

Q3 2025

Managed Portfolios

Addenda Total Equity

Quick facts

Inception date:
February 29, 2016

Asset class:
Equity

Minimum investment:
\$100,000

Avg. number of holdings:
20–35

Investment manager:
Addenda Capital

Investment manager assets under management:
\$41B

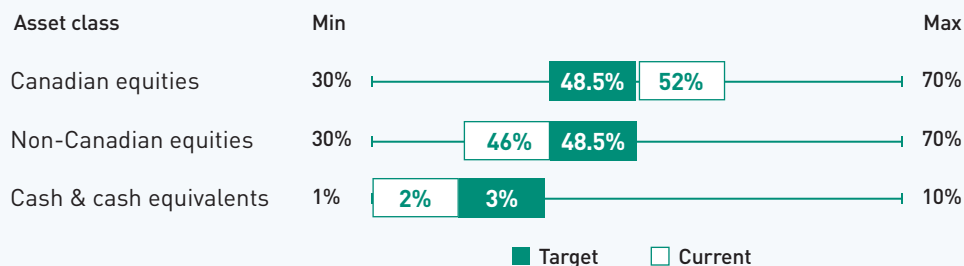
Portfolio risk:

Medium

What does the Portfolio invest in?

The portfolio invests in a diversified portfolio of Canadian and non-Canadian equity securities, exchange traded funds (ETFs), and money market instruments and/or cash equivalents.

Asset allocations



- Equities: the minimum market capitalization will be \$1 billion dollars (CAD and/or USD equivalent) at the time of purchase and invested in at least six out of 11 GICS (Global Industry Classification Standard Sectors)
 - Canadian equities: Target 10–15 securities
 - Non-Canadian equities: Target 10–15 securities

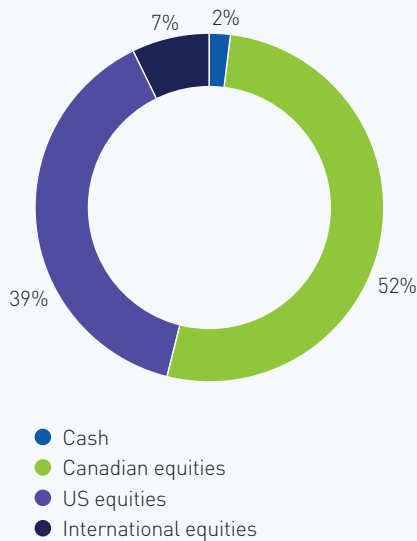
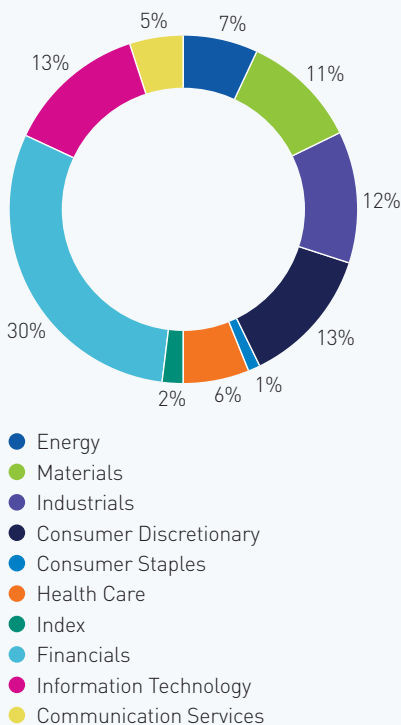
Suitable for investors whose objective is to achieve long-term capital growth, and is not intended for investors with a short-term investment horizon.

Top ten holdings¹ (excluding cash and cash equivalents) %

1. Bank Of Montreal	6.6	6. Brookfield Corp	4.4
2. Dollarama Inc	5.7	7. Franco-Nevada Corp	4.2
3. WSP Global Inc	4.9	8. Visa Inc	4.2
4. Toronto-Dominion Bank	4.9	9. SAP	4.1
5. Alphabet Inc	4.8	10. Broadcom Inc	3.9

Performance

	QTD	YTD	1 yr	3 yr	5 yr	Since inception (Annualized)
Portfolio	4.4%	10.0%	11.9%	16.3%	12.2%	11.2%
Benchmark	10.5%	17.8%	23.8%	22.4%	16.0%	13.3%

Asset allocation^{1,2}Equities sector allocation^{1,3}

Average market cap. \$692.6B
(equities only)

Repositioning for Q4 2025



Sold or reduced positions (-7.2%)

- Sold Constellation Software
- Sold Ball Corp
- Sold Middleby
- Trimmed cash



Bought or increased positions (+7.2%)

- Initiated a new position in Amazon
- Initiated a new position in Sherwin Williams
- Increased Franco Nevada
- Increased Thermo Fisher
- Increased JP Morgan

Rationale:

Asset mix: Canadian equities and a modest amount from cash were reduced in order to increase global equities.

