



CANADIAN EQUITY REPORT

July 29, 2022

INVESTMENT STRATEGY AND PROCESS

Lester Asset Management Inc. ("LAM") launched an actively managed All-Cap Canadian Equity strategy for its segregated accounts in July 2006 and created a pooled version through the LAM Canadian Equity Fund (the "Fund") in January 2012. The strategy's aim is to be different from the S&P/TSX Composite Index and achieve higher returns than the market with lower risk as measured by low market correlation, low cyclical exposure, and better industry diversification. The portfolio is invested in 40 to 50 small, mid and large cap Canadian listed companies selected using a research process based on fundamental bottom-up analysis, strict quantitative and qualitative criteria, and a sound understanding of each company and the industry in which each operates, complemented by a macro-economic outlook. The investment style is value-driven and opportunistic, seeking to buy shares at a discount to a company's true worth, with the goal of maximizing shareholder value through dividend growth, share buybacks, spin-offs or an outright sale.

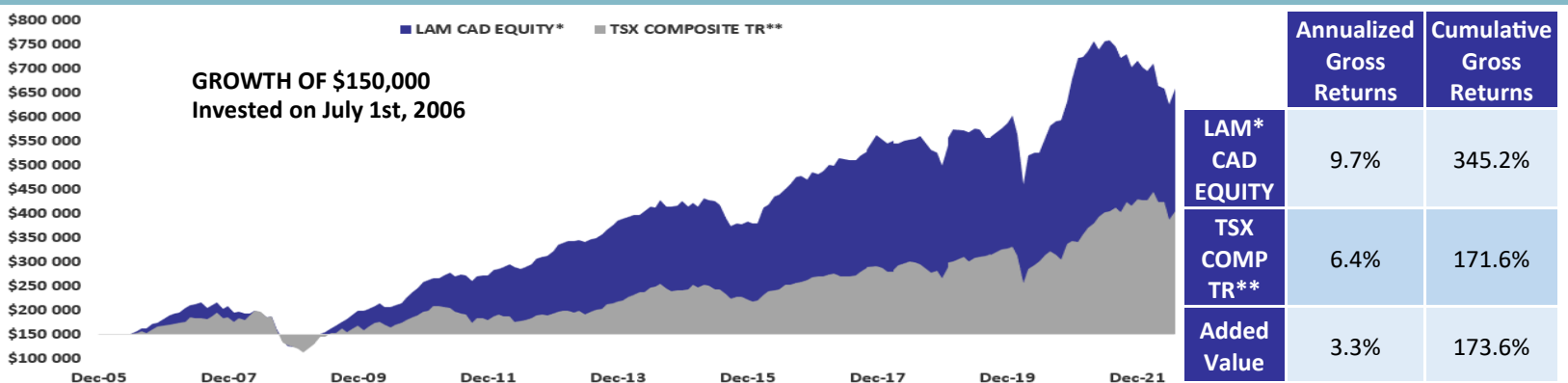
CALENDAR YEAR GROSS RETURNS (except for 2006 which is for 6 months)

| | 2022 YTD | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
|--------------------|----------|-------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|
| LAM CAD EQUITY* | -8.1% | 5.4% | 15.6% | 18.0% | -11.9% | 15.8% | 26.6% | -9.6% | 10.5% | 19.3% | 17.6% | 5.8% | 29.7% | 60.2% | -40.0% | 15.4% | 20.7% |
| TSX COMPOSITE TR** | -5.7% | 25.1% | 5.6% | 22.9% | -8.9% | 9.1% | 21.1% | -8.3% | 10.5% | 13.0% | 7.2% | -8.7% | 17.6% | 35.1% | -33.0% | 9.8% | 12.5% |

ANNUALIZED GROSS RETURNS (except for 1 month and 3 months returns)

