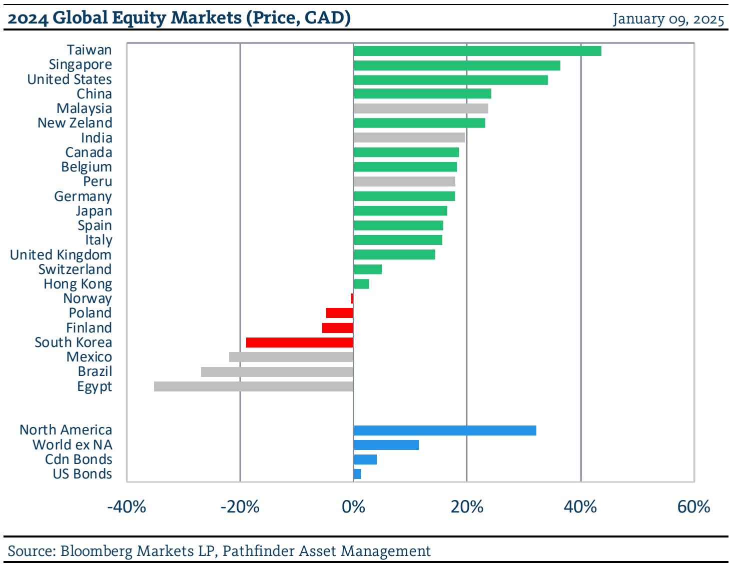
Equally Invested™

Our uniquely managed funds, fee transparency, and exceptional personal service allow our clients to maximize asset growth, focus on long-term objectives, and have a better understanding of where their money is invested and why.

JANUARY 2025

From the reader's perspective, this document should be read in conjunction with the "Pathfinder Portfolio Management Overview" report released on January 10th, 2025, which explains our overall portfolio management process and investment thesis. Please follow this link ***here*** for a copy of the report if you have not seen it yet.



As we noted in our Portfolio Management Overview released earlier this month, 2024 was another strong year for global equity markets. Other than a small number of emerging markets, major indices finished higher than where they started. We republish the chart to the right that was also released in our Portfolio Management Overview. The countries are sorted from highest to lowest and are in CAD for comparability. The green bars present Developed Markets and the grey bars Emerging Markets. The blue group represents the areas that we believe are more relevant to the typical Pathfinder client and the Canadian money management community. As you can see, the vast majority of the world had positive returns and there was limited dispersion between Emerging and Developed. The heavily technology weighted Taiwanese and US indices were essentially the best performing markets.

The other item that we added in the blue section was fixed income. Bonds had more normalized fixed income type returns (low-single digit) again this year. This was very different from 2022 where the traditional "60/40" Balanced Fund was essentially the worst performing asset on an expected risk adjusted return basis. At Pathfinder, we have avoided long-term bonds in all our mandates and client portfolios. Given the current market environment, we expect that we will continue to do so for some time. This was a significant positive for those clients who chose instead to invest in our High Income dividend paying mandate. We expect more volatility going forward with central banks dealing with both the new administration and existing sticky inflation. This provides a significant opportunity to position our portfolios for long-term growth.

NORTH AMERICAN EQUITY & HIGH INCOME REVIEW

For the calendar year 2024, the North America Equity portfolio returned 18.5% and the High Income portfolio returned 23.4%. Since our inception in 2011, our segregated portfolios have returned 8.5% and 7.8% respectively annualized to December 31, 2024 (please see Figure 2).

Figure 2: Pathfinder Large Capitalization Mandates December 31, 2024

Pathfinder Mandate	2024	2023	2022	2021	2020	5 Yr.	7 Yr.	10 Yr.	Std Dev	Incpt*
Pathfinder: North America	18.5	28.7	-7.8	20.3	-1.3	10.8	9.3	8.2	10.1	8.5
Pathfinder: High Income	23.4	6.7	0.9	25.0	-7.1	9.1	8.2	6.9	10.5	7.8
Pathfinder: Fixed Income	3.7	3.3	-4.0	-2.0	0.8	0.3	0.6			0.2
Pathfinder International Fund	19.9	25.7	-18.1	9.4	16.2	9.4				9.1
Selected Equity Indices										
S&P/TSX Composite Total Return Index (C$)	21.6	11.8	-5.8	25.1	5.6	11.1	9.5	8.7	12.9	
S&P 500 Total Return Index (C$)	36.2	23.3	-12.4	27.5	16.5	16.9	16.1	15.4	12.7	
iShares Core Canadian Universe Bond Index ETF	4.1	6.6	-11.8	-2.6	8.6	0.7	1.6	1.8	5.4	
Bloomberg World ex US Large & Mid Cap (C$)	15.4	12.4	-10.8	8.2	11.2	6.8	6.1	7.8	11.5	
Bloomberg Emerging Markets (C$)	17.1	7.3	-14.8	1.7	20.1	5.5	4.8	7.2	13.0	
Bloomberg APAC, Europe & EM (C$)	17.1	10.8	-11.5	4.9	15.7	6.9				

