Calgary Portfolio Management Trust

FQ1 2022 Report

UNIVERSITY OF CALGARY
HASKAYNE SCHOOL OF BUSINESS

Table of Contents

Letter to Stakeholders 1
Biographies 2
Portfolio Strategy and Sector Views 6
Quarterly Snapshot 8
Quarter in Review 9
Company Reports
- Adobe 12
- Aritzia 15
- Brookfield Asset Management 17
- Cintas 20
- Crescent Point Energy 22
- Tourmaline 24
- Whitecap Resources 26

Compliance and Performance
- Quarterly Performance 28
- Long-Term Performance 31
- Appendices 33

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 is currently working as an Actuarial Analyst at Manulife 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 and develop his skills and knowledge in capital markets. He is thankful to the Board of Trustees, alumni, and mentors who have made this opportunity possible. Last summer Jack completed a summer internship with Canadian Natural Resources as a Joint Venture Accountant and has returned to CNRL as a Finance Marketing Student. Jack has been active on campus as a member of 7 different student clubs during his undergraduate and has recently been admitted to the BComm Honours Program. Jack is looking forward to expanding his skills as a Portfolio Manager over the next 12 months and is thankful for the experience the CPMT has provided him thus far. In his free time Jack enjoys hiking, skiing, basketball, guitar, and spending time with his family.

KATIE TU
Portfolio Manager
4th Year, Finance
Katie joined the CPMT in March 2020. She is grateful for the opportunity to develop her portfolio management, financial modelling, and equity research skills through the program. This summer, Katie is working 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 traveling.

KIAN SADEGHI
Portfolio Manager
4th Year, Finance

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. This past summer, Kian worked as a Summer Analyst at Landstar Development Corp. This summer, Kian is working at the McLean Family Office as a Summer Research Associate. 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 a summer employment term with groHERE Harvest as a Business Development Intern. 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. Arnuv is currently completing as 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 completing a degree in Accounting with a minor in Data Science. In addition to the program, Emily is involved with the Inter-Collegiate Business Competition, the Calgary Social Value Fund, the Haskayne Students' Association, and the University of Calgary Consulting Association. Emily is currently completing an internship with Deloitte as an audit intern. Emily had also completed a prior internship with 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 Accounting 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 is currently enjoying a co-op work term with Arc Resources as a treasury intern, recently having completed a prior co-op term with Seven Generations Energy as a treasury Intern. In his free time, Eric enjoys fitness, hockey, golf, basketball, snowboarding, and video games.

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 is currently completing a summer employment term with the University of Calgary 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. In addition to the CPMT, Karlen has been involved with the University of Calgary Consulting Association and Finesse Wealth Management. Karlen is currently completing a summer employment term with Radicle as a Global Markets and Strategy Intern. Karlen has also completed a prior internship with Goodpin as an executive intern. 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. Noor is currently completing a summer work term with Peters & Co. Limited as a Corporate Finance Intern. In her spare time, Noor enjoys spin, hiking, paintballing, 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 is involved with the University of Calgary Trading team. Wesley is currently completing 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 is currently in line with the blended benchmark in the Communication Services sector. This quarter, Comcast (NASDAQ: CMCS.A) was added to the portfolio at a 2 conviction. The Fund also holds Activision Blizzard (NASDAQ: ATVI) as its only other holding in the sector. The CPMT will continue evaluating other telecommunication and media names that meet our mandate and provide growth opportunities in a post-pandemic environment.

CONSUMER DISCRETIONARY

We continue to view the Consumer Discretionary sector with cautious optimism as the industry faces strong headwinds from a challenging labour market and demand uncertainty. The U.S. saw 9.29mm job openings in April, the highest in any one month, indicating high competition among companies to acquire and retain employees in-store. With the current economic increased spread of new COVID variants, we see meaningful risks on the horizon that could impact consumer confidence and the overall sector. Given these risks we are comfortable remaining 1.4% underweight with our current holdings with room for upside potential in a positive scenario of continued consumer demand growth heading into the summer alongside back-to-school spending. Lululemon athletica (NASDAQ: LULU) and Aritzia (TSX: ATZ) hold strong brand recognition and customer loyalty, qualities which tend to improve sales consistency through periods of turbulence.

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. However, 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 0.9% underweight in Energy relative to the benchmark. The sector has experienced positive rebound due to gradual reopening of global economies, increased production attributed to surging demand, and encouraging crude oil prices thus far. A reset in cost structures due to the pandemic, sustained lower capital spending budgets, and enhanced ability of the upstream companies to generate significant cash flows will continue to reflect the sector's strong performance in the short-term. Although we expect oil demand to continue increasing in the near-term, the Fund acknowledges the increasing importance of renewable energy sources and an intensified focus on ESG. 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. For reference, the Fund is currently 8.6% 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) is well positioned to grow in the asset management industry and provide superior long-term returns.

HEALTH CARE

The CPMT is comfortable remaining 4.3% overweight in Health Care due to vast growth opportunities within the sector as a result of 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 2.3% 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 5.7% 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), and Constellation Software (TSX: CSU). Similarly, the digital payments industry is growing with e-commerce changing consumer spending trends. Such factors are expected to serve as tailwinds for the Fund's position in PayPal Holdings (NASDAQ: PYPL).

MATERIALS

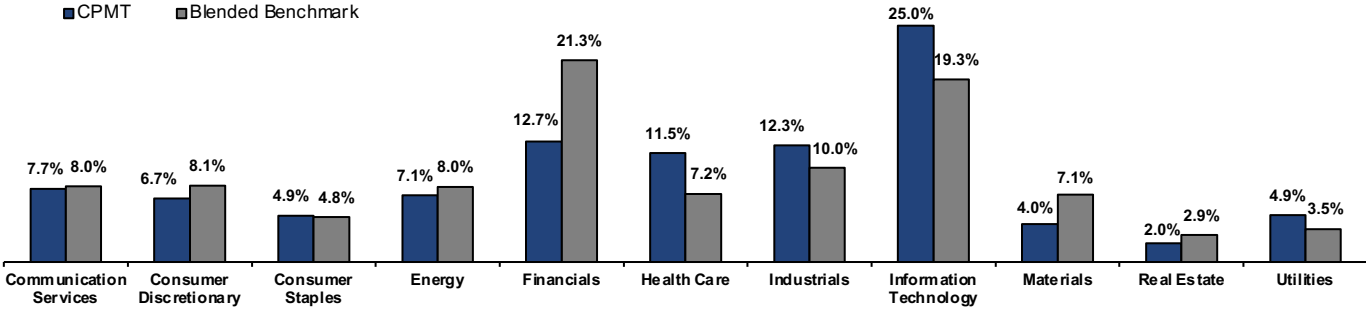
The CPMT is currently 3.1% underweight in Materials relative to the blended benchmark. Given the reopening of global economies, incentivized investments by the governments' stimulus to boost manufacturing capabilities, and increased focus on revamping U.S.'s aging infrastructure, the CPMT is looking 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 exposes us to industrial and manufacturing industries that we expect to benefit greatly from 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 0.9% 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.

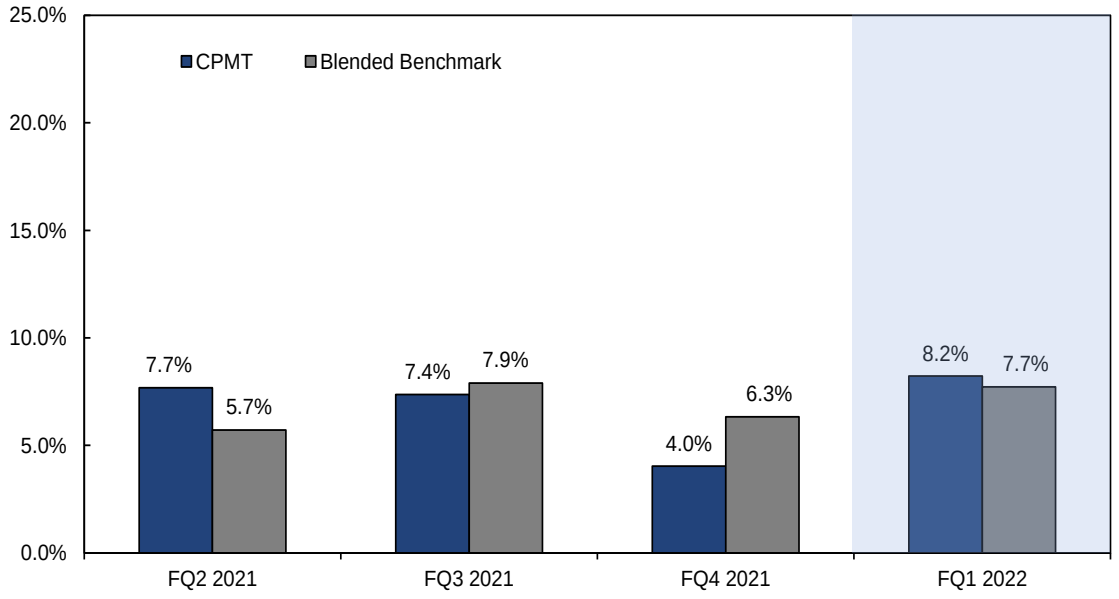
UTILITIES

The CPMT is currently 1.4% overweight relative to the blended benchmark. Capitalizing on the energy transition towards renewable energy, the CPMT currently holds NextEra Energy (NYSE: NEE), and Brookfield Renewable Partners LP (TSX: BEP.UN). 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. The CPMT remains comfortable with its current weighting and will continue to assess the performance of North American utilities.

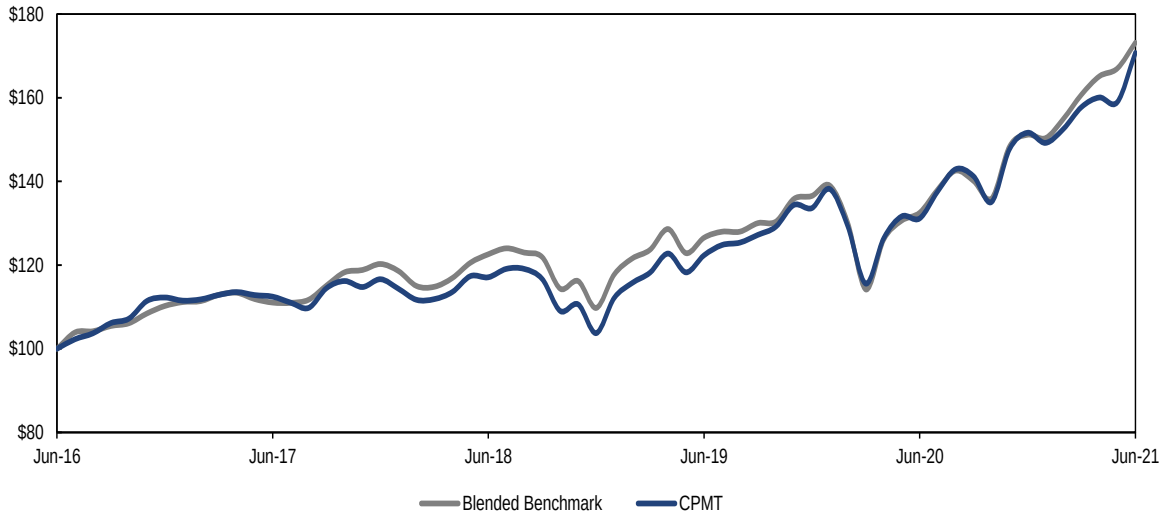


Quarterly Snapshot - FQ1 2022

CPMT and Benchmark Total Return (TTM)



Value of $100 (since June 30, 2016)

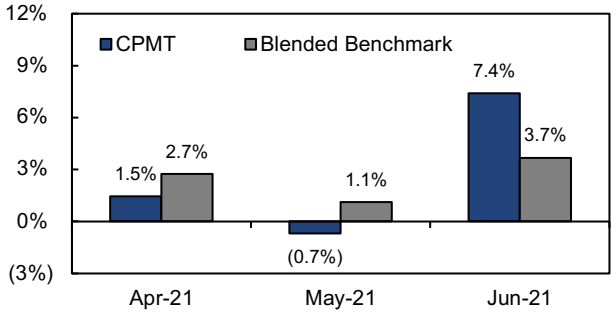


Fund Universe

	FQ1	1 Year	3 Year	5 Year	10 Year
CPMT	8.22%	30.17%	13.39%	11.29%	8.08%
Blended Benchmark	7.72%	30.66%	12.20%	11.61%	7.85%
Blended Benchmark Difference	0.50%	(0.49%)	1.19%	(0.32%)	0.23%

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 8.22% over the quarter, 50 bps above the Blended Benchmark's return of 7.72%. Our outperformance can be largely attributed to the Consumer Discretionary, Real Estate, and Information Technology sectors but was offset by underperformance in Utilities and Materials. 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.

This quarter marks the beginning of a new fiscal year for the Fund. In early April 2021, the Portfolio Managers and Investment Analysts of Class of 2021 and 2022 presented a number of pitches during our Annual Pitch Day. These pitches resulted in the execution of multiple trades to align the portfolio with the Fund's current outlook and strategy amid the shifting macroeconomic backdrop.

The Fund initiated positions in the following names:

Adobe (NASDAQ: ADBE): ADBE is an integrated industry-leading software company, offering an extensive product mix to digital content creators for more than 35 years through fee-based and Software-as-a-Service model. With a rapid transition towards customer engagement and enterprise management, predictive analytics, artificial intelligence, and cloud computing, ADBE is well-positioned to experience exponential growth globally.

Brookfield Renewable Partners (TSX: BEP.UN): BEP's strong financial position, demonstrated track record as a capable operator, and excellent management expertise satisfies our investment mandate. As the only renewables operator in North America with a global access, BEP is one of the best names in our investment universe to take advantage of the energy transition.

Comcast (NASDAQ: CMCS.A): CMCS is a market-leading cable, media, and entertainment provider with a complementary portfolio of businesses that are expected to bode well in the near term as economies recover. With industry-leading margins and long-term top-line growth prospects supported by net broadband additions and continued penetration in Europe, the Fund views CMCS as an excellent addition to our Communication Services holdings.

Royal Bank of Canada (NYSE: RY): RY has demonstrated operational excellence through dependable earnings growth and superior return on assets during periods of market volatility. The Fund expects continued growth from RY as the name is the leading mortgage lender in the rapidly growing Canadian housing market, in addition to strong cash flow generation from the Capital Markets segment.

Thermo Fisher Scientific (NYSE: TMO): TMO is a quality life sciences company with attractive exposures to high-growth biopharma and Asian markets, demonstrated operational efficiency, and industry-leading scale and scope. Although we anticipate an eventual decline in the Company's COVID-related revenues, the Fund believes that TMO can emerge stronger post-pandemic with management's plans to deploy excess cash flows towards accretive M&A and strategic investments in high-growth markets.

Zoetis (NYSE: ZTS): ZTS offers an opportunity to diversify our Health Care portfolio and capitalize on the stabilizing companion animal market. The Fund believes that ZTS's best-in-class product range, excellent ability to sustain its innovation momentum,

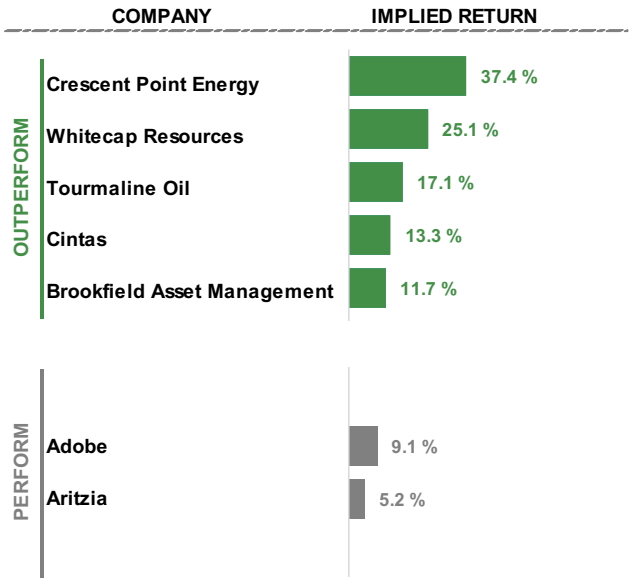
and strong financial metrics position it well to outperform in the long term.

To fund these trades, the Fund made decisions to trim our positions in Brookfield Asset Management (TSX: BAM.A) and Canadian Natural Resources (TSX: CNQ) in addition to divesting Amgen (NASDAQ: AMGN), Mastercard (NYSE: MA), Procter & Gamble (NYSE: PG), Ross Stores (NASDAQ: ROST), TELUS (TSX: T), and Toronto-Dominion Bank (TSX: TD).

