Pathfinder Small Cap
Quarterly Report

March 31, 2025

The Pathfinder Small Cap mandates invest in high-torque, early-stage companies that have the potential to generate superior returns.

Pathfinder Partners' Fund

The Partners' Fund had a net return of +0.7% in the first quarter of 2025. This compares to the TSX Venture Exchange which had a return of +5.1% in the first quarter. Our annualized 10-year return is +13.7% compared to the TSX Venture Exchange's return of -0.8% over the same period. The table below provides the performance summary.

Performance: March 31, 2025

	3M	6M	1 Yr	3 Yr	5 Yr	10 Yr	Incpt. *
Pathfinder Partners' Fund[1]	0.7%	4.4%	9.2%	3.2%	17.7%	13.7%	7.9%
S&P/TSX Venture	5.1%	8.1%	11.5%	-11.0%	10.0%	-0.8%	-8.7%

	2024	2023	2022	2021	2020	2019	2018
Pathfinder Partners' Fund[1]	20.0%	10.5%	-20.6%	19.6%	50.6%	26.3%	-17.0%
S&P/TSX Venture	8.1%	-3.0%	-39.3%	7.3%	51.6%	3.7%	-34.5%

[1] Performance based on Class C Master series, please see disclosures below *Inception Date: March 2011

Our top contributors for the quarter were **NameSilo Technologies Corp. (TSXv: URL)** which added +4.7%, **Itafos Inc. (TSXv:IFOS)** at +1.4%, and **Kits Eyecare Ltd. (TSXv:KITS)** at +1.0%. Our main detractors were **Spectra7 Microsystems (TSXv:SEV)** and **Imaflex Inc. (TSXv:IFX)**.

The first quarter of 2025 was unquestionably dominated by the policy moves of the Trump administration, with the most disruptive being a proposed wave of broad tariffs on Canadian imports. Despite the bearish sentiment tariffs created, the Canadian Venture market managed to rebound in late March, buoyed largely by strong gold performance. As a result, the market closed the quarter in positive territory. In stark contrast, the U.S. equivalent **Russell 2000 Index (NYSE:IWM)** fell approximately -10%.

As noted in previous quarterly updates, while we closely monitor macroeconomic developments for their potential impact on our portfolio, our investment approach remains fundamentally driven from the bottom up. That said, the increased market uncertainty introduced by the threat of tariffs prompted us to adopt a more cautious near-term outlook. In response, we proactively managed portfolio volatility by trimming positions that outperformed to raise cash. This approach has positioned us with the flexibility to redeploy capital on market volatility, targeting high-conviction names whose valuations have drifted materially from their intrinsic value.

When we identify a promising company, our research begins by meeting with management to gain a deeper understanding of the business model, risk profile, industry's dynamics, and ultimately, the company's intrinsic value. Even with a strong investment thesis, timing remains a critical component as entering too early or too late can impact expected returns. One advantage of the recent market volatility is that several high-quality businesses we've followed have pulled back into our buy range, allowing us to accumulate positions at far more attractive valuations.

Atlas Engineered Products (TSXv: AEP) is one of these names. We've tracked AEP closely for over three years with regular check-ins with management, and we believe they have demonstrated a scalable, capital-efficient business model. Atlas manufacturers prefabricated floor and roof trusses, and wall panels to service single family, multi-family, high-rise, and commercial construction. Pre-fabrication enables builders to accelerate project timelines by up to 5x when compared to traditional methods, which should prove valuable in today's housing-constrained market. The industry remains highly fragmented, dominated by "mom & pop" operators that supply their local markets. Atlas can capitalize on this using a roll-up acquisition strategy enhanced by unlocking operational leverage through automation systems that improve throughput and lowers costs. With continued execution and a favorable sector backdrop, we believe Atlas will be a compelling story over the next few years.

NameSilo Technologies Corp. (TSXv: URL), which we highlighted in our Q4 2024 report, continued to be a significant contributor to portfolio performance this quarter. Importantly, operating margins are beginning to benefit from leverage as the company recently increased prices on their services and saw no material impact on retention or demand. Management remains confident that domain growth will continue at a rapid pace, which, when combined with expanding margins, supports cash flow yields in the mid-teens. In our view, NameSilo still has significant upside in the share price as their registered domains grow.

