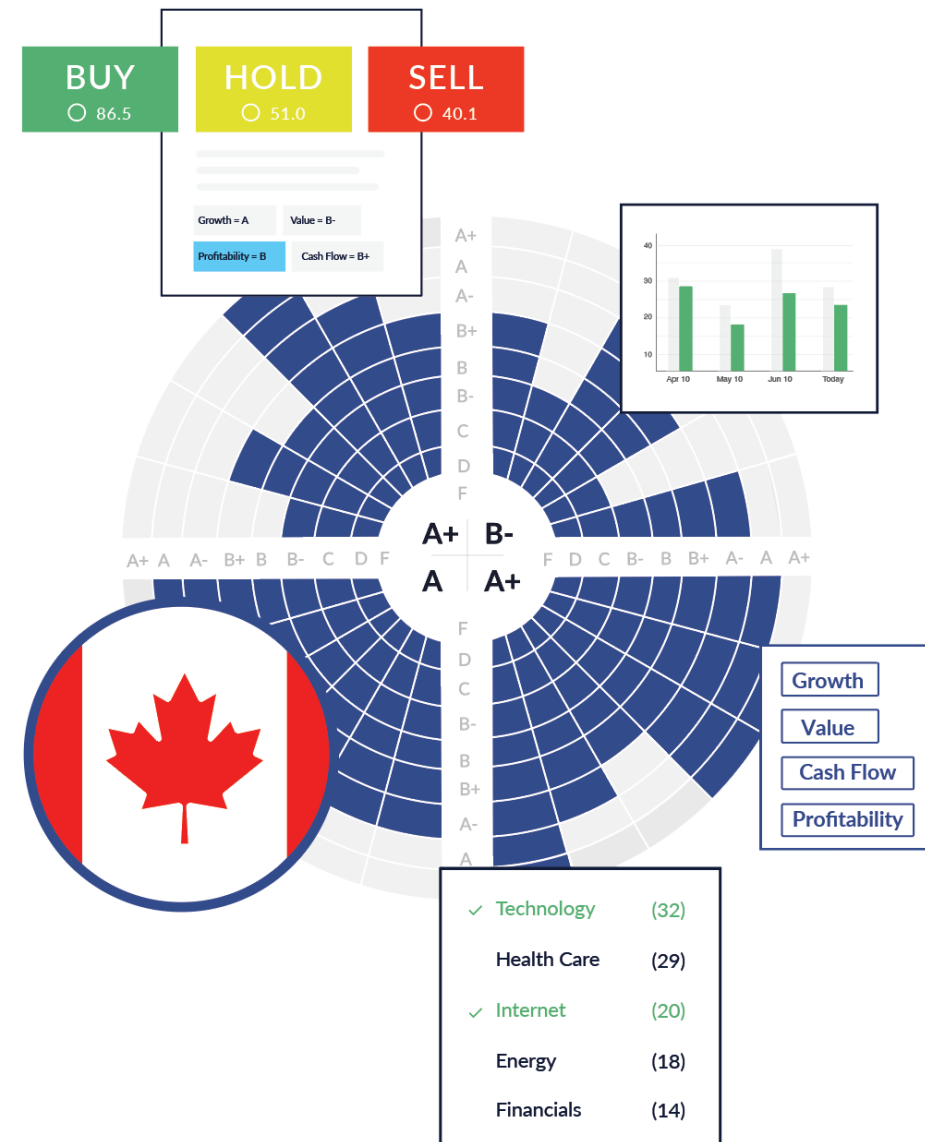




Finding Alpha in Canadian Equities with MarketGrader's GARP Ratings

Summary of Performance
Canada 2008 – 2022



Overview of Analysis

Summary & Objective

MarketGrader's research team analyzed the performance of all ratings issued across all companies under coverage in its North American universe between January 1, 2008, and June 30, 2022. Ratings for companies listed in Canada and the U.S. were analyzed separately. The objective of the analysis was to determine whether MarketGrader's ratings in each country generate any 'alpha' for long-term investors.

Methodology

This analysis is based on semi-annual snapshots of MarketGrader's Canadian coverage, with the first snapshot of the equity universe taken on Dec. 31, 2007. On June 30, 2008, the next snapshot of the universe was taken, and individual company performance was measured for the first six-month period. Thereafter, the universe was tracked every six months with the most recent performance measurement taken on June 30, 2022. Using these semi-annual snapshots and the corresponding performance of the individual companies, equally weighted sample portfolios were constructed based on MarketGrader Grades. The portfolios were reconstituted and rebalanced (to equal-weight) semi-annually from each new universe snapshot. All performance figures are based on price-only returns.