Furthermore, the Fund would also like to thank TD Securities for hosting a virtual speaker series for the Fund over the quarter.

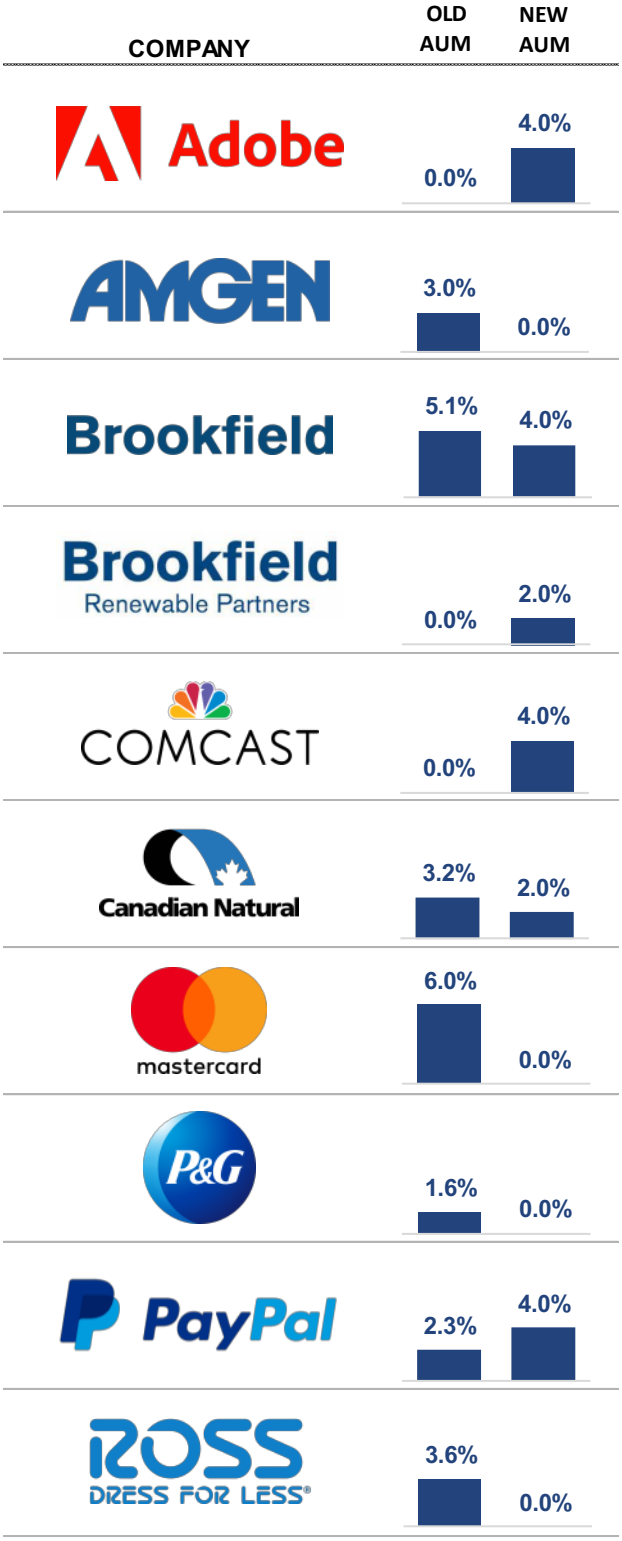
Moving forward, members of the Fund will continue to conduct due diligence and evaluate current holdings to ensure alignment with our investment mandate. The Fund looks forward to our annual IA Pitch Day in early September, during which the new class of Investment Analysts will be presenting preliminary pitches on prospective portfolio additions as the final component of the summer training program.

NEW RECOMMENDATIONS

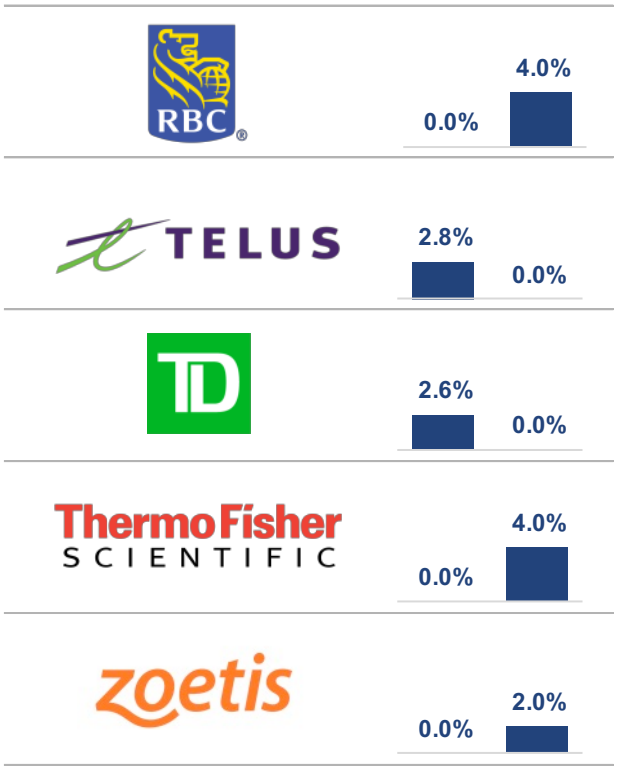


*Note: Reflects implied upside as of June 30, 2021.

TRANSACTION LOG



TRANSACTION LOG (CONT.)



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

Adobe

Information Technology
NASDAQ: ADBE
Market Perform | Hold

June 30, 2021

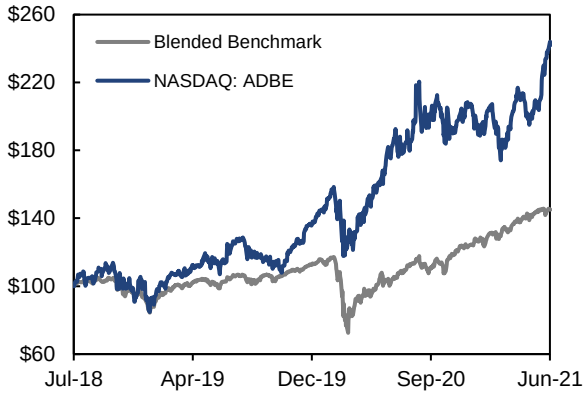
Abhishek Sewak, Portfolio Manager
Wesley Sherrard, Investment Analyst

Return on Investment	
Current Share Price	$585.64
Target Price	$639.00
Dividend Yield	0.00%
Implied Return	9%
Conviction Rating	2

Market Profile	
52-Week Range	$421.20 - $590.75
Market Capitalization (US$mm)	$279,000
Net Debt (US$mm)	($1,075)
Enterprise Value (US$mm)	$277,925
Beta (5-Year Monthly)	0.95

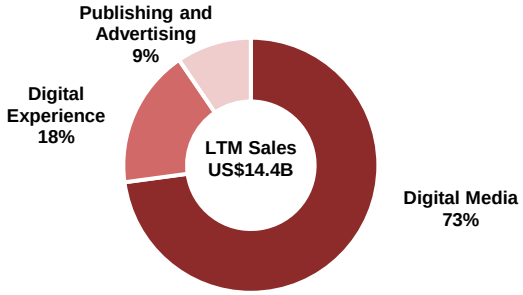
Metrics	2021E	2022E	2023E
Revenue ($USmm)	$15,263	$17,945	$20,752
Unlevered FCF ($USmm)	$7,100	$8,191	$9,271
P/E	44.8x	38.9x	32.7x
EPS	$12.10	$13.94	$16.10

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Revenue Segmentation (LTM)



Source: Company Filings

Business Description

Adobe Inc. (NASDAQ: ADBE) is a diversified software company, offering an extensive portfolio of products catering to content creators, creative professionals, students, businesses, and knowledge workers around the globe. ADBE was founded in 1982 and is headquartered in San Jose, California. The Company has been a global leader in software packaging for more than 35 years, expanding organically and through numerous acquisitions. ADBE operates under three business segments: (1) Digital Media; (2) Digital Experience; and (3) Publishing and Advertising. ADBE's primary products include Acrobat, Photoshop, Lightroom, and Premiere Pro. The product suite is primarily sold through app stores, cloud-based platforms like Software-as-a-Service (SaaS), system integrators, and value-added resellers.

Original Investment Thesis

The CPMT entered a position in ADBE in April 2021. The original investment thesis was based on the Company's integrated-software packaging platform, which generated growing cash flows by serving millions of individuals and professionals globally. Furthermore, management possessed a strong track record of integrating major acquisitions to enhance the product mix available to its customers. Since the purchase, ADBE has continued to fit our mandate due to its scalable business model, world-class brand recognition, and disciplined approach to capital and debt maintenance.

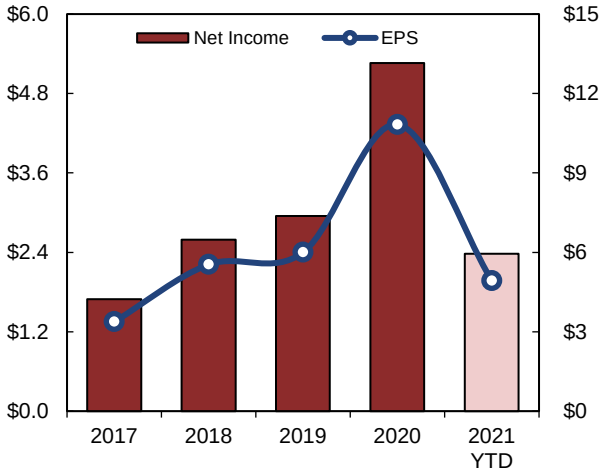
Industry Overview and Competitive Landscape

The software packaging industry focuses on combining various software used for publication, documentation, and content creation across the globe. The industry is dominated by few large players, such as Microsoft (NASDAQ: MSFT), Salesforce.com (NYSE: CRM), and Oracle (NYSE: ORCL), coupled with numerous small-scale companies. These companies provide individuals and businesses with an extensive set of applications and programs through subscription-based cloud platforms. The three largest segments covered by the industry include Software Publishing, Business Analytics & Enterprise Software, and Design, Editing & Rendering Software.

The ongoing COVID-19 pandemic has bolstered the need for digitalization of businesses. The industry is expected to benefit from increased demand as businesses continue to boost their IT spending to modernize their technological infrastructure and adapt to an increasingly mobile office environment. While the industry players consistently face the challenge of technological disruption, large companies like ADBE, MSFT, and CRM benefit from acquiring their smaller competitors to reduce competition and continuously advance their product offerings.

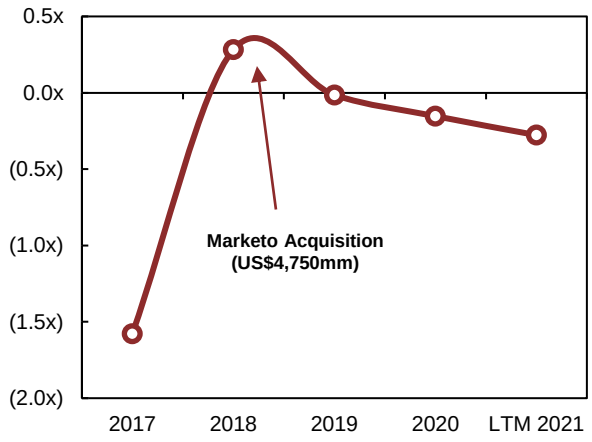
The rise of subscription-based business models has led to significant technological developments in the cloud-computing space. The companies are expected to further gain momentum from the rise of artificial intelligence (AI), predictive analytics, increasing private investments in computers and software, falling hardware prices, and mobility becoming a top-priority for customers.

Figure 2: LHS Net Income (US$B) & RHS EPS (US$)



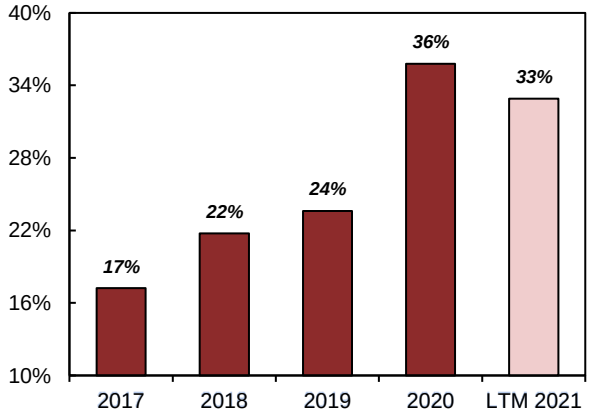
Source: Company Filings, S&P Capital IQ

Figure 3: Net Debt / LTM EBITDA



Source: Company Filings, FactSet

Figure 4: LTM Return on Invested Capital



Source: Company Filings, FactSet

Mandate Fit

Quality Management: ADBE's management focuses on disciplined growth, prioritizing enhancements through acquisitions, integration of product suite, and return to shareholders through buybacks. Shantanu Narayan, ADBE's CEO, joined the Company in 1998 as VP and GM of the Engineering Technology group, and pioneered the cloud-based subscription model for ADBE's creative suite. The Company has achieved record revenue and industry recognition under his leadership, and the Fund continues to maintain strong conviction in his ability to execute ABDE's business strategy.

Competitive Advantage: ADBE's strength lies in its global brand reputation with more than 35 years of quality products and service offerings, demonstrated scalability and profitability, and exponential growth trajectory in the software packaging industry. The Company is the biggest pure-play company offering integrated products to provide multi-functionality, ease of use, product reliability, value and performance characteristics.

ADBE focuses on customer engagement through delivering personalized experiences. There is an increasing emphasis on web-based and mobile products for users to create, edit, publish, and share documents globally. The Company also has a live platform that allows creative professionals to see how others are using the tools and receive training on new tools or enhancements.

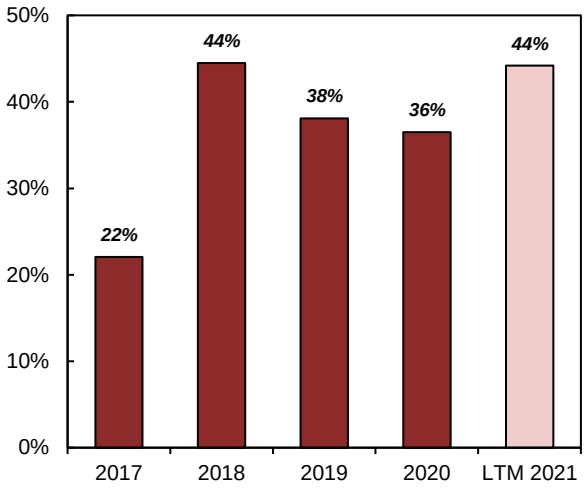
Strong Balance Sheet: ADBE has demonstrated a strong commitment to retaining financial strength, maintaining an investment-grade credit rating (S&P rating of A+). Its LTM net debt/ebitda is (0.3x), well below the peer group average of 1.1x. Furthermore, the Company has US$1B of available liquidity, current cash reserves of US$4.25B, and long-term debt outstanding of US$4.12B, as of June 2021.

Growing Free Cash Flow: ADBE's cloud platform and the product offerings through its Software-as-a-Service (SaaS) model have immensely enhanced its ability to generate a steady stream of cash flow. The Company has experienced a growth of ~16% in its FCF margin over the last six years, resulting in ~45.7% margin in LTM May 2021. Meanwhile, ADBE's FCF per share has experienced a CAGR of ~27.3% over the same period. ADBE has historically utilized its cash reserves to either buy back shares, reinvest in research & development to launch new product offerings, or acquire other firms in the industry to strengthen its position, grow market share, and gain an advantage in sectors like business analytics and enterprise management.

Revised Valuation

The CPMT originally valued ADBE using a 10-year Discounted Cash Flow analysis with a WACC of 6.32%. The target price of US$575.39 was based on a 50/50 blend of (1) the Gordon Growth method, assuming a terminal growth rate of 1.0% and (2) applying a terminal EV/EBITDA exit multiple of 36.6x. The revised valuation, with a target price of US$639.00, projects that ADBE will experience increased top line growth, improved annually recurring revenue, and enhanced margins from the Workfront acquisition in the short-term. ADBE has historically traded at a premium to peers, which we believe is warranted given ADBE's track record of execution, impressive FCF growth, and continuously improving product suite through the integrated cloud platform.