Through discussions with our portfolio companies, we've assessed that most are well-positioned to mitigate the impact of tariffs. We structure our core companies deliberately around resilient balance sheets led by proactive management teams. In our view, great management teams anticipate, weaker management teams react. We're confident that the companies we've selected will be capable of navigating the current environment and continue to build shareholder value.

Pathfinder Resource Fund

The Resource Fund had a net return of +6.6% for the first quarter of 2025. This compares to the benchmark which had a net return of +15.5% for first quarter. Since inception (July 16, 2018), the Resource Fund has returned +14.0% annualized versus the benchmark's return of +8.9%. The table below provides the performance summary.

Performance: March 31, 2025

	3M	6M	1 Yr	3 Yr	5 Yr	Incpt. *
Pathfinder Resource Fund[1]	6.6%	4.6%	24.1%	-1.3%	23.4%	14.0%
Benchmark	15.5%	11.4%	24.9%	6.2%	21.9%	8.9%

	2024	2023	2022	2021	2020	2019
Pathfinder Resource Fund[1]	26.9%	2.2%	-18.7%	23.6%	69.9%	15.6%
Benchmark	17.5%	-2.1%	12.0%	19.8%	6.0%	19.0%

Benchmark: 75% S&P/TSX Capped Materials Index, 25%, S&P/TSX Capped Energy Index *Inception Date: July 16, 2018

[1] Performance based on Class C Master series, please see disclosures below

Our top contributors for the quarter were **Itafos Inc. (TSXv:IFOS)**, which added +2.5%, **Northisle Copper and Gold Inc. (TSXv:NCX)** at +1.1%, and **Orezone Gold Corporation (TSX:ORE)** at +1.0%. Our main detractors were **Alphamin Resources Corp. (TSXv:AFM)** and **Altius Minerals Corporation (TSX:ALS)**.

In our last quarterly, we discussed our shift towards larger cap names to mitigate our downside risk. We continued that trend this quarter concentrating the portfolio towards our high conviction names. We were also actively focused on increasing the amount of cash in the portfolio due to looming recession fears which, if realized, will offer compelling entry points into less defensive, higher torque companies.

While we wait to see the long-term effects of tariff threats, weaker than expected GDP numbers from the US and market volatility led investors to seek shelter in gold bullion. Copper prices were mixed with Chicago Mercantile Exchange (COMEX) copper hitting all-time highs (~$5.30/lb), outperforming the relatively flat prices seen on the London Metals Exchange (LME). The COMEX is based in the U.S. but traders from all over the world buy and sell on this exchange. The move in copper price is counterintuitive considering the potential for a recession; however, imposed tariffs on imported copper triggered a wave of buying in the U.S. leading to the surging copper prices on the COMEX. Proposed tariffs on the automotive and construction (iron ore, aluminum, steel) sectors have had little effect on iron prices so far, but aluminum and steel prices have declined by 7.5% and 9% respectively. Critical metals such as platinum, palladium, and lithium have traded sideways as they are typically uncorrelated to the economy. Uranium spot price was down ~12% for the quarter; however, the long-term outlook remains positive based on projected supply constraints and inelastic demand. Potash prices were flat while phosphate prices (DAP/MAP) were slightly up in the quarter.

So how do the above commodities affect our portfolio? In terms of gold, we maintain exposure partly through key positions such as **Orezone Gold Corp. (TSX:ORE)**, and **Altius Minerals Corp. (TSX:ALS)**. Altius has a 1.5% royalty on the Silicon Project, one of the largest gold discoveries in recent times and a 19.6% equity position in Orogen Royalties who have an additional 1% royalty on the Silicon Project. Our copper exposure is through core positions such as **Arizona Sonoran Copper Corp. (TSX:ASCU)** who are at the development stage and potentially benefit from U.S. government funding as the Trump administration takes steps to fast-track domestic production. Similarly, our largest holding in the fertilizer sector is **Itafos Inc. (TSXv:IFOS)** which is a debt-free US domestic producer. Phosphate prices in the US could increase on the back of tariffs which would directly benefit IFOS. Early in 2024, we were fortunate enough to time our uranium sales with the 10-year high spot price, and recent weakness has offered a re-entry point to further diversify the portfolio in a commodity that has risk to the upside. We recently initiated a position in palladium which has downside protection and compelling supply side fundamentals. PGM producers have been producing below the cost curve in recent years as prices have decreased significantly, forcing major producers to cut production signaling a looming supply crunch in the near term.