Source: Bloomberg Markets LP, Pathfinder Asset Management All portfolio returns are net of fees.

We have accomplished this while taking less risk vs. equity markets - between three quarters and two thirds of broad market indices, as measured by annualized standard deviation (the monthly fluctuations of your portfolio market value). We have been able to minimize our portfolio standard deviation with two main strategies. First, we invest in companies that are stable cash flow producers and are priced at a discount to their fundamental value. This should inherently lead to less volatile portfolios. Second, when the price of a share of a company that we own rises above what we think it is worth in the best-case scenario, we sell or reduce our position and allocate that cash to another company that has better value. If we cannot find another company, then we hold the cash in a treasury bill. Holding the cash serves two functions: One, it reduces the risk of the portfolio when we believe prices are too high and two, it provides us an option to buy more shares of good quality companies when prices are lower.

This year, the Large cap team was lucky enough to welcome two new members into the group. **Adam Kim, CFA** joined in January and has taken a growing role in contributing to the management of both the North American and High Income portfolios. Adam comes from a large global money manager after he and his family moved to Vancouver from Toronto. **Brayden Toullelan, CFA** has been promoted to Analyst after completing an interdepartmental rotation at Pathfinder. Brayden works on Financials (banks and insurance companies), Financial Technology & Real Estate and contributes directly to all Large Cap portfolios and funds. The added resources has allowed the team members to become more specialized. We look forward to further enhancing our investment management process and discussing the adjustments as we move forward this year.

In our North American Equity portfolio, our best performers were **Nvidia Corp** (NVDA US) +195.5%, **Fairfax Financial** (FFH CN) +63.6, **Manulife Financial** (MFC CN) +50.8%, **Alphabet Inc** (GOOG US) +47.2% and **Emerson Electric Co** (EMR US) +38.7%. These are great numbers, for some of the largest positions in the portfolio. We are happy that they are spread across various sectors and not just driven from technology companies. Please note all individual company returns noted in this section do not include dividends.

With respect to the losers, **CDW Corp** (CDW US) -8.4%**, Toronto-Dominion Bank** (TD CN) -10.6%**, GXO Logistics Inc.** (GXO US) -11.6%, **Diageo Plc ADR** (DEO US) -16.2%, and **Temenos Ag Sp ADR** (TMSNY US) -18% rounded out the bottom. Other than TD CN, these are all new positions to the portfolio, added throughout the year. They are better value in our opinion. Furthermore, in the *Current Investment Outlook* section discussed later in the document, we note that we have become somewhat more cautious with respect to technology valuations. In our view, the potential for a sharp correction is higher this year than last, and the addition of the above companies to the portfolio serves both as an opportunity to diversify away from the high valued technology companies, and also an opportunity to add exposure to companies that be believe will be somewhat more defensive when the equity markets finally do experience some downside volatility. Also, as is typical for the way that we construct portfolios, we have added the new positions on a staged basis, so as a group they are somewhat lower in weight than the top performers noted in the previous paragraph. This is typically how we initiate a new company into the portfolio… buying stages over time, until we establish a full position.

Generally, when we make a new investment, it takes some time for our thesis to evolve (that is the whole point of buying low and selling high!). It can sometimes take a long time for the market to recognize the validity of our investment thesis and as long as our original reason for buying stays intact, we remain unconcerned with short-term negative stock price results.

There is a difference between trading the market and investing in companies. At Pathfinder, we invest in companies. We aim to buy good quality companies with stable cash flows at a low price. This year, we did more trading than last year. The addition of new resources to the team allowed us to increase the number of good quality companies that we follow, and we found several excellent opportunities to put excess cash to work. Also, the market has been up double-digits in each of the past two years, and we have let our “winners run”. Thus, we also found several good switch opportunities. While we are always able to improve, we remain generally satisfied with our execution this year.