Figure 5: FCF Yield



Source: Company Filings, S&P Capital IQ

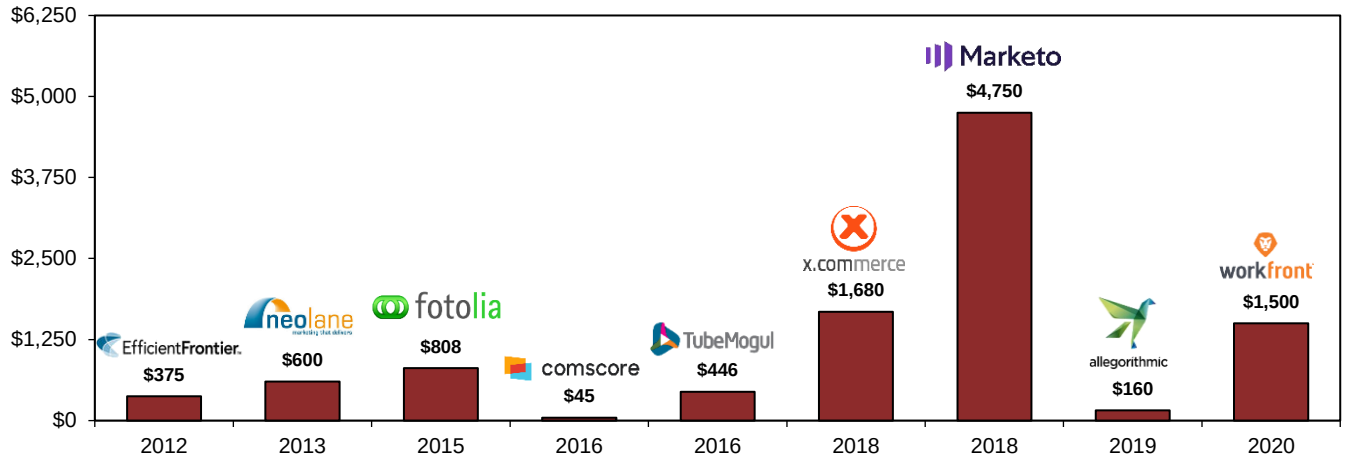
Revised Investment Thesis

The CPMT remains convicted on ADBE as a leader in the software packaging industry. The CPMT's original thesis for investing in ADBE has played out to date. Since initiating a position in ADBE in April 2021, the Company has demonstrated superior margins, top line growth, and increased annual recurring revenue. The Company's balanced approach to increase customer lifetime value, subscriptions, and TAM, while returning value to shareholders in the form of buybacks speaks to the quality of its management team.

The Fund is confident in ADBE's outperformance against its peers and the ability to shine as global economies reopen and corporations prioritize better enterprise engagement and digitalization of their work stream. The Company's product suite is an ideal match for increasing focus on content creation, ad cloud business, analytics, and customer engagement around the world. Moving forward, the Fund will continue to monitor the Q3 2021 guidance provided by management regarding the reopening of global economies, integration and performance of Workfront, and the advancement in research & development as employees return to the office.

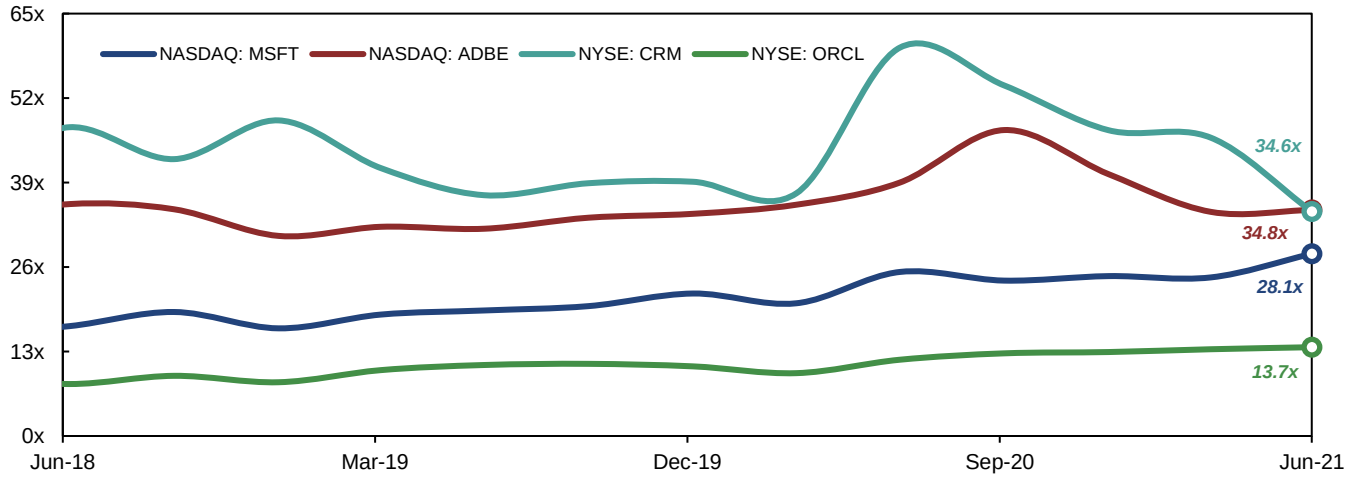
.

Figure 6: 9 Largest Acquisitions (US$mm)



Source: Company Filings, FactSet

Figure 7: ADBE P/CF vs Peers



Source: FactSet, S&P Capital IQ

Aritzia

Consumer Discretionary
TSX: ATZ
Market Perform | Hold

ARITZIA

June 30, 2021

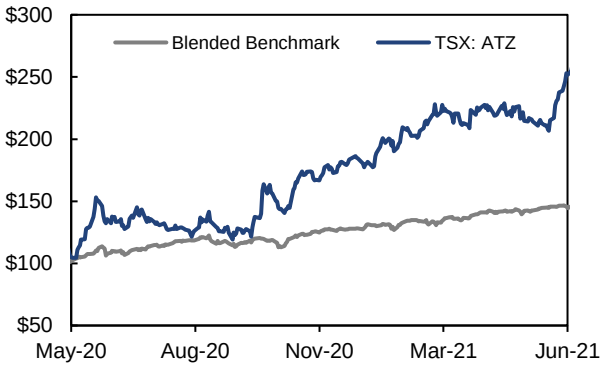
Jack Morgan, Portfolio Manager

Return on Investment	
Current Share Price	$37.08
Target Price	$39.00
Dividend Yield	0%
Implied Return	5%
Conviction Rating	2

Market Profile	
52-Week Range	$16.32 - $37.19
Market Capitalization ($mm)	$4,383
Net Debt ($mm)	$421
Enterprise Value ($mm)	$4,804
Beta (5-Year Monthly)	1.68

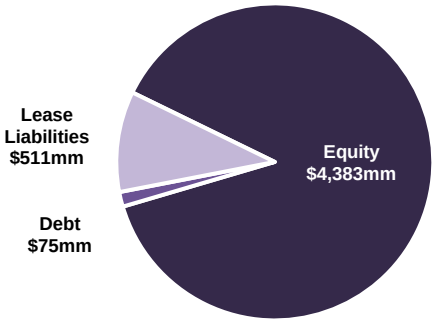
Metrics	2021A	2022E	2023E
Revenue ($mm)	$857	$1,235	$1,364
EBITDA ($mm)	$123	$268	$297
EPS	$0.17	$0.88	$1.01
EV/EBITDA	39.1x	17.9x	16.2x

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Capital Structure as of FQ4 2021



Source: Company Filings, S&P Capital IQ

Business Description

Aritzia Inc. (TSX: ATZ) is a vertically integrated fashion house headquartered in Vancouver, Canada that designs and retails luxury apparel and accessories. ATZ focuses on innovative, aspirational women's fashion, with a target demographic aged 15 to 45. The Company operates 97 boutiques across Canada and the U.S.

ATZ was founded in 1984 by Brian Hill, who remains the current CEO and Chairman. The Company was majority owned and controlled by private equity firm Berkshire Partners from 2005 to 2016. In 2016, ATZ conducted an IPO to become a publicly traded company on the TSX.

Industry Overview

The apparel retail industry is a fiercely competitive sector that is especially demanding of fashion boutiques like ATZ. The industry was materially impacted by COVID-19 pandemic closures, forcing major players such as JC Penney, Brooks Brothers, and Ascena Retail into bankruptcy. These gaps left in the industry have allowed the survivors to gain market share as consumer demand recovers exiting lockdowns. In the boutique fashion industry, ATZ's direct competitors include lululemon (NASDAQ: LULU), Canada Goose (NYSE: GOOS), Ted Baker (LSE: TED), Roots (TSX: ROOT), and Tapestry (NYSE: TPR).

Original Investment Thesis

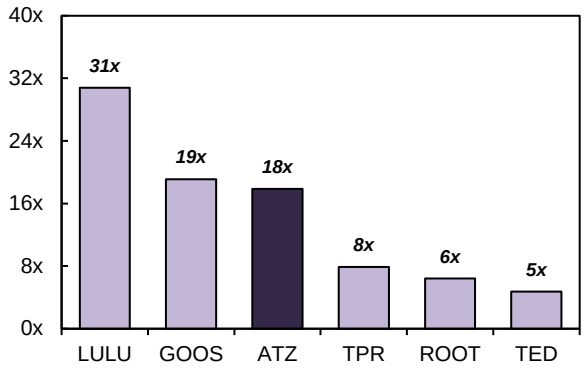
On March 16, 2020, ATZ closed all locations due to pandemic restrictions with no reliable timeline for reopening. This mass closing and surrounding uncertainty drove the share price down over 60%, providing the CPMT with an excellent entry opportunity into the name. ATZ meets the CPMT mandate as a resilient and flexible discretionary holding with low leverage ratios and growth potential. Its niche positioning as an "everyday luxury" brand promoted strong customer loyalty, and ATZ possessed an established management team with a proven track record of executing on targets and returning value to shareholders. The CPMT entered a position in April 2020 with a price target of $24.00 at a conviction rating of 2.

Mandate Fit

While the Company continues to perform at a high level, the name's fit with the CPMT mandate has undoubtedly shifted over time.

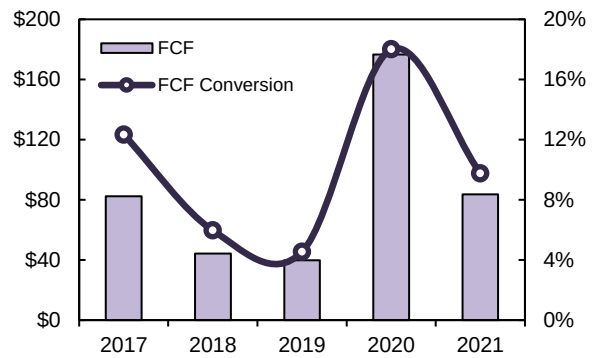
Quality Management: Brian Hill is known for his prowess as an entrepreneur and has received various accolades as head of the CEO and Chairman since its inception in 1984. His management team has led ATZ to become a fast-growing international brand whilst maintaining adaptability and responsiveness to change as demonstrated during the pandemic. ATZ recently acquired a 75% stake in menswear company Reigning Champ for $63mm and plans to purchase the remaining 25% by 2026, expanding its product line to support its already successful introduction of menswear in 2019. Investors approved of the acquisition and the deal is expected to contribute $25mm to yearly revenues. Management is committed to returning value to shareholders through share repurchases, however, they continue to refrain issuing dividends as its current focus is on reinvesting into the business to expand profits.

Figure 2: NTM EV/EBITDA vs Peers



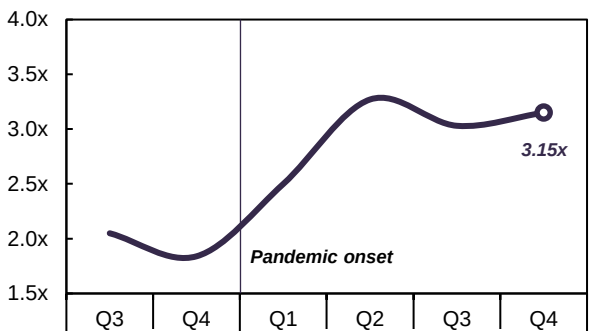
Source: Company Filings, Refinitiv Eikon

Figure 3: FCF (LHS,$mm) & FCF Conversion (RHS)



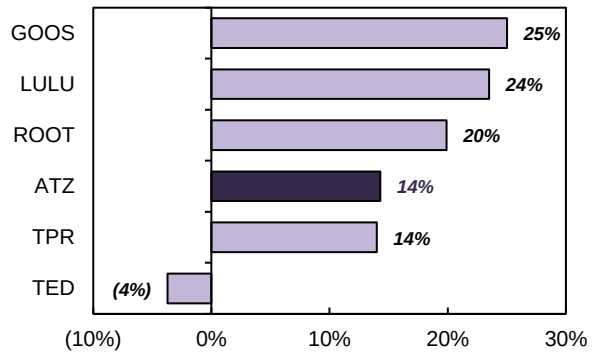
Source: Company filings

Figure 4: LTM Net Debt/EBITDA



Source: Company Filings

Figure 5: FY 2021 EBITDA Margin vs Peers



Source: Company Filings, Refinitiv Eikon

Competitive Advantage: ATZ outperforms its peers in customer retention as the Company has 12 proprietary brands, each with in-house design teams. These in-house brands represent over 96% of ATZ's revenue, elevating stores to becoming a niche provider of apparel not found elsewhere. The Company's pursued image of "everyday luxury" has settled into a trendy mix of fashion free from exuberance, one which has proven to be desirable to consumers.

Strong Balance Sheet: Despite the challenges brought forth by the pandemic, ATZ has been able to navigate lockdown restrictions without compromising its balance sheet. ATZ's Net Debt/LTM EBITDA grew slightly to 3.1x, now above the peer average of 2.2x. It maintains inventory turnover nearly double its peer average at 4.1x, and its current ratio remains in-line with peers at 1.4x.

Growing Free Cash Flow: While ATZ was able to leverage its e-commerce growth by nearly 125% through the lockdowns, its FY EBITDA margin of 14% is ~4% below peers. Q3 2021 had a promising FCF generation of $83mm, however, demand turbulence resulted in both levered and unlevered FCF down roughly 9% each as of Q4 2021. Given the circumstances, ATZ has shown resilience and is expected to reach pre-pandemic levels of cash generation as consumer demand continues to elevate as restrictions ease.

Attractive Valuation: The Company has performed well since the CPMT took a stake in April 2020, returning over 160% to date. As a result of the name's outperformance, ATZ's NTM EV/EBITDA (Fig. 2) now rests above the peer average of 13.7x at 17.9x. ATZ was valued using a 5-year DCF analysis at a WACC of 7.36%. The target price of $39.00 was derived from a 50/50 blend of a Gordon Growth model with a terminal growth rate of 2.5% and an EV/EBITDA exit multiple of 17x. Key assumptions reflect high growth expectations for the Company as consumer spending tailwinds will continue to drive profitability through Q2. Although a 5% implied return represents a relatively low potential for price appreciation, the Company does remain an innovative competitor and shown exceptional resilience to sector downturn.

Risks and Catalysts

The national distribution of COVID-19 vaccines bodes well for growth in consumer demand, as the Consumer Price Index has risen 4.7% since February 2020. However, Delta and Epsilon variants have appeared in North America and could prove resistant to the current vaccines, driving a reinstatement of lockdowns. ATZ's strong financial positioning and balance sheet flexibility reduces solvency risks of negative short-term performance, however the transition into summer and back-to-school shopping is expected to contribute positively to margin growth heading into the second half of the year.

Revised Thesis and Outlook

ATZ has been an exceptional post-pandemic performer and remains one of the top names in the CPMT portfolio in terms of total holding period return. Its cash flow resilience and brand expansion strategy have proven successful in an intensely competitive environment. While the valuation does not reflect a market outperform, the CPMT is recommending a hold on ATZ as the name has considerable growth potential despite its elevated market value. If management can continue its strong execution on growth goals and margin expansion, we believe the name will continue to deliver long term upside. We will continue to watch ATZ and surrounding industry dynamics to remain vigilant toward opportunities or threats that may influence the Fund's perspective toward the future of the Company.

