langdon
PARTNERS

Q2 2026 INVESTOR UPDATE

LANGDON CANADIAN SMALLER COMPANIES PORTFOLIO

Net Performance (CAD, Class F)[1]	**Q2 2026**	**1 Year**	**3 Year**	**Since inception**[2]
Langdon Canadian Smaller Companies Portfolio	-1.6%	9.8%	11.6%	12.3%
S&P/TSX Completion Total Return Index	2.0%	38.0%	26.6%	21.7%

Net Calendar Year Performance (CAD, Class F)[1]	**2025**	**2024**	**2023**	**2022**[2]
Langdon Canadian Smaller Companies Portfolio	19.7%	13.1%	15.8%	2.6%
S&P/TSX Completion Total Return Index	42.5%	24.3%	10.4%	-0.7%

Dear Partners,

The Langdon Canadian Smaller Companies Portfolio declined 1.6% during the second quarter of 2026, compared to a 2.0% return for the benchmark.

Today, capital is not flowing evenly through the market. Increasingly, it is chasing the businesses that best fit the prevailing narrative, while businesses quietly compounding intrinsic value are often overlooked. For patient investors, those periods have historically created the most attractive opportunities.

The second quarter provided another illustration of this dynamic. Artificial intelligence infrastructure and hardware companies drove returns across many global markets. Korea's equity market rose over 75% in Q2 in US dollar terms, its best quarter since 1998, driven almost entirely by a handful of memory chipmakers viewed as critical suppliers to AI.

NARRATIVES ATTRACT SHORT-TERM CAPITAL; FUNDAMENTALS DETERMINE LONG-TERM RETURNS

For us, these shifts are observations rather than forecasts. We have no advantage in predicting which narrative investors will favour next. Our advantage comes from identifying businesses whose underlying value continues to compound regardless of whether they fit the market's current preferred story.

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[1] Performance as of June 30, 2026. Returns greater than one year are annualized. Past performance is not indicative of future performance. F Class. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated

[2] Since inception date of August 26, 2022.

As markets become increasingly impatient, opportunities for patient investors become more abundant.

That dynamic is particularly evident in Canadian small caps. As capital has become concentrated in fewer companies and fewer investment themes, a select number of exceptional Canadian businesses have simply lost their audience. In our view, the businesses have not worsened; their buyer base has become smaller. That distinction creates opportunity and is one of the reasons we believe Canadian small caps are as compelling today as we have seen in years.

PERFORMANCE ATTRIBUTION

Exchange Income Corporation and PharmaCorp were positive contributors during the quarter, while Groupe Dynamite was the largest detractor.

Our investment thesis in Groupe Dynamite remains unchanged. The business continues to execute exceptionally well, while management continues to invest thoughtfully in strengthening its brands and supporting future growth. In our view, the market has become increasingly focused on the durability of today's exceptional results rather than the long-term value those investments are creating.

More broadly, this illustrates one of the defining characteristics of today's market.

Several businesses in the portfolio have materially increased their intrinsic value over the past year, yet their share prices have remained flat or declined because investor attention has been elsewhere. Companies such as A&W Food Services, Richelieu Hardware, Definity Financial, and Westaim have continued to execute operationally, strengthen their competitive positions and increase underlying business value, but those improvements have largely gone unrecognized by the market.

This disconnect between business performance and share price is precisely the type of environment in which we believe patient, long-term investors can create value. Our objective is not to own the companies attracting the most attention today, but rather the businesses steadily building value regardless of whether the market is currently paying attention.

COMPANY COMMENTARY – A&W FOOD SERVICES

One of the businesses that best illustrates this disconnect is A&W Food Services.

For many Canadians, A&W is simply a familiar restaurant brand. We see something different. We see a business that has quietly built one of Canada's strongest consumer franchises through decades of disciplined capital allocation and an exceptional corporate culture.

Culture is often described as intangible. We believe it is one of the most valuable assets a business can possess.

Since 1991, A&W has had only three Chief Executive Officers, while several members of its senior leadership team have spent decades at the company, many beginning their careers in A&W restaurants. That continuity has created an organization that consistently prioritizes long-term brand health over short-term financial results.

Today, A&W is Canada's second-largest burger chain and one of the country's strongest consumer brands. Over the past 20 years, the company has delivered system sales growth well ahead of both the Canadian restaurant industry and the broader quick-service restaurant category. More recently, it has produced the strongest 10-year system sales growth among its North American burger peers.

Importantly, management has not allowed that success to breed complacency. The company continues to reinvest thoughtfully in its brand, restaurant network, digital capabilities and long-term growth initiatives. While these investments can modestly reduce near-term earnings, they can also increase the business' intrinsic value over time.

Despite this continued execution, A&W's share price has been largely unchanged over the past year.

In our view, this reflects the current market environment rather than the quality of the underlying business. For patient investors, we believe this disconnect represents opportunity.

LOOKING AHEAD

We believe the Canadian small-cap market represents one of the most attractive opportunities we have seen in years for investors with patient, long-term capital.

As capital has become increasingly concentrated around a handful of dominant narratives, a group of exceptional Canadian businesses have been left behind. In our view, this has created an unusually attractive opportunity to allocate meaningful capital to a select group of businesses that meet all of Langdon's investment criteria.

- More resilient – with stronger balance sheets, better margins and more efficient operations than the broader market.
- Faster growing – with sustainable top- and bottom-line growth driven by reinvestment opportunities and operational execution rather than leverage or financial engineering.
- Cheaper – trading at attractive valuations based on cash flows, which provide the clearest measure of what a business is worth.
- Better known to us – we spend our time with the people running these businesses where the business actually happens, contributing to our conviction that can differ meaningfully from the market.

The first three advantages exist because of the fourth. Our field research is not simply a differentiator; it is the mechanism through which advantages in quality, growth and valuation can persist longer than investors working from screens alone would expect.

Capturing this opportunity requires more than identifying the right businesses. It requires patience, concentration and flexibility to remain aligned with those businesses as they compound intrinsic value over time.

Our responsibility is to ensure we are positioned to take full advantage of that opportunity on behalf of our clients. We believe that remaining disciplined, patient and aligning with outstanding businesses over the long term is the best way to achieve that objective.

Thank you for your continued trust and partnership.

Written by

Greg Dean

Founder and Lead Investor

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The Product Disclosure Statement ('PDS') and Target Market Determination ('TMD') of the Fund are available via the links below. Any potential investor should consider the PDS and TMD before deciding whether to acquire, or continue to hold units in, the Fund.

Link to the Product Disclosure Statement: **here**

Link to the Target Market Determination: **here**

For historic TMD's please contact Pinnacle Client Service Phone 1300 010 311 or Email service@pinnacleinvestment.com

FOR CANADIAN CLIENTS:

Important information about each Langdon mutual fund is contained in its prospectus, fund facts document and in its management report on fund performance. Any potential investor should review these documents prior to making any investment decision relating to such fund. You can view copies of these documents by following the links below:

Link to the Langdon Global Smaller Companies Portfolio Disclosure Documents: **here**

Link to the Langdon Canadian Smaller Companies Portfolio Disclosure Documents: **here**