

Why Invest in Global Smaller Companies?

Global smaller companies are a significant part of the global investible equity universe. What makes this category attractive, in our view, is its highly fragmented nature, which can provide strong portfolio diversification benefits. Fragmentation can also create inefficiencies that produce greater opportunity for active investors to outperform. Investors can therefore potentially improve the reward-to-risk ratio of their portfolios by adding an allocation to global smaller companies.

Philosophy

We believe that superior investment returns are achieved by taking a long-term, bottom-up, value-oriented approach to investing based on detailed fundamental research and analysis. Our proven philosophy revolves around two long-standing core concepts: Quality and Value

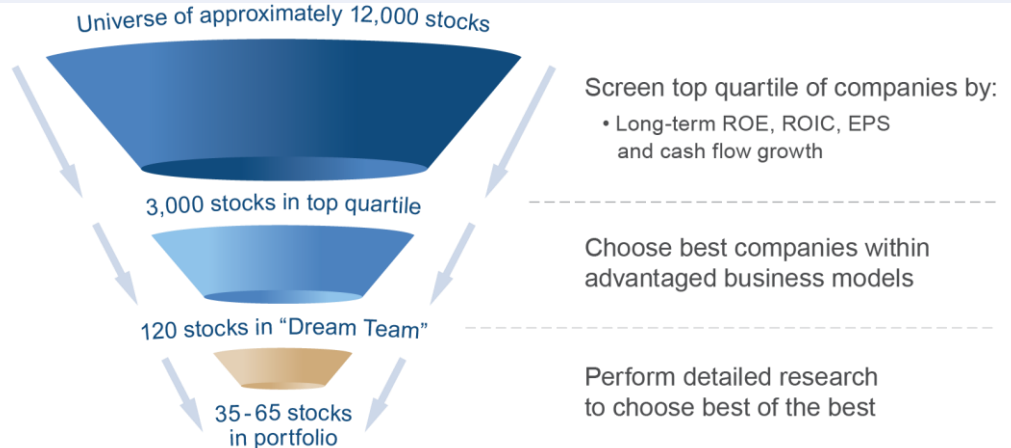
Understanding Quality

- Focus on **key business drivers** (competitive advantage, pricing, cost structure, growth etc.) and the **predictability** of those drivers
- Assess **business performance** in last downturn and subsequent changes to have realistic expectations
- Analyze **true free cash flow** conversion
- Assess **capital allocation** history and **balance sheet strength**
- Track record on **governance** and shareholder alignment

Disciplined on Valuation

- Wait until expectations are low and risk/return more attractive
- Assess value relative to:
 - The company’s historic valuation
 - The broader market and its global peers
 - The quality of the company
- Understand changes in the market and/or business and their structural impact on valuation
- Apply absolute valuation cap to reduce downside risk

Narrowing the Investment Universe



Portfolio Management Team

Team Member	Roles and Responsibilities	Year Joined FGP	Year Joined Industry
Andrew Aucoin, CFA	Analyst and Portfolio Manager, Global Smaller Companies, Global, and International Equities; Co-Portfolio Manager, U.S. Equities	2005	2005
Stephen Mitchell, CFA	Analyst and Portfolio Manager	2016	1988
Mohammed Ahmad, CFA, MBA	Analyst and Co-Portfolio Manager, U.S. Equities	1999	1999
Maryam Badakhshi, CFA, MBA	Research – Global Equities - Generalist	2023	2012
Robert Nini	Junior Analyst	2024	2022
Nerojan Varnakumar, CFA	Trader	2021	2014

Inception Date August 31, 2021	Benchmark MSCI ACWI Small Cap Index (Net)	Currency CAD
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What Differentiates Our Global Smaller Companies Strategy?

Protecting client capital is paramount. We prefer investing in companies that we believe are resilient and stable. Investment candidates must have:

- A strong financial position,
- Clear competitive advantages, and/ or
- Have a high amount of recurring, predictable earnings.

Valuation is a key component of our approach. Finding high-quality companies is not sufficient, as we need to be able to purchase their shares at attractive prices below intrinsic value to generate alpha. We build proprietary financial models to estimate what companies are worth under various scenarios.

The outcome of this approach is a portfolio that has a lower risk profile than its peers while also providing above average investment returns (Graph 1).

We conduct thorough, fundamental, proprietary research that gives us the confidence to manage **high-conviction, concentrated portfolios that are meaningfully different from the index and our peers** as the below graphs illustrate.



*Universe: eVestment Global Small Cap Equity (As of December 31, 2024)
Source: eVestment

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Inception Date
August 31, 2021

Benchmark
MSCI ACWI Small Cap Index (Net)

Currency
CAD

PERFORMANCE (%)

	1 Year	3 Year	5 Year	10 Year	Since Inception
Investment	15.2%	12.8%	10.5%	8.1%	11.3%
Benchmark	12.1%	10.3%	8.9%	6.7%	9.5%
Investment	18.5%	15.1%	12.3%	9.8%	14.2%
Benchmark	14.2%	11.8%	10.1%	7.9%	11.8%
Investment	22.1%	18.9%	15.4%	12.1%	17.5%
Benchmark	17.8%	14.5%	12.2%	9.1%	14.1%
Investment	25.3%	21.2%	17.8%	14.5%	20.1%
Benchmark	20.1%	16.9%	14.1%	10.8%	17.2%

Asset Class	Weight	Allocation
Equity	85%	85%
Fixed Income	10%	10%
Real Estate	5%	5%
Commodities	0%	0%
Other	0%	0%

Region	Weight	Allocation
North America	45%	45%
Europe	30%	30%
Asia	15%	15%
Africa	5%	5%
Latin America	5%	5%

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