The High Income portfolio had good results considering the mandate, and the change in both market leaders and interest rates. The objective of the High Income mandate is to deliver a sustainable source of income that grows above inflation. There are three important metrics that we focus on with respect to dividend paying companies:

- **First** is sustainability. We evaluate companies first and foremost on sustainability. A business must have a competitive advantage, a diversified customer base, and a strong balance sheet allowing it to sustainably pay a dividend even during periods of stress. We want to ensure a low probability of a dividend cut. Sustainability also means we carefully evaluate management’s policies and their track record and only invest in companies that have a clear policy of allocating a certain percentage of free cash flow for dividend payouts.

- **Second** is the current yield of a stock or trust. There must be enough yield paid as dividends or distributions for investors requiring cash flow for lifestyle purposes and so we only initiate new positions if an investment is appropriately valued.

- **Third** is growth in free cash flow, which translates to growth in dividends over time. Our objective is to grow the dividend at or above inflation. Our businesses should accomplish this by having wide moats and compelling products or services. Moreover, as the dividend grows, the book value or cost-base of the investor's original position does not change meaning the yield on their initial investment grows over time (say from 5% to 7% to 9%).

Given this portfolio is relied upon for income, diversification is key. We are focused on diversifying between companies with strong dividend growth (but potentially lower yield) and businesses with strong dividend yields (but potentially lower growth). This allows us to position the portfolio to provide both short-term income and growth as the clients' expenses grow.

We present a comparison between the two mandates in Figure 3. At the end of the year, the High Income Portfolio had less cash (0.5% vs 6.6%), than the North American Equity portfolio. High Income remains fully invested, which is similar to last year and in line with the portfolio mandate. The High Income portfolio has essentially zero exposure to technology stocks and is more weighted to interest sensitive companies (Banks, Insurance & Real Estate). This difference will be the main driver between the two mandates. While the lack of technology stocks this year again did not add value, it was a substantial risk savings. Also, the performance of the other companies in the portfolio helped to contribute to good multi-year performance.

Figure 3: Pathfinder Large Cap Statistics December 31, 2024

	Pathfinder	
	Nth Am	**Hi Inc**
Count	27	26
Cyclical	45.6%	19.0%
Defensive	11.5%	16.6%
Semi-Cyclical	36.3%	63.8%
Other	6.6%	0.5%
Canadian	21.8%	69.2%
United States	71.6%	30.2%
International	0.0%	0.0%
Price to Earnings Ratio	23.5	15.7
Price to Sales Ratio	5.6	2.6
Return on Equity	27.0	13.4
Net Debt to EBITDA	1.4	1.7
Dividend Yield	1.3	4.7

Source: Bloomberg Markets LP, Pathfinder Asset Management

This above is an important distinction between this portfolio and others at Pathfinder. We strive to include companies with stable cash flow so there will be periods when the market effectively oscillates around those stable cash flows. The portfolio also has better valuation metrics, which in theory would have provided more downside protection during periods of market distress; however, the main goal is to provide that stable cash flow to the ultimate holders of the portfolio. In most cases, this stream of dividends should grow over time and keep track with inflation. Therefore, the focus is on long-term stability of the cash flow rather than short-term performance. This mandate, when combined with a detailed financial plan completed by your Counselling Team, is an excellent component for long-term portfolio construction.

CORE PORTFOLIO STATISTICS

We include Figure 4 below, which presents the difference between the Pathfinder Large Cap mandates and three broad indices produced by Bloomberg Markets LP.

Pathfinder mandates do not look like any common benchmark portfolio. We are more concentrated, have better valuation metrics and stronger company fundamentals. Over the years, our allocation to sector, geography and cash have changed dramatically. We take a real investment stance, move capital opportunistically and, as a result, expect a more efficient return profile. We cannot guarantee better performance, but we can guarantee that we will be different. In our opinion, this is what most investors are missing in their own personal investment structure.

