Calgary Portfolio Management Trust

FQ2 2022 Report

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

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Dear Stakeholders,

The Calgary Portfolio Management Trust (CPMT) Class of 2022 would like to extend our gratitude to the Board of Trustees for its continued commitment to and engagement with the program. We would also like to sincerely thank the CFA Society of Calgary and the CPMT alumni for their commitment and support. Finally, we would like to thank all of our supporters in the Calgary business community for their vested interest in the program.

A vital component of the CPMT experience is the mentorship program, which provides students with invaluable support ranging from technical expertise to career guidance. The CPMT is grateful for all of the professionals who have made themselves available to students for the upcoming year. We have learned an enormous amount from our mentors and look forward to another year of collaborative mentorship.

Another important part of the CPMT is the speaker series program, where industry professionals take valuable time out of their days to speak with the Fund. The CPMT team is grateful to all of those professionals that have made the time to speak with us. The knowledge and relationships built through these engagements have greatly contributed to the ongoing improvement and success of the Fund.

After expanding our investment universe two years ago to include U.S. equities, the Fund currently sits at a 30/70 weighting between Canadian and U.S. equities. Following an eventful year of reshaping the portfolio in response to the COVID-19 induced market downturn, the Fund aims to carry the momentum and rigor of last year's work into the new fiscal year. The CPMT intends to remain focused and agile in the face of continued market volatility and macroeconomic uncertainty, retaining our commitment to a bottom-up approach of allocating funds to high-quality names that fit our investment mandate of: (1) high caliber management team, (2) sustainable competitive advantage, (3) strong balance sheet, and (4) growing free cash flow. We will continue to evaluate investment decisions in the context of portfolio strategy and our macroeconomic outlook.

Involvement in the CPMT program offers invaluable exposure to a challenging and scholastic environment, creating an unrivaled student experience. We hope that the ongoing effort put forth by students, along with external support, will continue to develop knowledgeable and skilled graduates from the program. We are eager to continue to innovate and improve the program and strive to maintain our commitment to excellence.

Sincerely,

Abhishek Sewak, Portfolio Manager

Jack Morgan, Portfolio Manager

Katie Tu, Portfolio Manager

Kian Sadeghi, Portfolio Manager

Sina Ardakani, Portfolio Manager

Class of 2022

Biographies

CPMT CLASS OF 2022

ABHISHEK SEWAK
Portfolio Manager
5th Year, Finance / Actuarial Science
Abhishek joined the CPMT in March 2020 as an Investment Analyst and is thankful to all the Board of Trustees, mentors, and alumni who continue to enrich the student experience in Finance. He is excited to gain insights into financial modeling, equity research, and overall portfolio management skills. In addition to the program, Abhishek competed in the JDC West Case Competition as a Finance Delegate. He will be joining RBC Capital Markets as an Investment Banking Summer Analyst next summer. Abhishek worked as an Actuarial Analyst at Manulife over summer 2021 and has completed internships with Fidelity Investments as an Inside Sales Advisor in Winter 2020, and as an Investment Banking Co-op Analyst at CIBC World Markets during Winter 2021. Upon graduation, Abhishek would like to attain the CFA designation and explore a career in Capital Markets. In his spare time, Abhishek enjoys reading non-fiction books, hiking, playing & watching cricket, and travelling.

JACK MORGAN
Portfolio Manager
4th Year, Finance (Honours)
Jack joined the CPMT in March 2020 as an Investment Analyst seeking to broaden his skills and technical understanding of capital markets. He is thankful to the Board of Trustees, alumni, and mentors who have made this opportunity possible and contributed to his academic and professional development. After completing his second internship with Canadian Natural Resources as a Financial Marketing Student last summer, Jack is looking forward to joining BP as a Commercial Energy Trading Intern in summer 2022. Jack has been active on campus in various student clubs during his undergraduate and is currently undertaking the BComm Honours Program. As a Portfolio Manager, Jack is optimistic toward the future and grateful for the experience the CPMT has provided him thus far. In his free time, Jack enjoys basketball intramurals, playing chess, and serenading his roommates with guitar.

KATIE TU
Portfolio Manager
4th Year, Finance / Economics (Minor)
Katie joined the CPMT in March 2020 as an Investment Analyst. She is grateful for the opportunity to develop her portfolio management, financial modelling, and equity research skills through the program. This past summer, she worked at CIBC World Markets as an Investment Banking Summer Analyst in the Energy, Infrastructure and Transition group, where she will be returning full time upon graduation. Outside of school and work, Katie volunteers as a merchandiser at Dress for Success Calgary, a non-profit organization that provides professional attire to help women succeed in the mainstream workplace. In her spare time, Katie enjoys listening to music, watching movies, exercising at the gym, and travelling.

KIAN SADEGHI
Portfolio Manager
4th Year, Finance / Mathematics

Kian joined the CPMT in March 2020 as an Investment Analyst. He is looking forward to expanding his knowledge in portfolio management, equity research, valuation, and financial markets throughout the program. In addition to the CPMT, he is a member of the University of Calgary Trading Team and competed at the Rotman International Trading Competition last February. Kian will be joining RBC Capital Markets this upcoming summer as an Investment Banking Summer Analyst. Previously, he has completed internships at the McLean Family Office and Landstar Development Corp. Upon graduation, he intends to pursue a career in capital markets, as well as obtain his CFA designation. In his spare time, Kian enjoys playing soccer, basketball, and listening to music.

SINA HADJIAHMADI-ARDAKANI
Portfolio Manager
4th Year, Finance

Sina joined the CPMT in March 2020 as an Investment Analyst. He would like to thank the Board of Trustees, speakers, faculty, and mentors for supporting the program. He looks to gain a greater understanding of capital markets, financial valuations, and portfolio management. After completing a previous internship as a Business Development Intern, Sina is now working as a Client Support Intern at the National Digital Asset Exchange. Sina intends to pursue a career in capital markets and obtain his CFA designation upon graduation. During his spare time, Sina enjoys playing hockey, chess, and listening to podcasts.

CPMT CLASS OF 2023

ADRIANNA DOLATA
Investment Analyst
4th Year, Finance / Economics
Adrianna joined the CPMT in March 2021 as an Investment Analyst. She is excited to develop her equity research and financial modeling skills through the program. Adrianna is currently working on completing a dual degree in Finance and Economics with a concentration in Applied Energy Economics. In addition to the CPMT, Adrianna is Director of Marketing at the University of Calgary Consulting Association. Adrianna is currently completing an employment term with groHERE Harvest as a Business Development Intern. In summer 2022, she will be interning at NBF as an Investment Banking Summer Analyst in the Global Energy group. In her free time, Adrianna enjoys cooking, baking, hiking, swimming, reading, and travelling.

ARNUV MAYANK
Investment Analyst
4th Year, Finance / Mathematics
Arnuv joined the CPMT in March 2021 as an Investment Analyst. He is looking forward to applying his classroom knowledge to complete real-life equity research and modelling. Arnuv is currently working on completing a dual degree in Finance and Mathematics. In Summer 2021, Arnuv was an undergraduate researcher in financial mathematics at the University of Calgary. Arnuv has also completed a prior internship with Hicks Intellectual Property as a patent assistant. In his free time, Arnuv enjoys tennis, gaming, travelling, running, and hiking.

EMILY CHEN
Investment Analyst
3rd Year, Accounting / Data Science (Minor)
Emily joined the CPMT in March 2021 as an Investment Analyst. She is excited to develop her skills pertaining to equity research, portfolio management, and financial modelling over the course of the program. Emily is currently working towards a degree in Accounting with a minor in Data Sciences. In addition to CPMT, Emily is involved with the Inter-Collegiate Business Competition, the Calgary Social Value Fund, and the University of Calgary Consulting Association's McKinsey pro-bono consulting engagement. In Summer 2022, Emily will be interning at CIBC World Markets as an Investment Banking Summer Analyst in the Energy, Infrastructure and Transition group. Emily has also completed a prior audit internship with Deloitte and has worked at the University of Calgary as a summer research assistant. In her spare time, Emily enjoys baking, painting, music, fashion, yoga, and fitness.

ERIC XIAO
Investment Analyst
4th Year, Finance / Mathematics
Eric joined the CPMT in March 2021 as an Investment Analyst. He is excited to develop skills in equity-research, valuation, and portfolio management throughout his time with the program. Eric is currently working towards completing a dual degree in Finance and Mathematics. In addition to the CPMT, Eric is a part of the University of Calgary Trading Team, who competed in the Rotman International Trading Competition this past February. Eric recently completed an 8-month co-op term with Seven Generations Energy and ARC Resources as a treasury intern and intends to pursue a career in the capital markets. In his free time, Eric enjoys fitness, hockey, golf, basketball, and snowboarding.

GAVIN STALWICK
Investment Analyst
3rd Year, Finance
Gavin joined the CPMT in March 2021 as an Investment Analyst. He is thankful for the Board of Trustees and the alumni base that provide continued support of the program. Gavin is looking to develop his knowledge of financial markets, equity research, valuation, and portfolio management during his time in the program. Gavin is currently working towards completing a degree in finance. In addition to the CPMT, he is a student athlete with the University of Calgary Men's Rugby Club. Gavin also recently completed summer employment term with the University of Calgary's Endowment as a Treasury and Investments intern. In his spare time, Gavin enjoys snowboarding, weightlifting, rugby, and video games.

KARLEN SLATER
Investment Analyst
4th Year, Finance
Karlen joined the CPMT in March 2021 as an Investment Analyst. He is thankful to the Board of Trustees, mentors, and alumni for the continued support in making this opportunity possible. Karlen is looking to develop his skills in equity research, portfolio management, and financial modeling during his time with the program. Karlen is currently working towards completing a degree in finance and an embedded certificate in leadership studies. In addition to the CPMT, Karlen is currently completing a fall work term with Macritchie as a Private Equity Analyst. Previously, Karlen completed an internship in summer 2021 at Radicle as a Global Markets and Strategy Intern. In summer 2022, Karlen will be interning at NBF as an Investment Banking Summer Analyst in the Global Energy group. In his spare time, Karlen enjoys hockey, golf, water sports, and volunteering.

NOOR AZEEM
Investment Analyst
4th Year, Finance
Noor joined the CPMT in March 2021 as an Investment Analyst. She looks forward to developing a deeper understanding of financial markets, valuation, market drivers, portfolio management, and equity research. Noor is currently working towards completing a degree in finance. In addition to the CPMT, Noor has been involved with the University of Calgary Consulting Association, the CFA research challenge, and JDC West as a Business Strategy delegate. After completing a summer work term with Peters & Co. Limited as a Corporate Finance Intern, Noor is now working with BCI as a Canadian Large Cap Equities Analyst for the fall. For summer 2022, she looks forward to joining the investment banking team at JP Morgan Calgary. In her spare time, Noor enjoys spin, hiking, paintball, music, and basketball.

WESLEY SHERRARD
Investment Analyst
4th Year, Finance / Computer Science
Wesley joined the CPMT in March 2021 as an Investment Analyst. He is looking forward to expanding his knowledge on portfolio management and financial modeling. Wesley is currently working towards completing a dual degree in Finance and Computer Science. In addition to the CPMT, Wesley has been involved with the University of Calgary Trading team. Wesley has completed a summer employment term with National Bank Financial as a Credit Capital Markets Intern. Wesley has also completed a prior internship with Merchant Equities Capital Corp as a Fall Co-op Analyst. In his spare time, Wesley enjoys hiking, snowboarding, and reading.

Calgary Portfolio Management Trust

Portfolio Strategy and Sector Views

OVERVIEW

During FY2022, the CPMT aims to supplement pitches and the analysis of new companies with a holistic view of the portfolio. This page provides a summary of the CPMT's outlook on each sector which will help shape future capital allocation decisions. The CPMT investment philosophy is centered on intrinsic value combined with systematic investment selection. A systematic approach ensures discipline in purchase and sale decisions, maintains a focus on owning high-quality businesses, and reduces the probability of errors. The Portfolio Managers will seek investments that offer quality management, competitive advantages, strong balance sheets, and growing free cash flow, all while at an attractive valuation. We continue to monitor the U.S. and Canadian yield curves, credit spreads, labour market, and corporate profits to measure the extent of the economic recovery and believe that our efforts will lead to outperformance over the next year. The COVID-19 pandemic, and its lasting economic impacts, will be a continual area of consideration for us as we evaluate potential names, placing increased importance on mandate fit and the ability to remain resilient in the current circumstances.

COMMUNICATION SERVICES

The CPMT's sole holding in the Communication Services sector is Comcast (NASDAQ: CMCS.A). Following the sale of Activision Blizzard (NASDAQ: ATVI), the Fund is currently 4.2% underweight in the sector relative to the Blended Benchmark. Moving forward, the CPMT will look to evaluate other telecommunication and media names that meet our mandate and provide growth opportunities in a post-pandemic environment.

CONSUMER DISCRETIONARY

While the industry continues to benefit from increased vaccine distribution, the CPMT remains 1.0% underweight as the Consumer Discretionary sector faces several headwinds, including a challenging labour market and global supply chain obstacles. Despite a disappointing September non-farm payrolls report, unemployment continues to decline, a positive signal for consumer confidence heading into the holiday spending season. Current sector holdings of lululemon athletica (NASDAQ: LULU) and Aritzia (TSX: ATZ) have each beat earnings estimates for four consecutive quarters, surpassing high growth expectations and building momentum into Q3. Several risks remain on the horizon such as the increased spread of COVID variants, inflation of goods and transportation costs, and the approach of flu season in a strained health care system.

CONSUMER STAPLES

The CPMT is content remaining in line with the blended benchmark in Consumer Staples as economies slowly begin to recover with the lifting of COVID-19 restrictions across North America. Although we do not expect Consumer Staples names to be outperformers during the current period of economic recovery, we continue have a favourable view towards the sector given its defensive nature and historical outperformance during recessionary periods. The Fund has strong conviction in our sole Consumer Staples holding, Costco (NASDAQ: COST), and will continue to monitor the name to ensure alignment with our investment mandate.

ENERGY

The CPMT is comfortably 1.2% overweight in Energy relative to the benchmark. The sector has benefited from increased production activity, positive oil strip pricing, recently surging natural gas prices, and improved demand for oil due to lifting of travel restrictions globally. A shift towards asset optimization, continued support from the government towards decarbonization, pipeline and margin expansion projects, coupled with positive price realizations experienced by E&P firms will drive the valuations forward. We aim to maintain exposure to energy through companies with distinct competitive advantages and the ability to generate free cash flow throughout commodity price cycles. Going forward, we will monitor the mandate fit of our current energy holdings, Canadian Natural Resources (TSX: CNQ) and Enbridge (TSX: ENB).

FINANCIALS

The CPMT believes its financial holdings are diversified and of high quality, however, it will look to increase its exposure to this sector. The Fund is currently 8.9% underweight in the Financials sector relative to its blended benchmark. The banking industry has seen a significant recovery in 2021 and the CPMT has a positive outlook on its bank holdings with PCLs decreasing from 2020 and interest rates rising in the future. The Fund's current bank holdings include JPMorgan Chase & Co. (NYSE: JPM) and the Royal Bank of Canada (NYSE: RY). Additionally, the CPMT's position in Brookfield Asset Management (TSX: BAM.A) looks to capitalize on growth in the asset management industry and provide superior long-term returns.

HEALTH CARE

The CPMT is comfortable remaining 4.8% overweight in Health Care to vast growth opportunities within the sector as a result of a high demand for technological and product innovation to accommodate ever-evolving health concerns and treatment methods. Additionally, the sector's historically low beta and non-discretionary nature allows it to remain defensive during recessionary periods. The Fund's Health Care holdings, Abbott Laboratories (NYSE: ABT), Intuitive Surgical (NASDAQ: ISRG), Thermo Fisher Scientific (NYSE: TMO), and Zoetis (NYSE: ZTS), all possess distinct competitive advantages, providing the Fund with strong diversification within the space.

INDUSTRIALS

The CPMT believes that North American economies will experience above average growth in the coming years. This has historically supported the Industrial sector's performance, since many companies in the sector are heavily levered to economic growth. The Fund currently holds Canadian National Railway (TSX: CNR), Cintas (NASDAQ: CTAS), and Waste Connections (TXS: WCN) within the sector. The CPMT is currently 2.8% overweight the sector relative to its blended benchmark. Moreover, the Fund will continue to evaluate other companies in the sector that demonstrate economic resiliency and secular growth trends going forward.

INFORMATION TECHNOLOGY

The Information Technology sector offers tremendous growth opportunities and diverse business models. Therefore, the CPMT is comfortable being 5.1% overweight the sector relative to its blended benchmark. The COVID-19 pandemic has accelerated the adoption of many technology companies' offerings. As a result, the CPMT remains optimistic on the growth opportunities of its technology holdings, which include Microsoft (NASDAQ: MSFT), Apple (NASDAQ: AAPL), Adobe (NASDAQ: ADBE), Constellation Software (TSX: CSU), and PayPal Holdings (NASDAQ: PYPL). In FQ2 2020, the CPMT received shares of CSU's spin-off Topicus.com (TSXV: TOI) and initiated a position at a conviction rating of 1 in FQ2 2021.