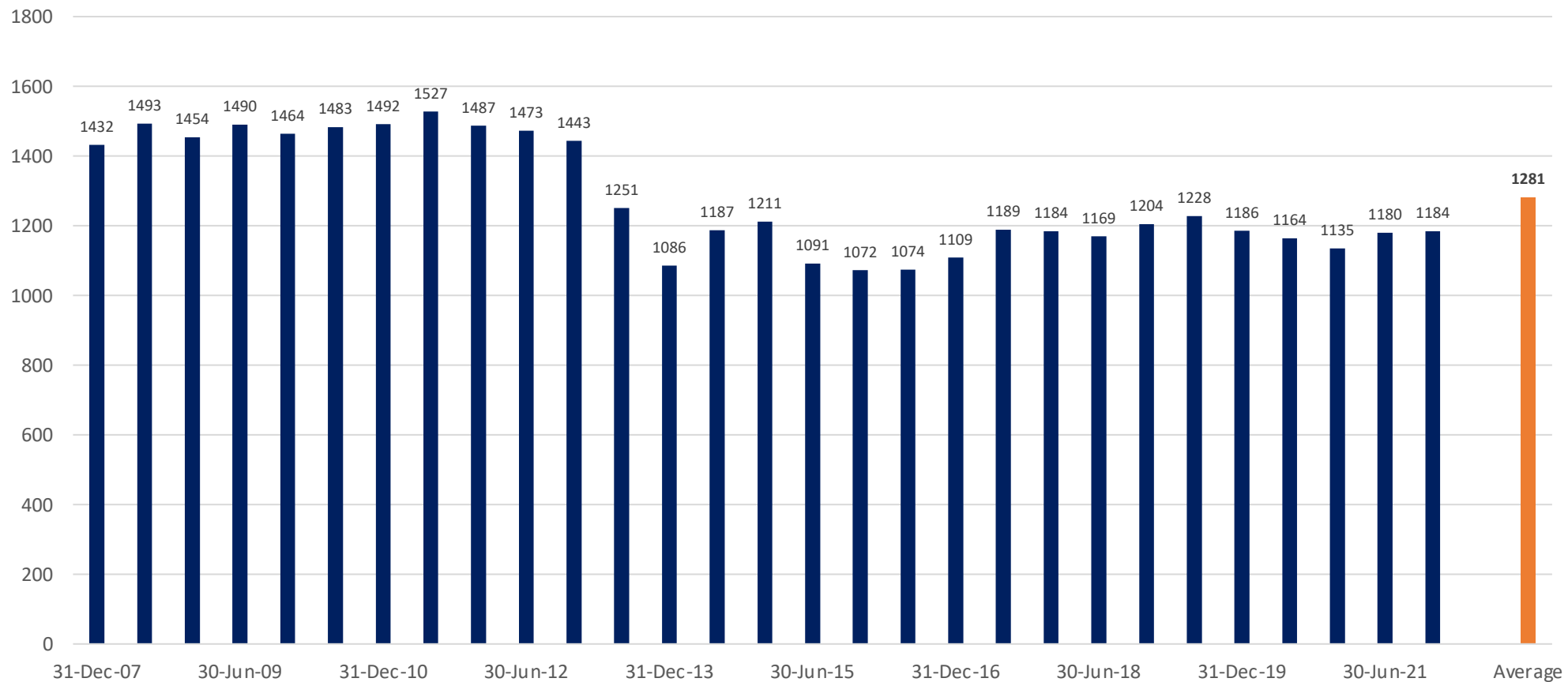
Underlying data and complete performance figures are available upon request.

MarketGrader's Canadian Universe – Overview

- During the period covered in the analysis, MarketGrader rated an average of 1,281 companies in Canada.
- The aggregate market capitalization of MarketGrader's Canadian coverage on Dec. 31, 2021, was US\$2.87 trillion.
- An average of 439 companies comprised the Canadian “investable” universe, i.e., companies with market cap greater than US\$200 million.
- The aggregate market capitalization of Canada's investable universe was US\$2.85 trillion on Dec. 31, 2007.
- The aggregate market cap of Canada's investable universe covered, on average, 98.5% of the entire equity market.
- On average, only 21% of all investable companies have received a Grade greater than 60, which is equivalent to a 'BUY' rating.

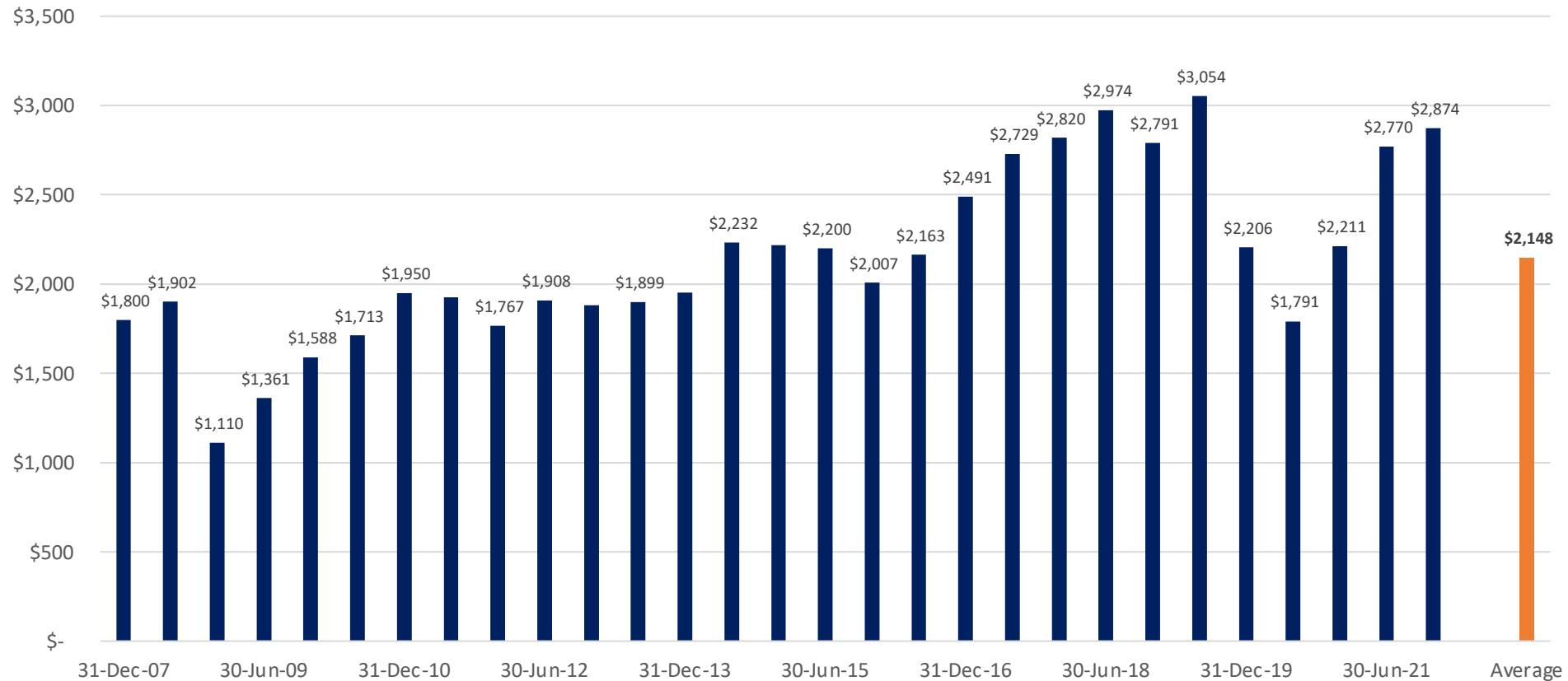
Canada Equity Universe – On Dec. 2021 It Totaled 1,184 Listings