Figure 4: Pathfinder Large Cap Statistics December 31, 2024

	Pathfinder Asset Mgmt.			Bloomberg Markets LP		
	Nth Am	Hi Inc	Intl	Canada	US	Wrld x NA
Count	27	26	32	266	629	1,721
Cyclical	45.6%	19.0%	71.1%	63.5%	49.9%	50.9%
Defensive	11.5%	16.6%	11.3%	15.0%	28.3%	25.9%
Semi-Cyclical	36.3%	63.8%	16.1%	21.4%	21.8%	23.2%
Other	6.6%	0.5%	1.6%	0.0%	0.0%	0.0%
Canadian	21.8%	69.2%	0.0%	99.0%	0.0%	0.0%
United States	71.6%	30.2%	5.4%	1.0%	95.8%	0.0%
International	0.0%	0.0%	94.6%	0.0%	4.2%	100.0%
Price to Earnings Ratio	23.5	15.7	24.3	36.5	31.7	19.0
Price to Sales Ratio	5.6	2.6	5.5	4.2	8.5	4.3
Return on Equity	27.0	13.4	18.3	13.6	18.0	18.3
Net Debt to EBITDA	1.4	1.7	-0.5	3.1	2.1	0.2
Dividend Yield	1.3	4.7	1.3	2.7	1.3	2.7

Source: Bloomberg Markets LP, Pathfinder Asset Management

When our Counselling Team discusses investment policy with clients and prospects, they discuss three basic options for the operation of an investment portfolio:

1. **"Do it yourself":** There are many "do it yourselfers" and if one is interested, diligent and has the time to dedicate, this is a great way to manage a portfolio. It permits maximum flexibility and is clearly the cheapest. However, individual results can vary, and most people are often not objective about evaluating themselves. Furthermore, there are certain strategies that are difficult to do by oneself; and/or

2. **"Index":** The second cheapest is passive investing, which is also a very valid approach. In this case, a very low-cost ETF and a long-term strategy (i.e. avoid selling in panic times) guarantees average returns with an essentially institutional type fee; and/or

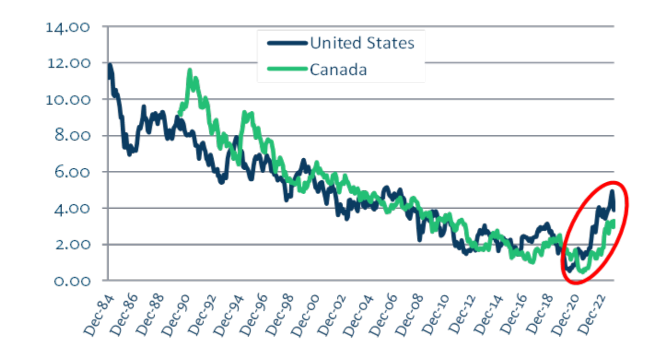
3. **"Hire a pro":** Many people also hire a professional investor. This unfortunately comes with mixed results. There are some great money managers who offer good performance and good service but there is an associated fee. In some cases, it works and in other cases it does not. Many professional investor services also rely on outsourced money management and, in turn, blend multiple portfolios together, essentially creating a passive portfolio with an active fee. This guarantees that the client earns subpar returns and ultimately leads to poor client experience. When hiring a money manager, "buyer beware" philosophy holds very true.

I added the "and/or" to each option because we find that some of the most interesting client portfolios ***mindfully*** blend multiple approaches. The trick is to be mindful with the selection of the strategies. At Pathfinder, our Counselling Team are actively involved in helping clients do this, both within the Funds and Portfolios that we have at Pathfinder and the portfolios that the client may or may not choose to have at other financial institutions.

A NOTE ABOUT FIXED INCOME:

We have a number of clients where we blend in a laddered, investment-grade fixed income portfolio to their equity and fund positions for risk mitigation and capital preservation purposes. We have historically stated that given the interest rate environment, we did not view fixed income as a source of investment return but rather a store of nominal value (i.e., loss of capital is limited, other than erosion from inflation). This has clearly changed.

Figure 5: 10 Year Treasury Rates January 21, 2025



Source: Bloomberg LP, Pathfinder Asset Management

During the early part of my career, a typical client's Investment Policy Statement could be wrapped around a balanced portfolio (60% equity, 40% fixed income). The bond portion of the portfolio was usually targeted to provide cash flow for a fixed liability (living expenses, for example) and the equity portion of the portfolio was used for growth to build the portfolio in order to protect its purchasing power over time. That changed in the mid 90's as long bond rates dropped below 6%. While there was an initial, and significant, capital gain, once the tenor rolled off and the bond matured, it was very difficult to reinvest for any duration that paid what investors thought was a reasonable rate, given that interest rates would eventually increase again. The longer the low rate environment persisted, the riskier it was to add long bonds to a portfolio. This is because of the substantial capital loss that would occur on rate reversal. In early 2022, rates did in fact reverse, so now the landscape has changed again. We are now most likely at the beginning of a very long-term adjustment in the stability of bonds as a true portfolio investment option.