MATERIALS

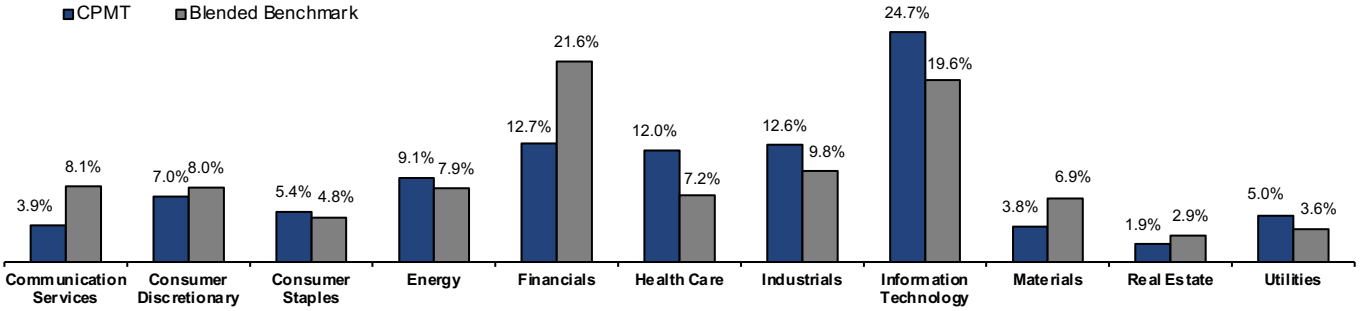
The CPMT is currently 3.1% underweight in Materials relative to the blended benchmark. Given the reopening of global economies, incentivized investments by the governments' stimulus to boost manufacturing capabilities, and increased focus on revamping U.S.'s aging infrastructure, the CPMT is looking to explore cyclical names that can provide exposure to high-growing industries. The fund currently holds CCL Industries (TSX: CCL.B), and Linde Plc (NYSE: LIN), which increases exposure to industrial and manufacturing industries that we expect to benefit greatly during the lifting of restrictions. Moving forward, the Fund will look to add to its position in the Materials sector with an increased focus on sustainable operators with resilient cash flows.

REAL ESTATE

The CPMT is currently 1.0% underweight in Real Estate, relative to the blended benchmark. In FQ3 2021, the Fund initiated a position in American Tower (NYSE: AMT), which continues to be the its sole holding in the sector. The CPMT maintains a strong view on telecommunications REITs due to the industry's high lease renewal rates, high operating margins, and low maintenance expenses. Additionally, AMT's international asset base and acquisition strategy continue to be key parts of our thesis on AMT. Although we expect long-term outperformance, the Fund will continue to monitor developments throughout the sector, including changes in the interest rate environment, material input costs, and the progression of the ongoing economic reopening.

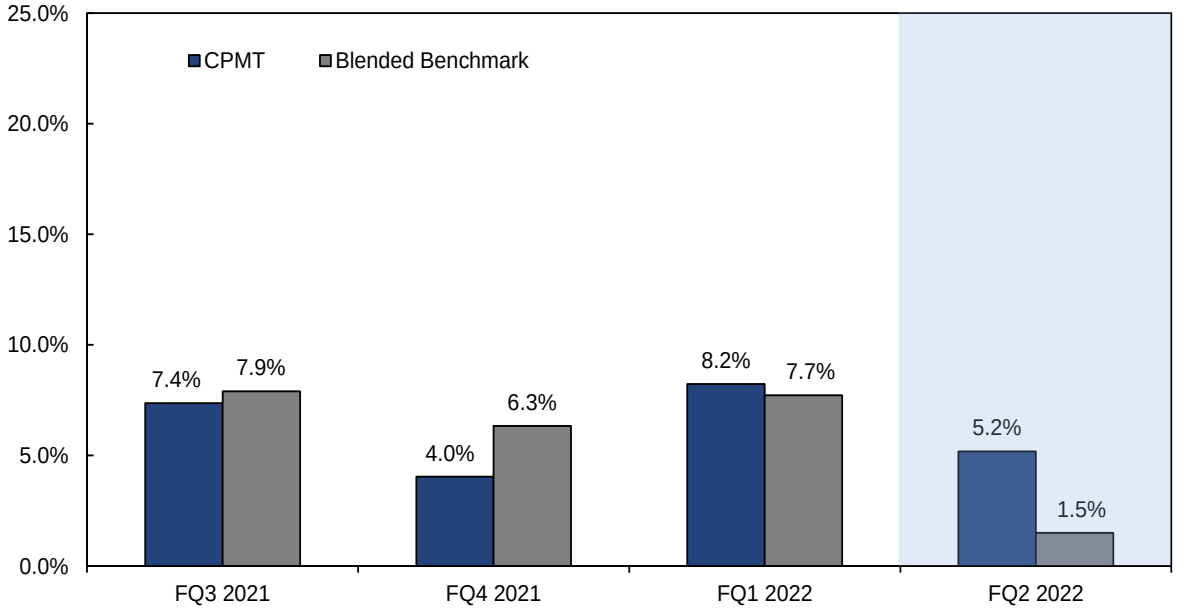
UTILITIES

Considering positive industry catalysts such as the U.S. infrastructure bill, the CPMT is comfortably positioned 1.4% overweight relative to the blended benchmark. The CPMT currently holds NextEra Energy (NYSE: NEE), and Brookfield Renewable Partners LP (TSX: BEP.UN) which are leading renewables producers, poised to capitalize on the energy transition. Given the increasing interest rate environment, updated federal carbon price targets, and sector's underperformance in 2021 relative to the blended benchmark, the Fund is cautiously monitoring its positions but sees strong growth potential founded in rising regional demand and lifts in power market pricing.

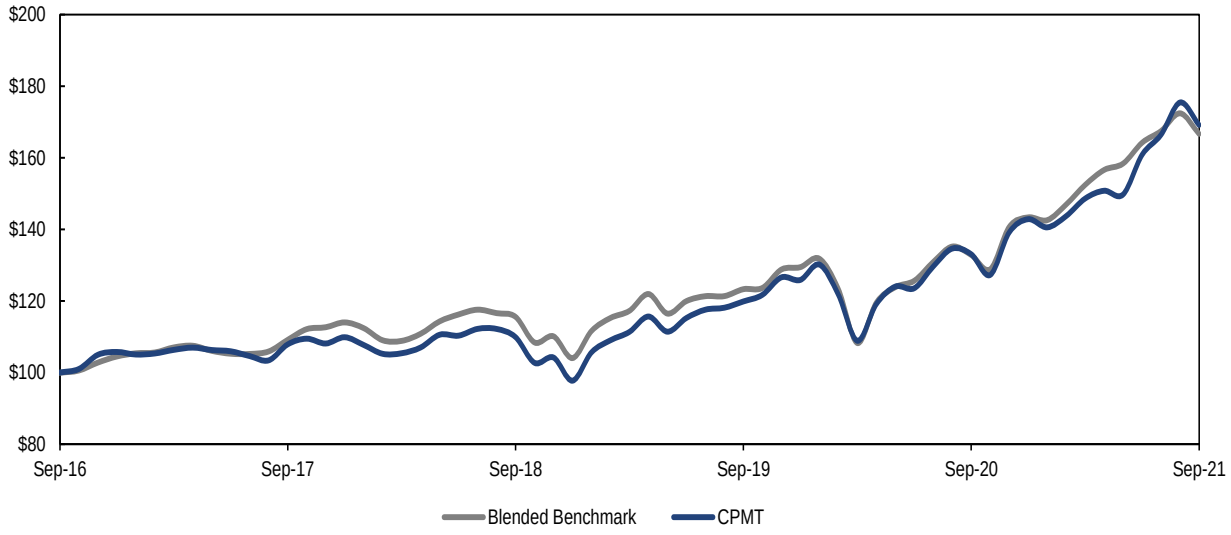


Quarterly Snapshot - FQ2 2022

CPMT and Benchmark Total Return (TTM)



Value of $100 (since June 30, 2016)

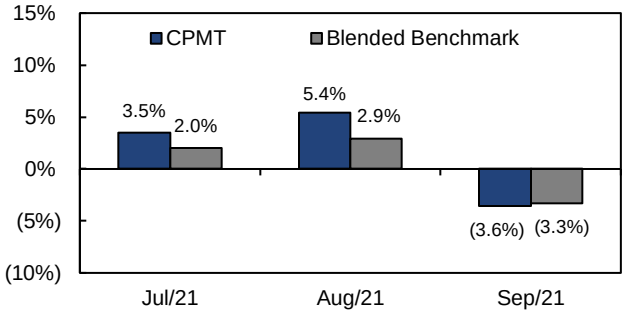


Fund Universe

	FQ2	1 Year	3 Year	5 Year	10 Year
CPMT	5.17%	27.14%	15.46%	11.09%	9.72%
Blended Benchmark	1.50%	25.45%	12.97%	10.76%	9.40%
Blended Benchmark Difference	3.68%	1.69%	2.49%	0.33%	0.32%

Quarter in Review

QUARTER RETURN



NOTE TO STAKEHOLDERS

The CPMT Class of 2022 would like to extend our gratitude to the Board of Trustees, the CFA Society of Calgary, and CPMT alumni for their continued involvement and support of the program. We would like to thank all of our supporters in the Calgary business community for their vested interest in the program and those professionals who have volunteered their time to be a part of the mentorship program. This mentorship provides students with invaluable support, ranging from technical expertise to career guidance, and more.

Involvement in the CPMT program offers unique exposure to a challenging, rewarding, and scholastic environment, creating an unrivaled student experience. The goal of the Fund is to succeed long into the future and support student opportunities. This goal is driven by our commitment to research within the Fund as well as donating 4% of the 3-year trailing AUM annually in support of collaborative financial research.

OVER THE QUARTER

The Fund returned 5.17% over the quarter, 368 bps above the Blended Benchmark's return of 1.50%. Our outperformance can be largely attributed to the Consumer Staples, Consumer Discretionary, and Industrials sectors but was offset by underperformance in Materials and Communication Services. The Fund currently has 30/70 Canada/U.S. equity exposure. We are comfortable being overweight U.S. names due to the quality and growth profiles of our U.S. holdings, but will continue to seek companies with a mandate fit in both Canada and the U.S.

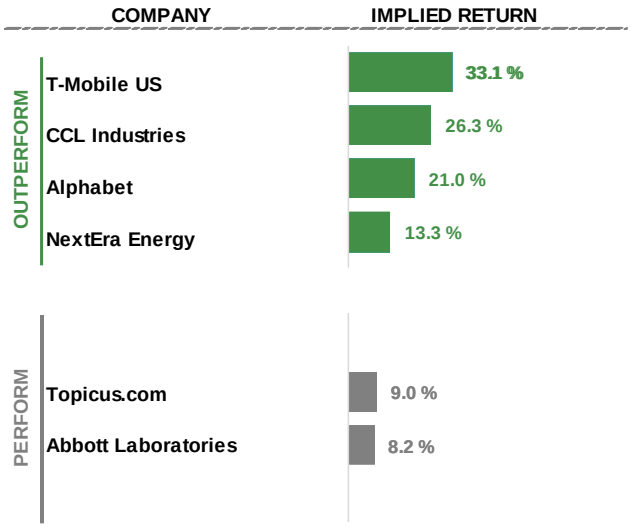
In September, the Fund made the decision to divest our 2.80% position in Activision Blizzard (NASDAQ: ATVI) due to ongoing lawsuits alleging systemic gender discrimination, sexual harassment, and the use of employee intimidation tactics. Proceeds from the divestment were put towards the S&P/TSX Capped Energy ETF (TSX: XEG), as the Fund aimed to gain exposure to rising natural gas prices through a wide range of producers.

Towards the end of FQ2, the Fund entered into a 2.00% position in Topicus.com (TSXV: TOI), a Dutch-based provider of vertical market software. TOI's robust top-line growth and FCF generation, coupled with its strong ability to compound capital through acquisitions across Europe, make it an attractive investment opportunity for the Fund. To fund this trade and to maintain our sector allocation weighting in Information Technology, we chose to trim Apple (NASDAQ: AAPL) from ~ 5.90% to 4.00% AUM. It is also worth noting that the TOI was spun off from Constellation Software (TSX: CSU), one of the Fund's current holdings, and that we had received 26 TOI shares as a dividend-in-kind prior to making our investment decision.

In early September, the Fund travelled to the University of Calgary Barrier Lake Research Station, where the current class of Investment Analysts presented preliminary pitches on prospective portfolio additions as the final component of the summer training program. Through this process, the Fund uncovered two promising investments on which we plan to conduct further due diligence: NASDAQ: QCOM and NYSE: BBY.

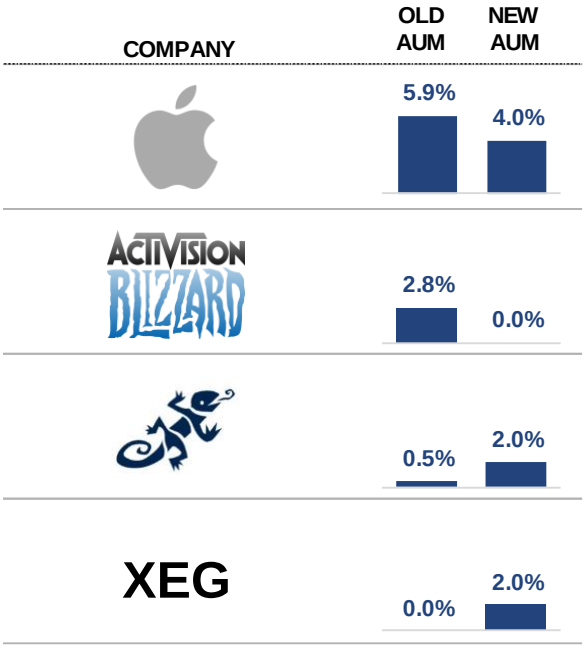
Lastly, The Fund held its Q1 social at National on 10th in August and would like to thank everyone who attended. We would also like to thank ATB Financial, Barclays, and BCI for hosting Speaker Series for the Fund over the quarter.

NEW RECOMMENDATIONS



*Note: Reflects implied upside as of September 30, 2021

TRANSACTION LOG



*Note: AUM is reflected as of the time of transaction.

Abbott Laboratories

Health Care
NYSE: ABT
Market Perform | Trim

Calgary Portfolio Management Trust

Abbott

September 30, 2021

Katie Tu, Portfolio Manager
Karlen Slater, Investment Analyst

Return on Investment

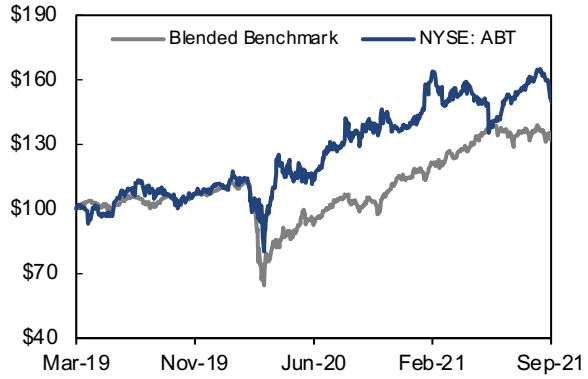
Current Share Price	$118.13
Target Price	$126.00
Dividend Yield	1.52%
Implied Return	8%
Conviction Rating	2

Market Profile

52-Week Range	$103.13 - $129.70
Market Capitalization (US$mm)	$209,423
Net Debt (US$mm)	$9,819
Enterprise Value (US$mm)	$219,242
Beta (5-Year Monthly)	0.67

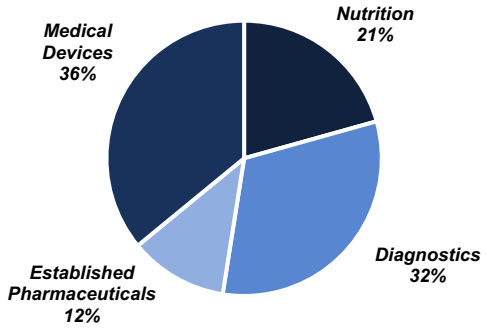
Metrics	2021E	2022E	2023E
Revenue (US$mm)	$40,480	$41,129	$41,788
EBITDA (US$mm)	$8,848	$9,310	$9,961
EPS (US$)	$2.50	$2.84	$3.20
EV/EBITDA	24.8x	23.5x	22.0x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Q2 2021 Revenue Breakdown



Source: Company Filings

Business Description

Abbott Laboratories (NYSE: ABT) discovers, develops, manufactures, and markets a wide range of health care products worldwide. ABT currently has ~109,000 employees with operations in more than 160 countries. The Company operates through four main business segments: Medical Devices, Nutritional Products, Diagnostic Products, and Established Pharmaceutical Products. The majority of ABT's revenue comes from its Medical Devices and Diagnostics segments. Medical Devices consists of sales of rhythm management, electrophysiology, heart failure, vascular, structural heart, neuro-modulation and diabetes care products. Diagnostics consists of sales of diagnostic systems and tests for blood banks, hospitals, commercial laboratories, and alternate-care testing sites. In September 2021, ABT announced the acquisition of Walk Vascular, LLC, a small commercial-stage medical device company, to broaden its endovascular product offerings.

Previous Thesis

In March 2019, the CPMT initiated a position in ABT due to the Company's consistent FCF growth, strong management team, and market positioning in the medical devices and diagnostics industry. The revised thesis in July 2020 determined that the Company continued to fit our mandate, with long-term revenue expected to grow at a ~9% CAGR.

