

Waiting for Godot: the Dilemma of the Ignored Value Rally

2026 VALUE INVESTING CONFERENCE

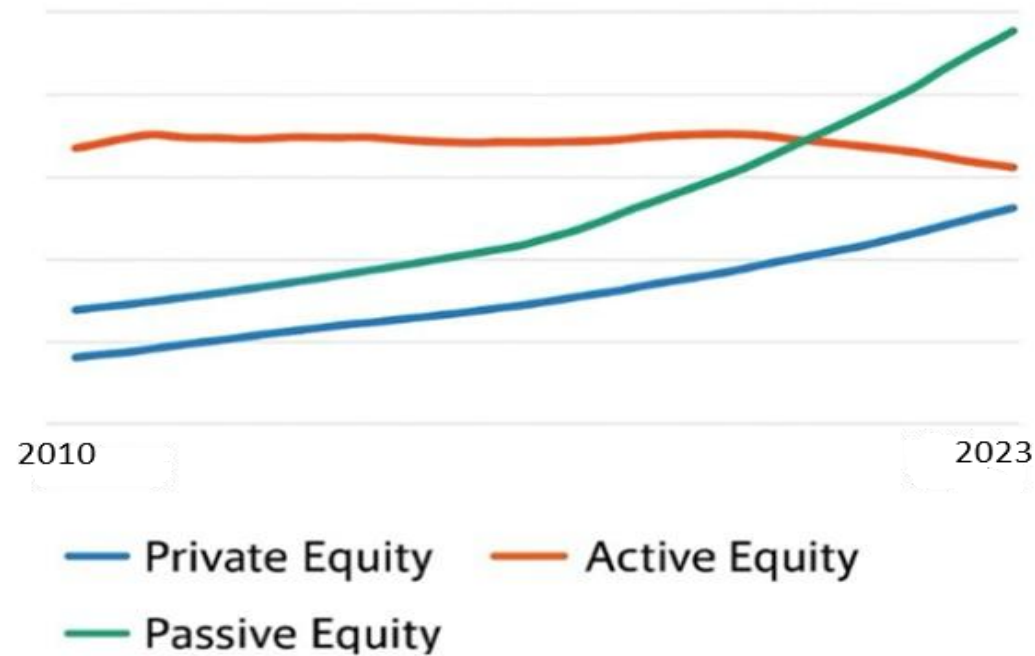
Presented by:

Kim Shannon, CFA, MBA

*Founder and Co-Chief Investment Officer
Sionna Investment Managers*

Active Investing is a Smaller Slice of Equity Pie

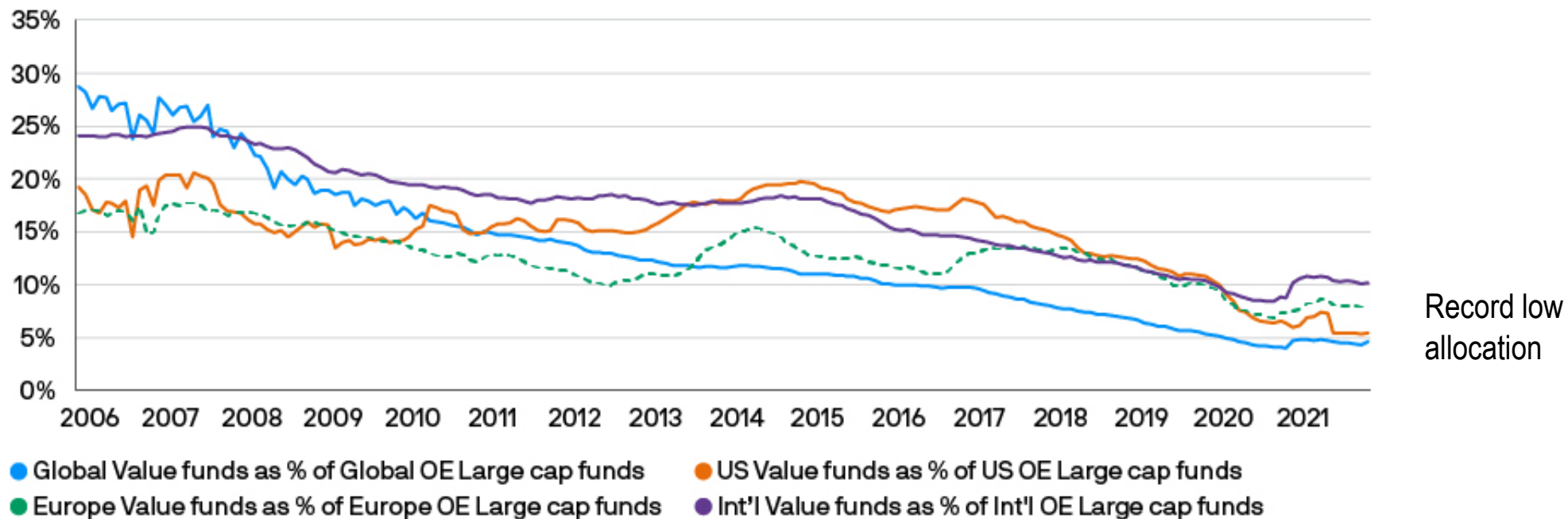
Relative Weights of Private Equity, Active Equity and Passive Equity as a Percentage of Total AUM



- Can create unintended consequences
- Contrarian opportunity?