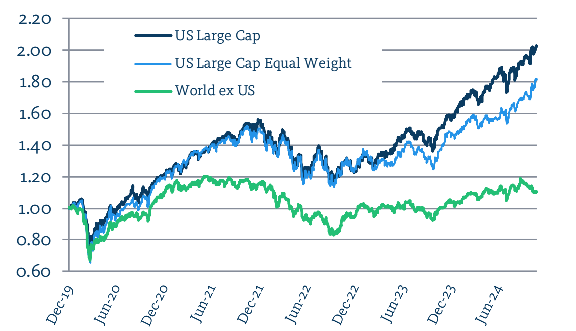
For our Fixed Income Portfolio, we have remained allocated to short duration bonds. This is a good way to preserve capital as they are less sensitive to interest rates. We also believed that credit spreads have been too small to warrant investment in most corporate bonds; thus, we have tilted the portfolio more towards government bonds. We said that we would need to see mid-to-high single digit bond rates with moderate inflation before we would again consider fixed income a contributing part of our investment process, and this appears to be happening.

For clients that require fixed income for living expenses, we have historically substituted our High Income portfolio for the equity portion of the investment policy statement and used our short bond ladder for the fixed income portion. This has resulted in exceptional relative performance for these investors, particularly after the recent structural change in the various interest rate terms. With rates now increasing, we consider fixed income a viable investment alternative, given that it appears that core inflation has somewhat moderated. This year, we have added bonds into some client accounts and expect that over time as opportunities present themselves, further allocation to the asset class in a more balanced approach makes sense. We will also be changing the composition and strategy of the bond portfolio. While there is still some volatility within the fixed income market, we continue to build out the combination of High Income, Fixed Income and some blend of the other more risk capital where that makes sense for the induvial investor. Again, our Counselling Team can help you directly with this.

CURRENT INVESTMENT OUTLOOK

Every year, we reread what we wrote from last year in this section. We compare what we thought the coming year would bring against what actually happened. One of the nice things about writing on a regular basis is that we can track how our thought process evolves. This provides us with the opportunity for reflection, which is critical for all investors. We did the same thing with last year's *Current Investment Outlook* section before we began to write this year's, and we find ourselves in the generally the same situation as last year: strong markets, high valuations, sticky inflation, geopolitical risk, and growing differences between the major economies of the world.

Figure 6: Major Market Returns 5 yrs (USD) January 23, 2025



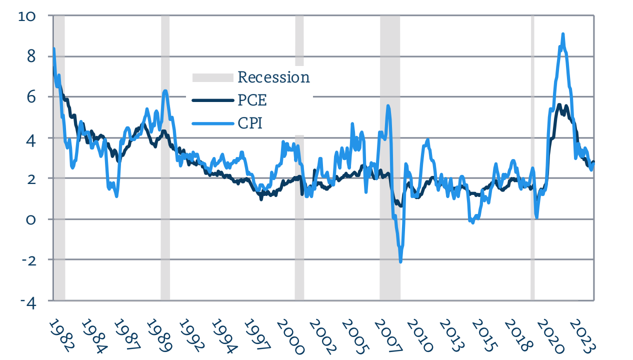
Source: Bloomberg LP, Pathfinder Asset Management

In October of 2022, equity markets had reached the bottom of what was at the time, a very quick bear market (down -24.5%). From there, until the end of 2023, the S&P500 rallied to all-time highs. In 2024 markets just kept going (Figure 6). The recession that most pundits had called for never came, and the focus drifted to a soft landing and high valuations. One thing that I continue to find strange in financial markets is the "next year market prediction" that so many investment banks produce just because the end of the year has arrived. To be clear: there is literally no connection between economic and market cycles and New Year's Day. This past year is a perfect example of why those predictions should be completely ignored by investors. Essentially no one predicted that last year's all-time highs would be eclipsed again and driven by the same 7 US technology stocks, but that is in fact exactly what happened. We find ourselves in a similar dilemma this year. Valuations are clearly high, and the recurring strength of the companies causes everyone, including us, to have serious doubt that equity markets can deliver high double-digit returns for a third year in a row.