Industry Overview and Competitive Landscape

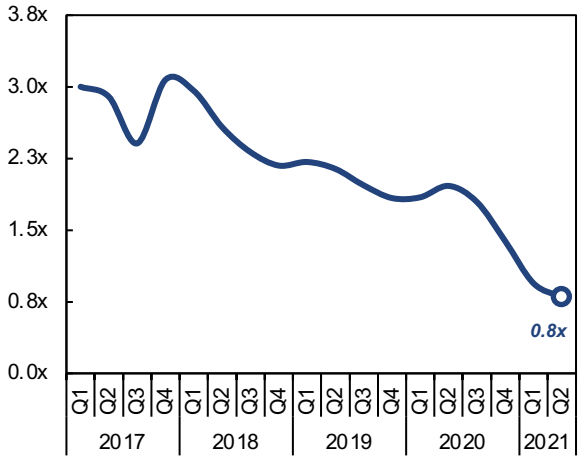
ABT is currently one of the major medical device manufacturers in the U.S. The medical device industry is levered to factors such as health care reform, technological advancements, changing regulations, and an aging population. Furthermore, the increasing burden of illnesses such as cardiovascular diseases, diabetes, and cancer, as well as the growing adoption of advanced medical technologies have been key growth drivers for the industry. Within the medical devices space, ABT's main competitors are Medtronic PLC (NYSE: MDT), Danaher Corporation (NYSE: DHR), General Electric Healthcare (NYSE: GE), and Boston Scientific Corporation (NYSE: BSX).

Within the diagnostics industry, the most prominent growth driver is the increase in molecular diagnostics demand. This increase in demand can be attributed to the COVID-19 pandemic, which has emphasized the need for research and development of treatments and therapies for infectious and chronic diseases. Polymerase chain reaction (PCR), a method of multiplication of the genetic materials, is expected to hold the largest molecular diagnostics market share over the next five years. Within the diagnostics industry, ABT's competitors include DHR, PerkinElmer Inc. (NYSE: PKI), and Thermo Fisher Scientific (NYSE: TMO).

Mandate Fit

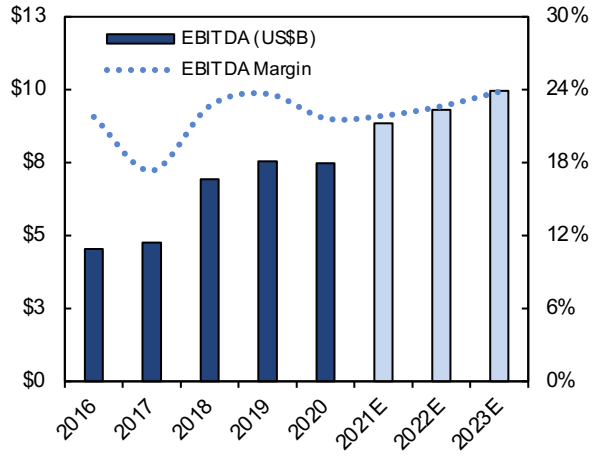
Quality Management: Robert B. Ford has been with the Company since 1996 and currently sits as President and CEO. Ford previously served as the COO, leading the Company's medical devices business and the integration of the St. Jude Medical acquisition. Since taking on the CEO position, Ford has led the COVID-19 testing development and distribution, (cont.)

Figure 2: Net Debt/LTM EBITDA



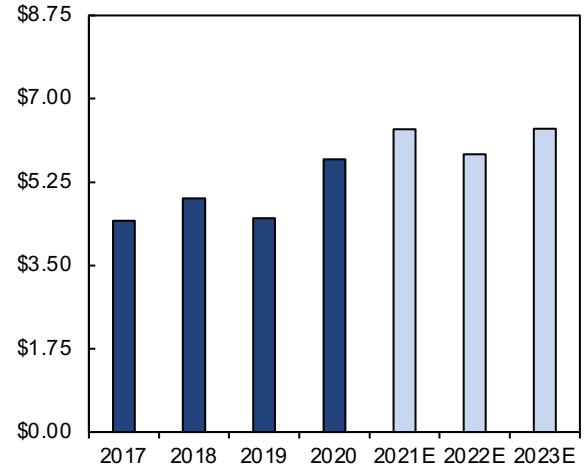
Source: Company Filings

Figure 3: LHS EBITDA vs RHS EBITDA Margins



Source: Company Filings, CPMT Estimates

Figure 4: Free Cash Flow Generation (US$B)



Source: Company Filings, CPMT Estimates

as well as developing technology to monitor health through devices. Miles D. White, the Executive Chairman of the Board has been with ABT since 1984 and served as the Company's CEO from 1999 to 2020. While White was serving as CEO, he was known for increasing the global stature and valuation of ABT and expanding the Company's worldwide sales channels.

Competitive Advantage: ABT's main competitive advantage lies within the Company's Medical Devices segment, supported by extensive R&D activities that can identify and capture growth opportunities within the space. Recently, the Company introduced the Amulet, a left atrial appendage closure device that is comparable to the Watchman that was developed by BSX and is currently used by electrophysiologists and interventional cardiologists. IDE trials have been somewhat promising, determining that the device has the potential to treat a wider range of anatomies compared to the Watchman. However, the Fund is cautiously optimistic about market demand for the Amulet, as clinical trials have also indicated higher procedural complications with the device. At this time, we hesitate to assume that the Amulet will be a significant growth driver for ABT.

Strong Balance Sheet: ABT has continuously focused on paying down its debt since the Company's last major acquisition of Alere in 2017, which is demonstrated in its LTM Net Debt/EBITDA of 0.80x at the end of Q2 2021, a reduction from 1.96x seen in Q2 2020. Furthermore, ABT currently has investment grade credit ratings of A+ and A3 from S&P and Moody's, respectively.

Growing Free Cash Flow: In 2020, ABT introduced pandemic-related testing kits that were quick to market, which provided significant revenue growth for the Company. Management expects ABT's COVID-19 testing related sales for 2021 to be between US$4B - US$4.5B, representing ~13% of total sales. From 2017-2020, FCF has grown at a ~6.5% CAGR. The Fund expects continued FCF growth in the near term, due to the sales expected from COVID-19 testing products and rebounds in the base business from economic reopening of international markets. However, growth is expected to slow with an eventual decline in COVID-19 testing demand and the slow growth ABT has seen in emerging markets.

Revised Valuation and Investment Thesis

The CPMT's revised valuation is based on a five-year DCF calculated with a WACC of 5.58%. The target price of US$126 was determined using a 50/50 blend of (1) the Gordon Growth method (assuming a terminal growth rate of 2.0%) and (2) an exit EV/EBITDA multiple of 18x. The Fund has chosen to keep estimates conservative to reflect an eventual decline in COVID-19 testing revenues and our views on new product launches, resulting in a revenue CAGR forecast of ~6% over the valuation period. Overall, the CPMT continues to view ABT as a fundamentally-sound holding within our Health Care portfolio. ABT operates within industries levered to attractive growth drivers and is currently in a sufficiently strong credit standing to maintain its capital deployment towards building its product pipeline. Furthermore, management has continued to demonstrate its ability to quickly pivot during times of shifting market demand. However, the CPMT believes that ABT faces clear headwinds, as COVID-19 testing sales currently makes up a significant portion of revenues and it is unclear whether ABT's recent product launches or exposure to emerging markets will be sufficient to maintain growth to justify current valuations. As a result, we recommend a trim on our current position to 2% AUM, reflecting a decrease in conviction from 2 to 1, and we will continue to review the name to ensure its alignment with our investment mandate.

Alphabet

Communication Services
NASDAQ: GOOGL
Market Outperform | Buy

Alphabet

September 30, 2021

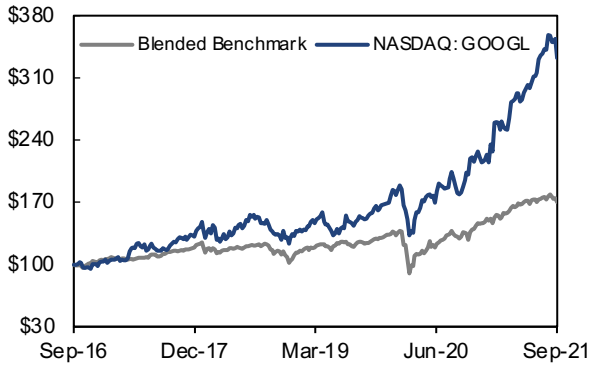
Kian Sadeghi, Portfolio Manager
Eric Xiao, Investment Analyst

Return on Investment	
Current Share Price	$2,665.31
Target Price	$3,225.00
Dividend Yield	0.00%
Implied Return	21%
Conviction Rating	2

Market Profile	
52-Week Range	$1,451.02 - $2,904.21
Market Capitalization (US$B)	$1,862
Net Debt (US$B)	($128)
Enterprise Value (US$B)	$1,754
Beta (5-Year Monthly)	0.92

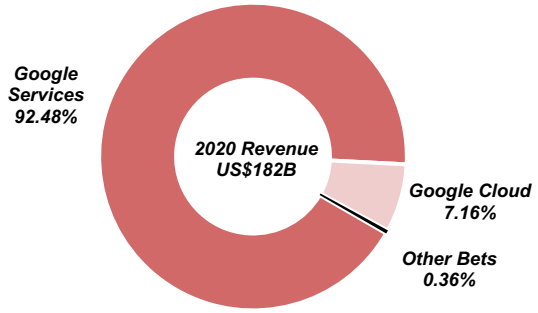
Metrics	2021E	2022E	2023E
Revenue (US$B)	$221	$243	$282
EBITDA (US$B)	$101	$116	$133
EPS	$116.51	$127.24	$150.23
EV/EBITDA	17.3x	15.1x	13.2x

Historical Trading Performance (Indexed to $100)



Source: Bloomberg

Figure 1: 2020 Revenue Mix



Source: Bloomberg

Business Description

Alphabet (NASDAQ: GOOGL) operates as the holding company of Google. The Company launched in 2015 after a corporate restructuring that was designed to provide separation between Google's core business and its growing portfolio of side projects. GOOGL operates through the Google Services, Google Cloud, and Other Bets segments to provide web-based search, advertisements, maps, software applications, mobile operating systems, consumer content, enterprise solutions, commerce, and hardware products.

Segment Overview

Google Services: ~95% of GOOGL's revenue stems from Google Services, including products and services such as ads, Android, Chrome, hardware, Google Maps, Google Play, Search, and YouTube. Advertising solutions are the largest contributor within this segment and consists of performance and brand-based advertising:

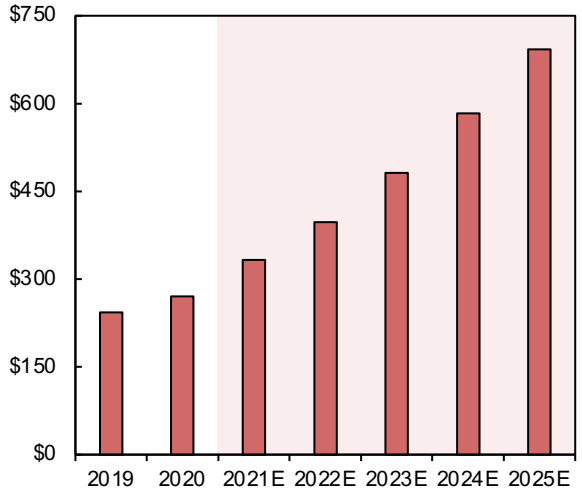
1) **Performance Advertising** increases engagement for advertisers by catering ads towards end-users, with client firms paying a fee based on user engagement per click. Solutions allow advertisers to create text-based ads that appear on Google Search, YouTube, and the properties of Google Network Members. Additionally, Google Network Members use Google Services platforms to display relevant ads on their properties, which generates revenues whenever users view a site or click on the ads.
2) **Brand Advertising** helps enhance users' awareness of and affinity with advertisers' products and services through videos, text, images, and other interactive ads that run across various devices.

Additional revenue is generated from the sale of apps, in-app purchases, digital content products, hardware, and subscription-based revenues from products such as YouTube Premium and YouTube TV.

Google Cloud: ~5% of GOOGL's revenue consists of Google Cloud, which includes Google's infrastructure and data analytics platforms, collaboration tools, and other services for enterprise customers. Google Cloud generates revenues primarily from fees received for Google Cloud Platform services and Google Workspace (formerly known as G Suite) collaboration tools. While Google Cloud's services are widely used, they do not compete with industry leads such as Amazon's (NASDAQ: AMZN) Amazon Web Services and Microsoft's (NASDAQ: MSFT) Microsoft Azure. Thus, there is meaningful room for growth if the Company can scale its operations as it has with its Google Services platform.

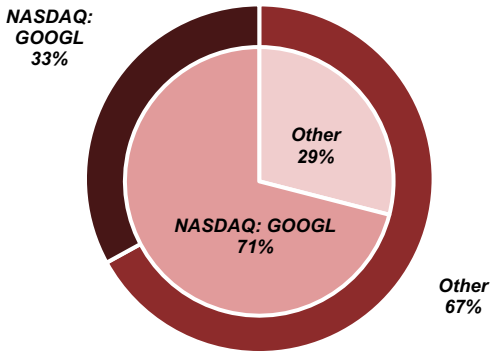
Other Bets: GOOGL's investments in early-stage technologies that are distinct from the core Google business are known as its Other Bets. These investments include emerging businesses at various stages in development, ranging from the research and development (R&D) phase to those nearing commercialization, which GOOGL hopes to develop and operate for the medium to long-term.

Figure 2: Global Cloud Revenue Forecast (US$B)



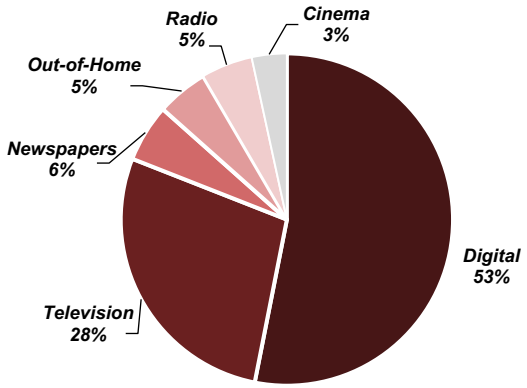
Source: Bloomberg, CPMT Estimates

Figure 3: Digital (1) and Search (2) Advertising Market Share



Source: Bloomberg
(1) Inside
(2) Outside

Figure 4: 2020 Advertising By End Market



Source: Street Research

Company Strategy

GOOGL continues to allocate capital towards significant R&D investments in areas of strategic focus such as advertising, cloud, machine learning, and search, while also investing in new ventures. Additionally, the Company invests in real estate (office and land) for data centres and offices, and in information technology assets, including servers and network equipment, to support its long-term operations. Additionally, GOOGL has a history of engaging in acquisitions and strategic investments and considers this to be the most important part of the strategy and allocation of capital. Through its acquisitions, the Company aims to increase the scope of its offerings by expanding its expertise in engineering and other functional areas and building strong partnerships around strategic initiatives. A key example of this took place in 2020 when the Company announced the inception of its Google for India Digitization Fund, intending to invest approximately US$10B into India over the next five to seven years through a mix of equity investments, partnerships, and operational infrastructure & ecosystem investments.

Industry Overview

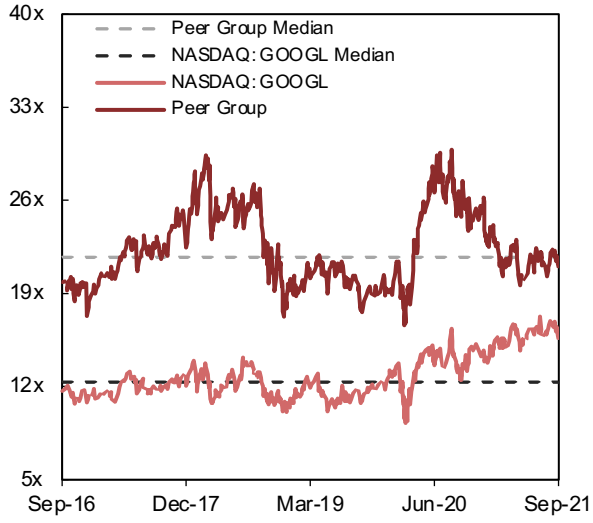
The scope of GOOGL's operations is characterized by rapid changes along with disruptive technologies. Thus, the Company operates in an industry with low barriers to entry and a few top players. Directly, GOOGL faces competition from several different companies throughout areas of operation including search engines (Baidu (NASDAQ: BIDU), MSFT's Bing, Verizon's (NYSE: VZ) Yahoo), digital media service providers (Facebook (NASDAQ: FB), Disney (NYSE: DIS), AMZN, Netflix (NASDAQ: NFLX)), and other online advertising platforms, particularly FB, among others.

Digital advertising recently surpassed the 50% mark of the total advertising market (TAM), as the COVID-19 pandemic catalyzed a market shift to online and digital marketing. For reference, the global advertising market is worth approximately US$580B. The outlook on digital advertising is quite positive, as trends such as remote work, e-commerce growth, and digitalization of supply chains continue to become more prevalent.

Google's search business saw negative impacts from the pandemic. As advertisers pulled back spending due to macroeconomic uncertainty, core search advertising revenue recorded its first decline in 15 years, falling 10% YoY in Q2 2020. Despite this slowdown, the CPMT believes that advertising spending will grow ~30% YoY, followed by a decrease to 10 – 15% in 2022.

