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PARTNERS

Q1 2024 INVESTOR UPDATE

Langdon Canadian Smaller Companies Portfolio

Performance	Q1-2024	1-Year	3-Year	5-Year	Since Inception[2]
LEP 110 (Canada, F Class)[1]	4.3%	13.5%	N/A	N/A	14.3%

1 Langdon Canadian Smaller Companies Portfolio, Class F - performance is net of fees

2 Annualized performance since inception date of August 26, 2022

Returns greater than one year are annualized

Past performance is not indicative of future performance. Please see the important information in the endnote below

The Canadian portfolio was up 4.3% in the quarter in a strong market led by commodities, as inflation appears to be more persistent than expected. The biggest contributors to the portfolio this quarter were Aritzia, Lumine, TerraVest, and Topicus – all increasing by 20-40%. These were slightly offset by a 20% decline in ATS Automation. More on these companies later on in the commentary.

As many of you reading this will know, we spend a lot of time turning over stones as part of our research process in an effort to identify great businesses. **There are no shortcuts to finding these great ideas; we have to spend time on the ground, meeting hundreds of management teams** in order to turn over a stone that has the potential to be an outstanding investment. **It is the reason that we do not screen for ideas on financial output; instead, we cover as much ground as possible in our regions and turn over every stone that we can**. This is reinforced daily for me at home as well as in the office. My 8-month old daughter, who has the majority of her college savings in the Canadian portfolio, has recently commenced her own journey of turning over stones. By emptying her toy box on an hourly basis, she is hunting for that special toy. Unfortunately, she has not yet shown a willingness to refill the box!

By applying our global lens to the Canadian market, we believe we are well positioned to identify truly great businesses in Canada that are also great relative to their global peers. We were thrilled to have discovered one of these late last year, and after extensive diligence in multiple cities, we recently added it to the portfolio. We have not finished building our position so will refrain from disclosing the name of the business, but it is an industrial serial acquirer, not dissimilar to the Nordic, UK, and US listed serial acquirers that we have spent a significant amount of time with. The business is led by a well-capitalized and disciplined management team with a long runway, and insiders own over 30% of the company. As long-term owners of businesses, these are important attributes. **Well-capitalized businesses provide optionality to pursue organic and inorganic growth, and insider ownership**

brings alignment, as management has skin in the game. This is similar to how we operate at Langdon, with employees and their families (per above, children included!) being our largest single client group.

One of the reasons we enjoy searching for great smaller companies is due to the less crowded pond we fish in — 19% of small cap companies are not covered by the sell-side relative to 5% of large cap companies. **Within our Canadian portfolio, 4 of the 19 businesses owned today have no sell-side coverage** as of the date of this commentary. This business is one of those with no sell-side coverage, it has a bare-bones corporate website, hosts no conference calls, and does extremely little outbound marketing to potential investors. We've now spent over 10 hours in multiple cities with senior management and subsidiaries, and have an appreciation for the operating structure of the business and the improvements that are made when integrating an acquisition. **We're always energized to find opportunities like this in our backyard and the team works tirelessly to continue to find more of them**.

The companies behind the performance in the quarter

As mentioned above, one of the contributors to the portfolio this quarter was Topicus, while a detractor was ATS Automation.

ATS Automation is a provider of automated supply chain technology. The business builds factory automation solutions for supply chains in the life science, food & beverage, energy, industrial, and consumer sectors. We reduced our position in ATS in mid-2023 for two reasons that we uncovered during our maintenance research on existing holdings period. First, the business was becoming increasingly reliant on EV battery programs from General Motors (over 40% of the business's revenue backlog was concentrated with one economically sensitive customer) and second, some of ATS's suppliers had seen slowdowns in their own orderbooks which we discovered by talking to European suppliers of the automation industry. Recently, ATS saw GM delay its EV battery program due to slower than expected demand for EVs, leading to negative growth revisions for ATS. We are pleased that the business is rebasing its backlog toward life sciences and food & beverage, which we view as higher quality end-markets. We retain conviction in the long-term potential of the business and had been waiting for the business to price in shorter-term headwinds, which we believe is beginning to be reflected more appropriately in the shares.

Topicus, up ~40% in the quarter, is the first business spun out of Constellation Software and focuses on acquiring vertical market software across Europe. What we have discovered in the European market is that there is often a niche software solution that serves a specific country, tailored to unique language and regulatory requirements in that country. This leads to a much larger hunting ground and runway than North America alone would provide. We are excited by this capital deployment runway. So far this year, Topicus has outperformed expectations on both organic growth and capital deployed to acquire some of these European software businesses. They have also expanded their business development team across Europe in countries where they have fewer resources. We have found this to be a good leading indicator for regional capital deployment[1].

The bulk of our holdings operate in our four 'supersectors'; Consumer, Industrials, Financials, and Technology and we have limited exposure to sectors with outsized exposure to central bank policy/interest rates and commodities. We do own two businesses that operate in the Western Canadian Energy sector and in both cases, they come with outstanding management teams with a proven track record of success in the sector. The first is PrairieSky, Western Canada's largest owner of mineral title crown land, which was

1 Based on internal research and analysis. Past performance is not indicative of future returns.

up over 15% in the quarter and the second is Storm Development, a private business operating on the border of Northern Alberta/British Columbia that is positioned to benefit from higher gas demand as LNG Canada comes online in the coming quarters. **These investments not only reflect our commitment to diversification but also our belief in the importance of best-in-class management teams**.

Anecdotally, we have been spending more time travelling within Canada so far this year and expect that to continue in the coming quarters as we turn over more stones and spend time with existing portfolio holdings. **We are finding great businesses with strong downside protection, often driven by underlying hard asset value**. Thank you for your continued support.

Langdon Investment Team

Written by

Joel Hurren

Investor

Important Information: Class F. These net performance figures covers the period from August 26, 2022 to March 31, 2024, and has been provided by Morningstar Inc.; for the Canadian Portfolio at Morningstar-LEP110. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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Link to the Langdon Global Smaller Companies Portfolio Disclosure Documents: **here**
Link to the Langdon Canadian Smaller Companies Portfolio Disclosure Documents: **here**

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