In Figure 6, we again included the S&P 500 Equal Weight index (light blue line). The S&P500 Equal Weight is comprised of the same stocks as the regular S&P500 index but weighted equally instead of by market capitalization. The equal weight index has historically performed better than the cap weighted index: 10.6% per year for 20 years to the end of 2022 vs. 9.8% for the cap weighted. This is because small capitalization companies are represented in the same proportion as large capitalization companies in the equal weight index and those companies typically have more growth, given they are starting from a smaller base. *This year, the cap weighted index was up 25.0% and the equal weight up only 13.0%. This is because the well popularized Magnificent 7 (NVIDIA, Meta, Amazon, Microsoft, Alphabet, Apple and Tesla) return 67.3% as a group!!* I italicized the above statement because incredibly, it is essentially the exact same data as the year before. Investors should pay attention to this. Market cap indices are used to create ETFs and consequently have become the primary benchmark for all portfolios. A large money manager with tens/hundreds of billions of dollars to invest must use market weighted indices because it is impossible to buy an equal weight portfolio with that much capital. However, most investors do not have billions of dollars to deploy, so an equal, or some other weight portfolio is a real option to consider. It provides small investors with a structural advantage that can be exploited. This is in fact how we manage at Pathfinder.

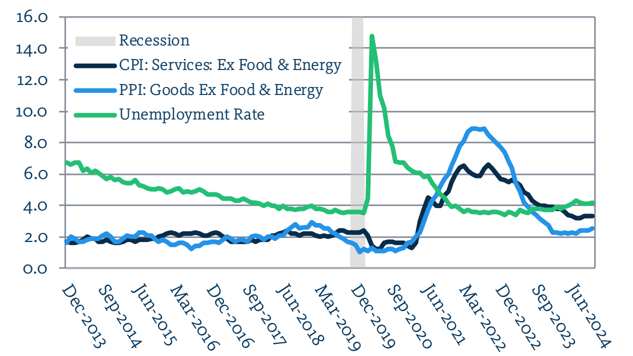
We again revisit the discussion with respect to inflation as it continues to remain material to all investors. While inflation has been moderating somewhat this year, it continues to be sticky. At the last US Federal Open Market Committee (FOMC) meeting of the year, Chair Powell left some serious doubt in investors minds with respect to lowering interest rates next year. Now with a new administration, the outlook is even more murky. Figure 7 presents Personal Consumption Expenditures (PCE), which is the FOMC's preferred inflation measure. When the PCE falls to around 2%, the Fed will consider us to be in a "normal inflationary environment" (the dark blue line has been around 2% since the early 1990s). We have also included traditional CPI, which is often quoted in the financial press. Both peaked in the early spring of 2022 but remain stubbornly high. The FOMC would clearly like to see inflation back in that stable 2% range from years prior (Figure 8). Clearly, we have seen some disinflationary pressure from the peaks of 2022, but with the new US administration, the potential for reacceleration (lower regulations, lower taxes, pro-business policy & tariffs) cannot be discounted. Unemployment remains low as well, so wage inflation is a real risk if the economy heats up. Offsetting all of that is a potentially weaker China, more focused on internal domestic consumption. This could act as a potential inflation mitigator, primarily for commodities, and that would make input prices lower for everyone.

Figure 7: US Inflation Data January 23, 2025



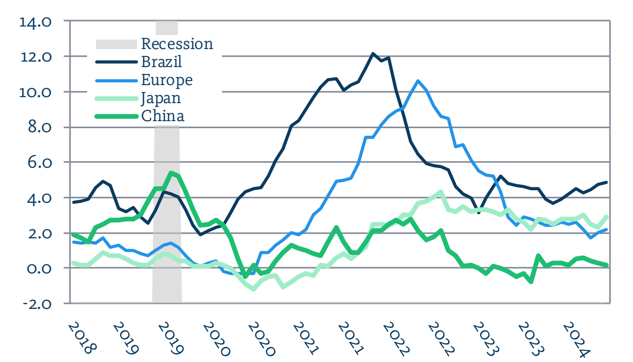
Source: Bloomberg Markets LP, Pathfinder Asset Management Limited

