

Verecan - Trade Update Selling ZBK, Buying VXC



April 12th, 2024

On April 11th, we executed a trade within the Verecan Global Equity Fund by selling our holdings in the BMO Equal Weight US Bank ETF (ZBK) and reallocating the proceeds to our position in the Vanguard FTSE Global All Cap ex Canada ETF (VXC).

At the onset of 2023, the US financial sector experienced turbulence due to the failure of three small-to-mid sized US banks, triggering a global bank selloff and driving down prices to levels below their historical averages. Recognizing this as an opportunity, we added to our exposure in the banking sector by investing in ZBK after the market stabilized and we gained confidence in the sector's stability.

When we initiated our position in ZBK, the underlying holdings were trading at 80% of their book value—a key metric used to assess a bank's intrinsic worth. Our investment thesis rested on the belief that this discount would eventually reverse, aligning the valuation closer to 100%.

Our investment thesis has since played out, as the holdings within ZBK have moved toward parity with their book value. We have made the decision to mitigate some risk within our portfolio and diversify further by reallocating capital to broader market exposure through VXC.

As always, we welcome any conversations if you'd like more information.

The current Verecan Global Equity Fund portfolio as of April 12th is detailed to the right.



Current Verecan Global Equity Fund Portfolio

Description *	Market Value
Capital Group Global Equity	20.82%
Mawer Global Equity	20.21%
EdgePoint Global Equity	11.98%
iShares MSCI Min Volatility Canada ETF	10.01%
NBI Active Global Equity	7.71%
Vanguard FTSE Global All Cap ex Canada ETF	9.62%
TD Canadian Small Cap	4.68%
BMO MSCI World High Quality ETF	1.97%
BAXTER INTL INC	1.54%
GENERAC HOLDINGS INC	1.53%
INTEL CORPORATION	1.31%
PAYLOCITY	1.27%
SHOPIFY INC CL-A SVS	1.21%
AMERICAN TOWER CORP	1.13%
ALGONQUIN PWR&UTILITIES	1.11%
SKECHERS USA INC	1.10%
HANESBRANDS INC	0.85%
SAPUTO INC	0.71%
PFIZER	0.61%
INTL BUSINESS MACHINES	0.52%
Cash	0.11%

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The current holdings represent a snapshot of the Verecan Global Equity Fund's investments as of the date of this document. The Fund's investments may change over time.

*This chart represents the Fund's holdings at date of trade, indicated at the top of this document.

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