Value is Unloved, Overlooked, Underfollowed

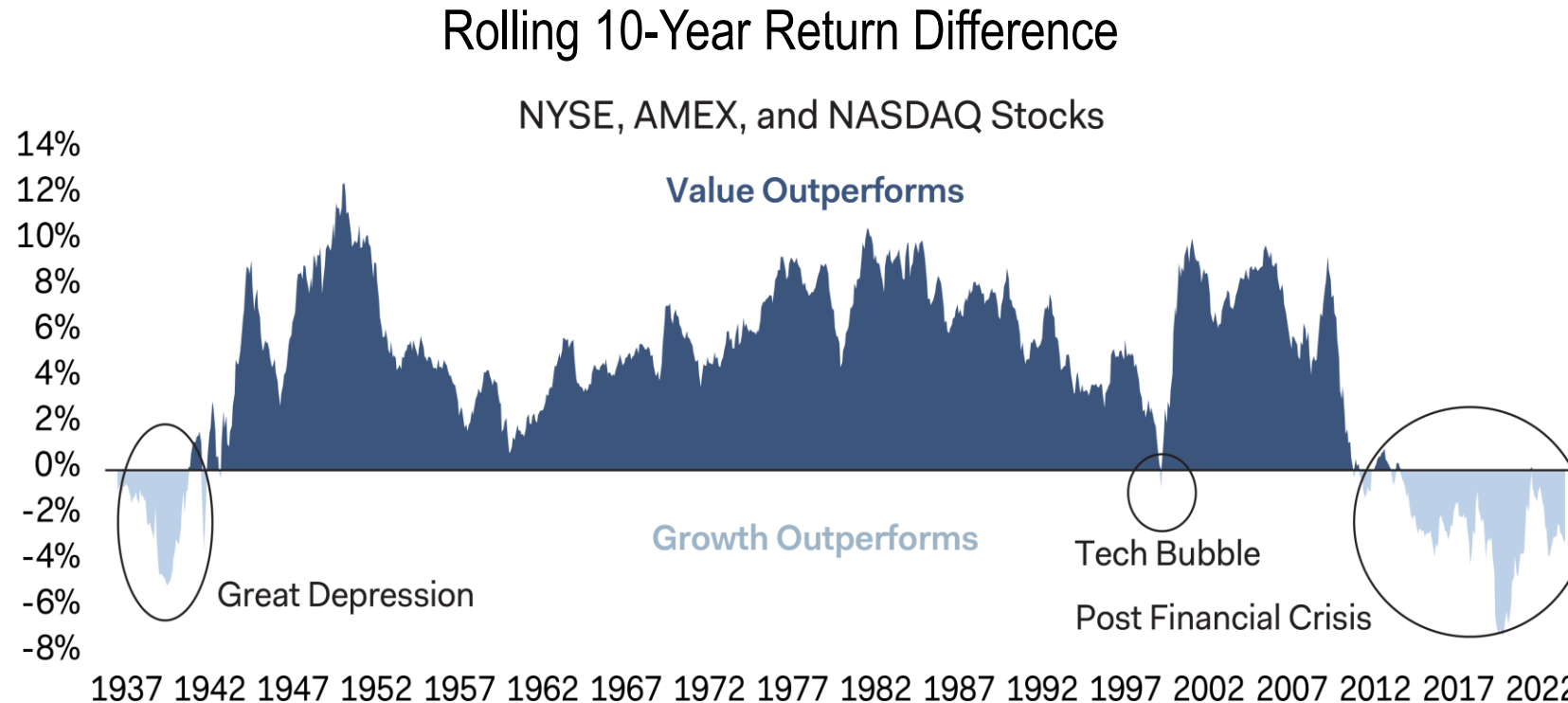
AUM of Value Funds as Percentage of Large Cap Funds By Region



Source: Morningstar. Data as of 31 December 2021.

- Creating contrarian opportunity in expensive market
- “Be greedy when others are fearful” – Warren Buffett

Value the Cheapest We Have Seen in a Century

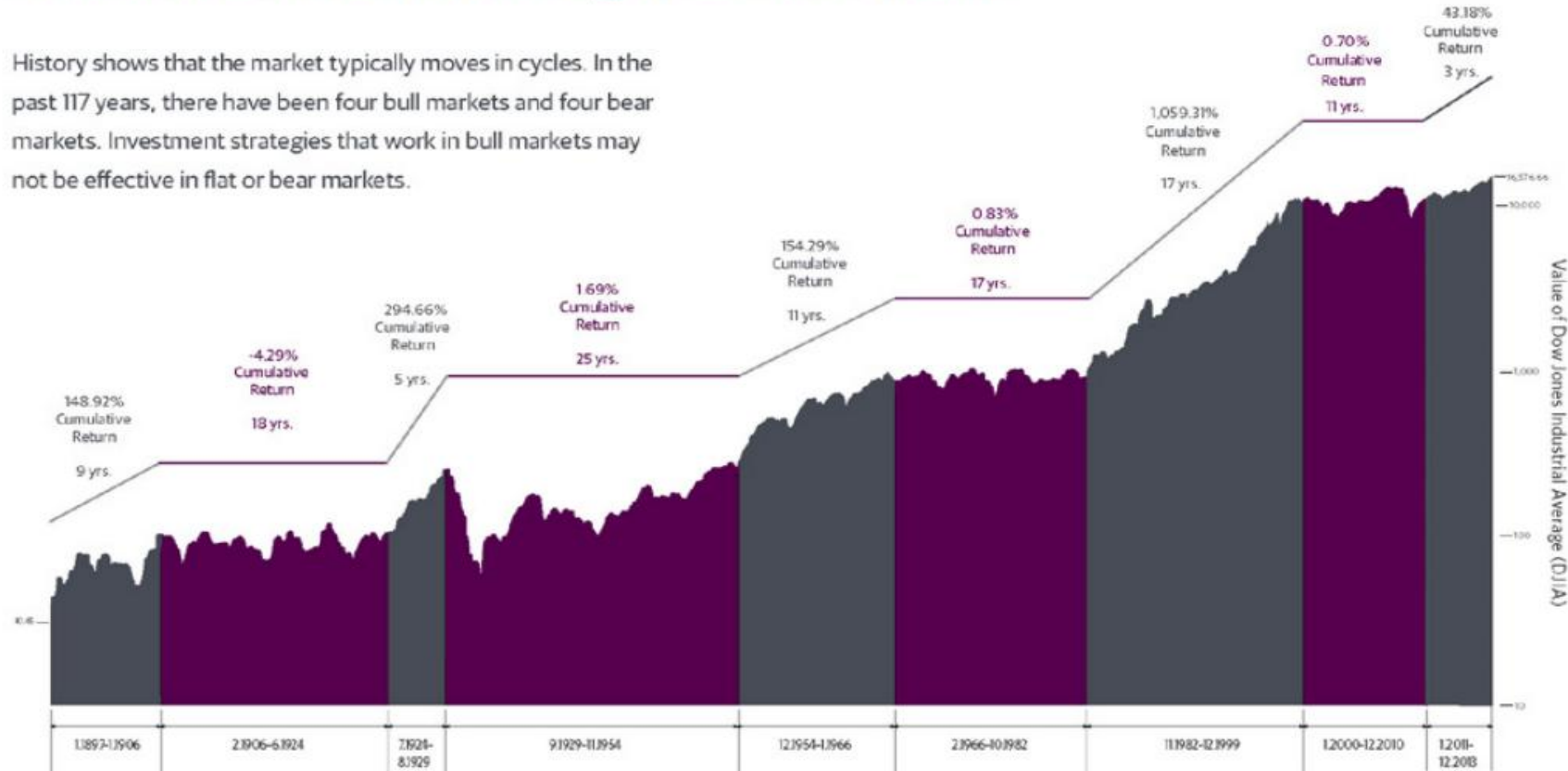


- Suggests that the value recovery has only just begun
- Value outperformed growth by 4.4% annualized

Bull Phase of Market Typically Followed by Range Bound/Sideways Phase

Dow Jones Industrial Average Historical Trends

History shows that the market typically moves in cycles. In the past 117 years, there have been four bull markets and four bear markets. Investment strategies that work in bull markets may not be effective in flat or bear markets.



