



LIONRIDGE

QUARTERLY REPORT

Winter | 2025

ANOTHER SURPRISING YEAR

Reviewing the 2025 performance of our Total Equity Portfolio, a couple of things stand out. First, given the strong run in markets in the two preceding years, I would not have guessed that we would have achieved a return of exceeding 20% last year. Second, I definitely wouldn't have expected such a return last year when we had an average cash position exceeding 20%.

We achieved this by sticking with our discipline, maintaining a long term perspective, and focusing the portfolio on a concentrated number of positions that we have conviction in. Although much of last year's market rally was driven by the exuberance for AI-related tech companies, our tech positions were not our highest performers. Our position in Alphabet was up 65.8% last year, but our biggest performers were a couple of boring, Canadian financial stocks: Power Corp and T.D. Bank.

We've held these two positions for years, and for much of that time their share prices were not providing much in the way of returns. That's not what we focus on, however. We spend our time studying the fundamentals and intrinsic values of our positions and during this

period we remained confident that the underlying dynamics of these companies were strong and that the market was undervaluing them. Ultimately this patience has paid off.

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Lionridge Capital Management Inc.

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Although we have achieved returns over the last three years averaging 23.9% per year **, I will never suggest that we'll achieve these kinds of returns every year. The long-term expectations I like to set for our Total Equity Portfolio are more reasonable. I'm certainly happy, however, that our returns for the last few years will provide an added boost to the long term compounding of your wealth. That's what we're focused on. (In terms of long term returns, since the inception of the Total Equity Portfolio in 2011*** we've achieved an average annual rate of return of 12.0%.**)

Despite this extended period of market exuberance, or because of it, we still won't be surprised by a period of volatility with some amount of meaningful pullback.

If that happens, we continue to be well prepared for it. Our cash position in the Total Equity Portfolio is currently just shy of 25% and we won't employ that unless we find some obvious opportunities to buy other fundamentally strong companies at attractive prices for you. We don't get panicked by market corrections, we take advantage of them for you.

At your service,

Hardev Bains, LLB, MBA, CFA

President and Chief Investment Officer

* Total Equity Benchmark from June 1, 2021: 35% S&P/TSX Total Return; 65% MSCI World (Gross CAD\$). Benchmark from December 1, 2017 to May 31, 2021: 40% S&P/TSX Total Return; 60% MSCI World (Gross in CAD\$). Benchmark from inception to November 30, 2017: 45% S&P/TSX Total Return; 35% S&P 500 Total Return (CAD\$); 20% MSCI EAFE (CAD\$).

** Average Annualized Returns

*** Inception date; March 31, 2011

The Composite consists of all fully discretionary accounts managed by Lionridge Capital Management Inc., according to the investment objective of the Lionridge Total Equity Portfolio. The objective of the Lionridge Total Equity Portfolio is to maximize long-term returns while minimizing long-term risk by investing in a concentrated portfolio of undervalued securities. The manager seeks to invest in securities only at prices offering a margin of safety, with a view to achieving the dual objectives of outstanding returns along with protection of capital. The strategy has a global focus and the manager has discretion over the geographic allocation of assets. Return figures are presented in Canadian dollars, are gross of management and custody fees but are net of all trading expenses, and include cash holdings. There is no minimum portfolio value required for inclusion.

Lionridge utilizes a combination of broad market indices such as the S&P/TSX Composite Total Return index and the MSCI World index (Gross in CAD\$) as the blended benchmark for comparison purposes. The blended benchmark is historically a general reflection of the nature of the securities held in the Lionridge Total Equity Portfolio Composite. The indices are unmanaged and do not incur management fees, transaction costs or other expenses associated with managed accounts.

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