Canada Equity Universe: Biannual Company Counts January 2008 through June 2022



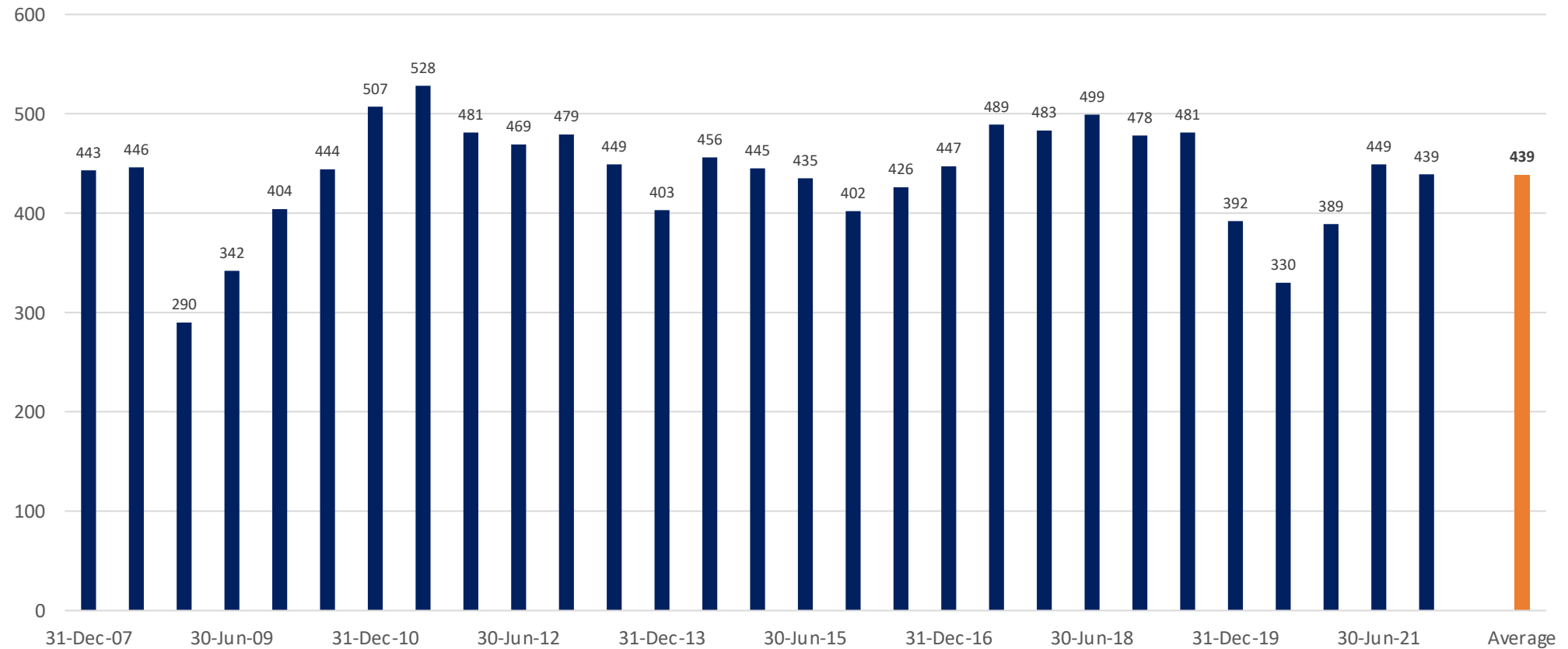
Canada Equity Universe – Total Market Capitalization on Dec. 2021 was US\$2.87 trillion

Canada Equity Universe: Biannual Total Market Capitalization in USD Billions January 2008 through June 2022



