



B-CAP

GOOD TIMES BAD TIMES (GTBT) INVESTMENT STRATEGY

23Q1 UPDATE

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Note: Prices as of COB April 19, 2023.

Source: Bloomberg and B-CAP calculations.

WHO WE ARE



BOUTHILLIER CAPITAL INC.

577 avenue de Brixton

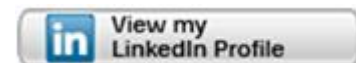
Saint-Lambert, QC, CA, J4P 3A9

450 500-1839

<https://B-CAP.ca>

Bouthillier Capital (B-CAP) is registered with the Autorité des marchés financiers (AMF) as a Portfolio manager and Portfolio manager in derivative products. B-CAP aims to earn competitive return for investors, primarily by fostering innovative investment strategies. The firm is especially interested in absolute return mandates balancing between asset protection and capital enhancement, as well as in atypical investment opportunities exhibiting strong potential return. The manager also offers traditional investment solutions to high-net-worth households and corporations, always tailored to its clients' needs.

To select professional clients, the firm offers a bespoke B2B consultancy service in the fields of portfolio management and quantitative financial analysis.



What is the GTBT Investment Strategy

GTBT stands for Good Times Bad Times, as in the mandate of the investment strategy:

GENERATING POSITIVE ABSOLUTE RETURN OVER 12 MONTHS IN ANY GIVEN MARKET ENVIRONMENT

Bouthillier Capital (B-CAP)'s flagship portfolio invests long and short in listed liquid financial instruments, via direct exposure or option strategies. The investment strategy is catalyst-driven, tactical by nature, capitalizing on both cyclical and secular macro themes throughout global equity, commodity, fixed income and currency markets. Furthermore, it also factors in various overlays, such as investor sentiment and market positioning.

The strategy is unconstrained in terms of geography, size, asset class, net exposure and is, for all those reasons, benchmark agnostic. It aims for a 1-year volatility in-line with that of the MSCI World and a low or even negative correlation with major equity and bond benchmarks.

What is the GTBT Investment Strategy

Input into the strategy includes macro trends: position in the cycle, factors, industry-specific metrics (e.g. demand & supply, pricing), estimates vs potential, fear vs greed, market positioning, corporate activity and technicals. Within the medium-term framework established, the manager invests where estimates lag rising/healthy fundamentals, with an interest in overlooked themes/underowned areas.

GTBT is comprised of different sleeves. Each is created with a specific rationale behind it, whose merit is subject to market vagaries. The weighting and existence of each sleeve is subject to change without prior notice. Since the launch on March 1st, 2020, only one sleeve was changed.

The strategy does NOT invest in IPOs, nor in companies lacking adequate financial history or information on its operations. There is NO use of leveraging except that inherent in options, and shorting securities will NOT occur without capping potential losses. GTBT does NOT invest in externally-managed funds unless a strong case is made for the opportunity and the manager's unique ability.

- ✓ Long / Short
- ✓ Opportunistic
- ✓ Unconstrained
- ✓ Macro Framework
- ✓ Adaptable Multi-Strategy
- ✓ Global, Across Major Asset Classes
- ✓ Delivered Strong Returns During Bear (MAR20) and Bull (NOV21) Markets
- ✓ Relatively Strong Sharpe Ratio
- ✓ Low/Negative Downside Capture
- ✓ Low/Neg Correlation to TSX, SPX and Bonds

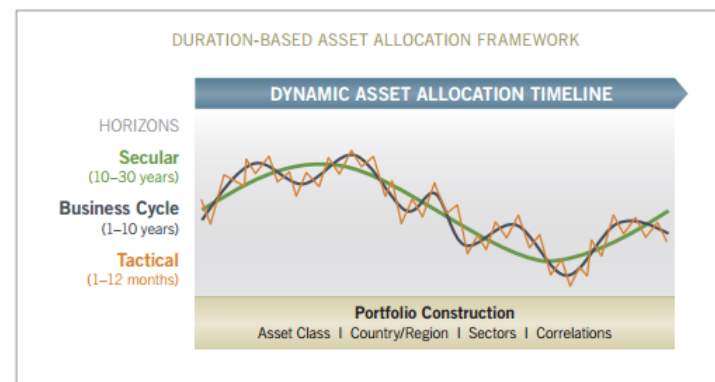
Why invest in GTBT?