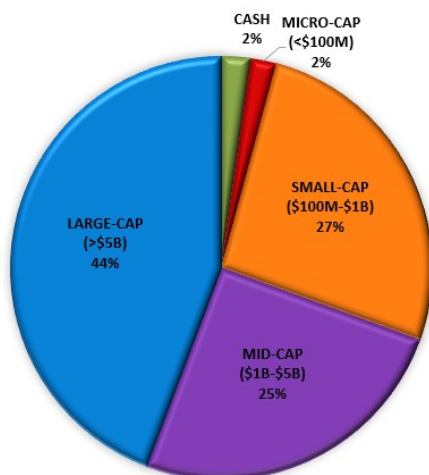
| | 1 MONTH | 3 MONTHS | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS | SINCE JULY 1, 2006 |
|--------------------|---------|----------|--------|---------|---------|----------|--------------------|
| LAM CAD EQUITY* | 5.1% | -1.0% | -13.2% | 4.6% | 5.1% | 8.6% | 9.7% |
| TSX COMPOSITE TR** | 4.7% | -4.4% | -0.2% | 9.5% | 8.6% | 8.6% | 6.4% |

CUMULATIVE GROSS RETURNS VERSUS TSX COMPOSITE TR** SINCE JULY 1, 2006



FUND ALLOCATION BY SECTOR AND MARKET CAP

| | |
|--------------------|-------|
| INDUSTRIALS | 23.8% |
| DISCRETIONARY | 12.1% |
| FINANCIALS | 10.9% |
| UTILITIES | 10.5% |
| COMMUNICATIONS | 9.3% |
| ENERGY | 8.9% |
| TECHNOLOGY | 7.8% |
| MATERIALS | 6.5% |
| HEALTHCARE | 4.6% |
| CASH & EQUIVALENTS | 2.4% |
| REAL ESTATE | 2.0% |
| STAPLES | 1.1% |



TOP 20 FUND HOLDINGS

| LARGE CAP | % | SMALL/MID CAP | % |
|------------|-----|--------------------|-----|
| ENBRIDGE | 4.5 | BORALEX | 3.2 |
| ALTAGAS | 3.8 | PARK LAWN | 2.8 |
| CP RAIL | 3.4 | LOGISTEC | 2.6 |
| BMO | 3.2 | STELLA JONES | 2.6 |
| TD BANK | 3.1 | PET VALU | 2.5 |
| TELUS | 2.9 | CARGOJET | 2.4 |
| BCE | 2.7 | AG GROWTH INTL | 2.3 |
| CN RAILWAY | 2.7 | TECSYS | 2.3 |
| CGI | 2.7 | SAVARIA | 2.2 |
| SHAW | 2.3 | DEFINITY FINANCIAL | 2.1 |

MONTHLY COMMENTARY

The **LAM Canadian Equity Fund** rose by **+5.1%** on a gross basis versus **+4.7%** for the TSX Composite Total Return. World equity markets rebounded strongly on signs that forward-looking inflation expectations are coming down and less hawkish rhetoric from the FED. Also, world economic data is weakening with the US now in a technical recession with 2 quarters of negative GDP growth. Such negative news is positive for bond markets, as well as stock markets which are anticipating an eventual end to central bank rate hikes. The S&P500 and NASDAQ rose sharply by **+9.2%** and **+12.4%** respectively for the month but are still down **-12.6%** and **-20.5%** respectively year-to-date. Europe, Far East and Emerging Markets snapped back, yet are still down **-15.2%**, **-13.3%** and **-16.4%** respectively year-to-date, in Canadian dollar terms. Our outperformance versus the TSX was mainly due to our high exposure to industrials which was the strongest sector of the TSX rising **+10.3%**, and our low exposure to Financials, Materials, and Gold which were among the weakest sectors. Our strongest contributors were utility pole and railway tie manufacturer **Stella Jones**, railways **CP** and **CN**, agricultural equipment manufacturer **Ag Growth**, supply chain solutions provider **TECSYS**, and renewable power producer **Boralex**. Our biggest detractors were **MDF Commerce**, **Shaw Communications**, **Velan**, and **Flagship Communities REIT**. We are particularly pleased to have outperformed in a strong upmarket after having also done so in a weak downmarket the month before. We continue to be mindful of the effects of inflation, higher rates, and growing evidence of an economic slowdown on our portfolio which remains well diversified in mostly recession-resistant businesses. Most of our holdings continue to report strong financial results and are trading at reasonable valuations. We also continue to take advantage of market weakness to invest in high quality companies at attractive prices which should provide the portfolio with strong long-term returns.