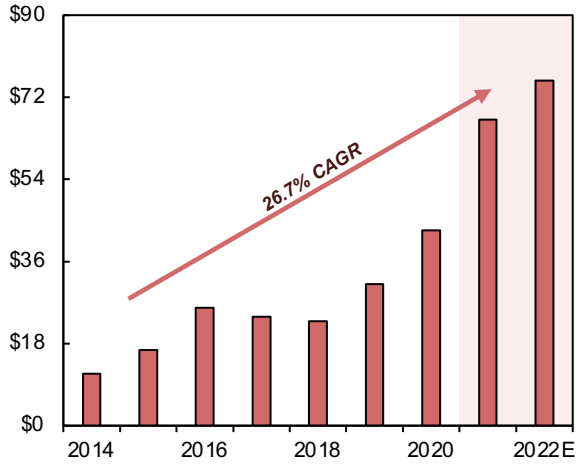
Higher data privacy has been a common trend in the advertising industry, which has pushed Google to phase out third-party cookies before 2022 and end Chrome user support for this tracking technology. However, this has yet to impact Google significantly because: (1) other technologies exist outside of third-party cookies that enable user tracking, and (2) there is first-party tracking on Google search and YouTube that account for the majority of advertising revenues. Further, these restrictions only apply to websites, and not mobile apps which make up a higher proportion of digital advertising spending in the U.S., and other browsers including Firefox and Safari have worked to limit third-party cookies usage.

Figure 5: GOOGL NTM EV/EBITDA vs Peers



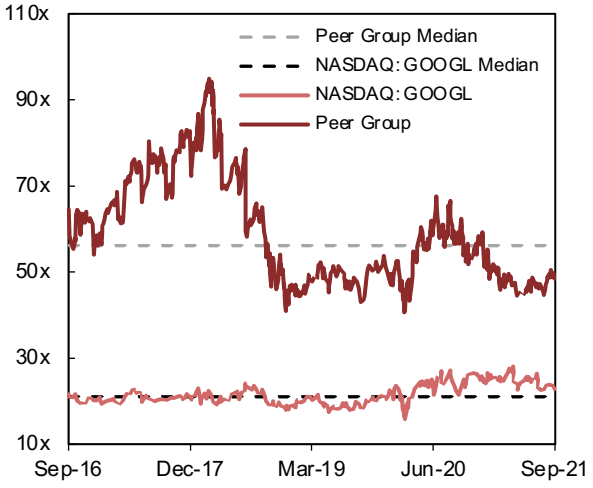
Source: Bloomberg

Figure 6: Free Cash Flow (US$B)



Source: Bloomberg

Figure 7: GOOGL NTM P/E vs Peers



Source: Bloomberg

Mandate Fit

Quality Management: Sundar Pichai has served as the CEO of Google since 2015 and as CEO of GOOGL since 2019. Pichai joined Google in 2004, becoming CEO in 11 years. Notably, he led the development of Google Chrome, which quickly became the most popular browser in the world. Pichai's contributions have proven him as an innovator and the ideal lead for the Company.

Competitive Advantage: GOOGL holds pricing power within the industry due to strong market positioning given the influence of Google users relative to other channels. Total revenue is almost entirely comprised of the Google Services segment; disciplined capital allocation towards innovative developments and acquisitions have allowed the Company to continue to scale its overall operations through ventures such as YouTube.

Strong Balance Sheet: As of Q2 2021, the Company had US$13.9B of long-term debt on its balance sheet. This was offset by US$26.5B of cash and equivalents, resulting in a net debt of -US$12.6B. For liquidity purposes, GOOGL has a short-term debt financing program allowing the issuance of up to US$5B of commercial paper. In addition, the Company has US$4B in revolving credit facilities expiring in July 2023. GOOGL currently holds investment-grade credit ratings of AA+ and Aa2 from S&P and Moody's, respectively. In August 2020, the Company issued US$10B of debt at a weighted average coupon of 1.57%, spurred by the cheap borrowing environment. US$4.5B was used for general corporate purposes and acquisitions, while the latter US$5.5B was used for green initiatives, representing the largest ever debt issuance for ESG purposes.

Growing Free Cash Flow: GOOGL has produced a FCF CAGR of 20.9% since the conglomerate's inception. Including 2021 and 2022 projections, the CPMT believes that this will translate to a 24.2% CAGR. The Company has not used debt historically; instead, the strong FCF generation has been used as a liquidity source for acquisitions and other equity investments.

Risks

In 2020, 80% of total revenues were generated from the display of online advertisements. Reduced spending by advertisers, loss of partners, or new and existing technologies that block online ads could adversely affect the business. In addition, the Company faces heavy competition in each industry it operates in. The further enforcement of laws poses a greater risk against a company with as much publicity as GOOGL, whereas smaller companies may operate around such laws with far less scrutiny.

Investment Thesis and Valuation

The CPMT reached a target price of $3,225 through a 50/50 blend of two methods: (1) a sum-of-the-parts valuation methodology to account for the Company's diverse operations; and (2) an exit multiple using a peer group median (consisting of AMZN, FB, AAPL, and NFLX) NTM EV/EBITDA of 22.5x, which GOOGL currently trades at a discount to. The CPMT believes that these discounts are unwarranted and that valuation levels are poised for mean reversion. We believe that GOOGL's history of FCF and disciplined capital allocation leaves plenty of growth runway as it seeks to strengthen its market placement while simultaneously exploring other ventures. The Company is exposed to secular drivers of growth through its shift to online media, pandemic-related digitalization tailwinds, underpenetrated and long Cloud growth runway, additional industry TAMs from Cloud, and optionality within Other Bets.

CCL Industries

Materials
TSX: CCL.B
Market Outperform | Hold

September 30, 2021

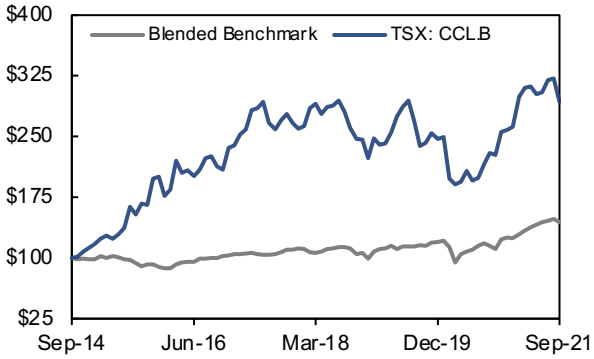
Katie Tu, Portfolio Manager
Adrianna Dolata, Investment Analyst

Return on Investment	
Current Share Price	$65.60
Target Price	$82.00
Dividend Yield	1.30%
Implied Return	26%
Conviction Rating	2

Market Profile	
52-Week Range	$50.30 - $75.19
Market Capitalization ($mm)	$11,792
Net Debt ($mm)	$1,262
Enterprise Value ($mm)	$13,054
Beta (5-Year Monthly)	0.66

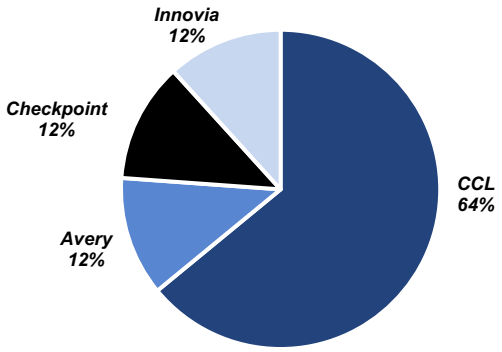
Metrics	2021E	2022E	2023E
Revenue ($mm)	$5,673	$5,810	$5,950
EBITDA ($mm)	$1,205	$1,264	$1,302
EPS	$3.50	$3.79	$3.85
EV/EBITDA	10.8x	10.3x	10.0x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: 2020 Segmented Sales



Source: Company Filings

Business Description

CCL Industries (TSX: CCL.B) manufactures and sells labels, consumer printable media products, technology-driven label solutions, polymer banknote substrates, and specialty films. CCL operates in the U.S., Canada, Latin America, Europe, Asia, South Africa, and Australia. The Company is divided into four segments: CCL, Avery, Checkpoint, and Innovia. The CCL segment offers pressure sensitive and extruded film materials for decorative, instructional, security, and functional applications in various industries. The Avery segment offers printable media products and organizational products, including labels for marketing and shipping use, binders, sheet protectors, and writing instruments. The Checkpoint segment offers leading RF/RFID-based systems for loss prevention and inventory management applications. The Innovia segment provides specialty, high-performance, polypropylene films for pressure-sensitive label materials, flexible packaging, and the consumer-packaged goods industry.

Previous Thesis

The CPMT entered into a position in CCL in September 2014, with the most recent update in the Fund's Q2 2020 report. The CPMT remained confident in CCL's growth potential as its various acquisitions have promoted stable growth in core business segments, bolstered other segments, and allowed operations to expand worldwide. Management's ability to implement acquisition plans while maintaining a strong balance sheet has allowed CCL to maintain its leading market share in the industry.

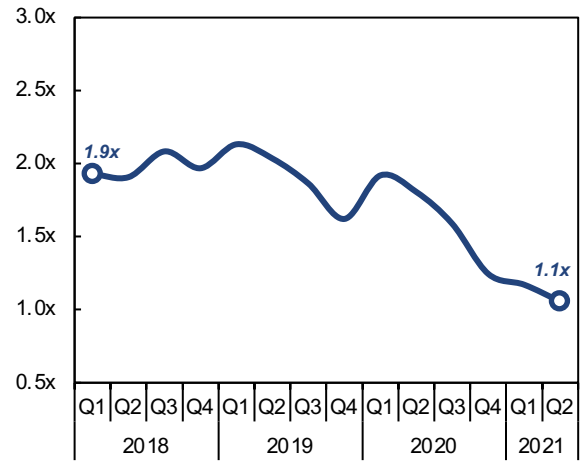
Packaging and Labelling Services Industry Overview

Operators in the industry primarily package client-owned materials on a contract or outsource basis and provide labeling and imprinting package services. U.S. and Canadian consumer spending and manufacturing activity significantly influence demand for industry services, which are both expected to rise in 2021 amid the easing of business restrictions and increasing vaccination rates. The Fund estimates revenue in the industry to rise 5.6% in 2021. Market share concentration in this industry is low, with the largest companies in the industry making up 10% and 20% of revenue in the U.S. and Canada, respectively. The industry is highly fragmented because clients often need highly specialized packaging and labeling services, creating ample opportunities for larger operators to pursue inorganic growth.

Mandate Fit

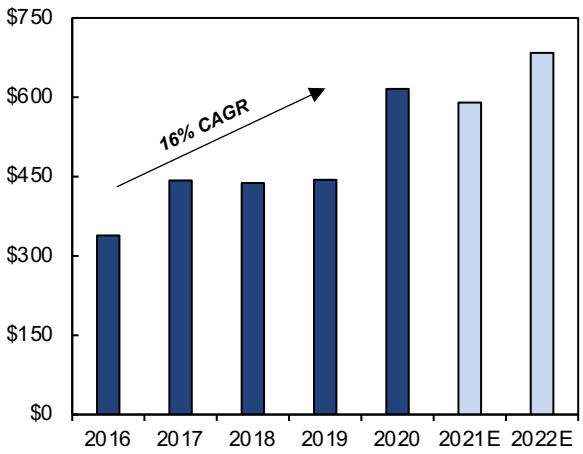
Quality Management: CCL has an experienced management team, consisting of President, CEO, and Director Geoffrey T. Martin, who has been with the Company since 2005. The Company's track record of successful acquisitions is a result of Martin's strategy of finding accretive additions to grow CCL's segments. Other NEOs have also been with the Company for many years, equipped with extensive experience in the industry. Although Avery and Checkpoint sales in 2020 declined by 14% and 12% due to the COVID-19 pandemic, Innovia's grew by 10.4%, attributable to acquisitions, showing that management's strategy has helped the Company stay resilient. While CCL's sales figures benefit from its acquisitions, (cont.)

Figure 2: Net Debt/LTM EBITDA



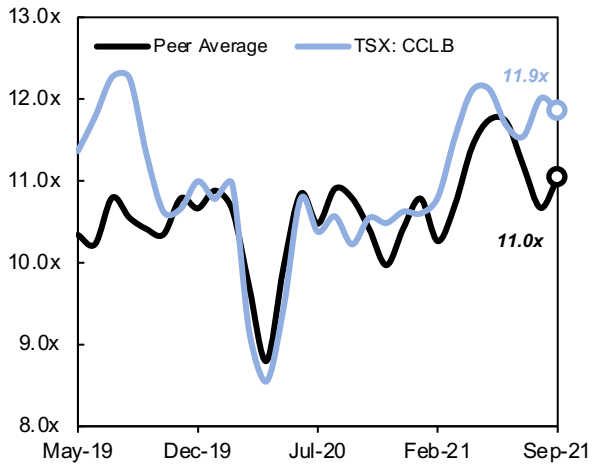
Source: S&P Capital IQ

Figure 3: Free Cash Flow Profile ($mm)



Source: Company Filings, CPMT Estimates

Figure 4: NTM EV/EBITDA vs Peers



Source: S&P Capital IQ

he Company also generated strong organic growth of 12.1% in sales over the six-month period ending June 30, 2021, compared to the same period a year prior.

Competitive Advantage: As the world's largest label converter with expansive global infrastructure, CCL possesses a significant size advantage over its competitors. This advantage has allowed the Company to maintain control of pricing and cost efficiency to achieve high margins (2019 EBITDA margin of 20% versus the peer average of 17%). Additionally, CCL has a sufficiently expansive network of plants to be able to achieve co-location with its customers. This has enabled the Company to better serve its customers by reducing shipping costs and increasing speed to market.

Strong Balance Sheet: CCL continues to maintain a strong credit profile despite its intensive M&A strategy. As of Q2 2021, the Company has a Net Debt/LTM EBITDA of 1.1x compared to 1.2x at the end of 2020 and the peer average of 1.4x (peer group consists of NASDAQ: SLGN; NYSE: ATR, AVY, BRC, SEE; TSX: ITP, WPK). CCL is in a robust liquidity position, with $693mm of cash on hand and US$1.2B in unused revolving credit capacity, positioning it well for incremental acquisition growth given the appropriate circumstances.

Growing Free Cash Flow: CCL has a strong FCF profile, with a FCF CAGR of 16% from 2016 to 2020. In 2020, CCL benefitted from windfall currency printing orders, which contributed to high margins. The CPMT forecasts future FCF to decrease slightly from 2020 levels in 2021 due to currency headwinds, possible resurgence of the COVID-19 pandemic in Pacific Asia, and inflationary pressures. However, we expect solid results to continue in the near term alongside continued economic reopenings.

Revised Valuation and Investment Thesis

The CPMT valued CCL using a 10-year DCF model. The target price of $82 was derived using a 50/50 blend of (1) the Gordon Growth method (assuming a terminal growth rate of 1.5%) and (2) applying an EV/EBITDA exit multiple of 12.5x, implying a total return of ~26% including a 1.3% dividend yield. The CPMT believes that a slight premium over the peer average multiple of 11.0x NTM EV/EBITDA is justified given the strength of CCL's margins, liquidity position, and well-diversified portfolio.

Upon review, the CPMT believes that the original investment thesis on CCL has remained intact. CCL possesses a distinct scale advantage over its peers, which has allowed it to achieve high margins and entrench its position with its customers. Additionally, management has continued to execute a prudent acquisition strategy, which has succeeded in maintaining CCL's leading market share in the packaging and labelling industry. Although M&A valuations are currently inflated with the inflow of private capital, CCL has demonstrated commitment to deleveraging and maintaining a strong debt profile, leaving ample capital to allocate towards acquisitions when valuations become more attractive. Due to the fragmented nature of the industry, the Fund is optimistic on management's ability to uncover accretive M&A opportunities and capture inorganic growth. As a result, the CPMT maintains its conviction 2 rating on CCL, and we plan to continue to monitor the name to ensure its alignment with our investment mandate.

NextEra Energy

Utilities
NYSE: NEE
Market Outperform | Hold

September 30, 2021

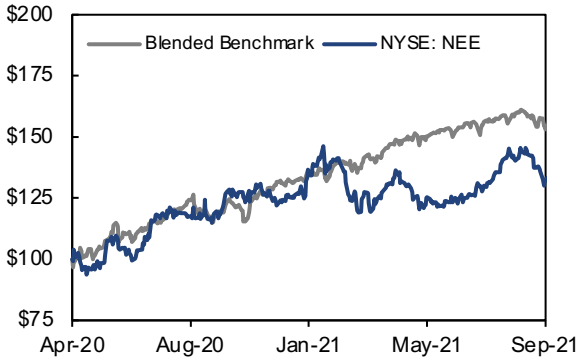
Jack Morgan, Portfolio Manager
Emily Chen, Investment Analyst

Return on Investment	
Current Share Price	$78.76
Target Price	$88.00
Dividend Yield	1.58%
Implied Return	13%
Conviction Rating	2

Market Profile	
52-Week Range	$66.79 - $87.69
Market Capitalization (US$mm)	$158,393
Net Debt (US$mm)	$52,438
Enterprise Value (US$mm)	$210,831
Beta (5-Year Monthly)	0.29

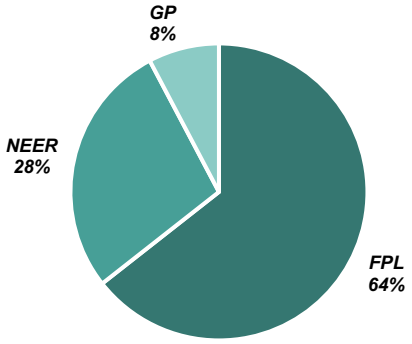
Metrics	2021E	2022E	2023E
Revenue (US$mm)	$19,421	$20,984	$22,876
EBITDA (US$mm)	$11,165	$12,613	$13,355
EPS	$2.41	$2.60	$2.77
EV/EBITDA	18.9x	16.7x	15.8x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: FY 2020 Revenue by Segment



Source: Company Filings

Business Description

NextEra Energy (NYSE: NEE) is a clean energy company focused on the generation, transmission, distribution, and sale of electric power to retail and wholesale customers in North America. The Company operates via two principal businesses: Florida Power & Light (FPL) which includes the Gulf Power (GP) segment, and NextEra Energy Resources (NEER). FPL is the largest rate-regulated electric utility in Florida and is among the largest in the U.S., possessing ~28,400 MW of net generating capacity. Of its 5.6mm customer accounts, residential accounts comprise of the vast majority (89%) as compared to commercial (11%). NEER is a diversified clean energy business focused on the development and operation of long-term contracted assets for renewables, possessing ~27,300 MW of total generating capacity. Notably, NEER is also the largest generator of wind and solar energy globally, as well as the world's leader in battery storage.