Brookfield Asset Management

Financials
TSX: BAM.A | NYSE: BAM
Market Outperform | Hold

Brookfield

June 30, 2021

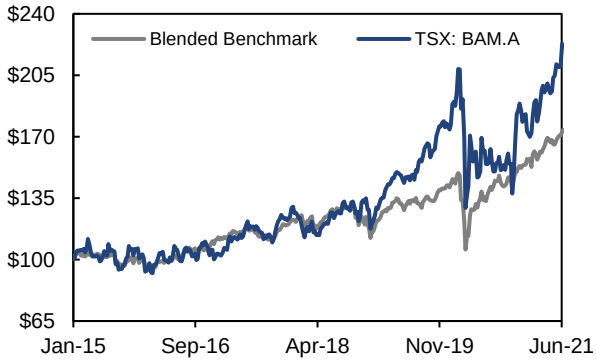
Sina Hadjiahmadi-Ardakani, Portfolio Manager
Eric Xiao, Investment Analyst
Noor Azeem, Investment Analyst

Return on Investment	
Current Share Price	$63.24
Target Price	$70.00
Dividend Yield	0.99%
Implied Return	12%
Conviction Rating	2

Market Profile	
52-Week Range	$39.32 - $64.82
Market Capitalization (US$mm)	$70,362
Net Debt (US$mm)	$4,300
Enterprise Value (US$mm)	$74,662
Beta (5-Year Monthly)	1.35

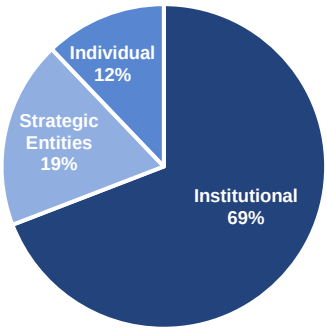
Metrics	2020A	2021E	2022E
Revenue (US$mm)	$2,840	$3,483	$4,015
FFO (US$mm)	$3,113	$4,114	$4,857
FFO/Share	$2.02	$2.66	$3.14

Holding Period Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Q1 2021 BAM Investor Base



Source: SEDI, Refinitiv Eikon

Business Description

Brookfield Asset Management (TSX: BAM.A) is an alternative asset manager with over US$600B of AUM. BAM operates across five segments: Real Estate, Infrastructure, Renewable Power, Private Equity, and Insurance Solutions. In 2019, BAM acquired a majority stake in Oaktree Capital Management (Oaktree), which operates as a standalone business. Oaktree is a leading investment manager in the credit markets. BAM operates in over 30 countries and invests on behalf of institutional and individual investors.

Business Segments

Real Estate: BAM's global real estate portfolio includes office, retail, multifamily, logistics, hospitality, manufactured housing, and student housing assets. Direct exposure to this segment is available through the Company's Brookfield Property Partners (TSX: BPY.UN). BPY.UN's objective is to generate long-term equity returns of 12 - 15% from stable cash flows, asset appreciation, and annual distribution growth in-line with earnings growth.

Infrastructure: BAM owns and operates assets across the utilities, transport, energy, and data infrastructure industries, which are scarce and high-quality businesses. The Company offers direct exposure to this unit with Brookfield Infrastructure Partners (TSX: BIP.UN). BIP.UN's objective is to generate a long-term return of 12 - 15% on equity with annual distribution growth of 5 - 9%.

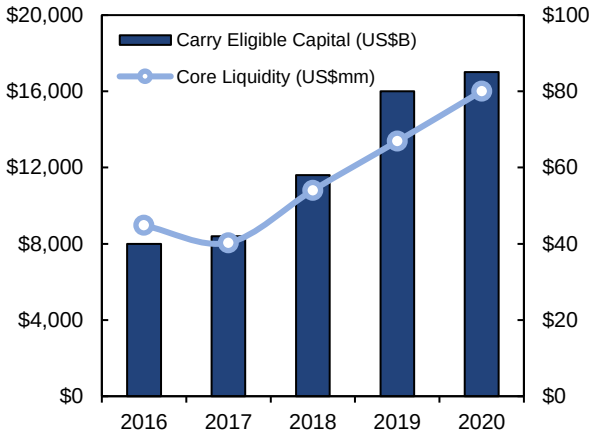
Renewable Power: BAM's renewable assets comprises of hydroelectric power, wind, utility-scale solar, distributed generation, storage, and other technologies. This business has stable cash flows, with most of its power contracted under long-term, inflation-linked contracts. Direct exposure to this segment is available through Brookfield Renewable Partners (TSX: BEP.UN). Its objective is to deliver long-term total annual returns of 12 - 15%, including annual distribution increases of 5 - 9% from organic cash flow growth and project developments.

Private Equity: The private equity business focuses on acquiring high-quality businesses with high barriers to entry and enhancing their margins and FCF generation. This unit invests in attractive businesses through the public debt and equity markets. Brookfield Business Partners (TSX: BBU.UN) provides direct exposure to the private equity segment. BBU.UN's objective is to generate long-term annual returns of over 15%.

Mandate Fit

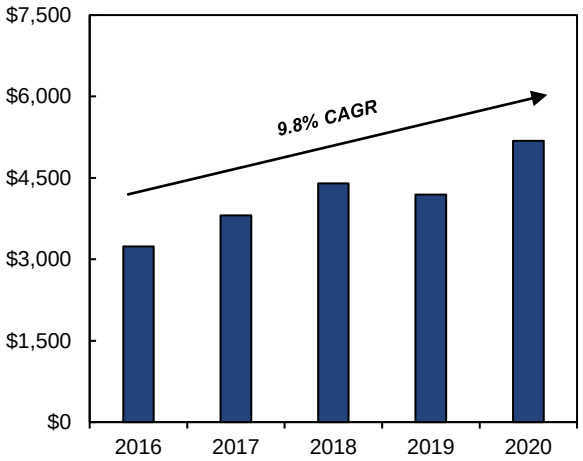
Quality Management: BAM is led by CEO Bruce Flatt, who has been with the Company for over four decades. Under his stewardship, BAM grew its total AUM with the successful expansion into more than 30 countries. In 2020, the management team maneuvered around economic disruptions, achieved record liquidity, and increased its AUM by ~10%. It utilized the low-interest rate environment to execute upon several investment opportunities, including the acquisition of India Telecom Tower Business. Such actions reinforced the CPMT's confidence in management's abilities to maximize shareholders' returns. Additionally, over the past quarter, the Company began fundraising for two flagship funds.

Figure 2: LHS Core Liquidity & RHS Carry Eligible Capital



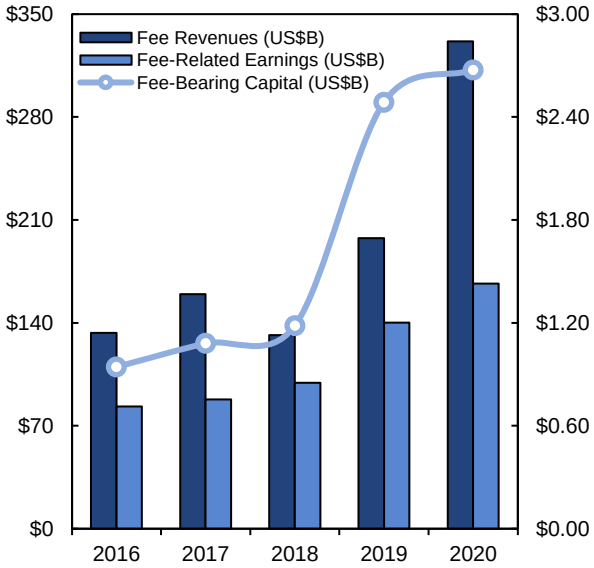
Source: Company Filings

Figure 3: FFO Growth (US$mm)



Source: Company Filings

Figure 4: LHS Fee-Bearing Capital & RHS Other Fees



Source: Company Filings

Competitive Advantage: BAM's competitive advantage stems from its global reach and operational expertise in many sectors, providing the Company with significant access to proprietary deal flow. BAM seeks opportunities in regions undergoing financial stress or operational difficulties. Afterwards, it identifies and acquires high-quality assets at favourable valuations and finances them on a long-term, low-risk basis. Additionally, the Company's large capital base allows it to pursue transactions that most competitors are unable to.

Strong Balance Sheet: BAM currently has US$149.1B of total debt, of which US$130B is related to property-specific borrowings that have recourse only to the projects being financed. BAM currently has US$6.8B of cash alongside US$9.2B undrawn from its credit facilities, resulting in US$16B of core liquidity. The Company's core liquidity enables it to fund future transactions and capitalize on investment opportunities as they arise.

Furthermore, BAM recently issued an inaugural US$500mm 10-year green bond with the lowest coupon it has ever seen for a 10-year term. To rebalance its debt, BAM called ~US$500mm of 2023 bonds, effectively extending the duration of its debt while lowering the average interest rate. The CPMT believes that BAM has more than enough cash for the announced privatization of BPY (discussed below) and investment opportunities in the near-term.

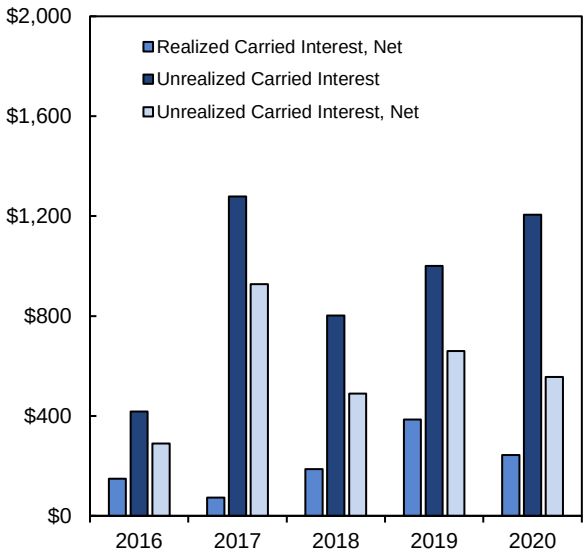
Growing Free Cash Flow: BAM has seen cash available for distribution and/or reinvestment grow at a 11.7% CAGR since 2016. With highly accommodative capital markets, the Company has been active in monetizing its assets, selling US$13B worth in Q1 2021. This resulted in investment gains of US$6.4B and US$681M of realized carried interest (flowing into income). Notable transactions in Q2 include two deals involving the sale of wind power assets to NextEra Energy (NYSE: NEE) and Orsted (OTC: DNNGY), totalling US$1.4B. BAM's diversified, stable cash flows backed by real assets offers inflation protection and less volatility than traditional equities, while offering higher yields than fixed income. Such factors allow BAM to excel in an otherwise uncertain macroeconomic environment.

Brookfield Property Partners' Privatization

In April 2021, BAM and BPY announced an agreement for BAM to acquire all BPY limited partnership units at US$18.17 per unit, a substantial discount to BPY's IFRS NAV of US$26.86/unit, for a total consideration of US$6.5B. Unitholders of BPY may elect for the receipt of cash, 0.3979 of a BAM share, or 0.7268 of a BPY preferred unit. The updated offer is a 10% increase to the original proposal of US$16.50/unit, corresponding to the appreciation of BAM shares. Additionally, it represents a 26% premium to the BPY unit price on December 31, 2020, and a 6% premium to the VWAP of BPY units since the January announcement. The CPMT believes the transaction will be slightly accretive to BAM's OFFO/share, at a 1.5% implied upside in the pro forma OFFO/share.

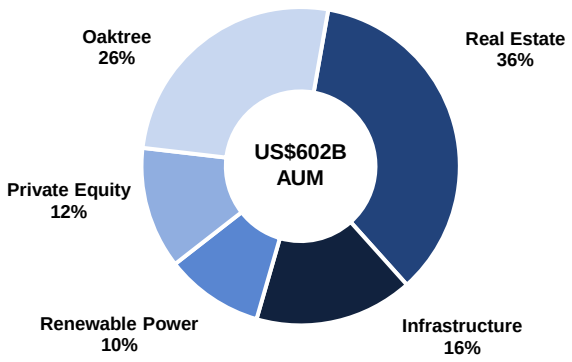
Moreover, the Fund holds management's view that the deal is priced fairly, given the trading values of other real estate property companies in the public markets. The privatization enables BAM to utilize BPY's assets more efficiently, relative to what BPY could do under a public entity's constraints.

Figure 5: Realized & Unrealized Carried Interests (US$mm)



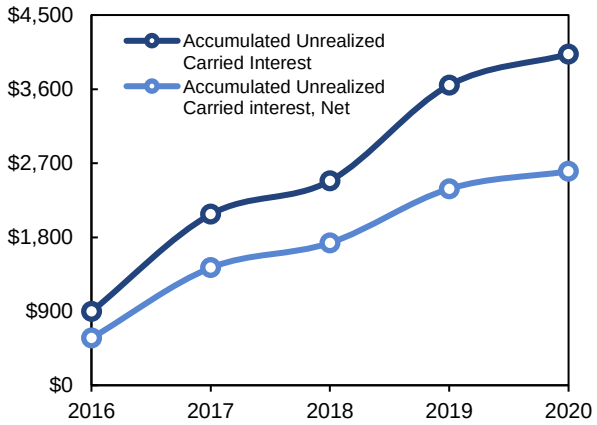
Source: Company Filings

Figure 6: FY 2020 AUM Breakdown



Source: Company Filings

Figure 7: Accumulated Unrealized Carries (US$mm)



Source: Company Filings

BAM Reinsurance Partners Spin-Off

Brookfield Asset Management Reinsurance Partners (TSX: BAMR) began trading on June 28, 2021. The shares are structured to provide equivalent economic exposure to BAM; however, BAMR is expected to be more tax-efficient and enable small-cap investors to own BAM. Specifically, BAMR is a Bermuda-based company that operates BAM's small and emerging reinsurance business.

BAMR currently has two business segments:

(1) Providing annuity-based reinsurance products to insurers/reinsurers operating in North America and Western Europe. The annuity-based products include fixed annuities, fixed index annuities, and payout annuities.

(2) Providing pension risk transfer products for pension plan sponsors.

BAMR will generate capital by investing the cash associated with the annuities and pension assets, thereby earning a higher return than the required return payable to the annuity/pension recipients. BAMR may eventually expand into other longer-duration products such as life insurance and structured settlements.

When BAMR eventually reaches scale, the CPMT believes BAM will fully spin-off BAMR (similar to BPY.UN, BIP.UN, BEP.UN, and BBU.UN). However, BAM will continue to retain a majority stake in BAMR and have a more formal management fee and incentive fee/performance fee structure. Alternatively, the reinsurance platform could be made available through BAM's private funds. Overall, the Fund believes investors may hold BAMR shares with the view that it mimics an option value, such that, the value will be realized if BAM successfully grows BAMR and conducts a full spin-off. If this occurs, there could be a significant valuation lift to BAMR's share price due to BAMR's fundamental business (no longer being just a proxy of BAM's share performance).

Risks

BAM's global operations could be disrupted should regulatory restrictions increase in the countries it has exposure to. Moreover, the Company's fundraising outlook may weaken should volatility in public markets increase, thereby lowering its fee-related earnings growth. Lastly, BAM has large investments in shopping centres and office buildings. The Company's real estate investments could reduce FFO growth should companies demand smaller offices or consumer spending habits change (mall traffic decreases).

Valuation

The CPMT valued BAM on a sum-of-the-parts basis, applying a 22x multiple on NTM Fee-Related Earnings and an 9x multiple on NTM Target Carried Interest. The analysis provided a target price of $70 after adjusting for exchange rates. As a result, the Fund sees an implied return of ~10.7% in the position.

Investment Thesis

The CPMT maintains its original investment thesis that BAM can capture significant growth opportunities by continuing to invest its capital globally. Investors' allocation to real asset classes is increasing and BAM is well positioned to benefit from this trend through its leading operational and investment capabilities. As such, the Fund continues to believe that BAM is an attractive holding in the Financials sector with consistent long-term returns.

Cintas

Industrials
NASDAQ: CTAS
Market Outperform | Hold

June 30, 2021

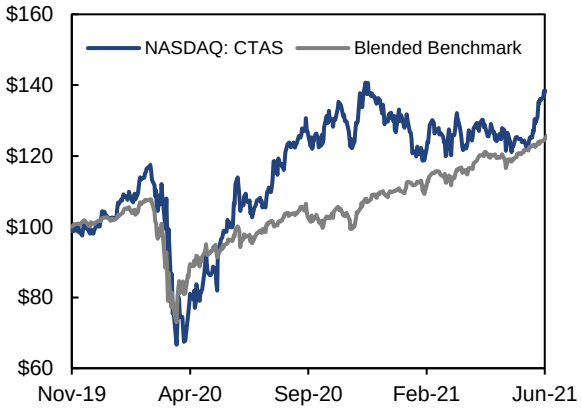
Kian Sadeghi, Portfolio Manager
Arnuv Mayank, Investment Analyst
Gavin Stalwick, Investment Analyst

Return on Investment	
Current Share Price	$382.00
Target Price	$430.00
Dividend Yield	0.77%
Implied Return	13%
Conviction Rating	2

Market Profile	
52-Week Range	$266.14 - $382.52
Market Capitalization (US$mm)	$40,794
Net Debt (US$mm)	$2,213
Enterprise Value (US$mm)	$43,007
Beta (5-Year Monthly)	1.48

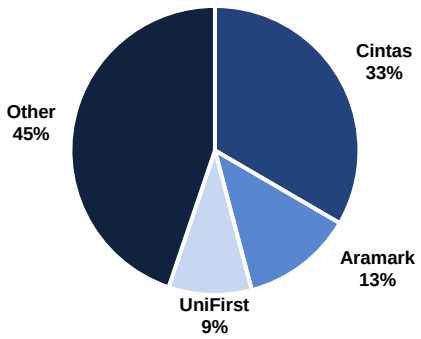
Metrics	2021E	2022E	2023E
Revenue (US$mm)	$7,107	$7,687	$8,191
EBITDA (US$mm)	$1,598	$1,710	$2,060
EPS	$10.22	$10.72	$11.64
EV/EBITDA	26.9x	25.2x	20.9x

Holding Period Return (Indexed to $100)



Source: Bloomberg

Figure 1: Uniform Services Market Share



Source: IBISWorld

Business Description

Cintas (NASDAQ: CTAS) is a leading uniform rental company that provides commercial products and services to its customers, such as floor care, restroom supplies, doormats, first aid and safety products, fire extinguishers and testing, and safety training. CTAS's products and services serve over 1mm businesses, primarily in North America, with additional services in Latin America, Europe, and Asia. CTAS's core segment is its Uniform Rental and Facility Services business (generates ~95% of CTAS's revenue). It is the top uniform supplier in the U.S., with over 5mm people wearing its uniforms every day. CTAS divides its remaining segments into First Aid & Safety Services and All Other, both of which contribute to approximately half of the remaining 5% of revenue. Founded in 1968, CTAS has grown sales and net income in 49 of the past 51 years.