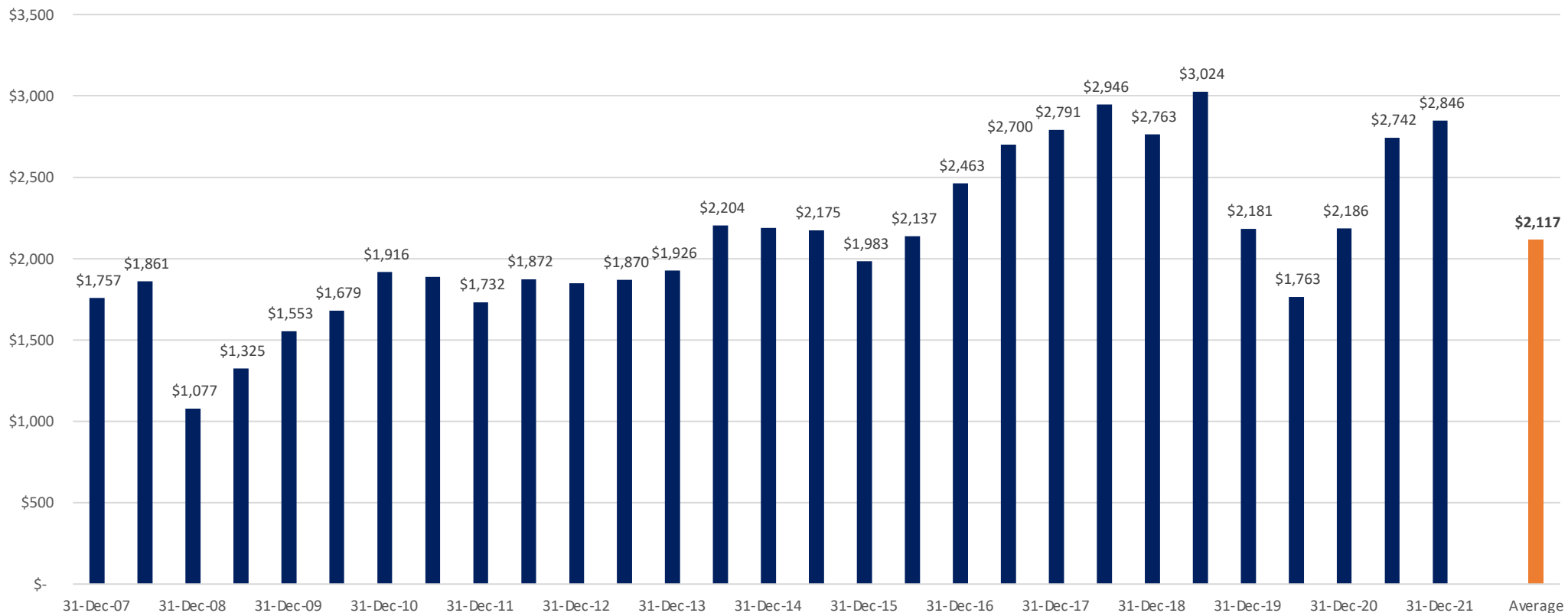
Canada Equity Investable Universe – 439 Listings Had a Market Cap Greater Than US\$200 million in Dec. 2021

Canada Equity Universe: Biannual Company Counts Companies With Market Capitalization Greater Than USD 200M January 2008 through June 2022



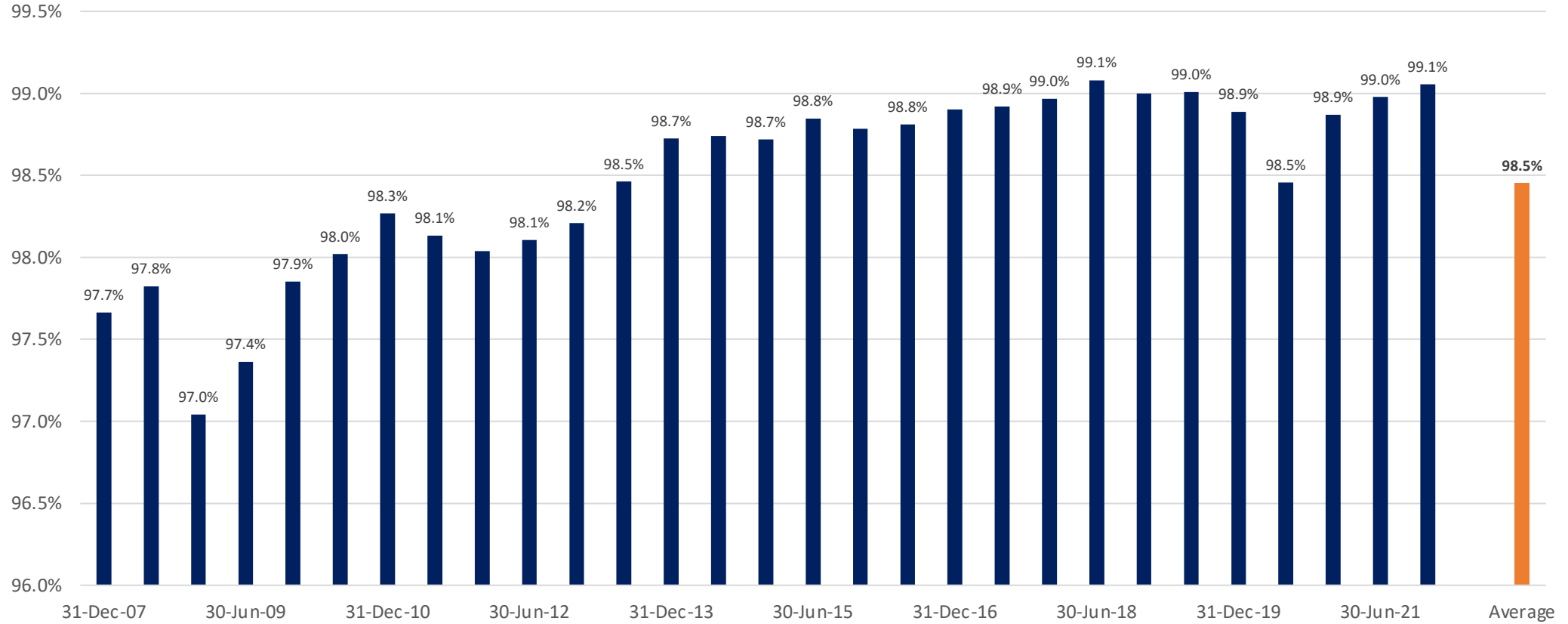
Canada Investable Universe – On Dec. 2021 Total Market Capitalization was US\$2.85 trillion

Canada Equity Universe: Biannual Total Market Capitalization in USD Billions Companies With Market Capitalization Greater Than USD 200 Million January 2008 Through June 2022