In 2019, NEE acquired GP for US$6.4B for its operations in northwest Florida. It has since merged with FPL in January 2021 but will remain a separate operating segment of NEE.

Industry Overview

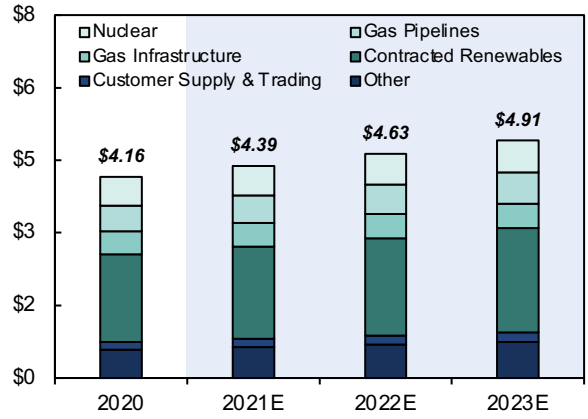
Electricity markets are extensively regulated in North America. In the U.S., various federal and state organizations hold jurisdiction over industry aspects, such as retail rates (FPSC), acquisition and disposition of generation assets (FERC), and reliability standards (NERC). Consequently, NEE's operational efficiencies and cost reduction strategies are key to achieving profitable margins in comparison to other competitors. Wholesale power generation is also a capital-intensive business with a highly fragmented market in each region of service.

In 2022, the U.S. Energy Information Administration (EIA) forecasts electricity generation in the U.S. to reach 4,133B kWh, up from the expected 4,104B kWh in 2021. Electricity consumption is similarly forecasted to increase, with retail sales to reach 3,817B kWh in 2022. NEE faces competitive pressures from other large utility companies such as Southern Co (NYSE: SO), Eversource Energy (NYSE: ES), Entergy (NYSE: ETR), and Duke Energy (NYSE: DUK). The Company also faces competition from self-generation options available to its residential, commercial, and industrial customers.

Mandate Fit

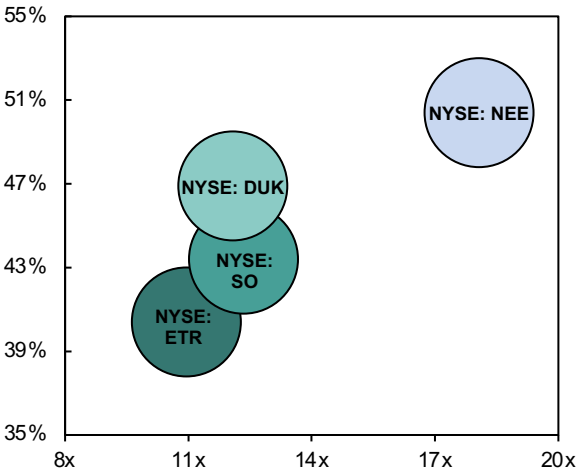
Quality Management: James Robo has been the Chairman and CEO of NEE since 2012. Having joined the Company in 2006, Robo possesses extensive management experience and has held many key leadership roles during his tenure, such as COO of NEE, President of NEER, and VP of Corporate Development and Strategy of NEE. Executive compensation consists mostly of long-term equity and annual incentives, with the CEO and NEOs receiving 91% and 76% of their pay from performance-based metrics, respectively. NEE is also committed to reaching various ESG targets, such as reducing CO_2 emissions by 67% compared to a 2005 baseline. Management has proven their commitment to stakeholders through consistent dividend hikes, reaching a 94% payout ratio in FY 2020.

Figure 2: NEER EBITDA Growth Forecast (US$B)



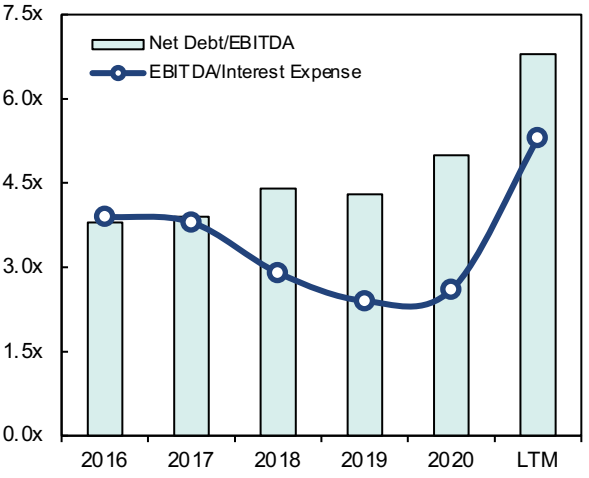
Source: Company Filings, CPMT Estimates

Figure 3: Peer NTM EV/EBITDA vs EBITDA Margin



Source: Bloomberg

Figure 4: Net Debt/EBITDA and Interest Coverage



Source: S&P Capital IQ

Competitive Advantage: NEE continues to benefit from a first-mover advantage in a robust renewables market while exercising a wide scope of regulated operations. As one of the largest electric power and energy infrastructure companies in North America, NEE leverages its size to expand diversified revenue streams into established and growing markets in both its FPL and GP segments. Consistent investments in solar and wind energy have driven NEER to become the largest clean energy producer in the world as well as a leader in battery technology. The Company also offers competitive power pricing in its operating regions which elevates positive consumer sentiment towards the provider.

Strong Balance Sheet: NEE achieves financial strength through its size and scope of operations, advantageous market positioning, and strong credit quality in regulated segments. Throughout 2020, operating efficiency and reliable interest coverage on high-cost projects during periods of uncertainty earned NEE corporate credit ratings of A- (S&P), Baa1 (Moody's), and A- (Fitch).

NEE's regulated power segments of FPL and GP have proven to be the financial anchor of the Company. These provide credit risk mitigation through long-term contracts and dependable revenues attributable to a wide array of rate base clientele in the Florida area. FPL and GP both earn top-tier corporate credit ratings of A, A1, and A+ from S&P, Moody's, and Fitch, respectively.

Growing Free Cash Flow: Although its FCF has historically been negative due to high capital expenditures, NEE has achieved steady EBITDA and EPS growth in recent years. The Company has increased EBITDA at a five-year CAGR of 3.7%, with its EBIT margin averaging 28.8%. NEE's adjusted EPS was US$2.31 in FY 2020, with management forecasting 6 - 8% growth YoY through 2023. Increases in cash flow are expected to be driven by long-term contracts and strong renewables penetration in the U.S. market.

Acquisitions

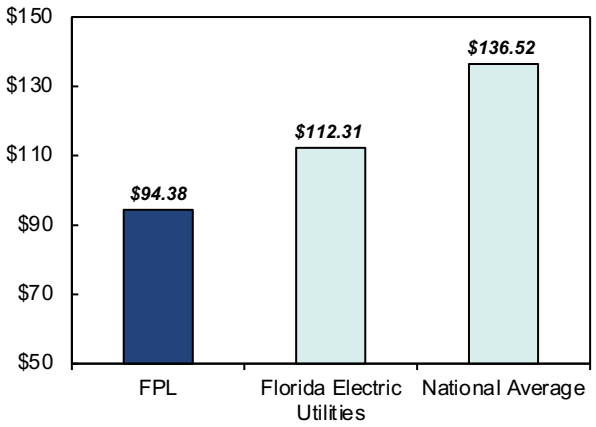
The Company's management team has an appetite for acquisitions that have not only expanded its scope of operations, but have also generated additional profits and, congruently, investor attraction. On January 1, 2019, NEE acquired GP from SO in a US$6.4B deal. This deal expanded NEE's combined consumer base in Florida to encompass 51% of the state's population, solidifying the Company as the leading power provider in the southern U.S. In 2017, NEE acquired solar energy assets from Ranger Solar LLC in order to expand its renewables focus in the NEER segment, an addition which has produced four major projects in the state of Maine.

Catalysts and Risks

Major catalysts for NEE include opportunities arising from acquisitions and the development of renewable resources, with a current backlog of signed contracts already standing at ~16,700 MW. The Company recently announced a favourable settlement in their FPL rate case which enables regulatory certainty across the next four years and an above-average authorized ROE at 10.6%. NEE's low customer bills, clean emissions profile, and positive satisfaction ratings will likely result in consistent and stable sales growth from its customer base.

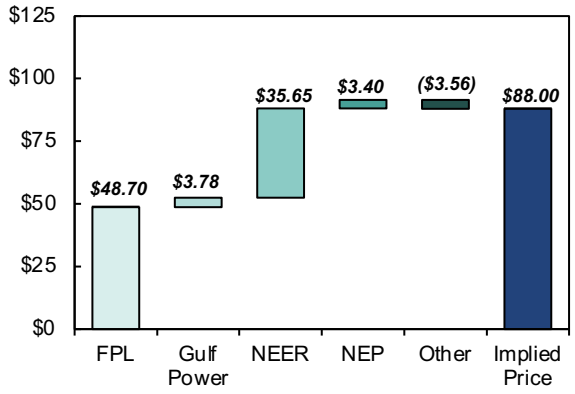
A key risk for NEE is a deceleration in the Company's rate base growth due to adverse regulatory changes in the Florida region. Other risks such as federal policy decisions regarding the wind production tax credit (PTC), commodity price changes for natural gas, and interest rate movements may also negatively impact NEE.

Figure 5: Avg. Monthly Residential 1,000 kWh Bill (US$)



Source: Company Filings

Figure 6: Consolidated Valuation Waterfall



Source: CPMT Estimates

Valuation

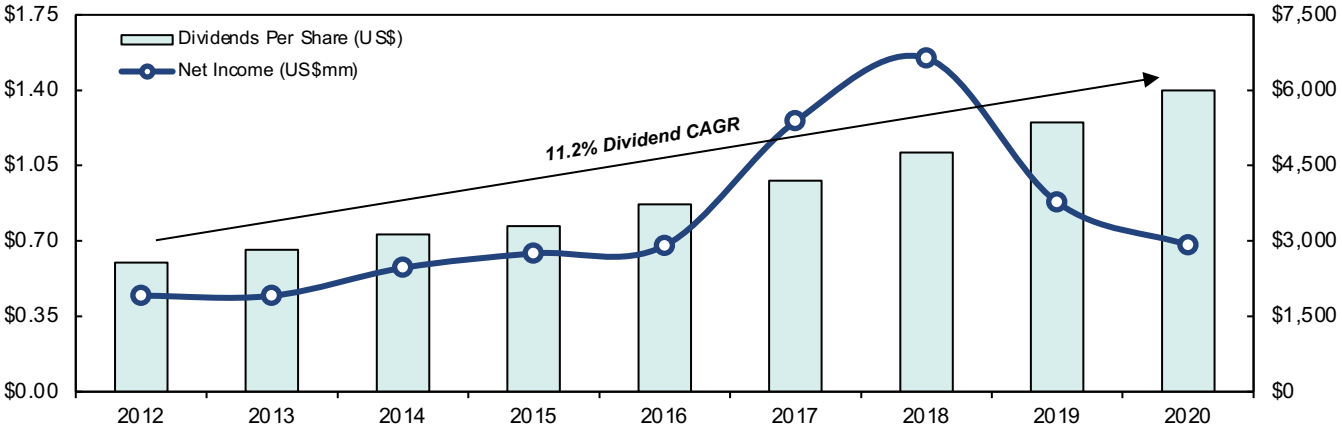
The CPMT reached a target price of $88 through a sum-of-the-parts valuation of NEE's regulated power segments (FPL, GP), energy resources (NEER, NEP), and other operations. With respect to the Company's regulated power segments, the CPMT applied a 24.6x EV/EBITDA exit multiple to the 2023E EBITDA of both FPL and GP, forecasted by rate base growth and authorized ROE guidance to produce implied prices of $48.70 and $3.87, respectively. NEER was valued using a 9.3x average EV/EBITDA exit multiple across its operating divisions, valuing the segment at $35.65 per share. The Fund determined NEP and Other segment prices using consensus estimates. The CPMT applied slightly conservative growth forecasts and exit multiples relative to Street estimates based on recent market developments and expectations.

The Company currently trades at a premium relative to peers on both a P/E and EV/EBITDA basis. However, the CPMT justifies this premium considering NEE's operational strength and competitive advantages in a growing renewables sector.

Investment Thesis

The CPMT believes NEE's scale, lucrative renewables business, and positive regulatory relationships will continue to drive strong earnings growth into FY 2022. Our initial investment thesis was structured on clear satisfaction of mandate points, attractive market profile, and valuable renewables market exposure. This thesis still holds today with the addition of several positive catalysts. The U.S. Senate's recent approval of a US$550B infrastructure bill with US$73B allocated towards electricity grid upgrades serves as a valuable catalyst and is likely to drive notable growth through the sector. Given NEE's foundational strengths in a growing renewables industry, the CPMT is comfortable holding NEE at a conviction rating of 2 and will continue to monitor industry developments for rising opportunities. The CPMT views NEE as a leading operator in the energy-utility industry with a resilient foundation in its regulated operations and a bright future in renewable power development.

Figure 7: LHS Dividends Per Share vs RHS Net Income



Source: S&P Capital IQ

T-Mobile US

Communication Services
NASDAQ: TMUS
Market Outperform | No Action

Calgary Portfolio Management Trust

T-Mobile

September 30, 2021

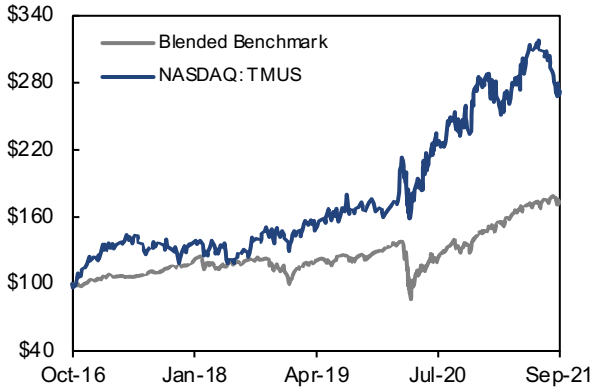
Abhishek Sewak, Portfolio Manager
Wesley Sherrard, Investment Analyst

Return on Investment	
Current Share Price	$127.76
Target Price	$170.00
Dividend Yield	0.00%
Implied Return	32.9%
Conviction Rating	N/A

Market Profile	
52-Week Range	$107.56 - $150.20
Market Capitalization (US$B)	$158
Net Debt (US$B)	$103
Enterprise Value (US$B)	$227
Beta (5-Year Monthly)	0.60

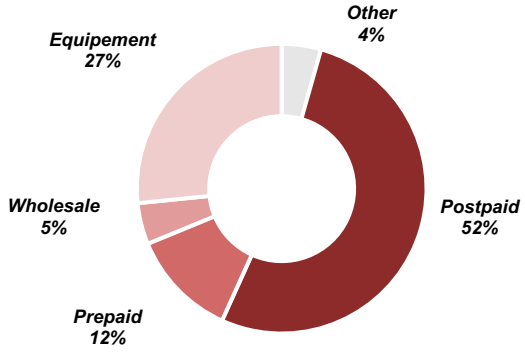
Metrics	2021E	2022E	2023E
Revenue (US$mm)	$80,153	$82,860	$84,681
Unlevered FCF (US$mm)	$9,978	$8,686	$9,795
P/E	62.0x	35.4x	21.3x
EPS	$2.90	$4.42	$7.07

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Revenue Segmentation (1H 2021)



Source: Company Filings

Business Description

T-Mobile US (NASDAQ: TMUS) is a wireless network operator in the U.S. The Company was founded in 1994 and is headquartered in Bellevue, Washington. TMUS has branded itself as the "Un-Carrier" since 2013 with initiatives to disrupt the industry including launching no-contract, low-cost, and unlimited data plans. On April 1, 2020, T-Mobile merged with Sprint Corporation (Sprint) to become the #2 largest carrier in the U.S. by subscriber count. TMUS operates under four primary segments: Postpaid, Prepaid, Wholesale, and Other Service. The postpaid segment includes revenue generated from plans that are paid after the billing cycle and the prepaid segment represents revenue generated from plans that are paid in advance. Wholesale customer revenue includes Machine-to-Machine and Mobile Virtual Network Operator customers that operate on the TMUS network but are managed by wholesale partners. TMUS' parent, Deutsche Telekom, owns 52.1% of the Company.

Industry Overview and Competitive Landscape

The U.S. Wireless Telecommunications Carriers industry is dominated by three large players: AT&T (NYSE: T), Verizon Communications (NYSE: VZ), and TMUS, comprising ~68% of the overall market share in 2020. The industry is in the mature phase of its life cycle and is highly competitive, dynamic, and technologically intensive with an increasing focus on delivering quality services to customers. As price margins are extremely tight, it is becoming imperative for companies to continuously reinvest FCFs into advancing their infrastructure to remain competitive amidst 5G innovation, which is the predominant growth driver for the industry.