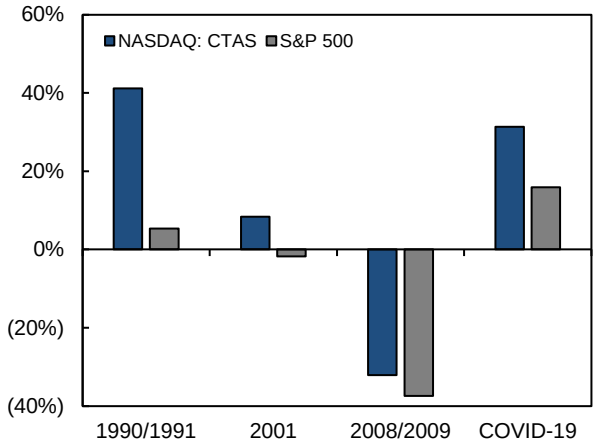
Industry Overview

CTAS is the largest player in the U.S. industrial laundry and linen supply industry, holding a market share of approximately 33.4%. The industry is primarily driven by downstream buyers in the manufacturing, food service, accommodation, and health care sectors, in which there is not only a high demand for rental and laundering services, but also high employee turnover. While the COVID-19 pandemic reduced the demand from the food services sector (-4.2%) and increased the demand from the health care sector (+1.7%), the outlook dictates slow growth in revenue and profitability over the next five years. The industry is in the mature phase of the life cycle, as intense and continual price-based competition is causing an increase in the market share concentration, expedited by the COVID-19 pandemic. Additionally, the market is highly saturated, and there is little room for technological innovation, resulting in rising barriers to entry. CTAS is well positioned to capitalize on these trends, as it is the dominant player in an industry that is unlikely to face any disruptive new entrants.

Mandate Fit

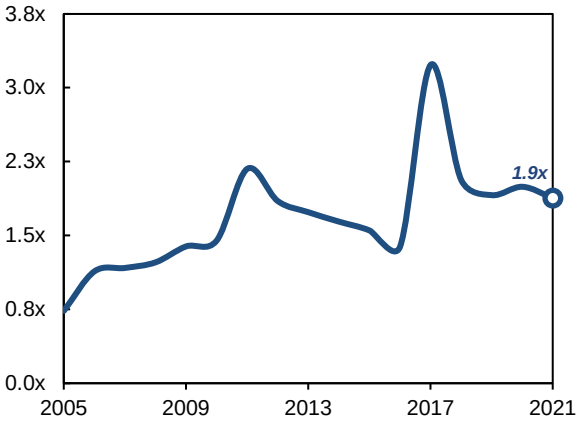
Quality Management: On June 1, 2021, Todd Schneider assumed the CEO position from Scott Farmer, who had held the position for 18 years. Scott Farmer is the grandson of CTAS founder Doc Farmer and the son of former CEO Dick Farmer. Having successfully navigated the Great Recession and the COVID-19 pandemic, Farmer proved CTAS's ability to consistently perform in unstable economic environments, a quality that was and continues to be a large part of the CPMT's investment thesis. Additionally, Farmer developed CTAS's target markets to include the hygiene, first aid, and fire industries, making CTAS the leading player in the industrial laundry and linen supply industry. Farmer will still be a part of the Company, acting as Executive Chairman instead. The transition from Farmer to Schneider is expected to be seamless, as Schneider has held prior positions in the Company such as Executive VP and COO of the rental division. His promotion is part of a comprehensive and multi-year succession plan that began a year ago, with Schneider becoming more active in investor calls over the last year.

Figure 2: Performance in the Last Four Recessions



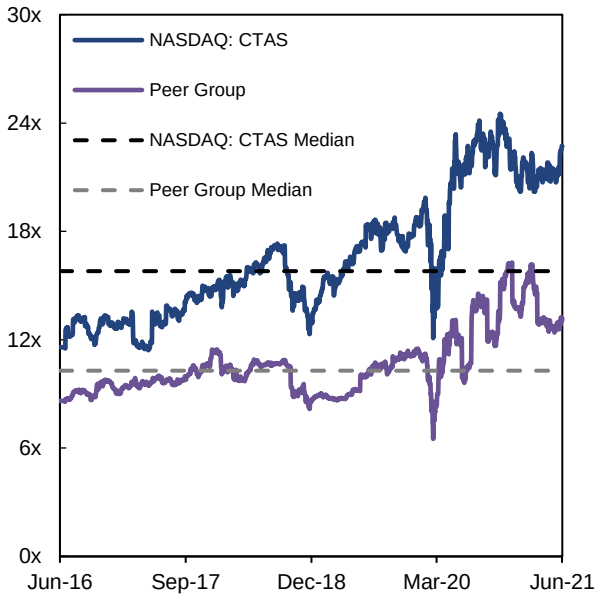
Source: Bloomberg, Company Filings, Street Research

Figure 3: CTAS LTM Total Debt/EBITDA



Source: Bloomberg

Figure 4: CTAS NTM EV/EBITDA vs Peers



Source: Bloomberg

Competitive Advantage: CTAS is well positioned to take advantage of economies of scale across the procurement, laundry, systems, and staffing areas due to its commanding market share in the industrial laundry and linen supply industry. The Company also boasts a customer retention rate of 95% and uses a multi-year contract scheme, which provides consistent and stable revenues through economic downturns, the most notable being the COVID-19 pandemic. In the 12 months following the pandemic's start, CTAS experienced a 1.5% decline in revenue relative to the 12 months prior. In contrast, CTAS's two main peers, Aramark (NYSE: ARMK) and UniFirst (NYSE: UNF), had a corresponding loss of 19.7% and 5.0%, respectively.

Balance Sheet: CTAS has continually paid down its debt with its growing FCF, which is reflected in its LTM Total Debt/EBITDA of 1.7x as of FQ3 2021, compared to 1.9x two years ago. S&P and Moody's both give CTAS an investment grade long-term credit rating (A- and A3 respectively), with S&P having shifted its outlook from negative to stable over the last quarter.

Growing Free Cash Flow: As of the end of FY2021, CTAS had a five-year FCF CAGR of 24.3%. While CTAS spends a significant portion of its FCF on its outstanding long-term debt, it consistently returns capital to its shareholders. Additionally, it has increased its annual dividend for 37 straight years.

ESG

In FY2020, the Company reduced its annual energy usage by 10% by optimizing its wash chemistry and laundry weights. Water usage is one of the top material ESG risk factors within the industrial laundry and linen supply industry. The Company returns 88.4% of its water withdrawals to the environment and uses 11% less water per pound of laundry compared to peer companies. The Textile Rentals Association of America indicates that CTAS uses 30% less energy than the industry average, which results in 10% lower GHG emissions, displaying their best-in-class ESG initiatives.

Risks

CTAS's revenues have a moderate, positive correlation with the growing permanent U.S. employment cycle (albeit less correlated than peers). CTAS may face increased environmental compliance and regulatory pressures within coming years due to the nature of the business. The Company also uses a global supply chain to source its supplies which offers potential supply chain disruption and foreign currency exchange risks.

Investment Thesis and Valuation

The CPMT reached a target price of $430.00 through a 50/50 blend of two methods: (1) a five-year DCF valuation assuming a WACC of 7.51% and a terminal growth rate of 1.5%; and (2) an exit multiple using a peer group median NTM EV/EBITDA of 13.2x. CTAS currently trades at a premium relative to peers, with a NTM EV/EBITDA of 23.3x; however, the CPMT believes that this is justified given the Company's operational stability, diverse end-market exposure, track record of outperformance and dividend growth, and overall mandate fit. CTAS is well positioned for the future as businesses prioritize employee health and workplace cleanliness throughout the pandemic and outsource noncore tasks such as laundry services and the maintenance of hand sanitizer stations. While competitors within the industry have underperformed, CTAS has been able to sustain operations while maintaining a strong outlook.

Crescent Point Energy

Energy
TSX: CPG
Market Outperform | No Action

Calgary Portfolio Management Trust

Crescent Point

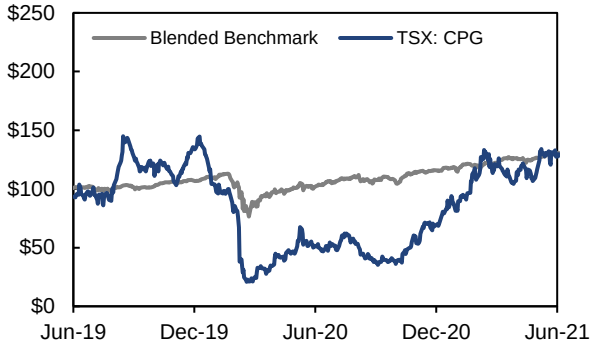
June 30, 2021
Karlen Slater, Investment Analyst

Return on Investment	
Current Share Price	$5.61
Target Price	$7.70
Dividend Yield	0.18%
Implied Return	37%
Conviction Rating	N/A

Market Profile	
52-Week Range	$1.53 - $5.80
Market Capitalization ($mm)	$3,257
Net Debt ($mm)	$2,149
Enterprise Value ($mm)	$5,406
Beta (5-Year Monthly)	3.45

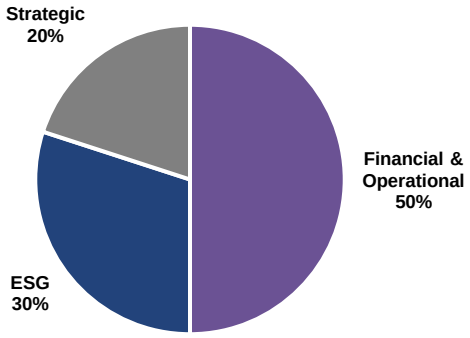
Metrics	2020A	2021E	2022E
Revenue ($mm)	$1,692	$2,719	$2,684
Production (Mboe/d)	121.6	132.0	133.8
Cash Flow ($mm)	$861	$1,567	$1,517
EV/DACF	5.4x	3.3x	3.2x

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Executive Compensation Incentive Program



Source: Company Filings

Business Description

Crescent Point Energy (TSX: CPG) is an oil and gas producer focused on light and medium crude oil and natural gas, with its primary operations in Western Canada and some in the U.S. The Company has assets located in Saskatchewan, Alberta, British Columbia, and Manitoba, and in the states of North Dakota and Montana. In April 2021, CPG entered an agreement with Royal Dutch Shell (NYSE: RDS.A) to purchase Kaybob Duvernay assets (~30,000 boe/d) at the cost of $900mm. CPG also recently closed the disposition of assets on Southeast Saskatchewan (~6,500 boe/d) for $93mm.

Industry Overview

The North American upstream industry has been depressed over the last few years and throughout the pandemic. Diverging information with regards to the COVID-19 pandemic has affected future price forecasts. The ongoing vaccination efforts, supplemented with new dominant variants, have created uncertainty in demand growth over the next few months. Oil prices have recovered over the last year, sitting above breakeven and around the highest prices the industry has seen since 2018.

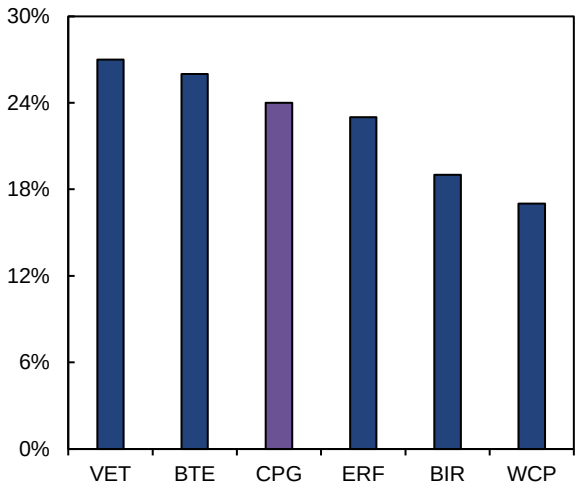
As more travel occurs in the U.S., demand has increased and inventories have continued to fall, with the country producing about 11mmbbl/d, ~2mm less than the pre-pandemic high. Capital spending in the upstream industry in the U.S. remains rather low, with priorities on repaying debt and restoring dividends to pre-pandemic levels.

Over the last year, the upstream industry has seen quite a bit of M&A activity, with very little in the start of 2020, this has resulted in producers throughout North America reducing operating expenses per bbl. Some notable M&A deals include in the upstream industry include Tourmaline Oil Corp acquiring Jupiter Resources and Black Swan Energy, Whitecap Resources acquiring TORC Oil & Gas, and ARC Resources acquiring Seven Generations Energy. CPG's peer group consists of other junior exploration & production (E&P) companies (TSX: BIR, BTE, ERF, VET, WCP) within the Canadian oil and gas industry.

Mandate Fit

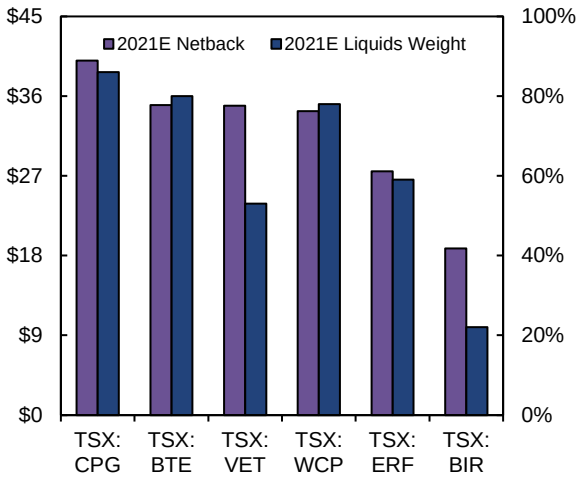
Quality Management: Craig Bryksa has been the President and CEO of CPG since September 2018 and has been with the Company in various roles since joining in 2006. Bryksa has recently announced stricter ESG goals and has allocated 3 - 5% of the capital budget towards these initiatives. Workplace injuries saw over a 50% decrease since 2017. CPG has also created stronger emission reduction goals over the past year, including GHG emissions (Scope 1) by 50% and a 70% reduction in absolute methane emissions by 2025 compared to 2017 benchmarks (.041 CO2e/boe). These new emission reduction targets come after having achieved previously set 2020 goals. As part of the capital budget, CPG has also pursued initiatives in the renewable energy space to reduce emissions. On the governance side, 30% of executive pay is now directly linked with ESG performance.

Figure 2: 2021E FCF Yield



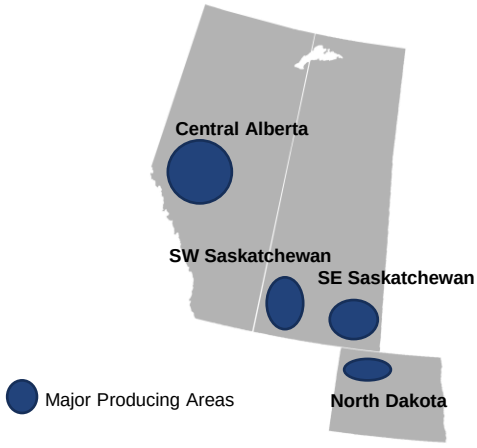
Source: Street Research

Figure 3: LHS 2021E Netback & RHS Liquids Weight



Source: Street Research

Figure 4: CPG Asset Locations



Source: Company Filings

Competitive Advantage: CPG has a lower production cost compared to other junior Canadian E&P producers. Due to the recent disposition of non-core assets in Saskatchewan, the Company expects to see decreases in operating expenses by ~5% to $12.45 - 12.95/boe from $12.75 - 13.25/boe. In 2020, CPG introduced an operational technology platform that optimized work hours and reduced budgeted operating expenses by 10%. CPG also has a record of strategically acquiring companies and successfully expanding reserves and operations.