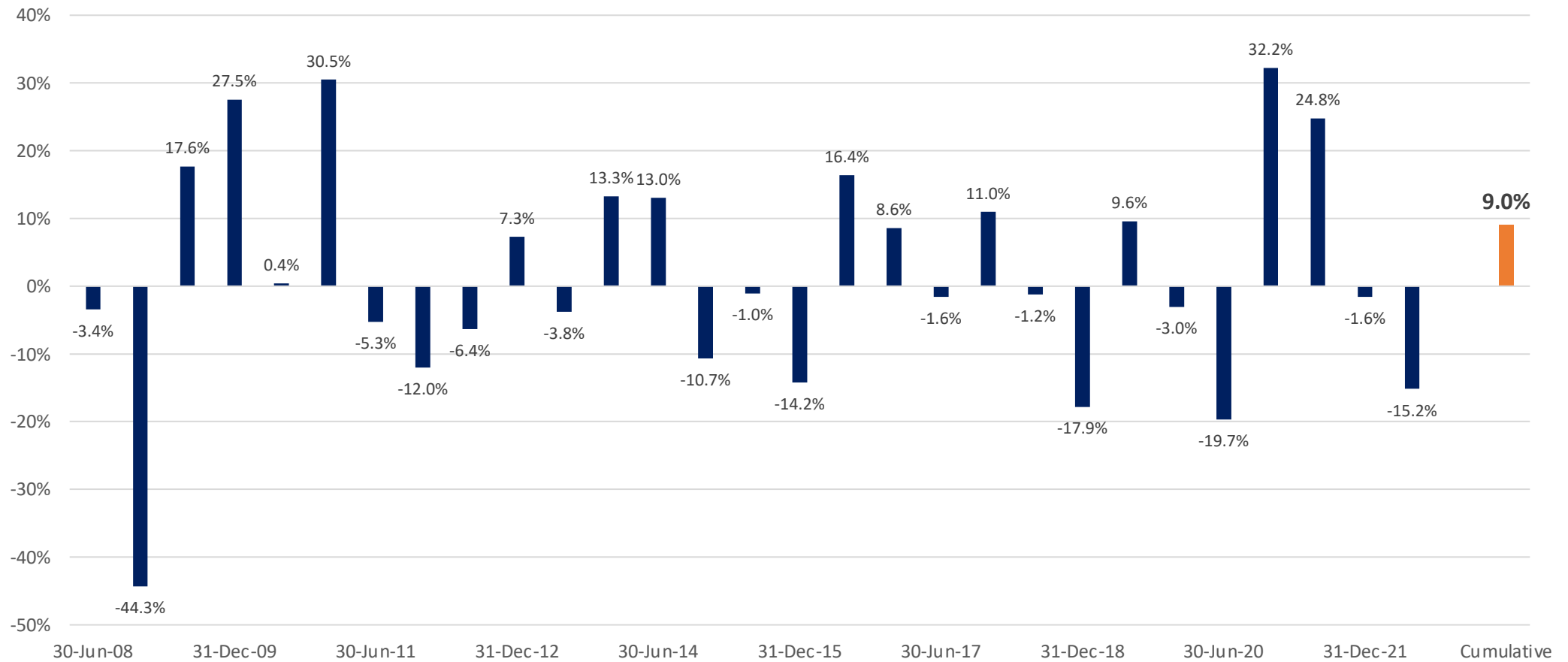
Canada Equity Investable Universe – Current Market Capitalization covers 99% of Total Market Cap

Canada Equity Universe: Biannual Total Market Cap of Companies With Market Capitalization Greater Than USD 200 Million as a Percent of Total Market Cap January 2008 Through June 2022



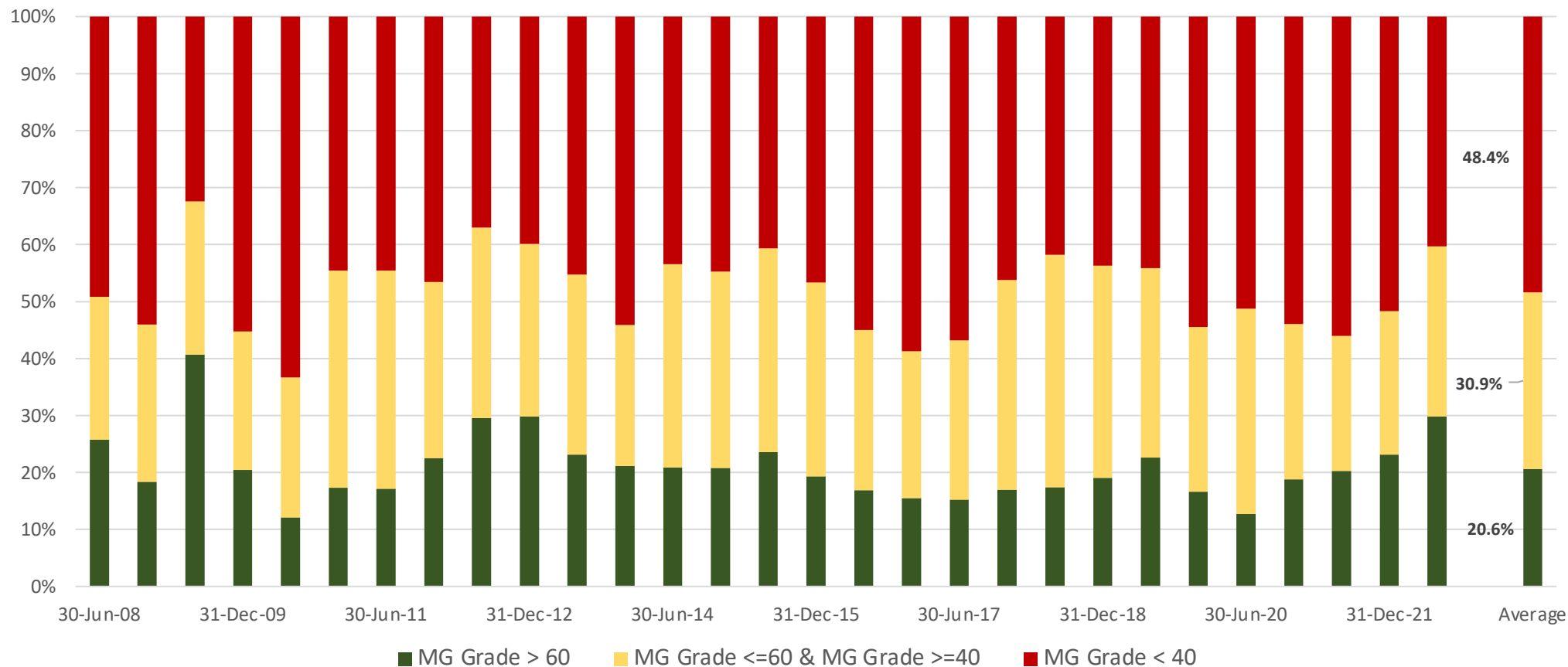
Canada Investable Universe – Cumulative Price Performance of Only 9% in Almost a Decade and a Half