The industry has experienced a high amount of consolidation over the past decade due to increased contention for spectrum licenses, homogeneity of services, and saturation of internet-enabled devices. The escalating competition has also resulted in increased profitability through economies of scale, expansion into rural and low-penetrated urban regions, and higher barriers to entry due to the unavailability of spectrum licenses. Innovative product bundling and offering integrated combinations of the latest products and services is becoming a significant differentiating factor in the industry.

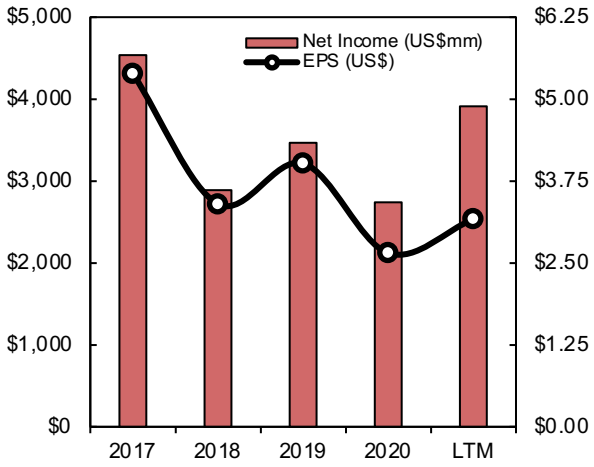
The surging dependency on smartphones for connectivity, video streaming and gaming, financial transactions, and remote work arrangements due to COVID-19 has bolstered significant growth in the user base as well as consumers opting for high-speed, reliant, and quality carrier services for their smartphones. An uptick in the per capita disposable income and corporate profits in North America will continue to drive the demand for wireless carrier services.

The industry is exposed to material risks in the form of saturated market share, data loss and security breaches, increasing cost and scarcity of spectrum licenses, technological disruption, macroeconomic conditions, and changes in regulatory framework for 5G rollout and expansion.

Mandate Fit

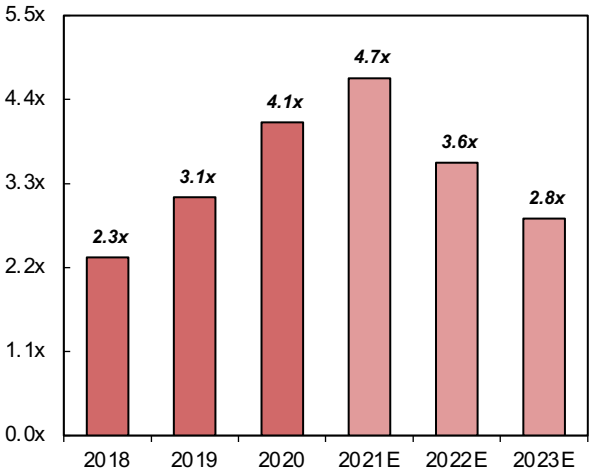
Quality Management: President and CEO G. Michael Sievert has served in his role since 2020 and previously held the role of (cont.)

Figure 2: LHS Net Income vs RHS EPS



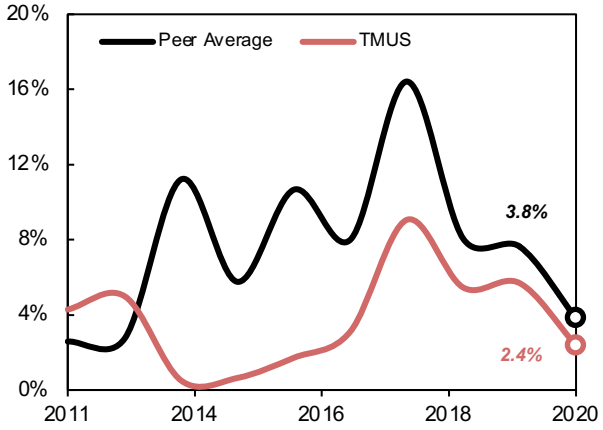
Source: Company Filings, FactSet

Figure 3: Net Debt/EBITDA



Source: Company Filings, FactSet

Figure 4: ROIC vs Peer Average



Source: Company Filings, FactSet

COO and Chief Marketing Officer. Prior to joining TMUS, he served in executive roles at Microsoft (NASDAQ: MSFT), T, and Clearwire Corporation. Since the merger, TMUS's management has been focusing on strengthening business operations, stabilizing omnichannel operations, realizing synergies, and integrating Sprint's customers to the new platform. However, the recent data breach of August 2021 presented a major challenge to the management. Moving forward, the CPMT will be monitoring TMUS's ability to handle customer data and prevent data leaks.

Competitive Advantage: The merger of TMUS and Sprint has created a larger entity with deeper market penetration, and access to underserved geographic segments to expand the 5G network. The combined entity's strong pricing and branding efforts added 5.5mm postpaid net customers in 2020, and the Company experienced one of the lowest industry-wide postpaid churn rates of 0.90%. TMUS is regarded as the largest, fastest, and most available 5G network in the U.S., with extensive coverage across ~1.6mm square miles. Additionally, TMUS's "Un-Carrier" business model helps the Company differentiate itself from competitors by offering no-contract choices, more frequent upgrades of cellphones, reduced international calling rates and roaming fees, a trial of the network, and unlimited data plans.

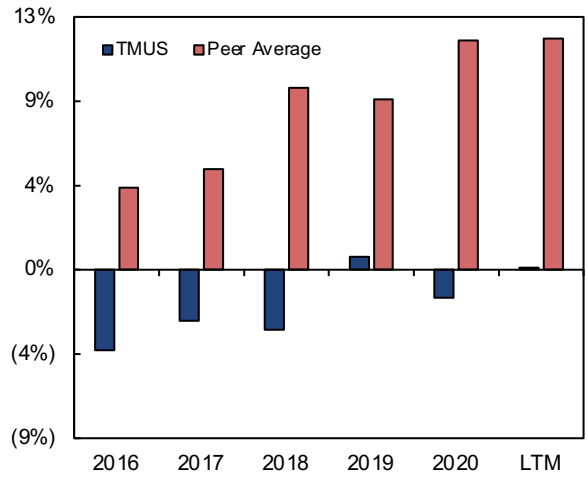
Strong Balance Sheet: As of June 30, 2021, TMUS had net debt of ~US$58.1B, with an LTM Net Debt/EBITDA of 3.2x compared to the peer group (NYSE: ATUS, T, VZ; NASDAQ: CHTR, DISH) average of 3.9x. Despite taking on massive debt to complete the Sprint merger in April 2020, the Company has been able to fulfill its debt covenant obligations consistently. TMUS' current ratio of 0.9x and quick ratio of 0.8x are in-line with the peer group average of 0.8x and 0.6x, respectively.

Growing Free Cash Flow: TMUS experienced the highest industry-wide FCF growth during Q2 2021 at 16% YoY, reaching US$1.7B. Although the Company has experienced significant growth in recent times, the historical uplift in FCFs has been slow and inconsistent. TMUS delivered an unlevered FCF margin of ~4.8% on average from 2016 to LTM Q2 2021. However, the peer group average over the same time horizon was ~12.6%, nearly three times that of TMUS. The Company is yet to realize the majority of synergies outlined during the Sprint merger in 2020, although TMUS expects to deliver ~US$5.2 to US$5.5B of FCF by the end of 2021. Additionally, the highly competitive nature of the wireless telecommunications carrier industry requires companies to reinvest a significant portion of their earnings into infrastructure development and advancement.

T-Mobile and Sprint Merger

TMUS completed its merger with Sprint Corporation in April 2020, after two years of signing the original agreement for US$26.5B in 2018. One of the major reasons of the merger was to capture spectrum licenses owned by Sprint Corporation and increase its postpaid revenue segment from ~70% to 80%, as postpaid customers have higher lifetime value. The original deal identified roughly US$6B of cost and revenue synergies, out of which the Company expects ~67% to come from network and user-base expansion. As of June 2021, TMUS had been successful in carrying over 80% of Sprint Corporation's traffic to its network. Additionally, the Company currently holds more 5G geographic coverage than the combination of T and VZ, partly due to TMUS experiencing 5.6mm net customer additions in 2020. The Company realized US$1.9B of synergies in 2020, with an expectation to deliver US$2.8B - US$3.1B by the end of 2021.

Figure 5: Free Cash Flow Yield



Source: Company Filings, FactSet

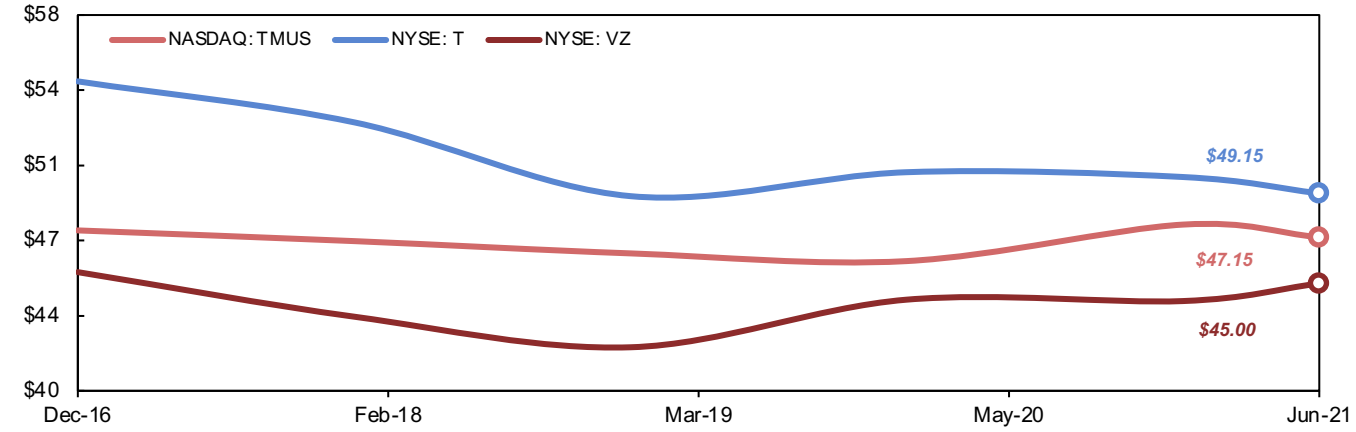
The combined entity is in a prime position to realize attractive revenue growth potential relative to Verizon and AT&T, long-term EBITDA margin expansion from synergies, strong free cash flow growth, and improving leverage with a Net Debt/EBITDA multiple of 2.9x at merger close and declining to 2.0x within three to four years.

Valuation and Investment Thesis

The CPMT valued TMUS using a five-year DCF analysis with a WACC of 4.87%. The target price of US$170 was based on a 50/50 blend of (1) the Gordon Growth method, assuming a terminal growth rate of 0.75% and (2) applying an EV/EBITDA exit multiple of 8.7x. The valuation incorporates TMUS's increased customer base attributed to the Sprint merger, better price competitiveness due to the "Un-Carrier" model, and potential 5G rollout expansion in rural and urban locations.

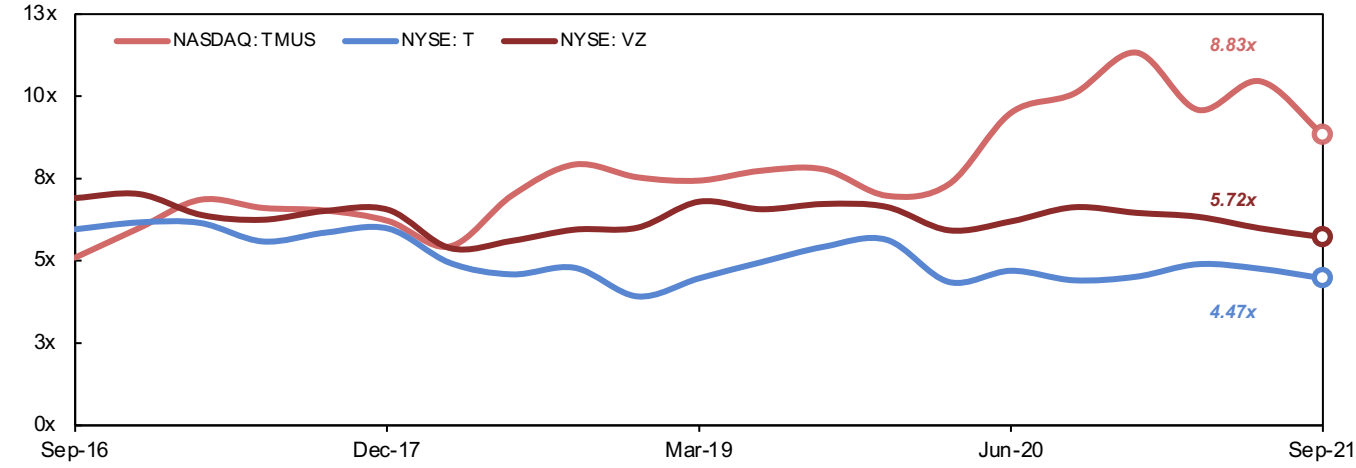
The Company currently has a valuation that provides an attractive entry point, maintains a healthy balance sheet, and holds a strong competitive advantage as an industry leader in the 5G segment. However, historically fluctuating FCFs and the recent data breach present a challenge to the Fund in adding conviction to the name. The CPMT will continue to monitor TMUS's progress and conduct relevant due diligence.

Figure 6: Postpaid Revenue Per User vs Peers (US$mm)



Source: Company Filings

Figure 7: NTM P/CF vs Peers



Source: FactSet

Topicus.com

Information Technology
TSXV: TOI
Market Perform | Buy

September 30, 2021

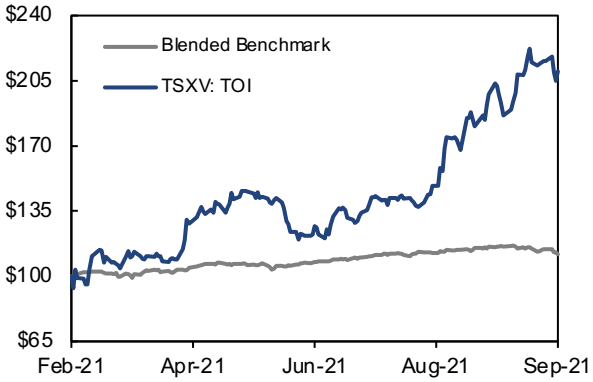
Sina Hadjiahmadi-Ardakani, Portfolio Manager
Arnuv Mayank, Investment Analyst
Gavin Stalwick, Investment Analyst

Return on Investment	
Current Share Price	$132.99
Target Price	$145.00
Dividend Yield	0.00%
Implied Return	9%
Conviction Rating	1

Market Profile	
52-Week Range	$57.00 - $143.00
Market Capitalization ($mm)	$5,302
Net Debt ($mm) (FX Adjusted)	$89
Enterprise Value ($mm)	$9,882
Beta (Daily)	5.87

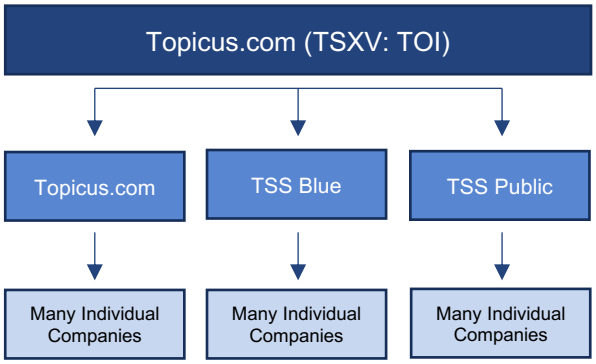
Metrics	2021E	2022E	2023E
Revenue (€mm)	€699	€924	€1,256
EBITDA (€mm)	€192	€261	€358
EV/EBITDA (FX Adjusted)	35.7x	26.3x	19.2x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Organizational Structure



Source: Company Filings

Business Description

Topicus.com (TSXV: TOI) is a Dutch-based provider of vertical market software (VMS) that builds, acquires, and manages industry specific software businesses. The Company services clients in a select group of public and private sectors. TOI is a leading VMS provider in Europe, with over 100,000 customers across 14 European countries. The Company focuses on providing specialized, mission-critical, and high-impact software solutions that address client-specific needs. TOI is headquartered in Deventer, Netherlands, and has offices across Europe with ~5,000 employees.

CSU Spin-Off

In 2021, Constellation Software (TSX: CSU), a CPMT holding, spun-off its European operating group, Total Specific Solutions (TSS), and its recent acquisition of Topicus.com (Dutch-based VMS provider) as a separate publicly listed company. The combined entity is now called Topicus.com. As a result of the spin-off in December 2020, CSU shareholders of record received ~1.86 subordinate TOI voting shares as a dividend-in-kind. However, CSU holds a super voting share that controls 50.1% of TOI's aggregate voting shares. CSU's equity interest in TSS was ~67% prior to the spin-off, which has now fallen to ~30% in TOI after the spin-off.

Organizational Structure

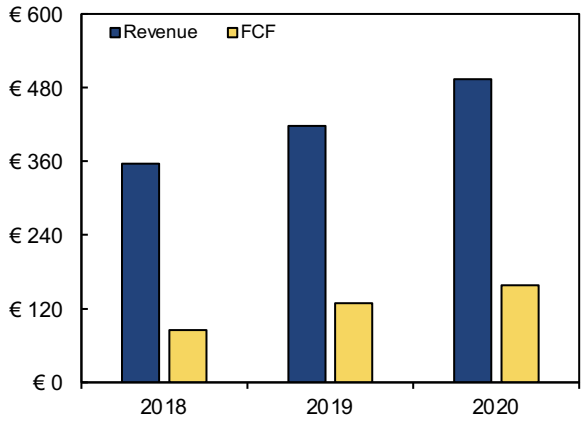
TOI oversees three operating groups, which includes the original VMS provider Topicus.com, TSS Blue, and TSS Public. TSS Blue oversees businesses that mainly serve customers in the private sector, while TSS Blue oversees businesses that mainly service customers in the public sector. Each of these three operating groups manages many individual businesses that have been acquired. Individual businesses have full autonomy regarding their own customer and product decisions. However, capital allocation decisions are deferred to their respective operating groups and TOI. This is a self-sustaining model whereby TOI and the operating groups redeploy the FCF that the individual businesses generate to fuel further acquisitions.