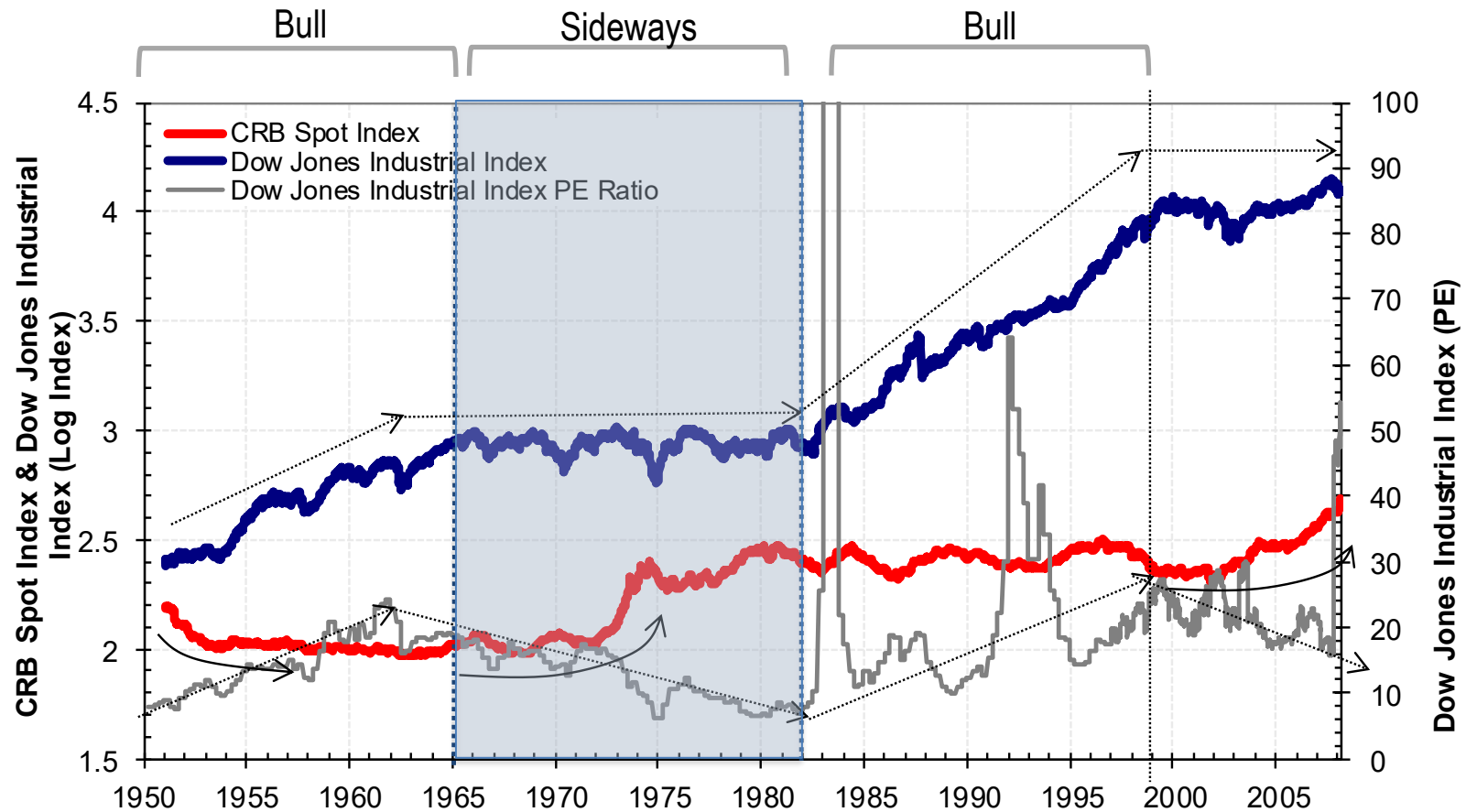
- Bull phases: above average returns
- Sideways phases: below average returns

Source: Graph created by Guggenheim Investments using data from dowjones.com. Logarithmic graph of the Dow Jones Industrial Average from 1897 through 12.2013.

Performance displayed represents past performance, which is no guarantee of future results. For more information call 800.345.7999 or visit guggenheiminvestments.com

The "Dow Jones Industrial Average" is a product of S&P Dow Jones Indices LLC ("SPDJI"). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"). DJIA®, The Dow®, Dow Jones® and Dow Jones Industrial Average are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"), and these trademarks have been licensed for use by SPDJI. Guggenheim Investments is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates do not sponsor, endorse, sell or promote investment products based on the Dow Jones Industrial Average, and none of such parties make any representation regarding the advisability of investing in such products nor do they have any liability for any errors, omissions, or interruptions of the Dow Jones Industrial Average.

Last Full Sideways Market (1966-1982)



- Bull phases are supported by speculative, rising P/E multiples
- Sideways phase remove excess through stalled prices
- As earnings grow while prices stall, P/E multiples decline

Chart Source: Rathbones' Investment Strategy, February 2008. CRB: Commodity Research Bureau. P/E: Price/Earnings ratio

*Source: *Debunking the Myths – Did Stocks Really Go Nowhere from 1966-1982*. John Buckingham. Forbes.

The above returns do not represent the performance of any product or security managed by Sionna and are provided for illustrative purposes only. The performance presented represents historical performance of an unmanaged index. Returns would have been lower if they were subject to management fees and trading expenses. Past performance is not an indicator of future results. The indices are unmanaged and have no fees. One cannot invest directly in an Index.