Within the Canadian equity component, we eliminated position in **Constellation Software** to raise cash for our asset mix shift, as well as increase our position in **Franco Nevada**. As a reminder, we reduced the position in Q2 and again in Q3 after the surprising resignation of the President and Founder Mark Leonard for health reasons. Mark Leonard has been an outstanding capital allocator for the company since it was founded and is often described as the “Warren Buffett of the North” so there are legitimate concerns about replacing him. He is being replaced by COO Mark Miller who has been with the company for 25 years, so the transition is expected to be seamless. We have followed Mark Miller from his regular commentary at the company’s Annual General Meeting and believe he is highly qualified to assume the role of President. We will continue to monitor Constellation for a better entry point in terms of valuation or increased comfort that their application software businesses won’t be disrupted by Artificial intelligence. It is too early to determine the impact of AI, positive or negative, but in the short-run, market participants will likely reduce valuation multiples to reflect the uncertainty.

We are allocating the remaining proceeds to Franco Nevada. Franco is a gold company that we added to last quarter and still see good upside as we remain bullish on gold, and precious metals provide important portfolio diversification. The gold price has benefitted from concerns about the structural U.S. deficit, hedging of the U.S. dollar and a belief that lower U.S. interest rates are around the corner. Central banks have been buying twice as much gold the past three years than normal and we believe this trend will continue.

For the global equity component, we have decided to eliminate **Ball** and **Middleby**. While Ball remains a global leader in aluminum packaging for the beverage industry, its growth across key end markets has slowed as the outlook for beverages remains muted. This leads to a weaker risk / return proposition than previously forecasted for shareholders of Ball. For these reasons, we sold the position.

Middleby on the other hand designs, manufactures, and markets premium products and equipment for use in commercial foodservice, residential kitchens, and food processing. While the company has historically shown good growth, the current macroeconomic

environment has remained challenging for Middleby, with the company effectively waiting for underlying end markets to turn positive. With the timeline for recovery uncertain, alongside reduced profitability, the company's risk / return proposition is less attractive.

With a majority of the proceeds from these liquidations, we are initiating a position in **Amazon** as well as **Sherwin Williams**. Sherwin Williams (SHW) is a global company that develops, manufactures, distributes, and operates retail locations for the sale of paint and coatings. It is the #1 player in architectural paint in North America with a 13% global market share.

Amazon is mostly known for its e-commerce platform, but the multinational is also present in cloud services with Amazon Web Services (AWS), physical stores, entertainment, consumer electronics, and artificial intelligence. It is the largest retail e-commerce company in the US, as well as the #1 cloud services provider.

With the remaining proceeds from the liquidations and asset mix shift, we are adding to our positions in **JP Morgan and Thermo Fisher**.

Quarterly commentary

The quarter started with the publication of Q2 earnings, which were mostly positive despite an uncertain macroeconomic environment. The AI theme continues to be highly predominant, and it was, once again, a driver for most markets this quarter. The end of Q3 was marked by the long-awaited interest rate cut by the US Federal Reserve in September.

Canadian equities delivered a strong +12.5% return in Q3, but the market continued to be very narrowly focused and driven by Materials stocks (notably Gold) and select large cap Technology stocks. Gold and silver commodities were up 17% and 29% respectively in the quarter, leading to strong gains in precious metals stocks. In a continuation of Q2 trends, the more defensive sectors underperformed, and high beta stocks outperformed lower beta stocks by a wide margin.

The US markets closed the month of September at an all-time high level. Emerging markets also had a good quarter, especially China, who benefited from easing tensions with the US and a more positive sentiment toward domestic investments in AI. After a strong start to the year, MSCI EAFE performance remained strong in Q3, improving as the quarter went on, despite the ongoing geopolitical instability.

Fixed income markets posted positive. Both the Federal Reserve and the Bank of Canada (BoC) validated market expectations by delivering 0.25% rate cuts at their September meetings. The BoC focused on export weakness and the unemployment rate as evidence of a weaker economy and citing less upside risk to inflation. A policy rate of 2.50% is arguably now below their own stated neutral rate of 2.75% making further easing in the absence of an outright recession more difficult. The Fed maintained a conservative approach but did shift its balance of risks to the downside. Observing that passthrough from tariffs to households was slower and lower than expected gave some comfort that inflation surprises might be limited and attention turned to labour market dynamics.

The Portfolio had a total return of 4.4% during the third quarter but was not able to keep pace with the benchmark return. Within both Canadian and Global equity markets, performance was very narrow with high risk/beta stocks significantly outperforming more defensive names. The largest detractor to relative performance during the quarter was the Canadian equity component, followed by Global equities.