Mandate Fit

Quality Management: CEO Daan Dijkhuizen leads the combined entity (TOI), having been with Topicus since 2013. Prior to this, Dijkhuizen was a technology executive at the ING Group, which is a multinational banking and financial services corporation in the Netherlands. Han Knooren is the CEO of TSS Public. Knooren has decades of experience working in multinational private equity and start-up firms focused on VMS companies. Lastly, Ramon Zanders is the CEO of TSS Blue. Zanders has previously held software consulting positions within the Netherlands, Thailand, and the U.S.

Competitive Advantage: The Company provides mission-critical software that represents a small share of its customers' expenditures. This prevents customers from leaving during difficult economic conditions and reinforces a level of stability for the Company's recurring maintenance revenue. TOI's pricing power and low churn rate exemplifies this fact well (most of its customer relationships have lasted for over 20 years).

Figure 2: Revenue and FCF Growth (€mm)

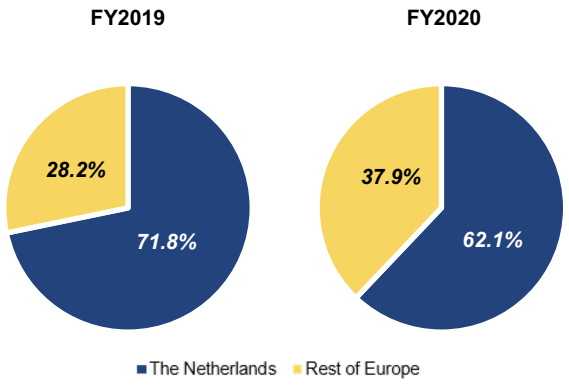


Source: Company Filings, CPMT Estimates

Figure 3: Geographic Exposure

Source: Company Filings

Figure 4: Revenue Breakdown by Region



Source: Company Filings

Additionally, TOI operates in a decentralized structure like CSU. Specifically, this is important for the Company's M&A activities as it maintains its acquired business' autonomy, resulting in better product development and higher customer loyalty. Powering this dynamic is TOI's ability to reduce acquired businesses' overhead costs, which provides its team with more time to create innovative solutions for its customers and become a leader in a given vertical.

Strong Balance Sheet: TOI has a strong balance sheet, with an interest coverage ratio of ~19x during the past six quarters (adjusted for one-time charges). Also, the Company has maintained its current and quick ratios at ~0.5x over the past three years and manages its capital with sufficient liquidity so that it can pursue its strategy of organic growth and strategic acquisitions. Moreover, most of the Company's accounts receivable position is from public sector government agencies. The credit risk associated with such parties has been low historically and TOI typically requires up-front deposits from customers to protect against credit risks.

Growing Free Cash Flow: Throughout the past three years, TOI has grown its FCF at a 23% CAGR. The CPMT expects that the strong FCF growth will be used as a source of funds for the Company's M&A strategy. In addition, TOI anticipates that it can grow the Company organically without additional funding; however, management is open to additional external funding should the size and timing of potentially large acquisitions require it.

European VMS Landscape

Since many European countries have different regulations and systems for a given industry, the European VMS market is quite fragmented. Therefore, as TOI acquires more businesses across the region, it would be able to improve the communication between its portfolio companies (that operate in different countries) such that those who share a vertical can share information with each other and improve their offerings. This is expected to enhance each businesses' churn rate and market share, given that the portfolio companies in different countries likely do not share the same customers. Lastly, Europe's private equity market is less active than its North American counterpart, supporting the narrative that TOI faces less competition for VMS acquisitions than CSU has.

Risks

A considerable rise in long-term interest rates can serve as a headwind for TOI's high growth profile and expensive valuation (currently 26.3x 2022E EV/EBITDA as per CPMT estimates). Additionally, the Company generates most of its revenue from the Netherlands. Such a high concentration imposes idiosyncratic risks on its operations. However, it is important to note that TOI is focused on reducing this exposure by expanding across continental Europe more rapidly.

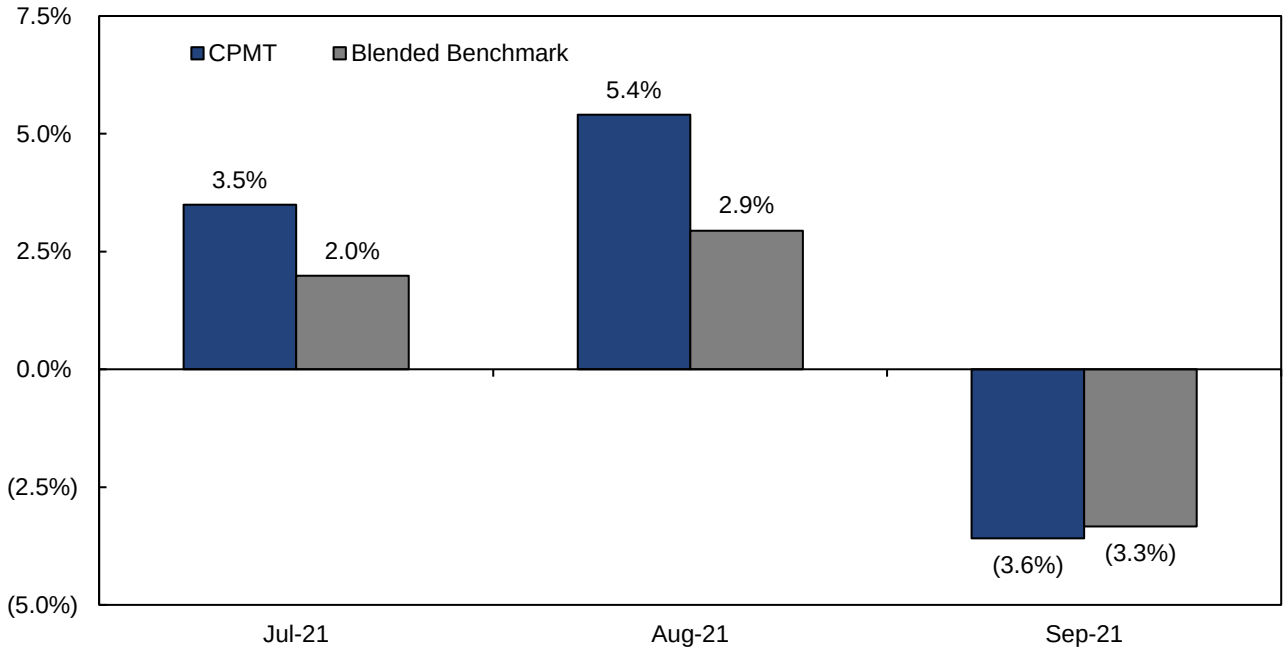
Investment Thesis and Valuation

The CPMT used a five-year DCF with a 7.9% WACC and a 2.5% terminal growth rate to derive a $145 target price for TOI. This provides an implied return of 9.0%. Nonetheless, the CPMT believes that TOI represents an attractive investment opportunity with its robust top-line and future FCF growth, coupled with its ability to compound this capital through further acquisitions across Europe. Lastly, TOI's strong operations and reputable status in the European VMS industry reinforce the Fund's confidence in management's ability to execute and grow.

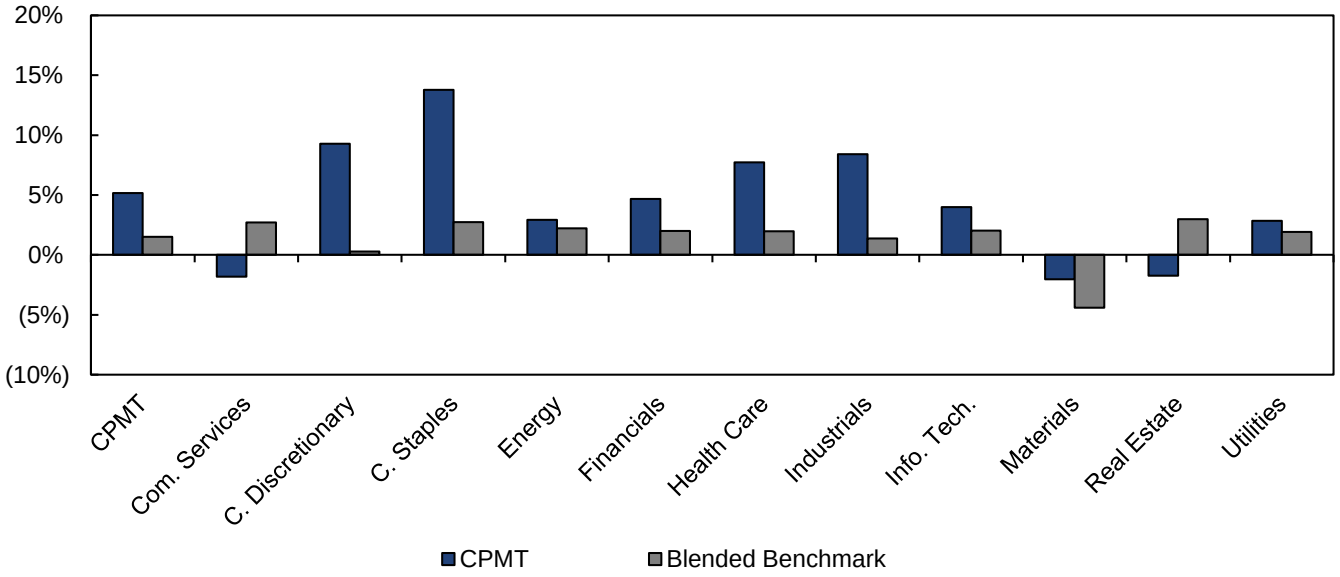
Compliance and Performance

QUARTERLY PERFORMANCE

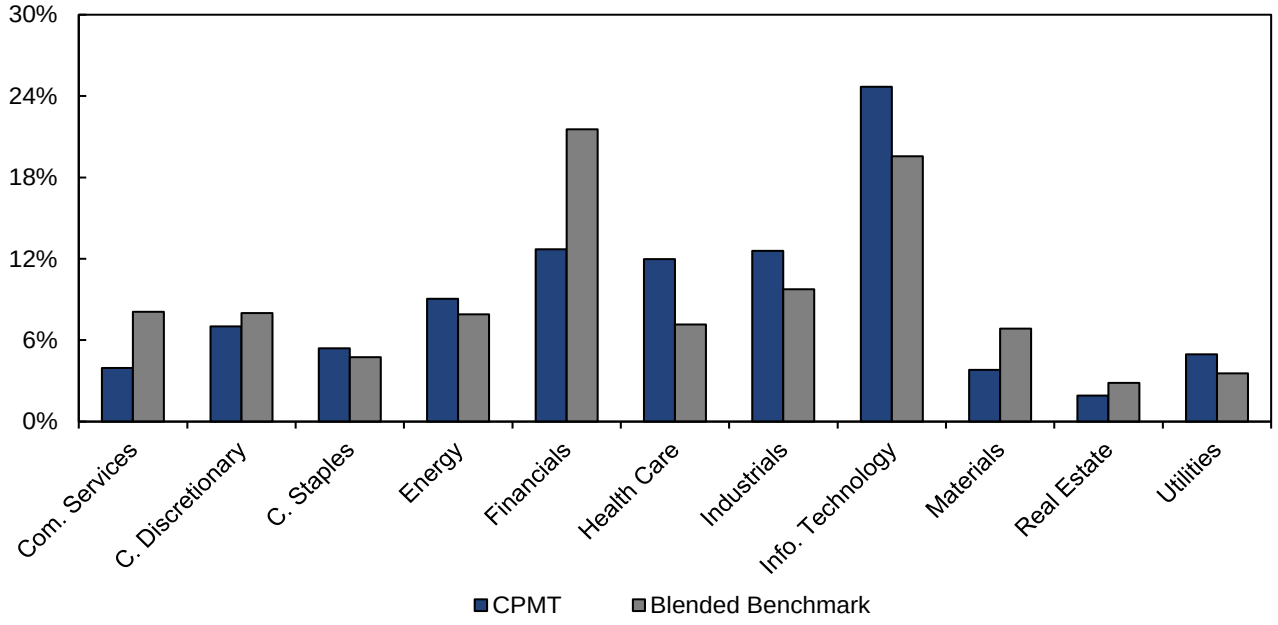
CPMT and Blended Benchmark Monthly Returns



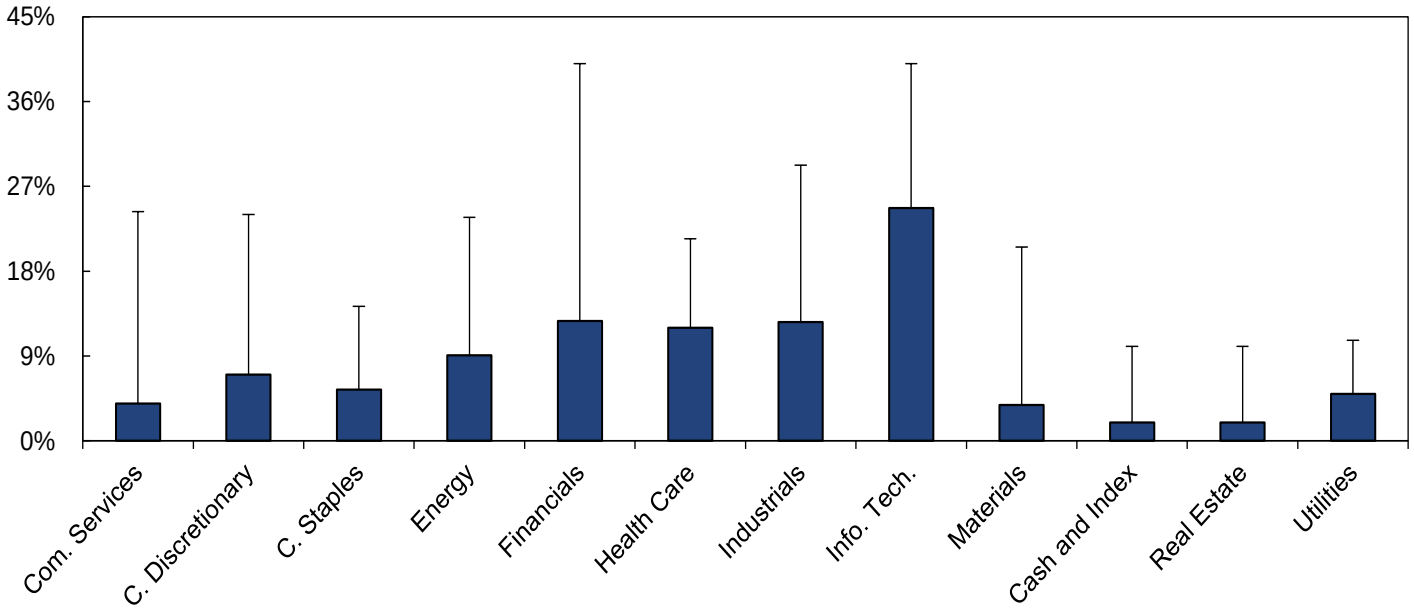
CPMT and Blended Benchmark Quarterly Sector Returns



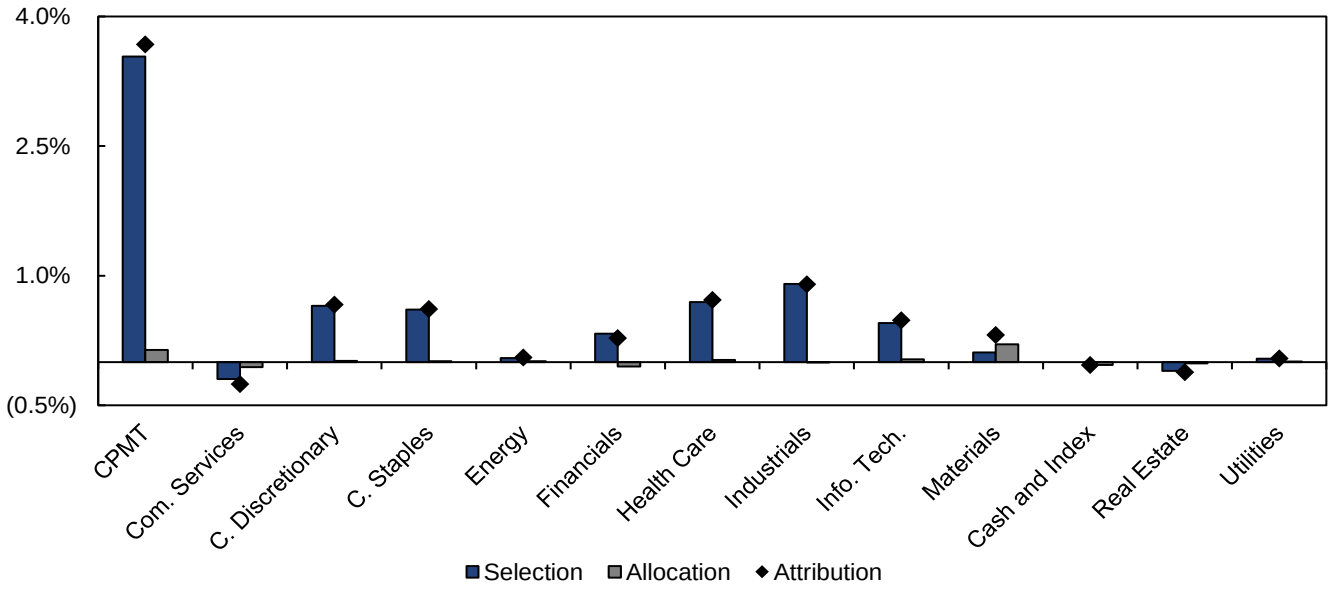
CPMT and Blended Benchmark Sector Weightings