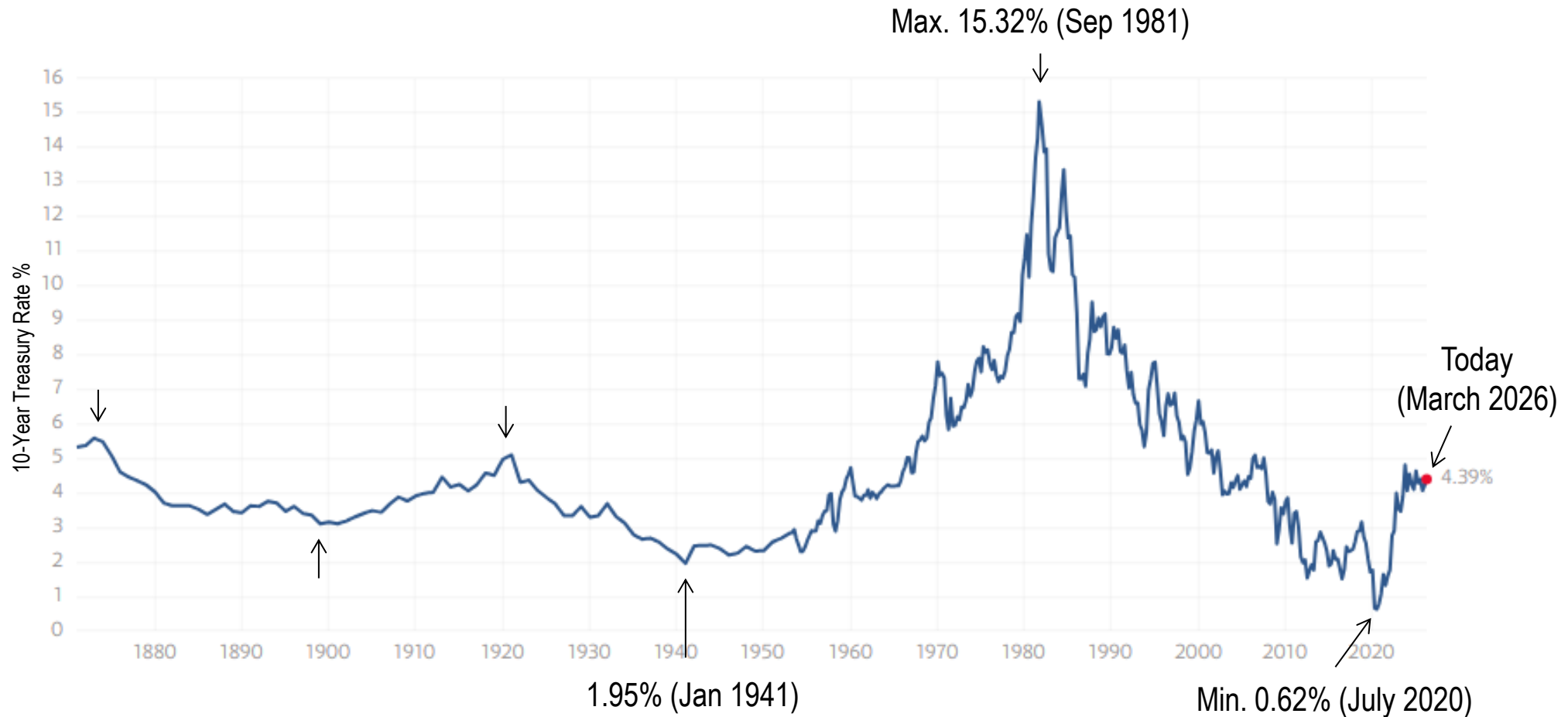
1966-1982 Sideways Market: Index Returned 5.95% Annually, Value Style Returned 13.39% Annually

- Period of stagflation, weak GDP and higher inflation



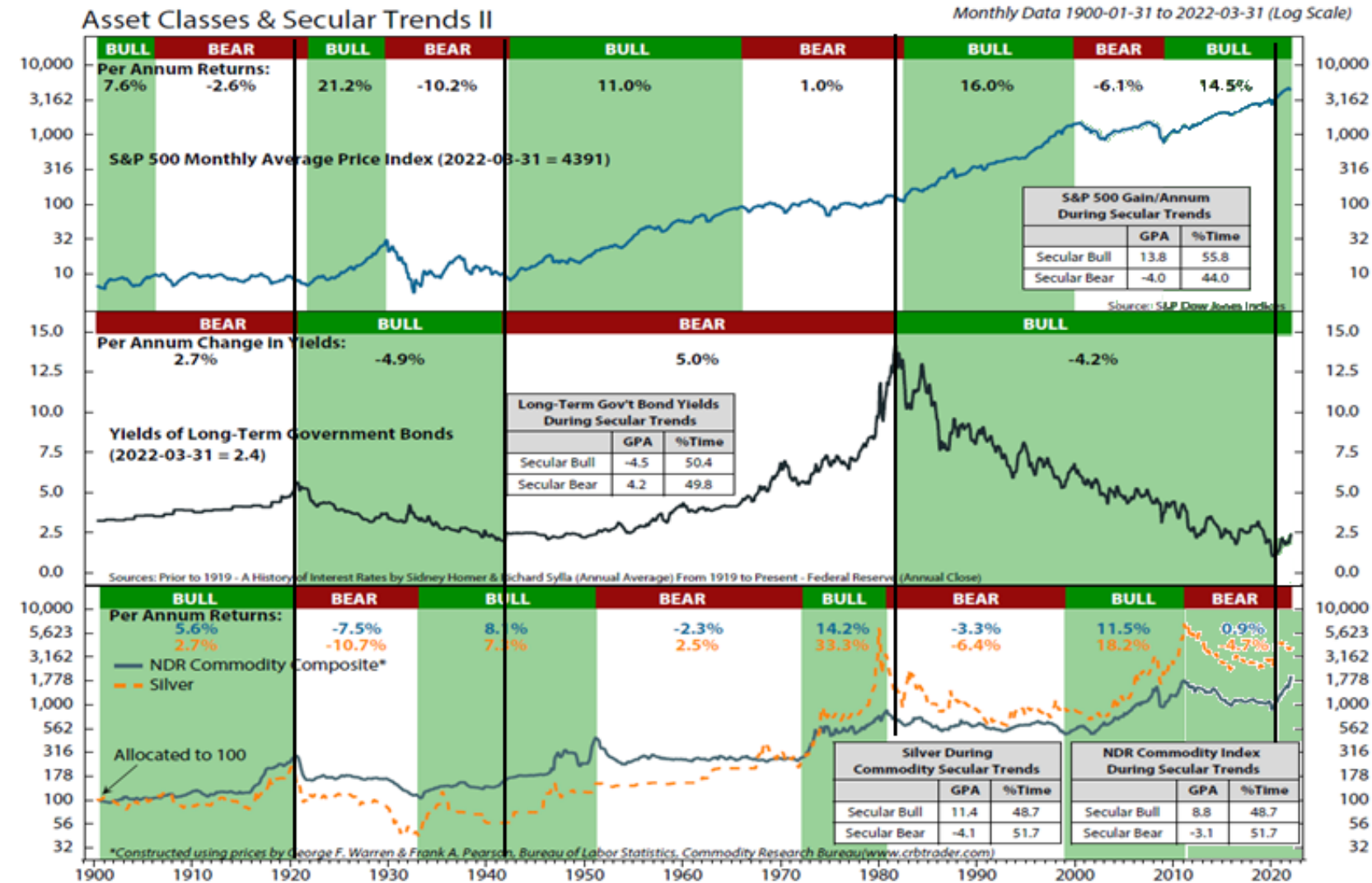
- Russell Napier: from 1966-1982 the only asset which protected wealth in real terms was value stocks

