

CANADIAN EQUITY VALUE STRATEGY



Be better invested

WHY INVEST WITH US?

- Over 25 years of investment experience and track record
- Independence and well aligned interests
- A long-term philosophy based on “Value” style which has proven its worth in both up and down markets
- Collegial, disciplined, rigorous and rational decision-making process

SUMMARY OF THE STRATEGY

The objective of the Canadian Equity Value Strategy (All-Cap) is long-term capital appreciation. We invest at a fair price in quality companies that are profitable and have a solid balance sheet. We have a favourable bias towards dividends and invest with a long-term perspective.

PROCESS

Our approach is bottom-up and based on fundamental analysis of the securities in our investment universe. Our process is rational, and executed with rigour, discipline and independence.

Research

We produce in-depth research reports and quarterly updates on Canadian public companies in our investment universe. To generate investment ideas, we use a combination of quantitative filters and qualitative analysis (analysis of customers, suppliers, competitors and news). Our main valuation criteria are: valuation (multiples), balance sheet strength, profitability, and dividends.

Portfolio Construction

Based on our 5-level rating system (1 = strong buy, 2 = buy, 3 = hold, 4 = reduce, 5 = sell), a stock will enter the portfolio only if it has a (1) or a (2) rating. Our decision-making process is collegial and our portfolio is a reflection of our best ideas, it is therefore concentrated (between 30 and 50 positions) and allocates equal weighting to each stock.

Buy and sell decisions

As we have a long-term vision, the turnover rate of our portfolios is low. We add a security if it has a rating equal to or stronger to 2 on a scale of 1 to 5. On the other end, we will sell out of a security if its market price becomes too expensive (high multiples), if we observe a deterioration in the balance sheet, or if there is a takeover on the stock.

ABOUT ALLARD, ALLARD & ASSOCIÉS

Since 1995, Allard, Allard & Associés has been managing investment portfolios for the benefit of third party investors. Our diverse client base includes private clients, foundations and pension plans. Our assets under management now total more than \$800M. We were selected for Canadian and Global equity mandates in the Quebec Emerging Managers Program (QEMP), a grouping of several Quebec institutional investors, thereby marking our entry into institutional investment management in 2016.

ANNUALIZED RETURNS DECEMBER 31, 2022¹

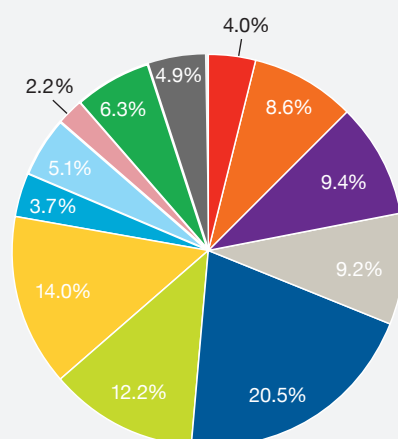
	1 year	3 years	5 years	10 years	Since inception*
AA&A Canadian Equity	1.1%	10.1%	5.3%	8.6%	11.9%
S&P TSX TR index	-5.8%	7.6%	6.9%	7.7%	8.1%
Value added	6.9%	2.5%	-1.6%	0.9%	3.8%
Upside capture					1.09
Downside capture					0.75

*July 1, 1995

PORTFOLIO CHARACTERISTICS AS OF DECEMBER 31, 2022

Characteristics	AA&A Canadian Equity	Benchmark
P/E	10.2	11.7
P/B	1.6	2.6
Debt/Equity	76.1%	122.7%
ROE	10.9%	35.8%
Dividend yield	3.0%	3.4%
Average market cap	\$22.2 B	\$57.0 B
Number of holdings	48	236

SECTOR WEIGHTS AS OF DECEMBER 31, 2022



- Communication Services (4.0%)
- Consumer Discretionary (8.6%)
- Consumer Staples (9.4%)
- Energy (9.2%)
- Financials (20.5%)
- Industrials (12.2%)
- Materials (14.0%)
- Utilities (3.7%)
- Real Estate (5.1%)
- Health Care (2.2%)
- Technology (6.3%)
- Cash (4.9%)

REPRESENTATIVE HOLDINGS

ALGONQUIN POWER & UTILITIES

CANADIAN TIRE

CGI

EMPIRE COMPANY

FAIRFAX FINANCIAL HOLDINGS

GILDAN ACTIVEWEAR

MANULIFE FINANCIAL

MAPLE LEAF FOODS

ROGERS COMMUNICATION

SCOTIA BANK

¹ Composite based on 81 accounts and one fund totaling \$262 million out of the firm's total assets \$731 million as at December 31st, 2022. Discretionary accounts with a market value greater than \$300,000 and with over 95% in Canadian equities. The composite includes 4.3% of non-chargeable accounts and 1.1% of margin accounts.

All returns include reinvestment of dividends and are gross of management fees. For periods greater than one year, returns are annualized. Past performance does not guarantee future results.

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