GLOBAL MACRO
ABSOLUTE-RETURN
STRATEGY
MANAGED BY B-CAP

Process: Investment Management

Position in the Economic Cycle (Top-Down)

- Continuous monitoring of macroeconomic data;
- Comprehensive analysis of institutional economic & strategy research, and trading colour.



Source: Fidelity Investments (AART).

Sector	Early	Mid	Late	Recession
Financials	+			-
Consumer Discretionary	++		--	
Technology	+	+	--	--
Industrials	++	+		--
Materials		--	++	-
Consumer Staples	-		+	++
Health Care	-		++	++
Energy	--		++	
Telecom	--			++
Utilities	--	-	+	++

Unshaded (white) portions above suggest no clear pattern of over- or under-performance vs. broader market. Double +/- signs indicate that the sector is showing a consistent signal across all three metrics: full-phase average performance, median monthly difference, and cycle hit rate. A single +/- indicates a mixed or less consistent signal. Source: Fidelity Investments (AART).

Market Anticipation, Reaction and Positioning

- Continuous monitoring of price momentum and relative strength;
- Knowing which trades are crowded and planning the reversal.

Which Industries are Best Positioned

- Analyzing new orders, sales, inventories, producer prices and pricing power.

Process: Investment Management

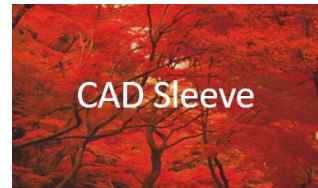
Which Styles/Factors are Outperforming

- Growth vs Value; Defensives vs Cyclical; EM vs DM; Large vs Small;
- Leverage vs Cash Rich; Momentum; Short Interest.

Strategy

- Macro + Market Positioning + Technicals = Asset & Strategy Mix Framework
 - The prevalence of Hedging and Arbitrage strategies is determined by the manager.
- Industries + Factors + Specific Corporate Attributes = Directional Equity Exposure
 - To be considered: profile overlaps have an impact on the portfolio's overall net exposure.
- The manager may occasionally deploy the strategy through liquid passive ETFs, a market now covering multiple asset classes and targeting various characteristics, for a relatively low fee.

Process: Investment Management (old)



CAD Sleeve

Summary

Seizing opportunities across Canadian public markets: stocks, warrants, converts, preferreds, some options (if liquidity permits).

Primary Catalysts

- B-CAP strategy framework
- Direct Commodity exposure
- News flow
- Specific correlations, patterns

Opportunities

- Multiple under-researched issuers
- Accessible research network
- Uniquely-innovative industries
- Natural resources



USD D&H

Directional positioning through US-listed options on stocks or thematic ETFs, including major asset classes. Includes the possibility to hedge.

- B-CAP strategy framework
- Factor investing
- Bottom-up quantitative analysis

- Liquid options market
- Possible to trade options on spreads: 2 and 4-leg strategies
- Wide selection of ETFs



USD CC

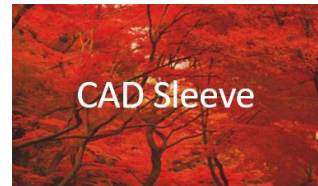
Selling and managing covered calls on stocks, being long either the warrant or the convertible preferred share of that issuer. Collecting premium.

- Quantitative analysis of relative implied volatility and pricing estimates
- Proprietary selection and management parameters

- Large and liquid US markets: warrants, convertibles and options
- Warrants are often pricing an implied volatility at a 50%+ discount vs related options

DISCONTINUED (early JAN 22)

Process: Investment Management (new)



CAD

Summary

Seizing opportunities across Canadian public markets: stocks, warrants, converts, preferreds, some options (if liquidity permits).

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USD D&H

Directional positioning through US-listed options on stocks or thematic ETFs, including major asset classes. Includes the possibility to hedge.

- B-CAP strategy framework
- Factor investing
- Bottom-up quantitative analysis
- Thematic investing

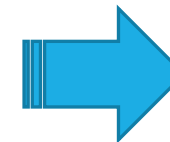
- Liquid options market
- Possible to trade options on spreads: 2 and 4-leg strategies
- Wide selection of ETFs



Intl

Investing in the common shares of international companies (World excl. USA and Canada), allowing for occasional more speculative/hedging long option positioning.