Strong Balance Sheet: Although the sale of assets in Southeast Saskatchewan occurred at an operating income multiple of 1.7x, with a price at US$60/bbl, the asset disposition removes ~$220mm of Asset Retirement Obligations (~25% of the total balance in Q1 2021). Net Debt for the Company as of Q1 2021 was just over $2B. The Company has no material near-term senior note maturities coming up, with the next credit facility due in October 2023. CPG's strategy focuses on deleveraging, in Q1 2021 over $100mm of debt was repaid through, and over $750mm of debt has been repaid since the beginning of 2020. The recent acquisition of Kaybob Duvernay assets was funded through cash and stock, highlighting the focus on debt reductions and growing the Company's FCFs.

Growing Free Cash Flow: CPG reduced its capital expenditures and production budgets to between $475mm - 525mm for 2021. This is a budget that is fully funded at US$40/bbl WTI. The Company saw an operating netback on average of $35.06 in Q1 2021. For every US$1/bbl change in WTI the Company sees a sensitivity change in cash flow of $35mm. Current commodity prices and CPG's high netbacks have allowed it to generate significant excess cash flow in the current commodity price environment. Throughout 2021, CPG's FCF Yield is expected to be ~24%, a number above the average of other junior peers. With the Kaybob Duvernay acquisition, at current oil production levels, the asset is expected to generate significant FCF for the company with the low operating expenses the asset has.

Risks

Many risks lie within the upstream industry as well as for CPG. The industry sees commodity prices, production, demand, government regulations, royalties, and taxes as major risks. CPG has been working to mitigate these risks and has hedged 40% of production primarily though swaps for the rest of 2021, however if the industry sees volatile prices the Company's expected FCF could differ. Other areas in which CPG has extra risks include foreign exchange rates, as the Company has operations in the U.S. while being based out of Canada. With the recent acquisitions and divestitures the Company has gone through, execution during the transition and strategy phases lies a major risk.

Investment Thesis and Valuation

CPG was valued using a 50/50 combination of a 2P NAV model and a 2021E EV/DACF multiple of 4.5x to reach a target price of $7.70. An equal weight was placed on both methods as the NAV model better reflects CPGs ability to generate FCF and shows the industry high netbacks the Company offers compared to other junior E&P peers.

Although CPG has an attractive valuation, strong balance sheet, low operating costs, and strong ESG targets the CPMT currently recommends No Action due to ongoing volatility in the commodity price environment. At this time, the Fund is cautiously monitoring its current energy holdings and will continue to monitor CPG's performance for further due diligence.

Tourmaline Oil

Energy
TSX: TOU
Market Outperform | No Action

June 30, 2021

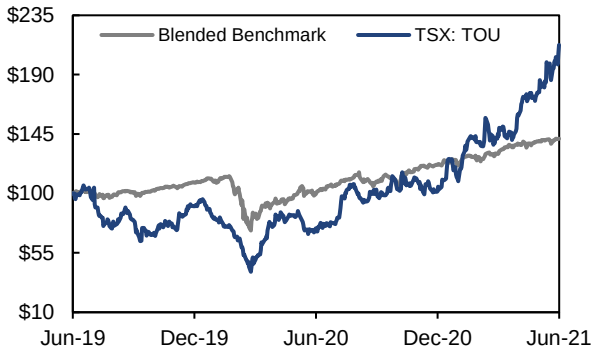
Emily Chen, Investment Analyst

Return on Investment	
Current Share Price	$35.43
Target Price	$41.00
Dividend Yield	1.41%
Implied Return	17%
Conviction Rating	N/A

Market Profile	
52-Week Range	$12.33 - $36.18
Market Capitalization ($mm)	$10,520
Net Debt ($mm)	$1,785
Enterprise Value ($mm)	$12,305
Beta (5-Year Monthly)	1.91

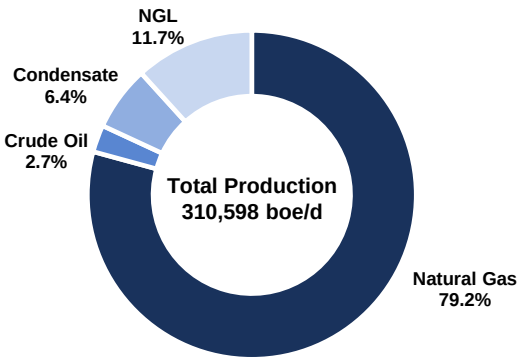
Metrics	2020A	2021E	2022E
Revenue ($mm)	$2,250	$4,003	$4,401
EBITDA ($mm)	$1,546	$2,317	$2,409
DACF ($mm)	$1,152	$2,250	$2,381
EV/EBITDA	8.0x	5.3x	5.1x

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: 2020 Production Mix



Source: Company Filings

Business Description

Tourmaline Oil (TSX: TOU) is an upstream energy company focused on aggressive exploration, development, production, and acquisition of energy assets in the Western Canadian Sedimentary Basin (WCSB). Headquartered in Calgary, Alberta, TOU is Canada's largest natural gas producer, maintaining operations in the Alberta Deep Basin, Northeast British Columbia Montney, and Peace River Triassic Oil Complex. In 2020, TOU averaged production of 310,598 boe/d. The Company's production mix consists primarily of natural gas (79.2%), but also includes crude oil (2.7%), condensate (6.4%), and natural gas liquids (11.7%).

Industry Overview

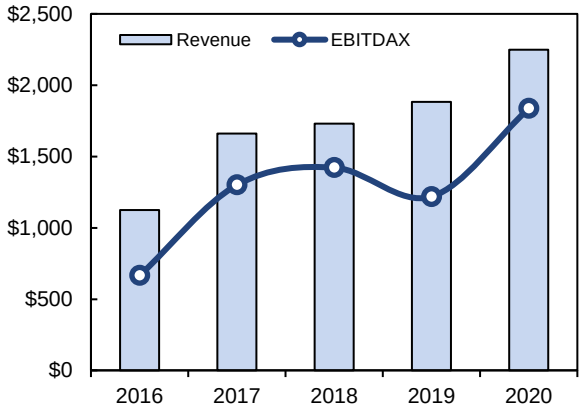
Energy demand and supply recovered significantly from multi-year lows induced by the COVID-19 pandemic in Q2 2020. A strong rebound in global economic activity has increased oil consumption to 94.8mmbbl/d in Q1 2021, which is only a ~0.7% decrease YoY. Oil production is expected to keep pace with rising demand as OPEC+ members accelerate production. As a result of this supply growth, the EIA forecasts oil prices to decline, with WTI decreasing to US$66/bbl in 2021. Alternatively, natural gas prices are expected to rise due to increased domestic demand, with AECO spot prices expected to reach $2.99/mmbtu and $3.15/mmbtu in 2021 and 2022, respectively. However, despite positive macroeconomic indicators, emerging COVID-19 variants remain a concern for the industry. Uncertainty due to the COVID-19 pandemic will continue to affect economic recovery and price forecasts in the upcoming months.

Mandate Fit

Quality Management: Michael Rose has been the President and CEO of TOU since he founded the Company in 2008. With over 38 years of experience in the oil and gas industry, Rose's direct involvement since the start of TOU has resulted in the Company's rapid growth. Notably, Rose oversaw the successful sale of Duvernay (another company he founded) for $5.9B prior to joining TOU. Under Rose's leadership, TOU has consistently delivered against targets. Directors and Officers own ~8% of fully diluted shares outstanding. ESG metrics are also prioritized by management, with TOU achieving a 31% reduction in CO_2 emissions intensity between 2013 and 2019. TOU currently possesses the lowest GHG emissions intensity among senior Canadian energy peers. Other ESG initiatives implemented by TOU include multi-well pad drilling, in-line well testing, and diesel displacement.

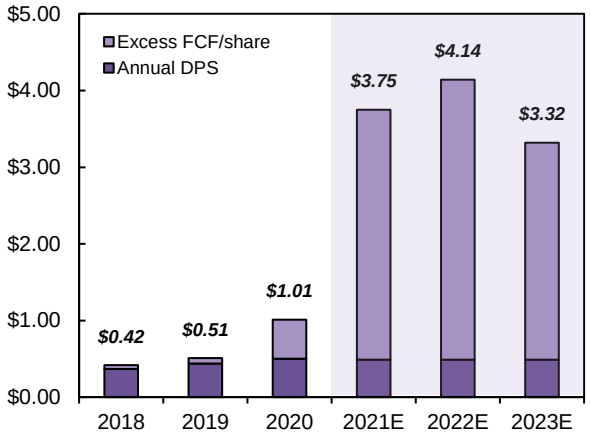
Competitive Advantage: TOU's greatest competitive advantage lies in its superior margins. TOU possesses the lowest completed per stage well costs in Montney and the Alberta Deep Basin, achieved through continuous engineering design improvements that have reduced costs by 50% since 2012. The Company has also achieved an efficient cost structure by reducing operating expenditures from $4.87/boe in 2014 to $3.14/boe in 2020. TOU's ability to streamline operations and leverage efficiencies over the past year has directly impacted its market share; the Company currently represents 12% of WCSB receipts, 15% of Canadian gas rigs, and 20% of WCSB gas additions in 2020.

Figure 2: Revenue and EBITDAX ($mm)



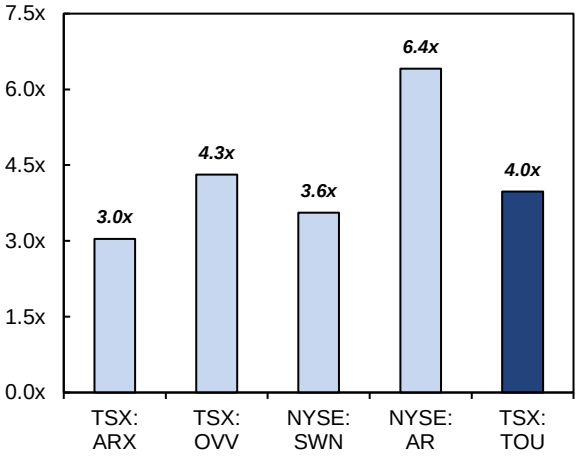
Source: Company Filings

Figure 3: TOU Free Cash Flow ($/share)



Source: Company Filings

Figure 4: NTM EV/EBITDA vs. Peers



Source: S&P Capital IQ

Additionally, TOU's pending acquisition of Black Swan Energy provides the Company with another competitive advantage. The addition of Black Swan increases TOU's production to 160,000boe/d, solidifying its position as the largest producer and acreage holder in North Montney. Synergies from this consolidation play will deliver significant benefits to the Company's Gundy complex and Conroy project. Furthermore, the acquisition delivers even greater potential upside as electrification, carbon capture sequestration, and hydrogen projects are all likely components of future infrastructure buildout at Black Swan. The deal is expected to close in July 2021.

Balance Sheet: TOU possesses a strong balance sheet that supports its growing operations and ongoing development. TOU's 1.0x LTM Net Debt/EBITDA is lower than its peer group average of 3.7x. Furthermore, the Company has maintained a debt-to-equity ratio of 16.4% over the past five years, averaging net debt of $1,549mm. With a revolving credit facility of $1.8B, TOU is unlikely to experience capital access issues in the medium-term. TOU's current ratio of 1.2x also demonstrates its ability to satisfy short-term obligations.

Growing Free Cash Flows: TOU's unlevered LTM FCF is $161.8mm. Management expects FCF yield to reach 12% in 2021 and 14% in 2022 as TOU continues to reduce drill capital costs and increase operational efficiencies. Organic production growth is expected to provide a base FCF growth of ~5% each year. The Company's cumulative five-year FCF target is $5.8B.

Attractive Valuation: TOU's valuation remains attractive despite volatility in the energy industry. Notably, TOU's 4.0x NTM EV/EBITDA is lower than the peer group average of 4.3x. Upstream gas-weighted companies with similar EV were used in TOU's peer group. The Company's peer group consists of ARC Resources (TSX: ARX), Ovintiv (TSX: OVV), Southwestern Energy Company (NYSE: SWN), and Antero Resources (NYSE: AR).

TOU was valued using a 60/40 weighted average of a 2P NAV model and 2021E EV/DACF multiple of 5.6x. A greater emphasis was placed on the NAV model as it provides a more accurate reflection of TOU's low production cost per boe.

Risks

Variable drilling program results could impede TOU's growth. Operational issues or underwhelming results in the Company's drilling and development program will negatively impact share price. TOU is also subject to fluctuations in commodity prices, especially as COVID-19 casts uncertainty on price forecasts. Although TOU is partially hedged for 2021, volatile pricing could prevent the Company from reaching FCF targets. Other risks include the impact of government policy relating to royalties, income taxes, and environmental regulation, as well as foreign exchange risk and infrastructure constraints during initial production.

Investment Thesis and Outlook

The CPMT believes TOU possesses both a unique operational advantage and the financial strength required to sustain rapid growth in the long-term. TOU's superior margins and strategic consolidation in the North Montney provide the Company with a competitive edge over its peers. Furthermore, quality management and TOU's commitment to ESG targets ensures that the Company remains flexible and adaptive to innovation in the oil and gas industry. However, the CPMT recommends no action due to the continued volatility in the industry caused by the COVID-19 pandemic.

Whitecap Resources

Energy
TSX: WCP
Market Outperform | No Action

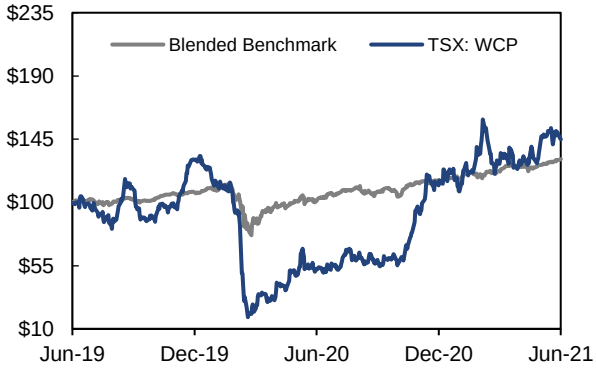
June 30, 2021
Adrianna Dolata, Investment Analyst

Return on Investment	
Current Share Price	$6.16
Target Price	$7.50
Dividend Yield	3.30%
Implied Return	25%
Conviction Rating	N/A

Market Profile	
52-Week Range	$2.13 - $6.82
Market Capitalization ($mm)	$3,916
Net Debt ($mm)	$1,394
Enterprise Value ($mm)	$5,310
Beta (5-Year Monthly)	3.55

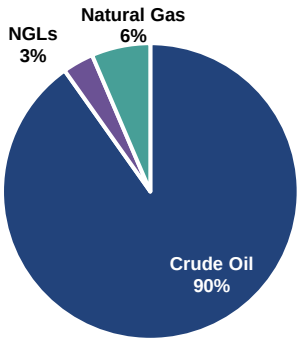
Metrics	2020A	2021E	2022E
Revenue ($mm)	$923	$2,098	$2,083
Production (boe/day)	68.7	108.0	122.7
Cash Flow ($mm)	$440	$1,036	$1,309
EV/DACF	4.8x	4.2x	3.0x

Historical Trading Performance (Indexed to $100)



Source: S&P Capital IQ

Figure 1: Revenue Distribution (FY2020)



Source: Company Filings

Business Description

Whitecap Resources (TSX: WCP) acquires and develops petroleum and natural gas properties in Canada, with a focus on light sweet and light crude oil. WCP operates properties in British Columbia, Alberta, and Saskatchewan. In NW Alberta, the primary reservoirs undergoing development are Cardium, Montney, and Dunvegan, all of which contain light sweet oil. WCP's Weyburn property in SE Saskatchewan property is one of the largest carbon capture & utilization storage (CCUS) projects in the world, capturing over 34mm tonnes of CO_2 to date. WCP has made several strategic acquisitions in 2021, notably that of TORC Oil & Gas Ltd. and NAL Resources Limited, which added conventional and unconventional light oil plays in East Saskatchewan to the Company's portfolio. In Q1 2021, WCP achieved record production of 95,828 boe/d.

Industry Overview and Competitive Landscape

WCP's peer group consists of Canadian junior upstream energy companies (TSX: VET, ERF, CPG, BTE, BIR). This industry has seen a year of extreme price volatility and swings in demand. There have been forecasts as high as US$100 for Brent by Q3 2021, largely due to expected economic recovery over the summer as travel restrictions ease and global vaccine rollouts continue. OPEC+ and the International Energy Agency (IEA) expect oil demand to rise by 6mm and 5.4mm this year, respectively. The IEA forecasts an additional 3.1mmbbl/d by the end of 2022.