Canadian equities underperformed the benchmark by a wide margin during the third quarter. This underperformance was largely due to not holding Shopify which continued to rally due to market sentiment on AI. Our position in CGI further detracted value, as did our exposure to Constellation Software which was subsequently liquidated from the portfolio in early October. In addition, our gold exposure, which has intentionally been limited to Franco Nevada due to its lower beta characteristics, trailed several of its peers, some of

which are up over 100% year-to-date. Generally speaking, the majority of stocks that outperformed in the quarter were those with low return on equity (ROE) and profitability, which in our opinion is not a winning long-term strategy.

The global equity component achieved high single digit returns during the quarter, but similar to the Canadian equity component, the defensive characteristics of the portfolio caused it to trail the more high beta/speculative names. In terms of detractors from performance, SAP (Application Software) was the weakest performing name. The macroeconomic environment remains uncertain, which directly impacts SAP as its customers are taking more time with their investment decisions. During the Q2 earning call, management reiterated its cautious position regarding the current state of the economy. Other companies in this sector commented that demand for software is weak and no improvement has been seen so far. We view SAP's weak quarterly stock performance as being mainly driven by weak sentiment for the sector overall. SAP continues to have strong fundamentals, and the team continues to follow sector and company news.

Investment manager overview

Addenda Capital is an investment management firm providing solutions for institutional and high net worth clients. They offer clients expert services in a broad range of asset classes. Addenda's mission is to add value through innovation, discipline and integrity, and to nurture genuine partnerships with their clients.

Management style

Canadian equities (Value) Global equities (GARP⁴)

Investment philosophy

Addenda provides a Total Equity strategy that employs two separate portfolio management teams that abide to investment styles that are suitable given their landscape to create high conviction, concentrated portfolios. The Canadian equity component is managed with a value tilt and consists of companies with diversified business models and attractive price-intrinsic value relationships. The companies invested in have the potential to generate strong relative and absolute returns over time. Global equities are managed with a Growth At a Reasonable Price (GARP) investment style and include companies with solid and repeatable competitive advantages, a history of innovative capabilities, seasoned management, non-commoditized business models, consistent earnings and free cash flow.

Investment process and risk controls

- For Canadian equities, Addenda's analysis and research is focused on various elements to decipher whether a company remains able to generate strong free cash flow over time. Subsequently, Addenda looks for the company to be priced in the market at a discount to its estimated intrinsic value. When managing a dividend approach, the focus is equally placed on the company's ability and willingness to continue to distribute and/or increase its future dividend payments.
- For global equities, Addenda believes that added value stems from sustainable and repeatable earnings growth. Addenda's approach is driven by fundamental research, focused on obtaining a deep understanding of secular growth themes. Once an understanding of the key growth drivers behind a theme is determined, Addenda's research focus shifts to finding companies well positioned to leverage those themes. Addenda seeks global or regional leaders with the ability to outpace its peers and end markets through its capacity to sell value-added products and/or services.

Key strengths

- Adding value through innovation and discipline
- Strong team work, rich insights
- Leveraging extensive fundamental research capabilities
- Guided by strong governance and sound judgement
- A culture based on integrity
- Environmental, social and governance (ESG) criteria inherent in the investment philosophy⁴
- Addenda is a United Nations Principles for Responsible Investment (PRI) signatory

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Aviso Wealth is part of Aviso, one of Canada's largest independent wealth management firms. Owned by the credit unions, we serve hundreds of thousands of investors at credit unions across Canada.

With approximately \$130 billion of assets under administration and management, Aviso has the resources to bring the best products and services to credit unions and their members. Invest with confidence, with your credit union and Aviso.

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- One of Canada's largest independent wealth management firms.
- Parent company of Aviso Wealth, NEI Investments, and Qtrade.
- Owned by Canada's credit unions and Desjardins.



¹ As of October 9, 2025 after quarterly rebalancing unless otherwise stated.

² Includes iShares SPDR S&P 500 ETF

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⁴ GARP (Growth at a reasonable price)

⁵ Tobacco and weapons companies are screened-out of portfolios. Tobacco: Exclude tobacco companies and companies that derive a material portion of their revenue from tobacco-related products such as filters, rolling papers or packaging, or from the sale of tobacco or tobacco-related products. Applies to equity holdings only. Weapons: Exclude companies that derive revenue from military contracts that violate International Humanitarian Law (IHL), and nuclear weapons contracts; companies that derive a material portion of their revenue from the manufacture of legal weapons systems and/or tailor-made components for these weapons systems; and companies whose activities are connected with the manufacturing of automatic or semi-automatic weapons intended for civilian use, or derive a material portion of their revenue from the sale or distribution of such weapons. Applies to equity holdings only.

Indicated rates of return are calculated using the time-weighted rate of return methodology for the period ended, September 30, 2025, and do not take into account management expenses, custodial fees, account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.

Benchmark Index: 50% S&P/TSX 60/50% MSCI World Net (CAD).

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