PORTFOLIO MANAGERS



Stephen Takacsy – CEO, Chief Investment Officer and Lead Manager Canadian Equity

Stephen joined the firm in 2006 as Chief Investment Officer and developed its Canadian Equity and Fixed Income strategies. He became Chief Executive Officer in 2017. Stephen's diverse career in finance spans over 30 years, including roles in corporate lending, investment banking, and managing the cash proceeds from the sale of a publicly traded company where he was Chief Financial Officer. His extensive experience in corporate finance, mergers & acquisitions, valuation analysis and investments has added value to client returns.

Co-Managers: Matthew Kaszel, CFA and Olivier Tardif-Loiselle, CFA

STRATEGY CHARACTERISTICS

| | |
|---------------------------------------|--|
| Inception Date | July 1st, 2006 |
| Strategy AUM | \$200 million |
| Style | All–Cap, value-driven and opportunistic |
| Process | Fundamental bottom-up analysis |
| Portfolio | 40 to 50 diversified holdings |
| Risk Metrics (since inception) | Low cyclical exposure Low market correlation Beta: 0.78 Upside capture: 83% Downside capture: 62% Portfolio turnover (5 year): 26% Maximum position size: 5% Maximum sector weight: 25% |

POOLED FUND TERMS

| Inception Date | January 3rd, 2012 | | | | | | | | | | | | | | | | |
|---------------------------------------|---|---------|---------------|-----|-----------|---|--------|---------|------|---|--------|---------|------|---|--------|---------|-----|
| Fund AUM | \$97 million | | | | | | | | | | | | | | | | |
| Minimum Investment | \$150,000 (or less for accredited investors) | | | | | | | | | | | | | | | | |
| Eligible Accounts | Non-Registered and Registered (RRSP, RESP, TFSA...) | | | | | | | | | | | | | | | | |
| Distribution | AB, BC, MB, ON, QC, by way of Offering Memorandum | | | | | | | | | | | | | | | | |
| Management Expense Ratio (MER) | Management Fee (as listed below) + a maximum of 0.1% for operating expenses, as well as trading and custodial charges | | | | | | | | | | | | | | | | |
| Fund Units*** | <table border="1"> <thead> <tr> <th>SERIES</th> <th>FUNDSERV CODE</th> <th>NAV</th> <th>MGMT. FEE</th> </tr> </thead> <tbody> <tr> <td>F</td> <td>LAF100</td> <td>\$20.23</td> <td>1.5%</td> </tr> <tr> <td>I</td> <td>LAF101</td> <td>\$15.35</td> <td>1.0%</td> </tr> <tr> <td>O</td> <td>LAF102</td> <td>\$11.70</td> <td>TBD</td> </tr> </tbody> </table> | SERIES | FUNDSERV CODE | NAV | MGMT. FEE | F | LAF100 | \$20.23 | 1.5% | I | LAF101 | \$15.35 | 1.0% | O | LAF102 | \$11.70 | TBD |
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ABOUT THE FIRM

Lester Asset Management is an independent discretionary portfolio management firm serving private clients and institutions such as charitable foundations, while exercising a fiduciary duty to always act in its clients' best interest. The Firm is committed to preserving and growing the financial wealth of its clients through responsible and ethical investing while also providing a high level of personalized service to meet its clients' evolving needs. The Firm is focused on the active value-added management of two core strategies: All-Cap Canadian Equity and Canadian Fixed Income, aiming to outperform the main indices and to add value by achieving higher returns than the market with lower risk. Annualized returns of the Firm's Canadian Equity strategy have consistently ranked in the 1st quartile for over 10 years. In 2019, the Firm was selected by the Quebec Emerging Managers Program to manage a pooled Canadian Bond fund for a group of institutional investors.

FOR MORE INFORMATION:

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FREQUENT CONTRIBUTOR ON



*Returns for LAM's Canadian Equity strategy are gross of management fees and based on dollar-weighted gross returns for the Canadian Equity composite of segregated portfolios managed by LAM using the same strategy from July 2006 until the launch of the Fund in January 2012, and on gross returns of the LAM Canadian Equity Fund thereafter. **The S&P/TSX Composite Total Return Index is the benchmark that has been used since the inception of LAM's Canadian Equity strategy in July 2006 and the Fund in January 2012, and reflects the policy of investing only in Canadian Equity securities.*** Returns on the different unit series of the Fund will vary due to applicable management fees. Please read the Offering Memorandum before investing in the Fund. Pooled fund returns are not guaranteed as unit values change frequently and past performance may not be repeated.