CPMT Sector Weights vs Maximum Weight



Attribution Analysis (FQ2 2022)



CPMT Attribution Analysis

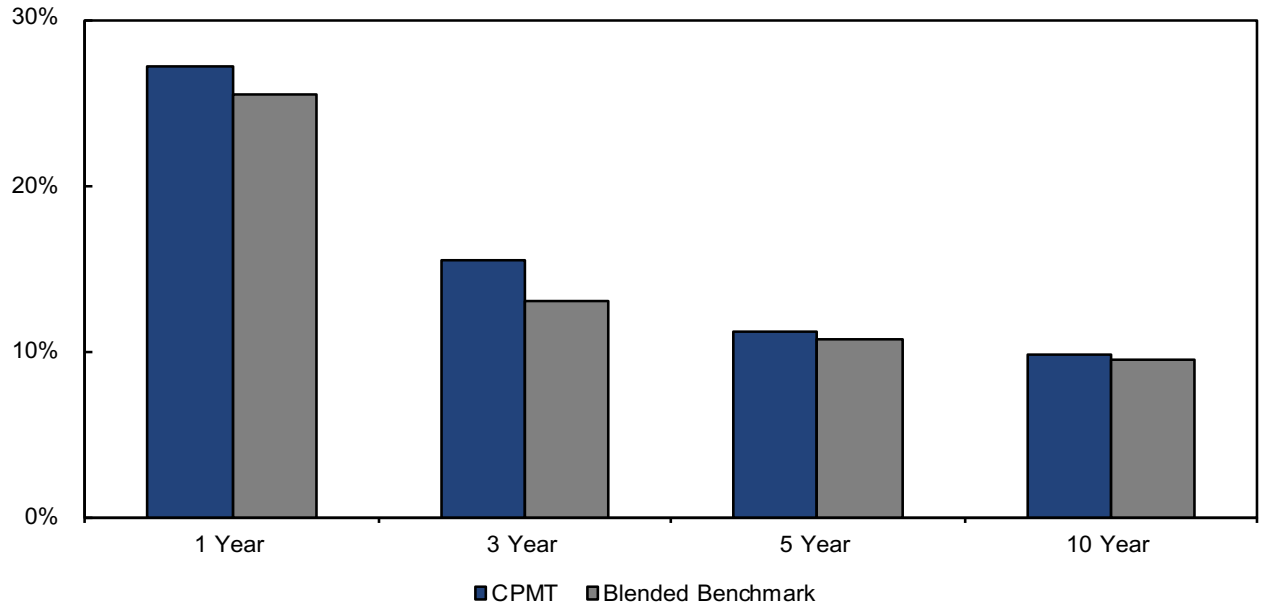
FQ2 2022	Attribution	Allocation	Selection
CPMT	3.68%	0.14%	3.54%
Communication Services	(0.25%)	(0.06%)	(0.20%)
Consumer Discretionary	0.67%	0.01%	0.65%
Consumer Staples	0.62%	0.01%	0.61%
Energy	0.05%	0.01%	0.05%
Financials	0.28%	(0.05%)	0.33%
Health Care	0.72%	0.03%	0.69%
Industrials	0.90%	(0.00%)	0.90%
Information Technology	0.48%	0.03%	0.45%
Materials	0.32%	0.21%	0.11%
Other	(0.03%)	(0.03%)	0.00%
Real Estate	(0.12%)	(0.02%)	(0.10%)
Utilities	0.04%	0.01%	0.04%

1 Year	Attribution	Allocation	Selection
CPMT	1.69%	(0.45%)	2.15%
Communication Services	(0.51%)	0.13%	(0.64%)
Consumer Discretionary	3.14%	0.08%	3.05%
Consumer Staples	0.43%	(0.18%)	0.61%
Energy	(0.77%)	0.12%	(0.89%)
Financials	(0.26%)	(0.69%)	0.44%
Health Care	(0.10%)	(0.21%)	0.10%
Industrials	(1.18%)	(0.08%)	(1.10%)
Information Technology	0.24%	(0.09%)	0.33%
Materials	1.31%	0.71%	0.59%
Other	(0.18%)	(0.18%)	(0.00%)
Real Estate	(0.21%)	(0.01%)	(0.19%)
Utilities	(0.21%)	(0.05%)	(0.16%)

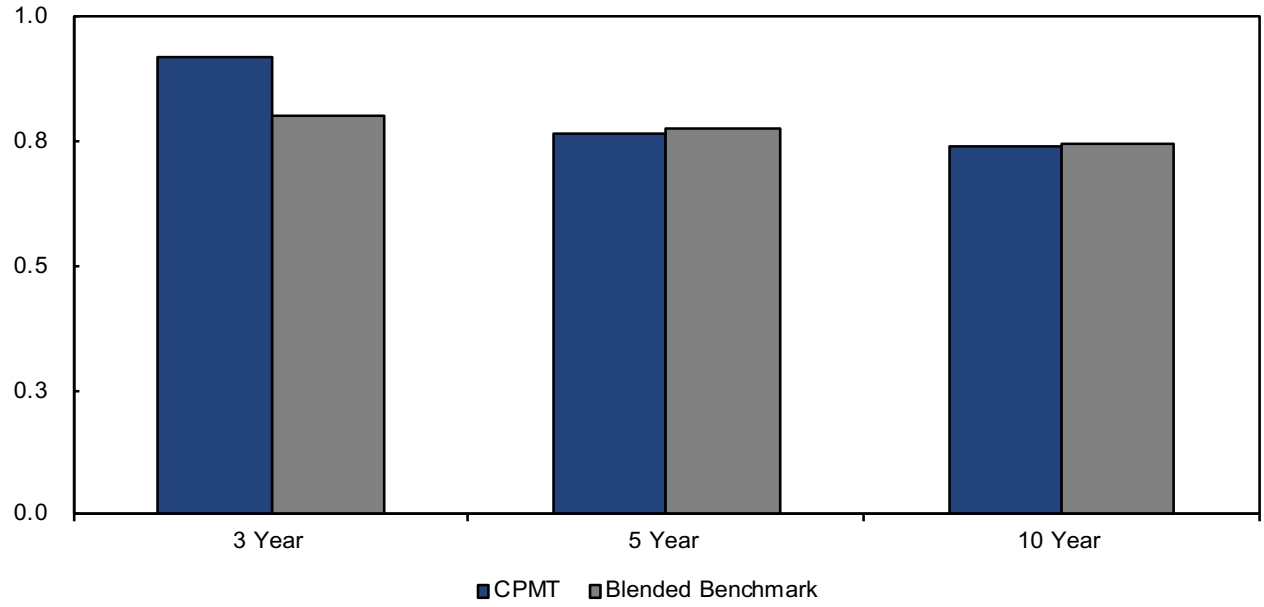
Compliance and Performance

LONG-TERM PERFORMANCE

CPMT and Blended Benchmark Total Return (Annualized)



CPMT and Blended Benchmark Composite Index Sharpe Ratios



The CPMT Long-Term Performance Targets

		1 Year		3 Year		5 Year		10 Year
Absolute Returns (annualized)								
CPMT [1]	✓	27.14%	✓	15.46%	✓	11.09%	✓	9.72%
Relative Returns (bps)								
Blended Benchmark [2]	✓	169	✓	249	✗	33	✗	32
Risk Adjusted Returns (bps)								
Blended Benchmark [3]	✗	(191)	✓	227	✗	35	✗	47

(1) Performance target of 7.0% annual returns.

(2) Performance target to exceed the Blended TSX & S&P 500 Benchmark by 100 bps.

(3) Performance target to exceed the Blended TSX & S&P 500 Benchmark by 100 bps on a risk adjusted basis.

CPMT Long-Term Performance Details

	1 Year	3 Year	5 Year	10 Year
Annualized Return				
CPMT	27.14%	15.46%	11.09%	9.72%
Blended Benchmark	25.45%	12.97%	10.76%	9.40%
Annualized Volatility				
CPMT	13.82%	15.54%	12.73%	11.04%
Blended Benchmark	10.97%	15.01%	12.11%	10.52%
Sharpe				
CPMT	1.73	0.92	0.77	0.74
Blended Benchmark	2.03	0.80	0.78	0.75

APPENDICES

Appendix 1: CFA Code of Ethics

The following is the CFA Code of Ethics to be complied with at all times by Fund Managers:

- To act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- To place the integrity of the investment profession and the interests of clients above personal interests.
- To use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- To practice and encourage others to practice in a professional and ethical manner that will reflect credit on ourselves and the profession.
- To promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- To maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

Appendix 2: Account Activity

CPMT Transactions Log (2021-2022)

FQ2 2022	Date	Action	Shares	Purchase Price	Sale Price	Currency	Capital Gain (CAD)	Return
ATVI	22-Sep-21	Sell	200	$92.35	$73.31	CAD	-$3,808.00	(20.62%)
XEG	23-Sep-21	Buy	1620	$8.88				
TOI	29-Sep-21	Buy	80	$132.25				
AAPL	29-Sep-21	Sell	72	$74.26	$143.95	USD	$5,017.68	93.85%
Total							$1,209.68	5.08%

Appendix 2: Account Activity

Dividend Summary

April, 2021			
Equity	**Date**	**DPS**	**Credit (CAD)**
T	1-Apr-21	$0.31	$211.62
CNQ	5-Apr-21	$0.68	$246.75
CSU	9-Apr-21	$0.05	$17.44
AMT	29-Apr-21	$1.52	$59.25
JPM	30-Apr-21	$0.90	$128.70
TD	30-Apr-21	$0.79	$158.00
Total			**$821.76**

May, 2021			
Equity	**Date**	**DPS**	**Credit (CAD)**
ATVI	6-May-21	$0.57	$114.77
MA	8-May-21	$0.60	$42.18
AAPL	9-May-21	$0.27	$61.62
COST	14-May-21	$0.98	$63.64
ABT	17-May-21	$1.15	$80.29
RY	21-May-21	$1.10	$237.44
WCN	26-May-21	$0.25	$32.24
Total			**$632.18**

June, 2021			
Equity	**Date**	**DPS**	**Credit (CAD)**
ENB	1-Jun-21	$0.84	$501.00
ZTS	1-Jun-21	$0.31	$18.90
MSFT	10-Jun-21	$0.69	$83.28
NEE	15-Jun-21	$0.48	$110.70
CTAS	15-Jun-21	$0.93	$55.77
IVV	16-Jun-21	$1.52	$16.69
LIN	18-Jun-21	$1.31	$45.98
CNR	30-Jun-21	$0.62	$153.75
BAM.A	30-Jun-21	$0.16	$70.21
CCL.B	30-Jun-21	$0.21	$42.00
BEP.UN	30-Jun-21	$0.37	$86.27
Total			**$1,184.55**

July, 2021			
Equity	**Date**	**DPS**	**Credit (CAD)**
CNQ	5-Jul-21	$0.47	$171.55
AMT	9-Jul-21	$1.58	$61.79
CSU	12-Jul-21	$1.24	$17.39
TMO	15-Jul-21	$0.33	$13.50
CMCSA	28-Jul-21	$0.32	$118.73
Total			**$382.96**

August, 2021			
Equity	**Date**	**DPS**	**Credit (CAD)**
JPM	3-Aug-21	$1.14	$162.99
AAPL	12-Aug-21	$0.28	$62.97
COST	13-Aug-21	$1.00	$65.03
ABT	16-Aug-21	$0.56	$82.96
RY	24-Aug-21	$1.45	$101.68
Total			**$475.64**

September, 2021			
Equity	**Date**	**DPS**	**Credit (CAD)**
ENB	1-Sep-21	$0.84	$501.00
WCN	1-Sep-21	$0.26	$33.66
ZTS	1-Sep-21	$0.32	$19.31
MSFT	9-Sep-21	$0.71	$85.11
CTAS	15-Sep-21	$1.20	$72.19
NEE	15-Sep-21	$0.49	$113.12
LIN	20-Sep-21	$1.34	$46.99
BAM.A	29-Sep-21	$0.16	$72.86
BAMR	29-Sep-21	$0.16	$0.49
BEP.UN	29-Sep-21	$0.38	$90.06
CNR	29-Sep-21	$0.62	$153.75
IVV	30-Sep-21	$4.84	$53.19
Total			**$1,241.72**

CPMT Holdings - September 30, 2021	Market Cap	Conviction	Position Size			Target Price			Stock Price	Total Return	
Financials			Current	Target	Difference	Prior		Current	End of Period	QTD	TTM
Brookfield Asset Management	Large	2	4.39%	4.00%	0.39%	$70.00	▬	$70.00	$67.87	7.32%	55.13%
Brookfield Asset Management Reinsurance Partners	Small	N/A	0.03%	N/A	N/A	N/A		N/A	$70.20	7.18%	(5.94%)
JPMorgan Chase & Co.	Large	2	4.33%	4.00%	0.33%	$158.00	▬	$158.00	$163.69	5.24%	70.03%
Royal Bank of Canada	Large	2	3.96%	4.00%	(0.04%)	$136.00	▬	$136.00	$99.48	(1.81%)	5.85%
Information Technology											
Adobe Inc.	Large	2	4.15%	4.00%	0.15%	$639.00	▬	$639.00	$575.72	(1.69%)	9.85%
Apple Inc	Large	2	4.03%	4.00%	0.03%	$148.00	▬	$148.00	$141.50	3.31%	22.18%
Constellation Software	Large	2	4.24%	4.00%	0.24%	$1,800.00	▬	$1,800.00	$2,075.02	10.53%	40.24%
Microsoft Corp.	Large	3	6.26%	6.00%	0.26%	$270.00	▬	$270.00	$281.92	4.07%	34.04%
PayPal Holdings	Large	2	3.56%	4.00%	(0.44%)	$239.00	▬	$239.00	$260.21	(10.73%)	8.47%
Topicus.com	Mid	1	1.55%	2.00%	(0.45%)	$92.00	▲	$145.00	$132.99	33.12%	33.12%
Materials											
CCL Industries	Mid	1	1.92%	2.00%	(0.08%)	$68.00	▲	$82.00	$65.60	(3.91%)	27.78%
Linde PLC	Large	1	1.90%	2.00%	(0.10%)	$282.00	▬	$282.00	$293.38	1.48%	15.75%
Energy											
Canadian Natural Resources Ltd.	Large	1	2.47%	2.00%	0.47%	$36.00	▬	$36.00	$46.31	2.91%	115.50%
Enbridge	Large	2	4.42%	4.00%	0.42%	$49.00	▬	$49.00	$50.46	1.67%	29.72%
iShares S&P/TSX Capped Energy Index ETF	Mid	N/A	2.21%	N/A	N/A	N/A		N/A	$9.34	5.18%	5.18%
Consumer Discretionary											
Aritzia	Mid	2	5.01%	4.00%	1.01%	$33.00	▬	$33.00	$40.32	8.74%	131.33%
lululemon athletica	Large	1	1.95%	2.00%	(0.05%)	$379.00	▬	$379.00	$404.70	10.89%	16.34%
Consumer Staples											
Costco	Large	3	5.40%	6.00%	(0.60%)	$380.00	▬	$380.00	$449.35	13.57%	26.58%
Telecommunications											
Comcast Corporation	Large	2	3.88%	4.00%	(0.12%)	$68.00	▬	$68.00	$55.93	(1.91%)	3.42%
Healthcare											
Abbott Laboratories	Large	2	3.24%	4.00%	(0.76%)	$123.00	▲	$126.00	$118.13	1.90%	8.55%
Intuitive Surgical, Inc.	Large	1	2.21%	2.00%	0.21%	$820.00	▬	$820.00	$994.15	8.10%	40.11%
Thermo Fisher Scientific Inc.	Large	2	4.33%	4.00%	0.33%	$563.00	▬	$563.00	$571.33	13.25%	15.65%
Zoetis Inc	Large	1	2.19%	2.00%	0.19%	$189.00	▬	$189.00	$194.14	4.17%	17.59%
Industrials											
Canadian National Railway	Large	3	5.36%	6.00%	(0.64%)	$154.00	▬	$154.00	$146.78	12.23%	3.50%
Cintas Corp.	Large	2	4.23%	4.00%	0.23%	$430.00	▬	$430.00	$380.66	(0.35%)	14.37%
Waste Connection Inc.	Large	2	3.03%	4.00%	(0.97%)	$140.00	▬	$140.00	$159.64	7.79%	15.35%
Real Estate											
American Tower Corp.	Large	1	1.92%	2.00%	(0.08%)	$295.00	▬	$295.00	$265.41	(1.75%)	15.34%
Utilities											
Brookfield Renewable Partners LP	Large	1	1.61%	2.00%	(0.39%)	$51.00	▬	$51.00	$46.80	(2.30%)	(13.41%)
NextEra Energy	Large	2	3.37%	4.00%	(0.63%)	$90.00	▼	$88.00	$78.52	7.15%	13.16%