# ClearBridge A Franklin Templeton Company

# Canadian Equity Strategy

**Strategy Overview**Canadian large and mid-cap equity strategy

Benchmark: S&P/TSX Composite TR

(CAD) Index

**Strategy Inception:** December 1992

Strategy AUM: \$4.4B

Holdings Range: 40-50 <sup>1</sup>

Objective: Long-term capital

appreciation<sup>3</sup>

**Investment Philosophy** 

The Strategy seeks long-term capital appreciation by investing primarily in a diversified portfolio of mid- to large-cap Canadian equities.

#### **Portfolio Management Team**

- Garey J. Aitken, CFA
   Managing Director, Portfolio Manager,
   Head of Canadian Equities,
   33 years experience
- ► Timothy W. Caulfield, CFA
  Managing Director, Portfolio Manager,
  Head of Canadian Equities,
  26 years experience

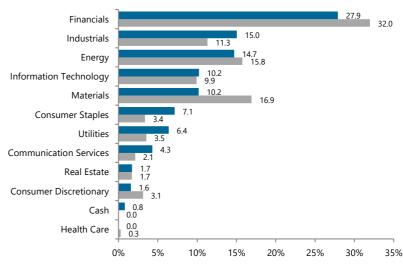
# **Fundamental Research Platform**

 Dedicated portfolio analyst team focused on Canadian equity strategies

# **Average Annual Total Returns (%)**<sup>2</sup>

	1 Qtr	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
Composite (Gross of Fees)	8.7	17.8	19.9	16.9	16.3	12.0	11.4
Composite (Net of Fees)	8.5	17.4	19.5	16.4	15.9	11.5	11.0
S&P/TSX Composite TR (CAD) Index	12.5	23.9	28.6	21.3	16.7	12.7	11.8

# Sector Weightings<sup>1,2</sup>



■ Representative Portfolio

■ S&P/TSX Composite TR (CAD) Index

#### **Investment Process**



- High full-cycle profitability
- Secular earnings and cash flow growth
- Visibility-durable business model
- Appropriate capital structure
- Effective capital allocation

  Investable

  4

Universe

- 2 Assess Valuation
- Estimate intrinsic value based on PV of future free cash flows
- Consistent, unbiased modeling
- Handicapping Risk/Reward
- Discount rate influenced by relative ESG ratings

- 3 Determine Portfolio Suitability
- Portfolio concentration and diversification considerations
- Strategy requirements (market cap/dividend constraints, carbon footprint, client-directed

constraints)

- 4 Engagement & Stewardship
- Dialogue with portfolio companies (engagement for information or to influence direction)
- · Proxy voting

Data (excluding AUM) in CAD.

Risk Monitoring, Portfolio Rebalancing and Sell Discipline

Franklin Bissett

### Portfolio Characteristics & Risk Statistics<sup>1,2</sup>

Characteristics	Representative Portfolio	S&P/TSX Composite TR (CAD) Index
P/E Ratio (trailing 12 mos.)	20.7	20.3
P/E Ratio (forward 12 mos.)	17.9	18.3
Price/Book	2.8	2.9
EPS Growth Next 3-5 Years (%)	10.4	11.3
Weighted Median Market Cap (\$ bn)	63.2	70.9
Weighted Average Market Cap (\$ bn)	84.8	95.0
ROE	11.2	11.6
Dividend Yield	2.5	2.4
Turnover (trailing 12 mos.)	27.4	

10 Year Risk Statistics (Net)	Composite	S&P/TSX Composite TR (CAD) Index
Standard Deviation (%)	11.54	12.86
Sharpe Ratio	0.80	0.79
Tracking Error (%)	3.88	
$R^2$	0.91	
Alpha (%)	0.54	
Beta	0.86	

## Top 10 Holdings<sup>1</sup>

Security	% of Total Representative Portfolio
Royal Bank of Canada	5.28
Toronto-Dominion Bank/The	5.19
Bank of Montreal	4.53
Franco-Nevada Corp	4.17
Brookfield Corp	4.14
Bank of Nova Scotia/The	3.99
Canadian National Railway Co	3.95
Shopify Inc	3.87
Alimentation Couche-Tard Inc	3.32
Canadian Pacific Kansas City Ltd	3.24
Total	41.67
Total Number of Holdings	50

P/E ratios are weighted harmonic average.
Price/Book is weighted average.
Performance source: Internal. Benchmark
source: Standard & Poor's. Neither ClearBridge
Investments LLC nor its information providers
are responsible for any damages or losses
arising from any use of this information. The
ClearBridge Canadian Equity Composite
includes all fully discretionary portfolios with a

minimum of CAD \$1,000,000 that seek long-term capital appreciation by investing primarily in a diversified portfolio of mid to large capitalization Canadian equities. The main risks for this strategy are issuer risk, concentration risk, sector risk, foreign securities risk and equity risk. Data (excluding AUM) in CAD. To receive a complete list and description of ClearBridge composites and/or a presentation that adheres to the GIPS standards, please contact ClearBridge Institutional Marketing. Past performance is no guarantee of future results.

<sup>&</sup>lt;sup>1</sup> Source: FactSet. Representative portfolio characteristics, holdings, sector weightings and market capitalization are based on a representative portfolio and are subject to change at any time. Holdings, sector weightings, market capitalization and portfolio characteristics of individual client portfolios may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities and sectors listed.

<sup>&</sup>lt;sup>2</sup> Past performance is no guarantee of future results. Please see GIPS endnotes.

Performance is preliminary and subject to change. Performance returns less than one year are not annualized.

<sup>&</sup>lt;sup>3</sup> There is no guarantee that the Portfolio's objective will be met.