- B-CAP strategy framework
- Economic growth drivers
- Valuations and specific opportunities
- Historical correlations



- Historically large valuation discounts to US stock markets
- Decade-long underperformance, severe since pandemic; trading 25% below its pre-GFC level vs +150% for US

Process: Risk Management



GTBT Strat

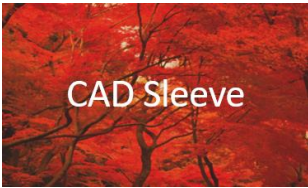


Risk Management: Concentration (% of overall NAV)

- Max security weight at inception: 4% (2% per warrant)
- Max security weight at month end: 8% (6% per warrant)
- Max covered option potential assignment value: 10%
- Max theme weight at month end: 30%
- Max total naked options weight at month end: 10%
- Min/Max beta-adjusted net exposure at quarter end: [-150% ; +150%]

Other Parameters

- No IPO
- No naked short
- Quarterly Financial Statements Req'd
- Liquid options only
- Tgts 3 "positions" per theme (or +)

Process: Risk Management

	Risk Management: Concentration (% of overall NAV)	Other Parameters
 <p>CAD Sleeve</p>	<p>CAD Sleeve</p> <ul style="list-style-type: none"> - Min/Max beta-adjusted net exposure at quarter end: [-150% ; +150%] - Min 10 "positions" 	
 <p>USD Directional and Hedging Sleeve</p>	<p>USD D&H</p> <ul style="list-style-type: none"> - Min/Max beta-adjusted net exposure at quarter end: [-150% ; +150%] - Min 10 "positions" 	<ul style="list-style-type: none"> - Cash held sufficient to close all short Put positions, and to represent Min 30% of total potential assignment value - Options spread positions have close orders pending in the system since inception, at about 1/4 premium
 <p>International Sleeve</p>	<p>Intl</p> <ul style="list-style-type: none"> - Min/Max beta-adjusted net exposure at quarter end: [+50% ; +150%] - Min 10 "positions" 	<ul style="list-style-type: none"> - Avoiding elevated sector and geographical concentration, promoting diversification across determinants.

Process: Implementation and Pricing

Bouthillier Capital (B-CAP) currently offers the GTBT strategy in segregated accounts. Custody (free of charge) and trading execution at [Interactive Brokers](#).

Minimum size: C\$400,000, for clients with minimum \$2.5M in net financial assets.

Degressive management fee schedule:

- 1.5% on first \$1,000,000;
- 1.2% on subsequent amounts;
- 1% on TOTAL AUM starting at \$5,000,000;
- Mgmt fee paid quarterly, established on the average of three previous months' closing AUM values +tax.

Performance fee:

- 20% on performance (net of mgmt fee) above 10% per annum (hurdle rate);
- High-water mark.

What Next?

Same list as six months ago... we stick to the gameplan

B-CAP does not publicly comment on its historical trading, current positioning and potential targets. However, it can be said that, based on its thematic approach, the manager currently has a keen interest in companies addressing the following ambitions / challenges:

- the overarching goal of a net-zero emission economy by 2050 → CleanTech, Energy Storage, Renewables...
- select commodities related to electrification → Energy Metals (battery & uranium), Rare Earth Elements...
- recession is underway → overweight the 'needs' vs the 'wants', Housing and Discretionary at risk, beware leverage...
- potential conflict escalation, deglobalisation, reshoring, stagflation → Real Assets, Steel-in-the-ground...
- potential macro breakage and/or peak inflation → Central Banks heavy hand will turn, duration assets will outperform...
- international markets present appealing valuation discounts, some o/w present macro and 'opportunistic' tailwinds.

If you have an interest in learning more about B-CAP GTBT investment strategy and are an accredited investor, please [contact us](#) directly.



BOUTHILLIER CAPITAL INC.

577 avenue de Brixton
Saint-Lambert, QC, CA, J4P 3A9
450 500-1839
<https://B-CAP.ca>

mbouthillier@B-CAP.ca

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Disclaimer: Past performance is not indicative of future results.