Bond Yield Trends Tend to Last Approximately 20 Years and Symmetrical



- Secular inflation and deflation reflected in 10-year treasury yields

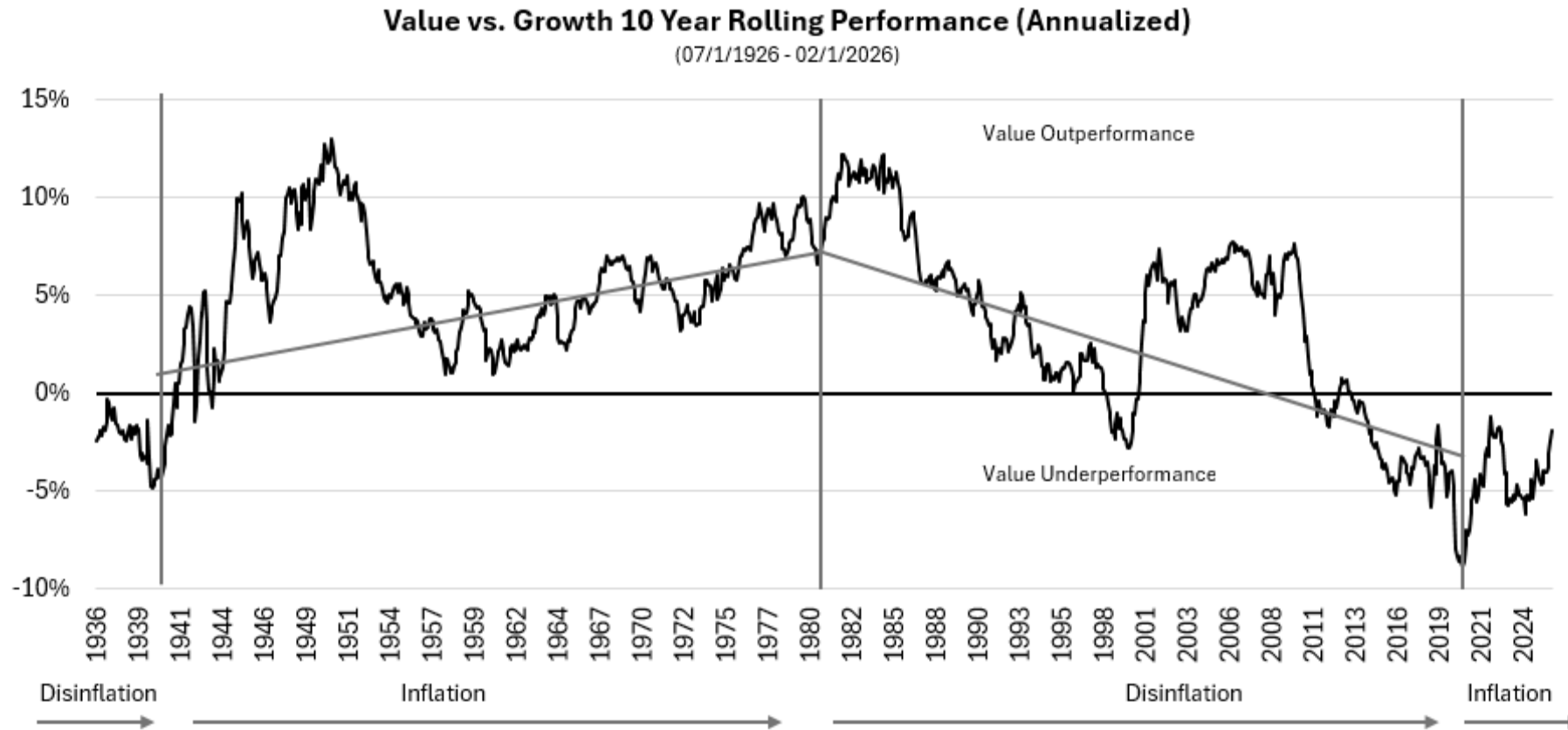
Interest Rate Changes Historically Signal Equity Bull Market



- Bond yield changes lead to equity cycles
- A full equity cycle is a bull & sideways market

Source: Ned Davis Research Group, March 2022. The indices are unmanaged and have no fees. One cannot invest directly in an index.