Although the first half of 2020 witnessed M&A deal value fall below $30B due to the pandemic, the lowest in a decade, it rebounded to ~$170B in the second half. Notable M&A activity in the oil & gas industry includes the acquisition of Husky Energy by Cenovus (NYSE: CVE) ($6.7B), Kelt Exploration by Conocco Phillips (NYSE: COP) ($510mm), TORC Oil and Gas by WCP ($900mm), and Seven Generations Energy by ARC Resources (TSX: ARX) ($4.7B).

There has been increasing pressure on oil and gas companies to reduce their carbon footprint to help achieve Canada's net-zero goal by 2050, with some companies creating coalitions to commit to reducing greenhouse gas emissions from their oil sands operations. There has also been progress globally on ESG regulations, including G7's decision to support mandatory TCFD reporting, IMF's plan to launch a proposal for international carbon price floor, and the S&P proposing the addition of ESG credit factors to credit ratings. These are all trends that WCP must continue to monitor and prepare for.

Mandate Fit

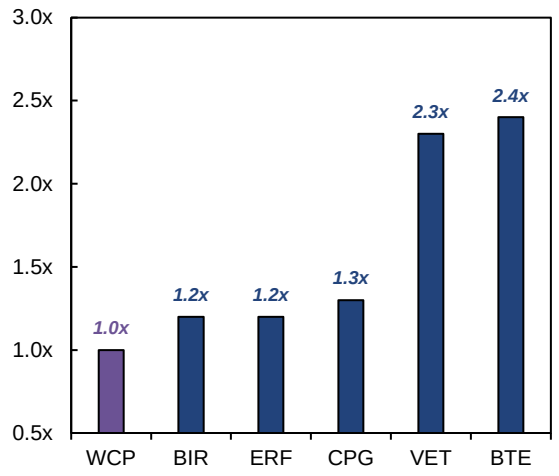
Quality Management: The CPMT favours management's focus on sustainable long-term growth, achievable through disciplined risk mitigation strategies. Grant Fagerheim has been President and CEO of WCP since 2009 when the Company was founded. He was also founder of Ketch Energy Ltd., Ketch Resources Ltd., and Kereco Energy Ltd. Management's selection of assets with low base decline rates has ensured predictable energy production over time, translating into less capital requirements to sustain production rates. In 2020, capital spending decreased 52% when compared to the prior year while production only decreased by 3%.

Figure 2: ESG Rating vs Peers

Company	ESG Score
(TSX: VET) Vermilion Energy Inc.	AA
(TSX: ERF) Enerplus Corp.	A
(TSX: CPG) Crescent Point Energy Corp.	A
(TSX: WCP) Whitecap Resources Inc.	BBB
(TSX: BIR) Birchcliff Energy Ltd.	BBB
(TSX: BTE) Baytex Energy Corp.	BB

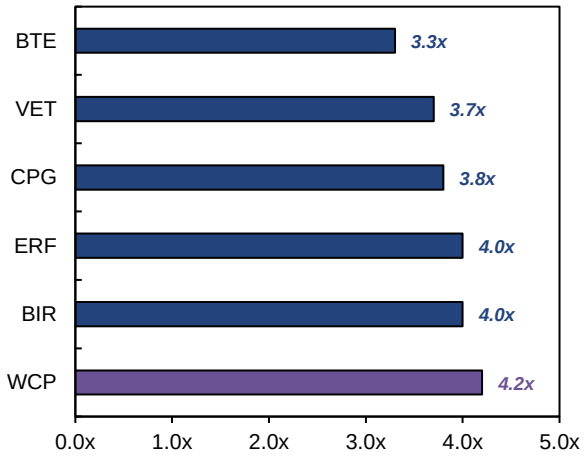
Source: MSCI

Figure 3: NTM Net Debt/Cash Flow vs Peers



Source: S&P Capital IQ

Figure 4: NTM EV/DACF vs Peers



Source: CPMT Estimates, Street Research

In addition, the management is committed to returning value to shareholders. As a result of strong operational performance and improved commodity outlook, WCP recently announced an 8% increase to its monthly dividend to $0.01625/share, implying a dividend yield of 3.5%. The Company also renewed its NCIB allowing repurchases up to 5% of shares outstanding.

Competitive Advantage: WCP's diverse portfolio of first-class assets that produces light to light sweet oil continues to be one of its greatest strengths. With the announcement of WCP's acquisition of Kicking Horse, the Company now has 168 sections of Alberta Montney lands and 696 drilling locations, complementing its existing Karr assets. WCP intends to grow the asset base from 8mboe/d to 18.5mboe/d during 2022. WCP's reserve life index (RLI) is highest among peers at 21.8 years, compared to the average of 15 years.

The Company's focus on energy transition initiatives continue to make WCP stand out amongst peers. In 2018 alone, the Weyburn Unit project captured 1.8mm tonnes of CO_2, which was greater than its yearly corporate emissions (direct and indirect), making WCP a carbon-negative company. WCP's recent acquisitions of NAL Resources Limited and TORC Oil & Gas Ltd. increased its working interest in the Weyburn Unit by 3.2% to 65.3%.

Strong Balance Sheet: WCP has historically strong liquidity and growing FCF generation. In 2020, the Company's Net Debt/Cash Flow was the lowest out of its peers at 0.9x vs the peer median of 2.3x. It is expected to be 1.0x/0.4x at year-end 2021E/22E, compared to peer averages of 1.6x/0.7x. In 2020, WCP reduced net debt by $110.2mm to $1.08B. As of Q1 2021, WCP had a $1.405B credit facility, maturing on May 31, 2025. Currently, $782.4mm has been drawn from the facility, and WCP continues to be compliant with all covenants with a Debt/EBITDA of 1.84x and an interest coverage ratio of 17.32x. WCP has also issued $596mm senior unsecured notes which it plans to refinance using its credit facility.

Growing Free Cash Flow: WCP has a strong track record of generating FCF, with $1.1B in 2020, representing a three-year CAGR of 35.3%. In Q1 2021, the Company generated free funds flow of $69mm despite anticipating having the highest level of capital spending this year ($119mm in Q1 2021). Capital spending is anticipated to be between $55-60mm in Q2 2021, allowing the generation of significant free funds flow to achieve WCP's targeted $200mm of debt reduction by the end of Q2 2021. WCP expects funds flow of ~$415mm in 2021, resulting in net debt of $1.0B at US$60/bbl WTI and C$2.50/CJ AECO.

Key Risks

WCP's exploration and production activities in the Western Canadian Sediment Basin are subject to many risks including marketability of oil and gas produced, fluctuations in commodity prices, estimating amounts of recoverable reserves, liquidity risks, and environmental and safety risks. In 2021, 43% of WCP's oil production is hedged with collars and swaps to protect against price volatility. In 2020, WCP realized commodity hedging gains of $90.9mm.

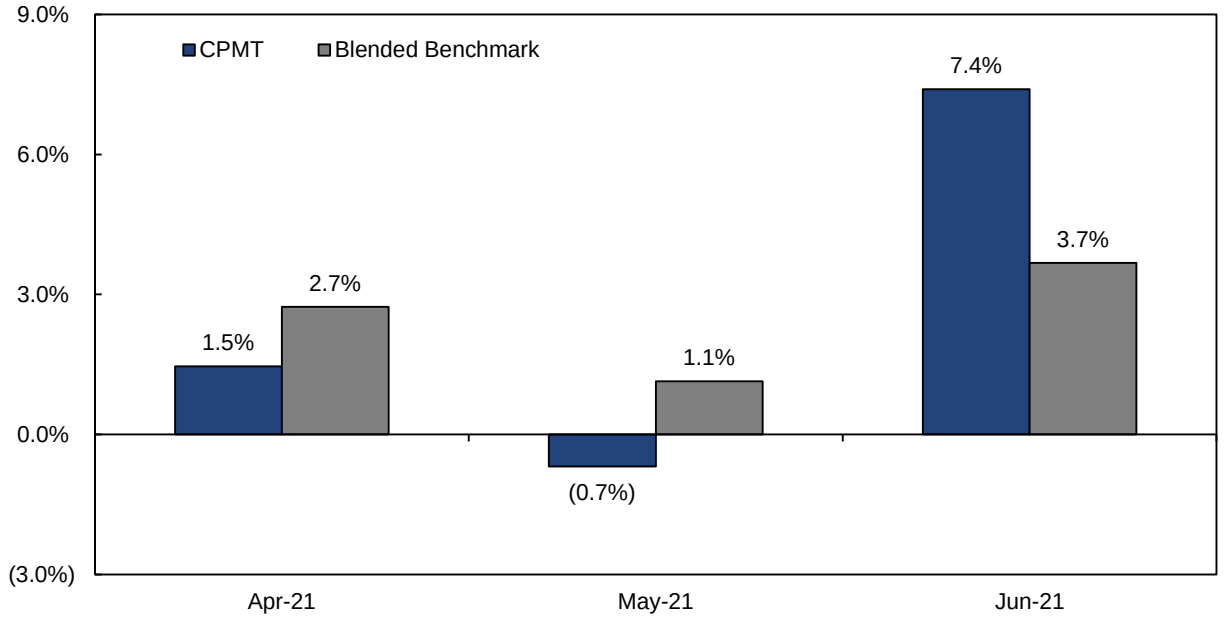
Valuation and Investment Thesis

A target price of $7.50 was derived using a 2P NAV model. WCP shares currently trade at a premium of 4.2x NTM EV/DACF vs peers at 3.8x. The CPMT believes the premium multiple is justified by WCP's strong balance sheet, FCF profile, seasoned management, and rich asset base. However, the CPMT recommends no action due to continued uncertainty and volatility in the energy industry.

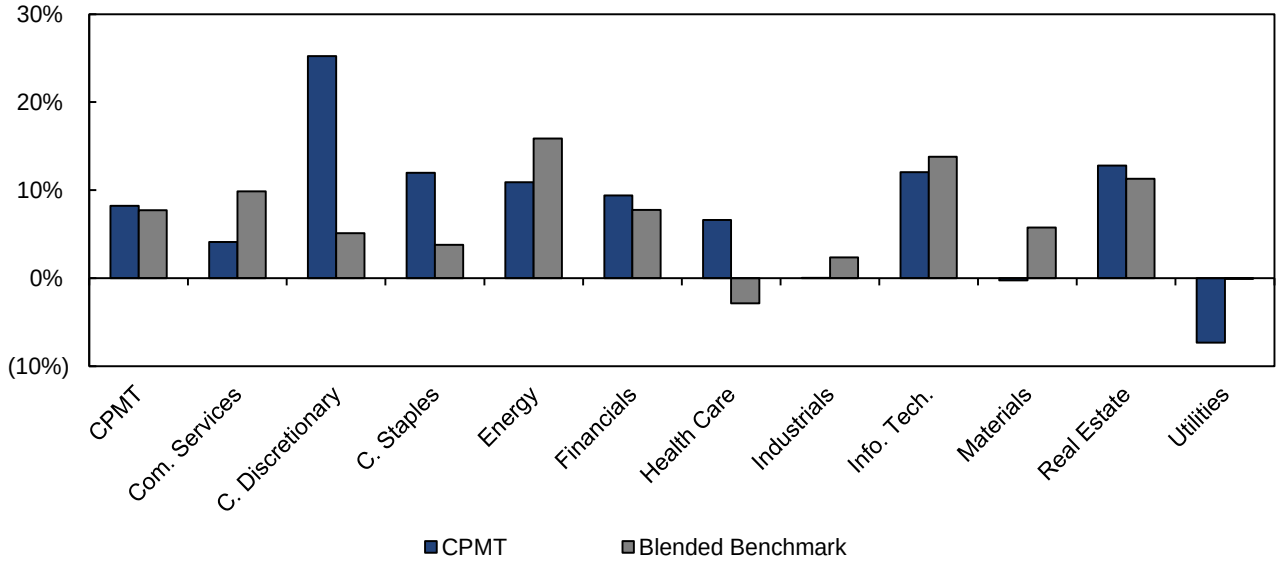
Compliance and Performance

QUARTERLY PERFORMANCE

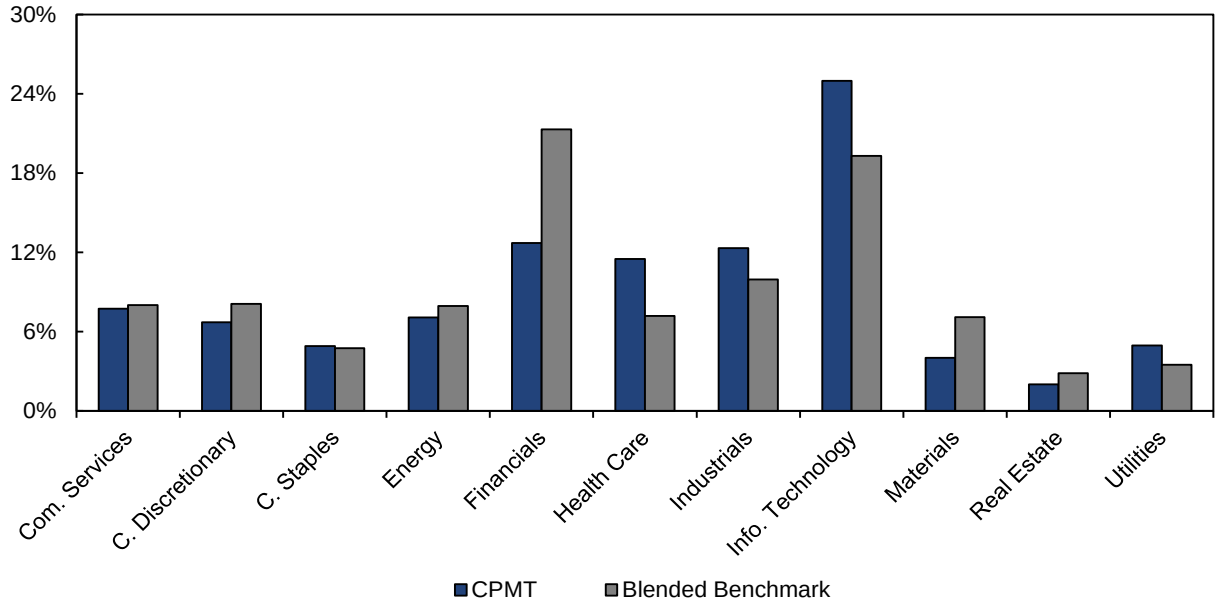
CPMT and Blended Benchmark Monthly Returns



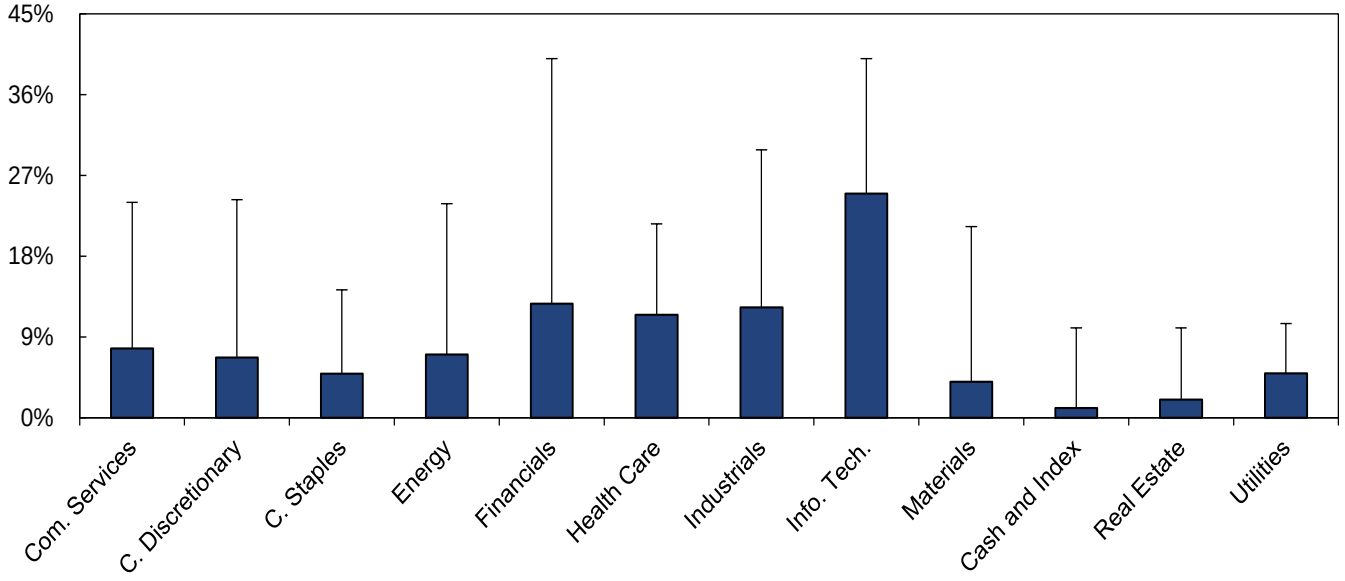
CPMT and Blended Benchmark Quarterly Sector Returns