All Companies With Market Cap Greater Than USD 200 Million: Six-Month Average Price Returns – Jan. 2008 through June 2022

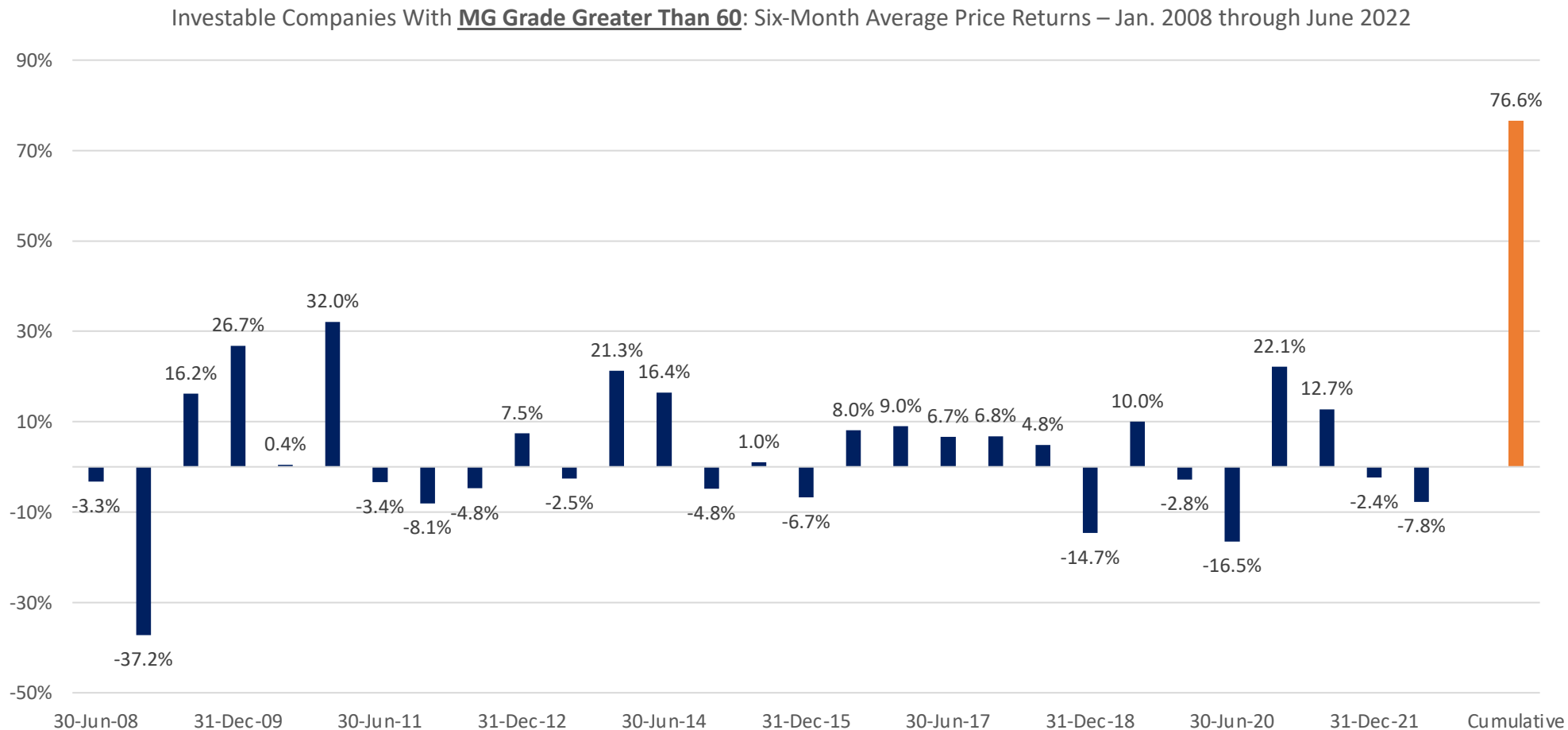


Historically Only 21% of All Investable Listings Have Received a MarketGrader 'BUY' Rating (Grade > 60)

Biannual Percent Distribution by MG Grade All Companies With Market Cap Greater Than USD 200 Million - January 2008 through June 2022

