$10K Since Inception	\$12,357
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
	1% < \$1M, 0.80% thereafter. Global fee 0.60% > \$5M
Custodian	NBIN

PERFORMANCE



	1 month	3 months	6 months	1 year	Inception
Adventurer (B-CAP)	4.44%	6.57%	9.34%		23.57%
Benchmark	7.68%	7.16%	5.20%		18.35%

Note: Benchmark is the MSCI World High Dividend Yield Index, in CAD.

	January	February	March	April	May	June	July	August	Sep	Octobre	November	December	Year (YTD)
2021	<i>inception</i>	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 of recommendation. Consult the back to read the complete legal notice.

Source: Bloomberg and B-CAP calculations based on information as provided by the custodian NBIN and portfolio administration system Ndex.

As of 2021-12-31





MANAGER'S QUARTERLY COMMENTS

The market preference in the last quarter of 2021 favored the low volatility and quality attributes the most, which explains the good 6.6% performance generated by B-CAP's Defence strategy over the period. Total return net of fees since its launch in late January 2021 stands at 23.6%, an outperformance of 520 basis points (50 per month) for the incomplete year, with lower volatility moreover. For the year 2021, the Industrial sector stands out favorably, especially thanks to the incredible contribution of Stantec, which gained more than 60%, the strongest among the constituents. For Q4 more specifically, the Real Estate sector (+ 15%) shows the highest absolute return, followed by Basic Consumption (+ 14%; honorable mention to the 26% jump in Costco's share price) and Info Tech (+ 13%). The latter sector exhibits the highest score in terms of stock selection: AAPL, ADP, INTC and MSFT stand out the most in this regard. The slight underperformance against the benchmark during the quarter is mainly attributable to the Telecom and Finance sectors. There was only one realignment in Q4, the substitution of Clorox for Quanta Services (PWR), partly funded by the partial sale of Novo Nordisk. PWR is a specialty solutions provider for the utility sector, primarily servicing electrical infrastructure, with a focus towards renewable energies.

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About the Custodian:

Committed to this business for more than 25 years, National Bank Independent Network is one of Canada's leading providers of custodial, trading, clearing, settlement and record keeping services to independent registered portfolio managers and introducing brokers through innovative product development, expert client care and leading technology. National Bank Independent Network is a division of National Bank Financial Inc., and is also a registered trademark of National Bank of Canada and a wholly owned subsidiary of National Bank of Canada, which is a public company listed on Canadian stock exchanges. National Bank Financial Inc. is a Member of the Canadian Investor Protection Fund (CIPF) and the Investment Industry Regulatory Organization of Canada (IIROC).

NBIN <https://www.nbin.ca>

CIPF <https://www.cipf.ca>

IIROC <https://www.iiroc.ca>

About the Management Technology and Portfolio Administration System:

Ndex is the only fully independent, multi-custodian wealth management technology provider in Canada. Ndex has grown to support more than 1,300 companies managing more than \$200 billion in assets for more than 14 million customers. It interacts with over 200 custodians across North America. Its platform unique approach provides the flexibility and scalability needed to serve a diverse industry. Its clients range from independent brokers and family offices to large wealth management, brokerage and accounting firms. Ndex's fully integrated system supports both single and multi-custodian platforms. Its top-notch design supports portfolio management, CRM, securities management, trade order management, compliance, expense management, operations, reporting and tax reconciliation for our clients. Ndex's adaptable platform is well positioned for expansion and supports operations around the world.

Ndex <https://www.ndexsystems.com>

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>