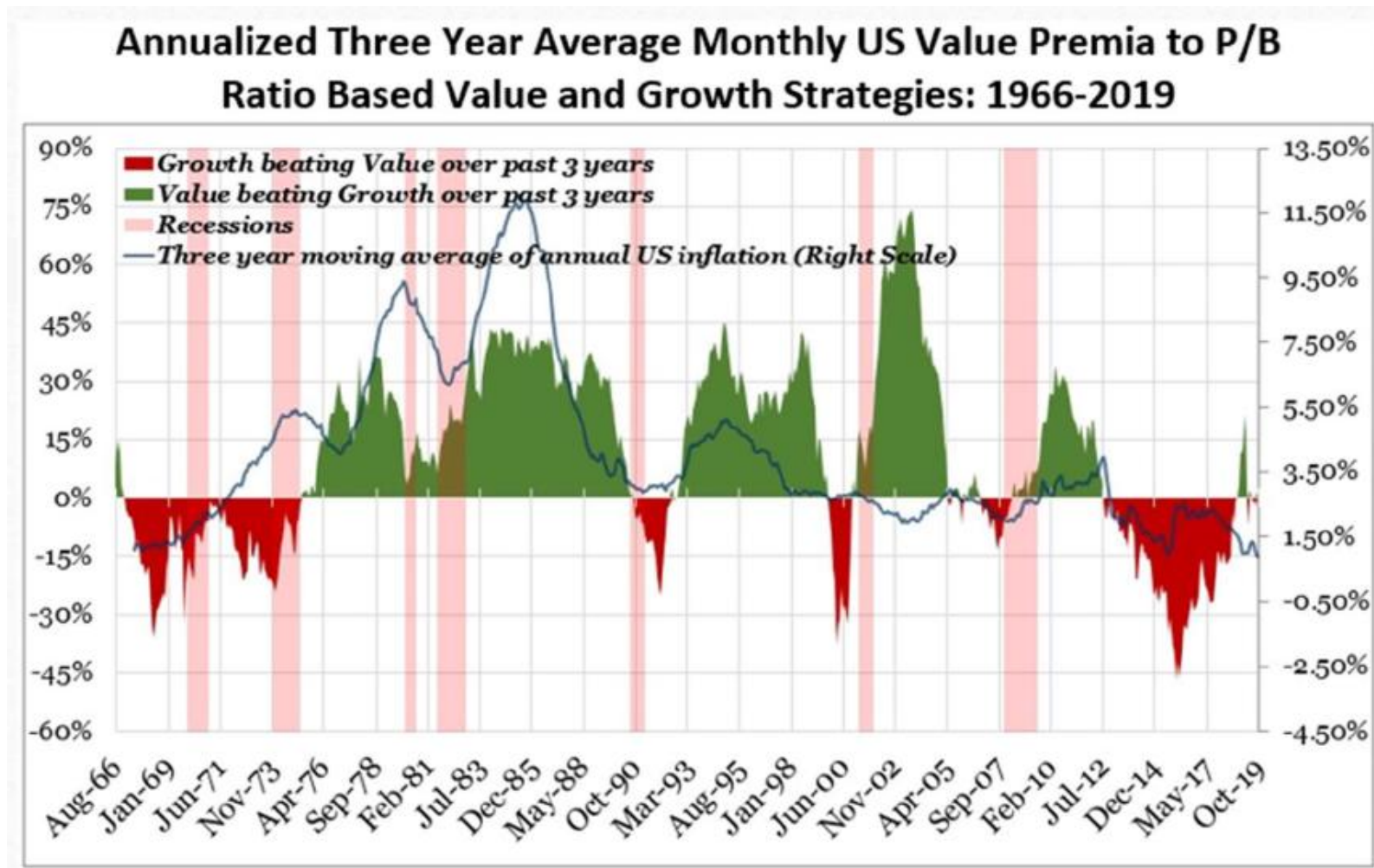
Value Outperforms Over the Long Term



- Suggests that the value recovery has only just begun

Source: Eugene Fama & Kenneth French Data Library. Monthly factors through February 2026.

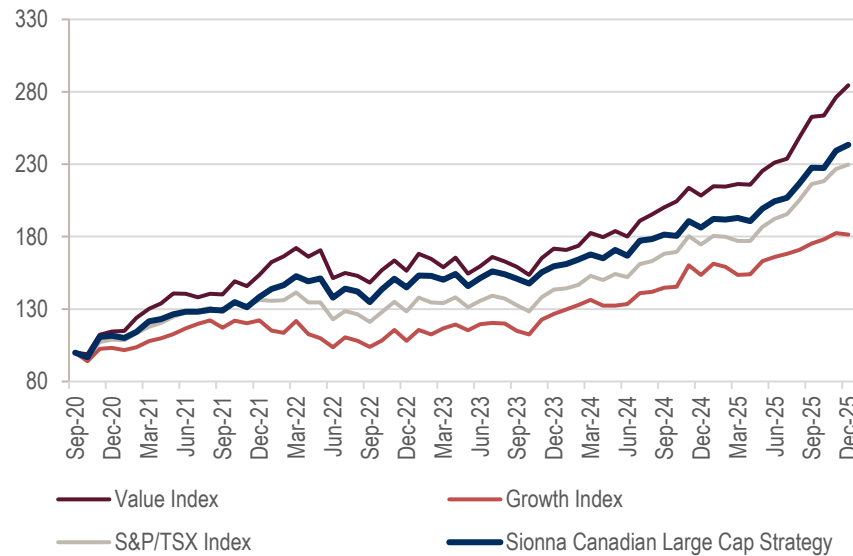
When Inflation Rises Above 2.5%, Value Begins to Outperform



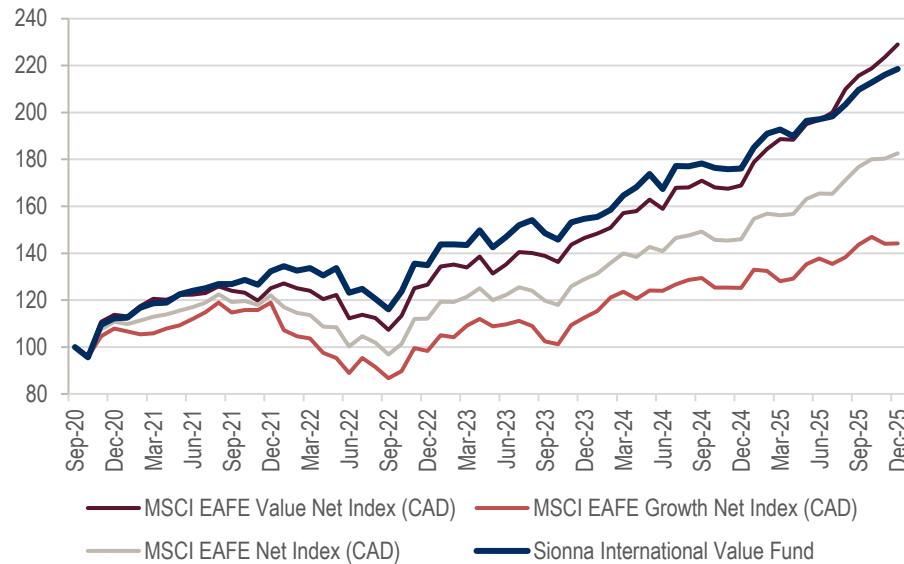
- Between 1930-2020 when inflation is above 2.5%, median value premium was 11.04%

Since Rates Bottomed Summer 2020, Value Style Outperforming

Growth of \$100 (Sept 30, 2020 – December 31, 2025)