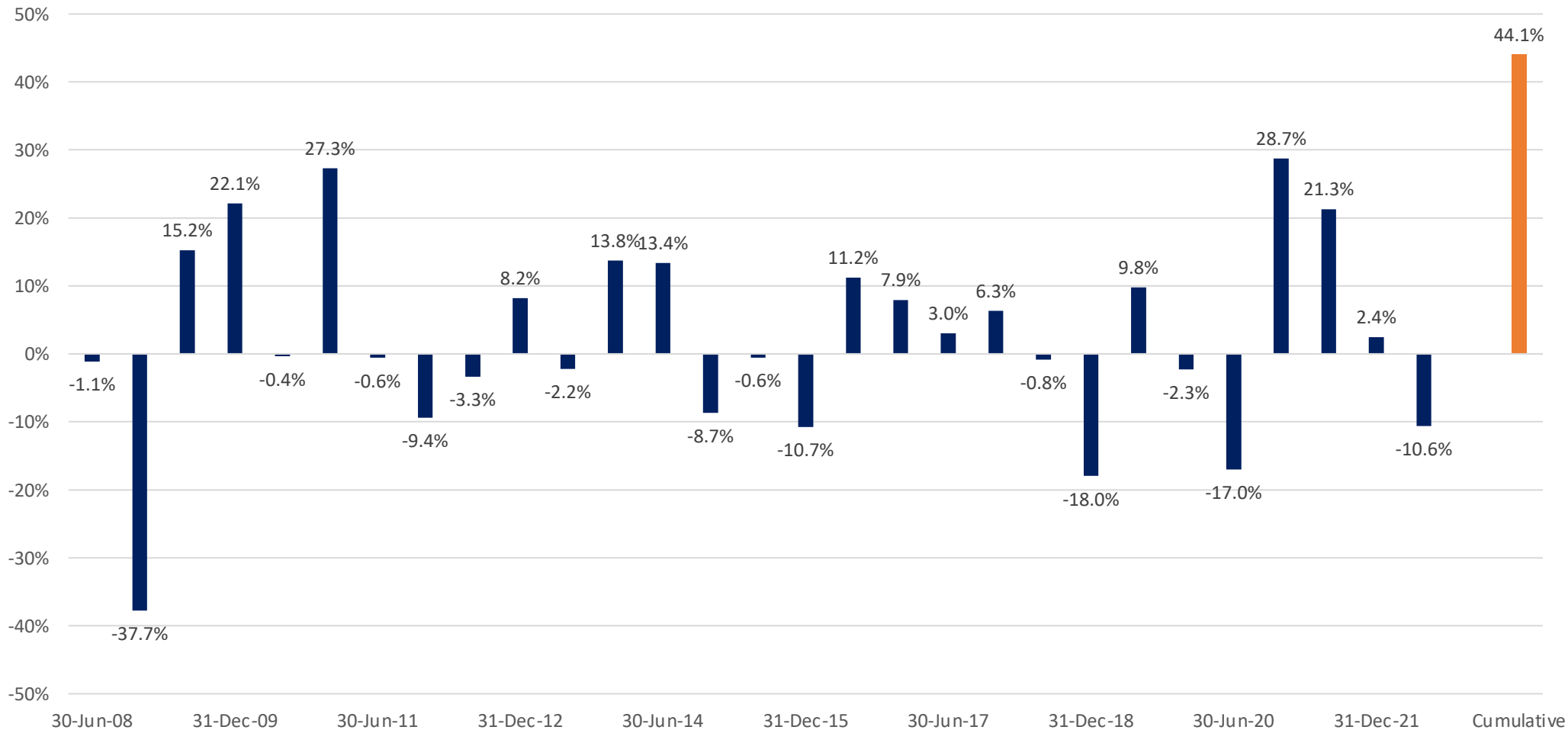


However, the Cumulative Price Performance of 'BUY' Rated Companies Has Far Exceeded the Market's Return