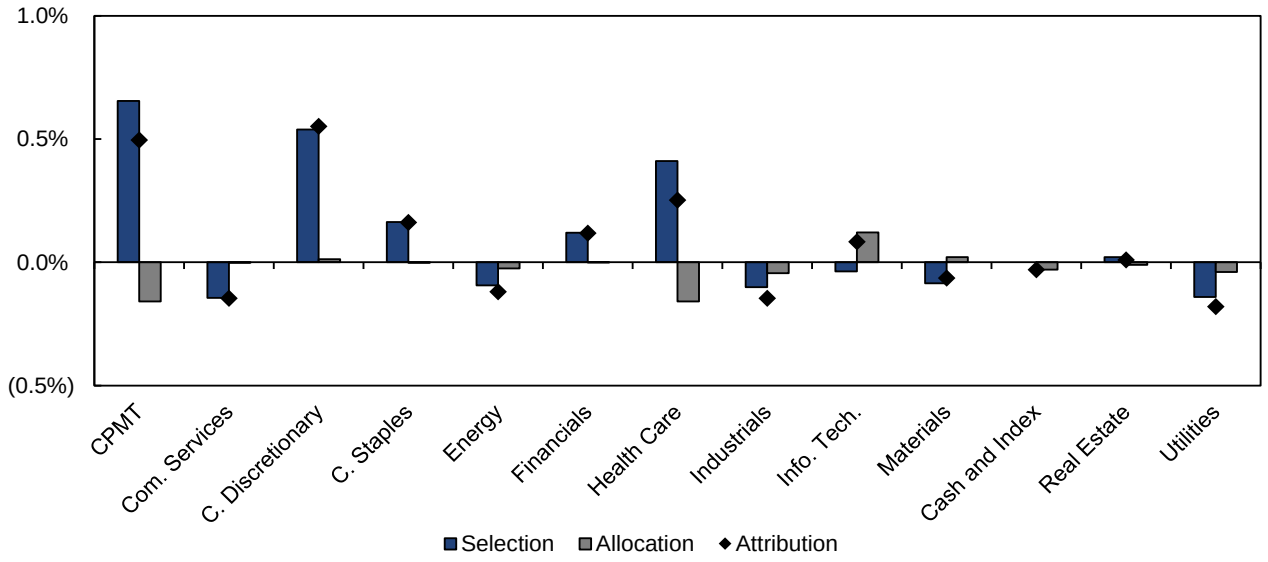
CPMT and Blended Benchmark Sector Weightings



CPMT Sector Weights vs Maximum Weight



Attribution Analysis (FQ1 2022)



CPMT Attribution Analysis

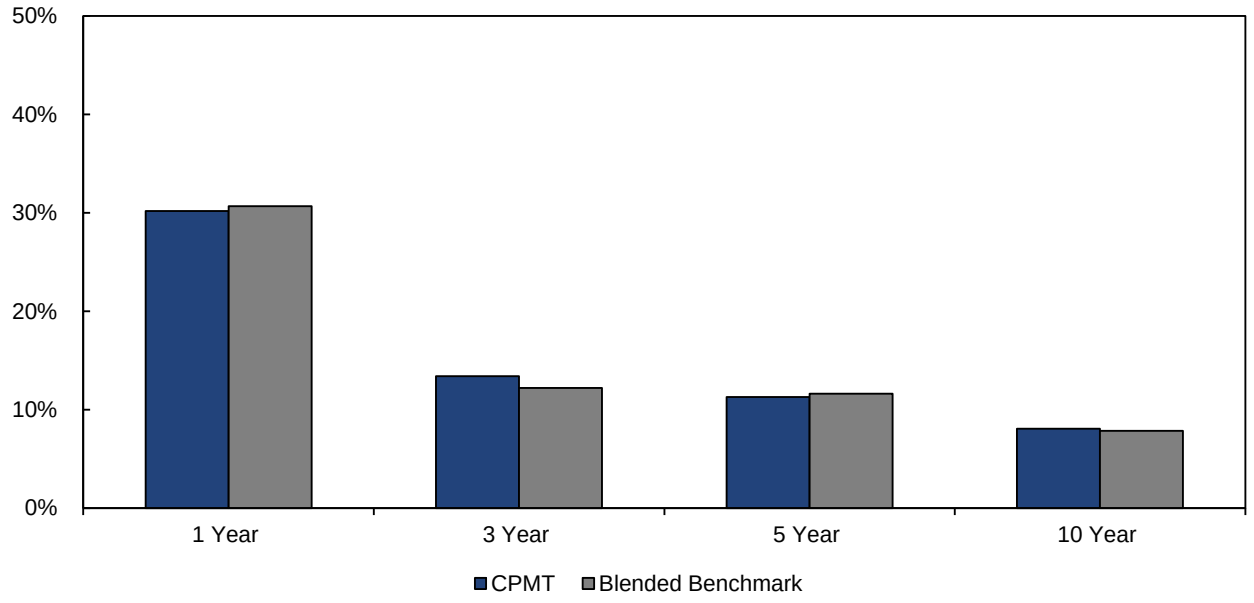
FQ1 2022	Attribution	Allocation	Selection
CPMT	0.50%	(0.16%)	0.66%
Communication Services	(0.15%)	(0.00%)	(0.14%)
Consumer Discretionary	0.55%	0.01%	0.54%
Consumer Staples	0.16%	(0.00%)	0.16%
Energy	(0.12%)	(0.03%)	(0.09%)
Financials	0.12%	(0.00%)	0.12%
Health Care	0.25%	(0.16%)	0.41%
Industrials	(0.15%)	(0.04%)	(0.10%)
Information Technology	0.08%	0.12%	(0.04%)
Materials	(0.06%)	0.02%	(0.09%)
Other	(0.03%)	(0.03%)	0.00%
Real Estate	0.01%	(0.01%)	0.02%
Utilities	(0.18%)	(0.04%)	(0.14%)

1 Year	Attribution	Allocation	Selection
CPMT	(0.49%)	0.24%	(0.73%)
Communication Services	0.05%	(0.12%)	0.17%
Consumer Discretionary	(0.78%)	(0.10%)	(0.68%)
Consumer Staples	(0.13%)	0.04%	(0.17%)
Energy	0.11%	(0.10%)	0.20%
Financials	0.12%	0.23%	(0.11%)
Health Care	(0.14%)	0.28%	(0.42%)
Industrials	0.45%	(0.05%)	0.51%
Information Technology	(0.02%)	0.06%	(0.08%)
Materials	(0.29%)	(0.09%)	(0.20%)
Other	0.09%	0.09%	0.00%
Real Estate	0.01%	(0.04%)	0.05%
Utilities	0.03%	0.02%	0.01%

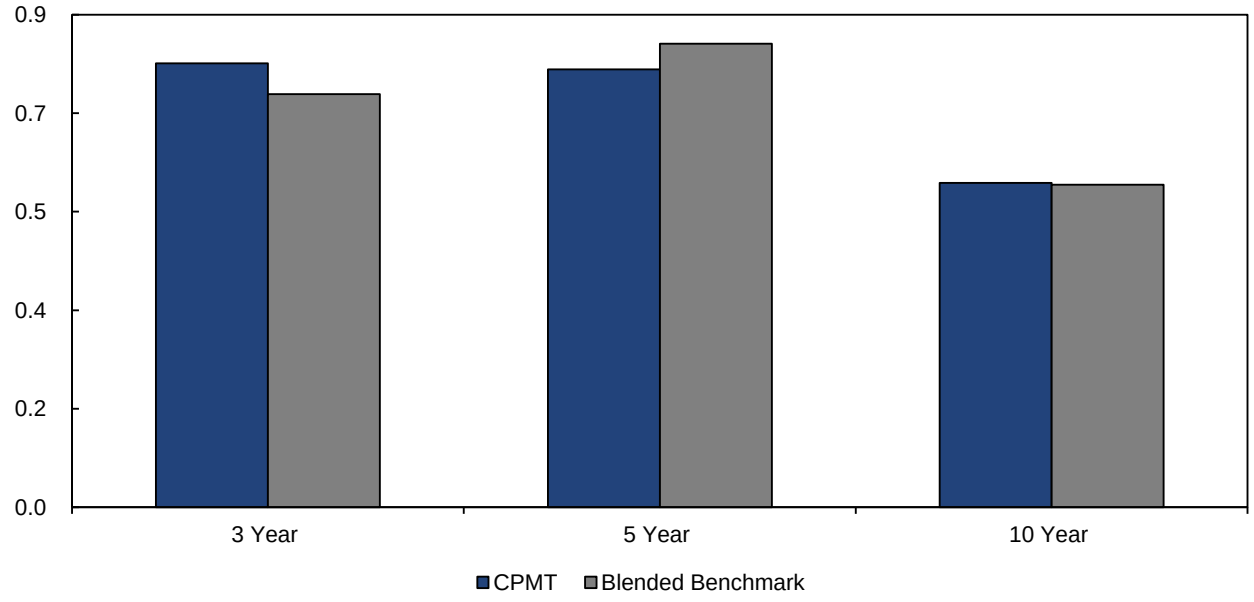
Compliance and Performance

LONG-TERM PERFORMANCE

CPMT and Blended Benchmark Total Return (Annualized)



CPMT and Blended Benchmark Composite Index Sharpe Ratios



The CPMT Long-Term Performance Targets

Absolute Returns (annualized)		1 Year		3 Year		5 Year		10 Year
CPMT [1]	✓	30.17%	✓	13.39%	✓	11.29%	✗	8.08%
Relative Returns (bps)								
Blended Benchmark [2]	✗	(49)	✓	119	✗	(32)	✗	23
Risk Adjusted Returns (bps)								
Blended Benchmark [3]	✗	(399)	✓	121	✗	(8)	✗	44

(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

Annualized Return	1 Year	3 Year	5 Year	10 Year
CPMT	30.17%	13.39%	11.29%	8.08%
Blended Benchmark	30.66%	12.20%	11.61%	7.85%
Annualized Volatility				
CPMT	12.92%	15.18%	12.39%	11.27%
Blended Benchmark	10.49%	14.84%	11.99%	10.90%
Sharpe				
CPMT	2.04	0.81	0.80	0.59
Blended Benchmark	2.53	0.75	0.85	0.59

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)

FQ1 2021	Date	Action	Shares	Purchase Price	Sale Price	Currency	Capital Gain (CAD)	Return
ADBE	15-Apr-20	Buy	39	$521.89				
AMGN	15-Apr-20	Sell	60	$192.09	$255.25	USD	$3,789.60	32.88%
BAM.A	15-Apr-20	Sell	32	$49.31	$57.31	CAD	$256.00	16.22%
BEP.UN	15-Apr-20	Buy	24	$54.05				
CMCS	15-Apr-20	Buy	446	$45.40				
CNQ	15-Apr-20	Sell	201	$21.49	$39.16	CAD	$3,551.67	82.22%
IVV	15-Apr-20	Sell	11	$298.89	$416.58	USD	$1,294.59	39.38%
MA	15-Apr-20	Sell	79	$229.51	$385.79	USD	$12,346.20	68.09%
PG	15-Apr-20	Sell	60	$117.56	$137.25	CAD	$1,181.40	16.75%
PYPL	15-Apr-20	Buy	50	$273.36				
T	15-Apr-20	Sell	680	$19.44	$25.74	CAD	$4,284.00	32.41%
TD	15-Apr-20	Sell	200	$53.61	$82.47	CAD	$5,772.00	53.83%
TMO	15-Apr-20	Buy	41	$495.52				
ROST	15-Apr-20	Sell	143	$108.17	$129.24	USD	$3,013.01	19.48%
RY	15-Apr-20	Buy	216	$117.58				
ZTS	15-Apr-20	Buy	61	$165.47				
Total							$35,488.47	41.60%

Appendix 2: Account Activity

Dividend Summary

April, 2021			
Equity	**Date**	**DPS**	**Credit (CAD)**
T	01-Apr-21	$0.31	$211.62
CNQ	05-Apr-21	$0.68	$246.75
CSU	09-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	06-May-21	$0.57	$114.77
MA	08-May-21	$0.60	$42.18
AAPL	09-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	01-Jun-21	$0.84	$501.00
ZTS	01-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**

CPMT Holdings - June 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	4.27%	4.00%	0.27%	$63.00	▲	$70.00	$63.24	13.95%	42.56%
Brookfield Asset Management Reinsurance Partners	Small	N/A	0.03%	N/A	N/A	N/A		N/A	$65.50	(7.49%)	(7.49%)
JPMorgan Chase & Co.	Large	2	4.20%	4.00%	0.20%	$158.00	▬	$158.00	$155.54	2.17%	65.36%
Royal Bank of Canada	Large	2	4.11%	4.00%	0.11%	$136.00	▬	$136.00	$101.31	7.80%	7.80%
Information Technology											
Adobe Inc.	Large	2	4.31%	4.00%	0.31%	$575.00	▲	$639.00	$585.64	11.74%	11.74%
Apple Inc	Large	3	5.85%	6.00%	(0.15%)	$148.00	▬	$148.00	$136.96	12.12%	50.18%
Constellation Software	Large	2	4.01%	4.00%	0.01%	$1,800.00	▬	$1,800.00	$1,877.41	6.97%	22.48%
Microsoft Corp.	Large	3	6.14%	6.00%	0.14%	$270.00	▬	$270.00	$270.90	14.90%	33.11%
PayPal Holdings	Large	1	4.07%	2.00%	2.07%	$239.00	▬	$239.00	$291.48	20.03%	21.50%
Topicus.com	Mid	N/A	0.36%	N/A	N/A	$92.00	▬	$92.00	$90.05	9.10%	42.26%
Materials											
CCL Industries	Mid	1	2.08%	2.00%	0.08%	$68.00	▬	$68.00	$68.27	(1.80%)	55.58%
Linde PLC	Large	1	1.91%	2.00%	(0.09%)	$282.00	▬	$282.00	$289.10	3.20%	14.06%
Energy											
Canadian Natural Resources Ltd.	Large	1	2.50%	2.00%	0.50%	$36.00	▬	$36.00	$45.00	15.83%	109.40%
Enbridge	Large	2	4.54%	4.00%	0.54%	$49.00	▬	$49.00	$49.63	8.41%	20.23%
Consumer Discretionary											
Aritzia	Mid	2	4.80%	4.00%	0.80%	$27.00	▲	$33.00	$37.08	26.99%	95.06%
lululemon athletica	Large	1	1.79%	2.00%	(0.21%)	$379.00	▬	$379.00	$364.97	19.00%	4.92%
Consumer Staples											
Costco	Large	3	4.86%	6.00%	(1.14%)	$380.00	▬	$380.00	$395.67	12.25%	30.49%
Telecommunications											
Activision Blizzard	Large	2	3.61%	4.00%	(0.39%)	$117.00	▬	$117.00	$95.44	2.62%	3.35%
Comcast Corporation	Large	2	4.04%	4.00%	0.04%	$68.00	▬	$68.00	$57.02	5.44%	5.44%
Healthcare											
Abbott Laboratories	Large	2	3.24%	4.00%	(0.76%)	$123.00	▬	$123.00	$115.93	(3.26%)	26.80%
Intuitive Surgical, Inc.	Large	1	2.08%	2.00%	0.08%	$820.00	▬	$820.00	$919.64	24.45%	61.39%
Thermo Fisher Scientific Inc.	Large	2	3.91%	4.00%	(0.09%)	$563.00	▬	$563.00	$504.47	2.12%	2.12%
Zoetis Inc	Large	1	2.15%	2.00%	0.15%	$189.00	▬	$189.00	$186.36	12.88%	12.88%
Industrials											
Canadian National Railway	Large	3	4.98%	6.00%	(1.02%)	$154.00	▬	$154.00	$130.79	(10.32%)	8.89%
Cintas Corp.	Large	2	4.33%	4.00%	0.33%	$370.00	▲	$430.00	$382.00	11.92%	43.41%
Waste Connection Inc.	Large	2	2.93%	4.00%	(1.07%)	$140.00	▬	$140.00	$148.10	9.08%	16.44%
Real Estate											
American Tower Corp.	Large	1	1.99%	2.00%	(0.01%)	$295.00	▬	$295.00	$270.14	13.00%	17.40%
Utilities											
Brookfield Renewable Partners LP	Large	1	1.72%	2.00%	(0.28%)	$51.00	▬	$51.00	$47.90	(11.38%)	(11.38%)
NextEra Energy	Large	2	3.21%	4.00%	(0.79%)	$90.00	▬	$90.00	$73.28	(3.08%)	22.05%