	Annualized Total Return	Annualized Standard Deviation
Value Index	22.0%	13.8%
Sionna Large Cap Strategy	18.5%	12.5%
TSX	17.2%	12.5%
Growth Index	12.0%	13.8%



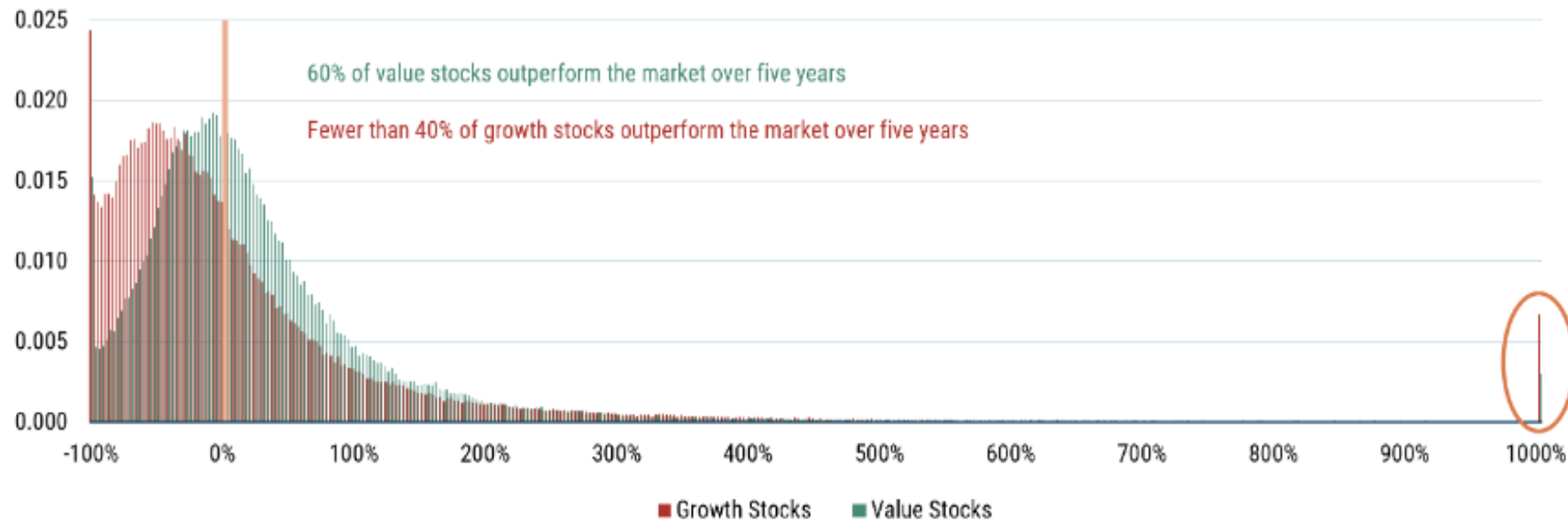
	Annualized Total Return	Annualized Standard Deviation
EAFE Value Index	17.1%	12.2%
Sionna International Fund	16.0%	11.8%
MSCI EAFE Index	12.1%	11.8%
EAFE Growth Index	7.2%	13.3%

- iShares Canadian Value Index ETF has 54% in financials and 28% energy – a risky strategy (Dow Jones Canada Select Value Benchmark)

Source of chart: FactSet and Sionna Investment Managers. Using Sionna's SMA Large Cap Model and International Fund as representative accounts

60% of U.S. Value Stocks are Outperforming the S&P Index and Still Record Low Allocations to Value

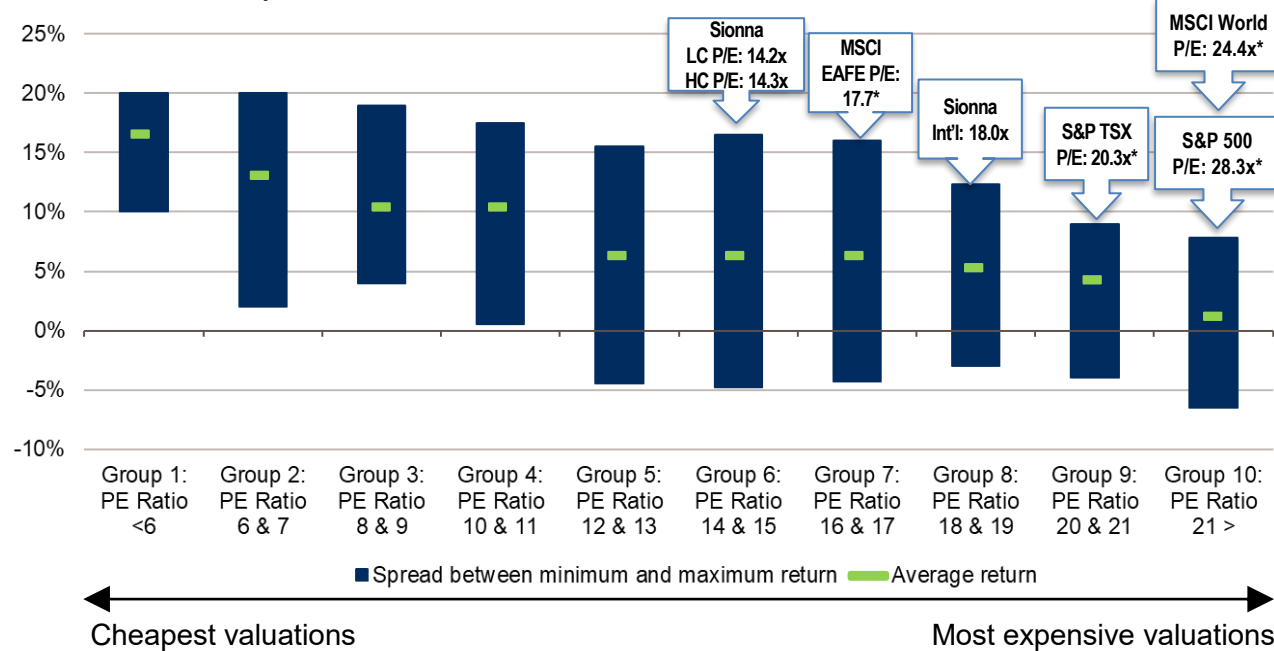
Average 5-year relative return distribution of U.S. value and U.S. growth stocks



As of 9/30/2025 | Source: Bloomberg, Compustat, Worldscope, MSCI, GMO

The Price You Pay Impacts Returns; Buy the Value Markets: International and Canada

Subsequent 10-Year Returns Based on S&P 500 P/E Ratios from 1871 - 2012



- Buy low, increase chances of good returns. Buy high, increase chances of low returns.
- Canada is relatively cheaper with solid long-term returns
- Canada's P/E, P/B significantly less than U.S
- Canada's dividend yield is double the U.S

Jan. 2000 – Dec. 2025	Annualized Return (CAD)**
S&P/TSX Composite	8.1%
S&P 500	7.8%
MSCI World	6.7%
MSCI EAFE	4.8%
MSCI Canada	8.0%

Graph Source: Plexus Asset Management (based on data from Prof Robert Shiller and I-Net Bridge). As at September 30, 2012.