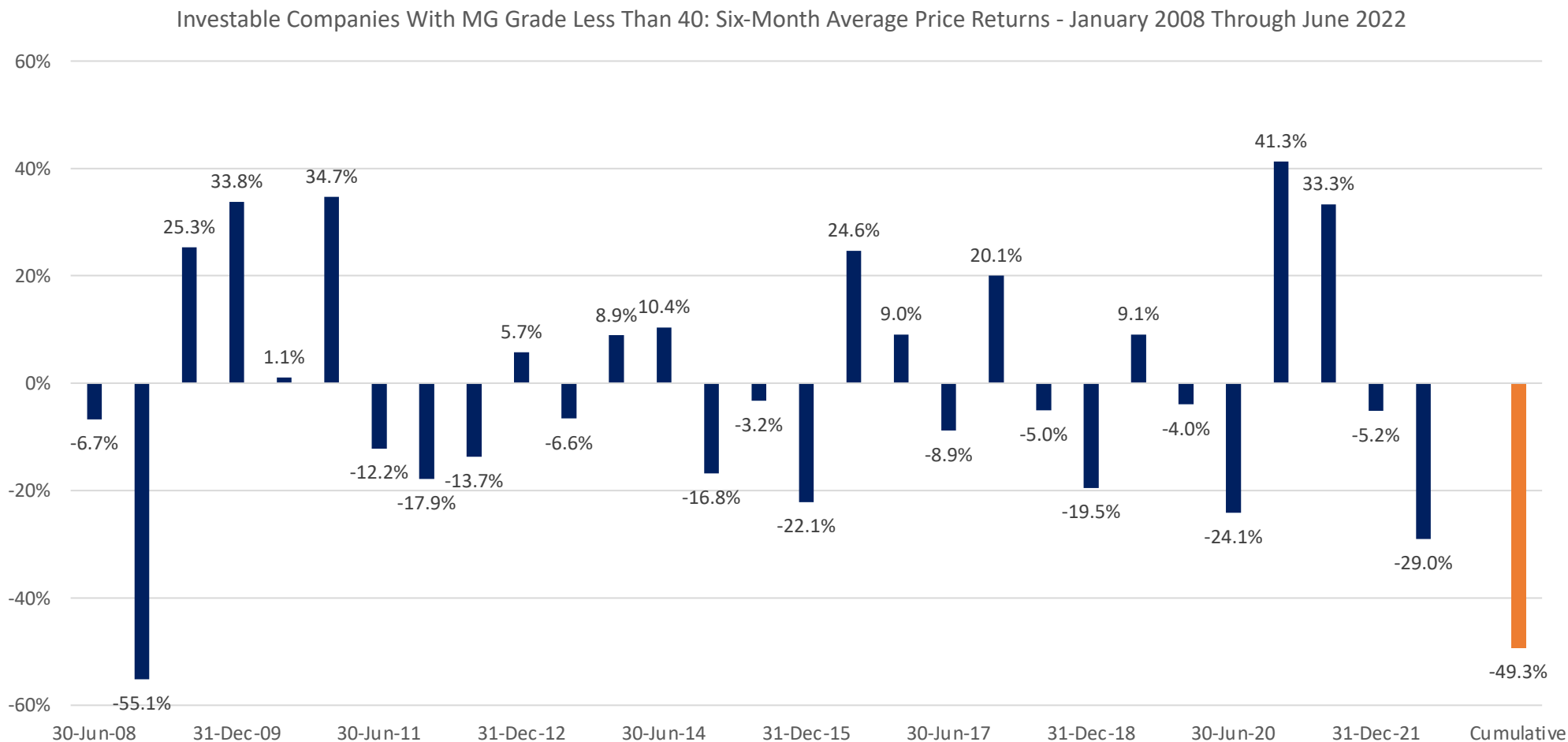


The Cumulative Price Performance of the Next Best Ratings Cohort Has Also Exceeded the Market's Return

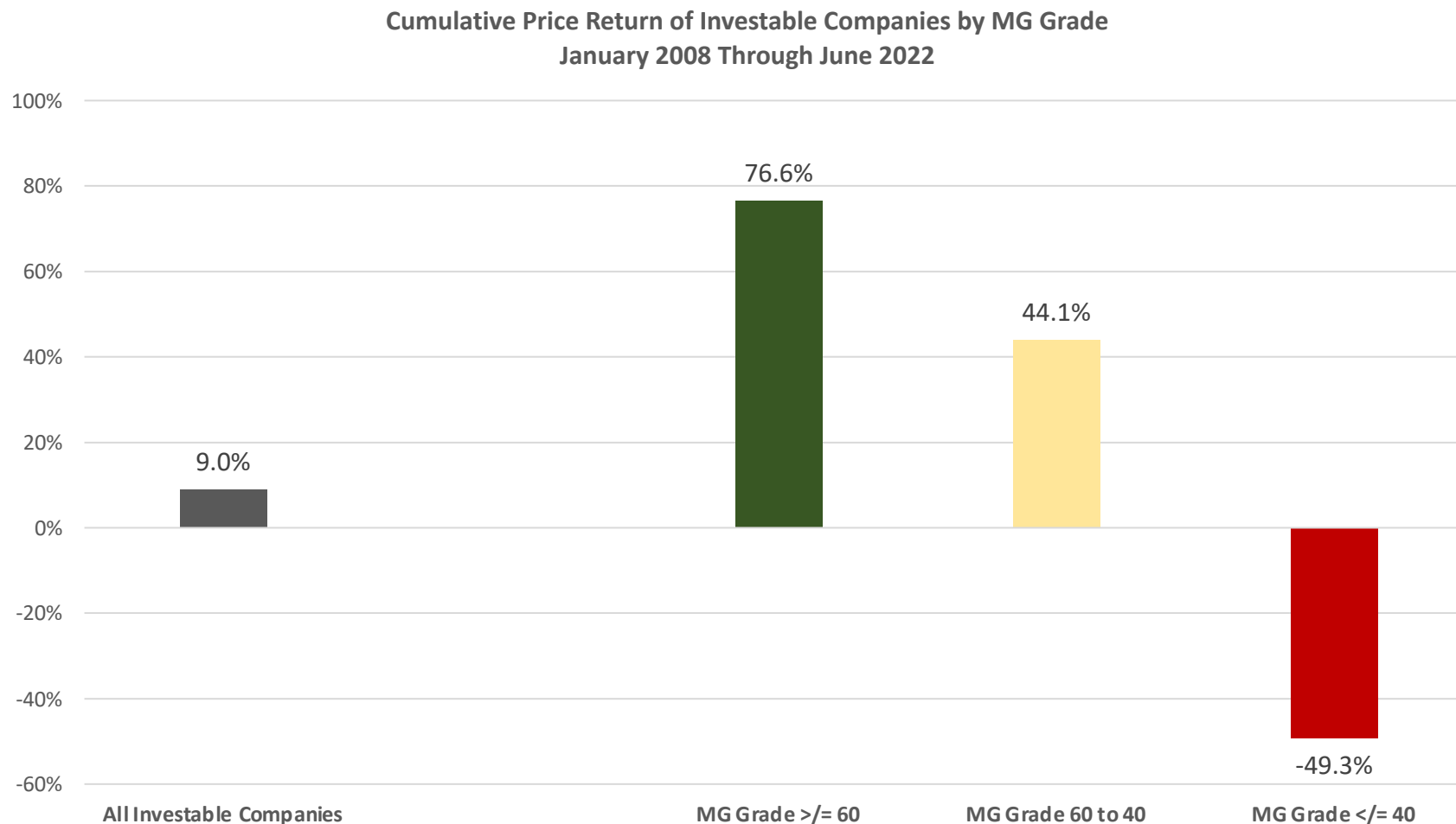
Investable Companies With **MG Grade Between 40 & 60**: Six-Month Average Price Returns - January 2008 through June 2022



Whereas the Cumulative Price Performance of the Companies With the Lowest Ratings Has Been Abysmal



Investable Universe Reveals Significant Differences in Performance Based on MarketGrader Score



Canadian Stock Selection Based on MarketGrader Grade Resulted in Annual Alpha of 3.4%

	January 2008 Through June 2022			
Investable Universe	Average Count	Cumulative Return	Annualized Return	Annual Alpha
All Companies	439	9.0%	0.6%	
MG Grade Greater Than 60	91	76.6%	4.0%	3.4%
MG Grade Between 60 and 40	137	44.1%	2.6%	2.0%
MG Grade Less Than 40	211	-49.3%	-4.6%	-5.2%

Difference in Annual Alpha Compounds Over Time to Make a Significant Difference in Sample Portfolio