Figure 8: US Inflation Drivers January 23, 2025



Source: St Louis Federal Reserve, Pathfinder Asset Management Limited

Figure 9: Select International Inflation January 23, 2025

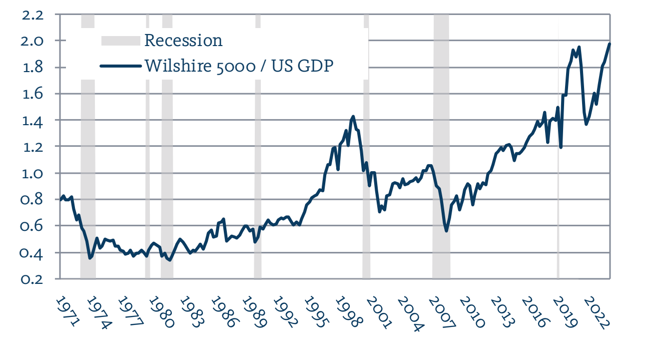


Source: Bloomberg Markets LP, Pathfinder Asset Management Limited

We present headline inflation data from around the world in Figure 9. What strikes us is how different each country is to the others at the end of the year While they have all peaked, there are significant differences. Japan's current inflation rate (2.9%) is well above its average, given that it has emerged from decades of deflation. China (0.2%) has essentially swapped places with Japan and is now in its own deflationary environment. Europe (2.2%) is somewhat more normalized, even when compared to the US, and Brazil at 4.9% remains high.

We published The Buffett Valuation (broad US stock market capitalization divided by US GDP) from 1970 in Figure 10. Valuations were at a high in 2021, fell back and then raced back again last year. We are now at an all-time high and well past the peak of the dot-com bubble from the late 1990's. This does give us some concern, especially with respect to technology stocks. We will continue to look aggressively in other areas for good investment opportunities and in fact have already shifted the portfolios to more defensive companies and increased our cash position.

Figure 10: The Buffet Valuation January 23, 2025

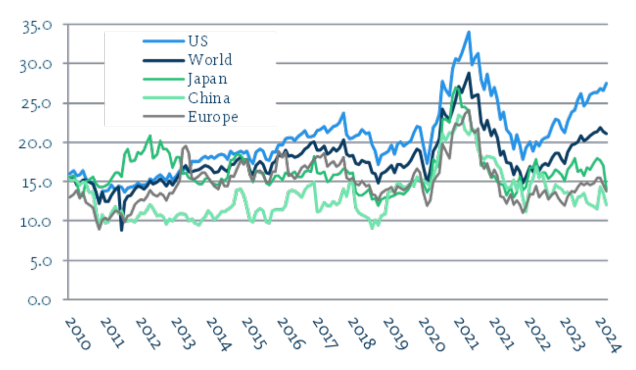


Source: Bloomberg Markets LP, Pathfinder Asset Management Limited

We are paying special attention to what appears be a growing difference between the economic paths of large blocks of the global economy. The US, China, Japan, and Europe seem to be evolving in distinctly different trajectories. This is different than in the recent past, where globalization resulted in a more correlated environment. The US and China have internalized their focus, both with respect to geopolitical policy and economic independence. The US government appears focused on repatriating domestic production of critical parts of its supply chain and remains tuned to internal activities and limiting external competition. It remains clear to us that the focus is more nationalistic rather than previously the championed globalism of 1990's and early 2000's. This notably appears true across both Republican and Democratic administrations. China, much like the US, is also actively pursuing a domestic economic agenda. Japan is emerging from a multi-decade deflationary environment and is still actively struggling with a demographic problem (as China will soon be). Europe, in our view, still has economic structural difficulty, and corporate management outlooks continue to be quite depressed.

Figure 11 presents valuation statistics for 4 groups that represent 71% of the global economy (IMF data). The difference is quite material and has not been this high in at least the past 15 years. We can clearly see true differentiation by geographic region both with respect to economies and valuations. Thus, there are opportunities to identity companies exposed to regions that we believe will perform better. This will allow us to benefit from true investment diversification across the different regions that we currently invest in.

Figure 11: Price Earnings Valuations January 23, 2025



Source: Bloomberg Markets LP, Pathfinder Asset Management Limited

Conclusion: We will continue to look for good quality, mispriced investments. The fortunate combination of good valuations (outside of North America) and differentiated economic trajectories provides us the opportunity to position the portfolio for what we believe will be the next cyclical expansion. Over the long term, our investment view remains constructive but cautious.