One of our special situation holdings, **Alphamin Resources Corp. (TSXv:AFM)**, who produces ~6.5% of global tin, recently had to cease operations. The halt in operations was not due to tariffs but rather geopolitical instability in the region of operations in the Democratic Republic of Congo (DRC). Management at AFM took the decision to halt operations as a safety precaution for their employees, which we believe was the right decision. We believe the conflict will be temporary and added to our position on the back of the shutdown announcement. Another of our holdings, **Volt Lithium Corp. (TSXv:VLT)** redomiciled to the U.S. to take advantage of the U.S. Critical Minerals Act and recently was approved for a US$2 M grant and potentially additional funding as the company continues to execute.

We discussed **Orezone Gold Corp. (TSXv:ORE)** last year in the context of a turnaround and re-rate. It took a little longer than expected but with tailwinds from the strength in the gold price and operational execution, the stock has started to perform. This year, ORE is expected to produce 115-130 koz Au, with a fully funded expansion underway that will increase production to 170 koz next year. In this strong gold environment, ORE is also assessing a stage II expansion which would increase production to ~220-250 koz of Au per year by the end of 2026. Despite the jurisdictional risk, a high percentage of projects in West Africa are completed on time and on budget and we believe the expansion will follow suit. While Orezone currently has an eleven-year mine life, exploration success has shown potential for expansion, a key criterion we look for. Exponential value can be added if a company is able to find or expand known resources close to operations, leveraging existing infrastructure.

While the repercussions of these trade policies are being felt on all sides, there are potential benefits to certain commodities and companies. We have positioned our portfolio to be defensive and provide greater downside protection for our clients. Larger cap and more liquid names offer us the ability to “hide-out”, while the market stabilizes. This strategy will allow us to eventually cycle into other sectors such as oil & gas, iron ore and copper if a recession materializes and demand contracts offering compelling buy opportunities. Thank you for your continued support and trust.

Rob Ballard, CFA | Portfolio Manager
Mark Ouellette | Trader
Gary Sidhu, MBA | Analyst
Jared Fehr, P.Eng | Analyst

Pathfinder Asset Management Ltd. | Equally Invested™
1450 – 1066 W. Hastings Street, Vancouver, BC V6E 3X1
E info@paml.ca | T 604 682 7312 | www.paml.ca

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 an insider of companies periodically mentioned in this report. Please visit www.paml.ca for disclosures.

* All returns are time weighted and net of investment management fees. Returns from the Pathfinder Partners' Fund are presented based on the Class C Master series except prior to its inception in July 2011 when the Class A Master series was used. Inception returns include the 10 months from inception in March 2011. Returns greater than one year are annualized. Returns from the Pathfinder Resource Fund are presented based on the Class C Master series since its inception in July 16, 2018. The S&P/TSX Venture Composite Index (C$), the S&P/TSX Venture Composite Index, the S&P/TSX Capped Materials Index and the S&P/TSX Capped Energy Index provide general information and should not be interpreted as a benchmark for your own portfolio return. Further details of the Partners' Fund are available on request.

Changes in Leverage. We are increasing the liabilities 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.

Pathfinder Asset Management Limited (PAML) and its affiliates may collectively beneficially own in excess of 10% of one or more classes of the issued and outstanding equity securities mentioned in this newsletter. This publication is intended only to convey information. It is not to be construed as an investment guide or as an offer or solicitation of an offer to buy or sell any of the securities mentioned in it. The author is an employee of PAML, but the data selection, analysis and views expressed herein are solely those of the author and not those of PAML. The author has taken all usual and reasonable precautions to determine that the information contained in this publication has been obtained from sources believed to be reliable and that the procedures used to summarize and analyze such information are based on approved practices and principles in the investment industry. However, the market forces underlying investment value are subject to sudden and dramatic changes and data availability varies from one moment to the next. Consequently, neither the author nor PAML can make any warranty as to the accuracy or completeness of information, analysis or views contained in this publication or their usefulness or suitability in any particular circumstance. You should not undertake any investment or portfolio assessment or other transaction on the basis of this publication, but should first consult your portfolio manager, who can assess all relevant particulars of any proposed investment or transaction. PAML and the author accept no liability of any kind whatsoever or any damages or losses incurred by you as a result of reliance upon or use of this publication.