CORE:100

We maintain a list of what we consider to be world class companies in all industries and across all major geographic areas. We regularly screen global stocks, based on our valuation framework, for new names that we consider for addition to our universe of coverage. We focus on well managed, fundamentally strong firms that consistently generate and grow cash flow. We expect strong quality management teams to reinvest that cash flow in improving their businesses. These firms have defensible advantages and ideally return any excess capital to their owners (i.e. us!!) in a rational, economic and consistent manner. The list is then filtered for qualitative factors including sector balance, general economic trends and changes in technology. We then generate buy and sell targets for each company in the universe. This is what drives our portfolio investment decisions. Our thesis is that these companies should do better than the general market over the long-term and, more importantly, they should outperform during the regular periods of distress that we seem to have every 7-10 years. If we are buying from a list of "the best companies in the world" and buying consistently at a discount, then the portfolios that we construct should do better on a risk-adjusted basis as well.

Figure 12: Pathfinder Core 100 Statistics December 31, 2024

	Pathfinder Core 100	Bloomberg Canda	Bloomberg US	Bloomberg Wrld x NA
Count	157	266	629	1,721
Cyclical	56.1%	63.5%	49.9%	50.9%
Defensive	22.3%	15.0%	28.3%	25.9%
Semi-Cyclical	21.7%	21.4%	21.8%	23.2%
Other	0.0%	0.0%	0.0%	0.0%
Canadian	21.0%	99.0%	0.0%	0.0%
United States	45.9%	1.0%	95.8%	0.0%
International	33.1%	0.0%	4.2%	100.0%
Price to Earnings Ratio	22.0	36.5	31.7	19.0
Price to Sales Ratio	4.8	4.2	8.5	4.3
Return on Equity	18.8	13.6	18.0	18.3
Net Debt to EBITDA	1.5	3.1	2.1	0.2
Dividend Yield	2.8	2.7	1.3	2.7

Source: Bloomberg Markets LP, Pathfinder Asset Management Limited

We have expanded past our 100 names in the Core 100 as we find new additions and our investment thesis evolves to include more international companies. Generally, this is a slow-moving process that does not change significantly from year-to-year, but some evolution is healthy given global changes and the ongoing development of our investment views. In 2024, we had some movement of companies. On the North American side, we removed **Walgreens Boots Alliance Inc** (WBA US) and **Intel Corp** (INTC US). We removed these companies because we were not comfortable with the performance of management and our investment thesis became broken. Conversely, we added 14 US and 4 Canadian companies across multiple industries. On the international side, we added 7 and removed 2. The international companies that we added were equally split between the technology and consumer industries.

We are always looking to improve the quality of the companies that we consider for the portfolios. We run screens and find companies through our research efforts that fit the parameters of what we consider to be a "good" company. The list is continually expanding. Over the coming year, with the addition of the new team members, we expect there many more will be reviewed and considered for inclusion in the Core 100.

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Sources: Bloomberg, Pathfinder Asset Management Limited

Disclosure

National Instrument 31-103 requires registered firms to disclose information that a reasonable investor would expect to know, including any material conflicts with the firm or its representatives. Doug Johnson and/or Pathfinder Asset Management Limited are insiders of companies periodically mentioned in this report. Please visit www.paml.ca for full disclosures.

Changes in Leverage. We are increasing the asset ceiling to 2.0 times the market value of equity for Pathfinder International Fund and Pathfinder Conviction Fund to be consistent with Pathfinder Partners' Fund and Pathfinder Resource Fund.

For more information, please follow the links above to review the fund term sheets.

*All returns are time weighted and net of investment management fees. Performance returns from the Pathfinder Partners' Fund and Pathfinder Real Return Plus Fund are presented based on the masters series of each fund. The Pathfinder Core: Equity Portfolio and the Pathfinder Core: High Income Portfolio are live accounts. These are actual accounts owned by the Pathfinder Chairman (Equity) and client (High Income) which contain no legacy positions, cash flows or other Pathfinder investment mandates or products. Monthly inception dates for each fund and portfolio are as follows: Pathfinder Core: Equity Portfolio (January 2011), Pathfinder Core: High Income Portfolio (October 2012) Pathfinder Real Fund (April 2011), Pathfinder Real Fund (April, 2013), and Pathfinder International Fund (November 2014).

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