*Source: FactSet, as at December 31, 2025. PE in CAD. **Gross Total Returns. Source: FactSet. S&P 500 CAD returns calculated using estimated exchange for periods between 2000-2002.

The above returns do not represent the performance of any product or security managed by Sionna and are for illustrative purposes only. The performance presented represents historical performance of an unmanaged index. The indices are unmanaged and have no fees. One cannot invest directly in an Index.

Sionna Canadian Equity Fund and Sionna Opportunities Fund used as representative account.

Macro Value Investing Suggests

- Bond prices and deflation bottomed spring 2020
- Entered approximately 20 years of inflation/rising rates, 2037-2043
- Shift from disinflation to inflation leads to value likely outperforming growth for most of next 20 years
- This shift from deflation to inflation may lead to commodities having an extended 10-year bull
- Value should outperform growth at 11% annualized when inflation above 2% (Professor G. Athanassakos)
- Equities to offer below average returns next decade (Shiller P/E multiple)
- Trim expensive U.S., buy more defensive and better returning Canadian and International equities
- Value stocks and value managers should see resurgence of interest

Incorporating Macro Value Investing, adds insight to your bottom-up value toolkit, possibly contributing to more excess returns

What Macro Value Investing Mostly Got Right in 2016

- Disinflation ends after long bond yields begin to rise
- History suggests rates will bottom next 2-5 years, (2018-2021) (Bottomed Summer 2020)
- Bond market symmetry suggests 40 years ... $1981 + 40 = 2021$ (Bottomed Summer 2020)
- Rates bottom on average 13.7 years after major financial crisis ... $2008 + 13 = 2021$ (Summer 2020)

Sionna's Track-Record

Annualized Performance to December 31, 2025 (Gross, CAD)

	Quarter (%)	1-Year (%)	2-Year (%)	3-Year (%)	4-Year (%)	5-Year (%)	10-Year (%)	Since Inception (%)	Inception Date
Canadian Relative Value Strategies									
Sionna Canadian Large Cap Composite	7.4	32.4	24.4	19.6	15.8	17.6	12.5	10.5	12-31-02
S&P/TSX Composite	6.3	31.7	26.6	21.4	13.9	16.1	12.7	10.1	
Sionna Canadian All Cap Composite	6.9	29.9	23.4	18.7	14.6	16.4	11.7	8.1	09-30-07
S&P/TSX Composite	6.3	31.7	26.6	21.4	13.9	16.1	12.7	7.7	
Canadian Focused Value Strategies									
Sionna Focused Canadian Dividend Strategy*	7.2	25.1	21.0	17.6	13.9	15.2	11.1	10.1	08-31-11
S&P/TSX Composite	6.3	31.7	26.6	21.4	13.9	16.1	12.7	9.8	
Sionna Focused Canadian Value Composite	8.0	34.8	25.1	19.6	15.6	16.4	12.0	10.4	06-30-13
S&P/TSX Composite	6.3	31.7	26.6	21.4	13.9	16.1	12.7	11.3	
Sionna Canadian Fundamental Value Fund	7.2	34.0	26.2	20.9	16.6	18.9	-	21.0	06-30-20
S&P/TSX Composite	6.3	31.7	26.6	21.4	13.9	16.1	-	17.3	
Non-Domestic Focused Value Strategies									
Sionna High-Conviction Composite	6.6	31.8	24.5	19.9	15.3	17.2	13.3	14.7	12-31-08
High Conviction Benchmark**	3.7	21.8	25.3	22.6	13.8	16.2	13.8	13.4	
Sionna U.S Value Composite	3.5	13.5	13.7	12.2	10.8	13.7	12.6	14.8	09-30-13
S&P 500 Index	1.1	12.4	23.8	23.5	13.4	16.1	14.7	16.9	
Sionna Global Equity Strategy***	6.1	25.5	18.3	17.1	12.8	14.5	-	12.3	06-30-16
MSCI World Net Index (CAD)	1.6	15.4	22.2	21.6	12.1	13.8	-	13.4	
Sionna International Value Fund	4.2	24.1	18.9	17.5	13.4	14.3	-	16.1	09-30-20
MSCI EAFE Net Index (CAD)	3.3	25.1	19.0	17.7	10.6	10.5	-	12.1	
Sionna Resource Environmental Evolution Fund	9.0	42.0	32.9	21.6	23.8	-	-	26.8	03-31-21
Blended Benchmark****	4.8	25.8	15.4	9.0	13.2	-	-	14.3	

* Based on the Sionna Focused Canadian Dividend SMA Model. Model portfolio composition and performance are based on the theoretical tracking of the model. Client portfolio returns may differ from model returns based on such factors such as trade execution, client cash flows, and any customizations made by the SMA/UMA sponsor. No provision has been made for fees charged by the broker or for any federal/provincial taxes.

** Benchmark is 50% S&P/TSX Composite + 50% S&P 500

*** The Sionna Global Equity Strategy, a pooled fund vehicle, was transitioned to a corporate custody account on November 12, 2020.

**** Benchmark is 50% SPDR S&P North American Natural Resources ETF and 50% SPDR S&P Global Natural Resources ETF

Our Track-Record

Calendar Year Performance (Gross, CAD)

	2025 (%)	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)	2017 (%)	2016 (%)
Canadian Relative Value Strategies										
Sionna Canadian Large Cap Composite	32.4	16.9	10.4	5.4	24.8	-2.4	18.6	-9.8	10.6	25.5
S&P/TSX Composite	31.7	21.7	11.8	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1
Sionna Canadian All Cap Composite	29.9	17.1	9.9	3.3	23.8	-2.7	17.8	-9.4	9.9	24.0
S&P/TSX Composite	31.7	21.7	11.8	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1
Canadian Focused Value Strategies										
Sionna Focused Canadian Dividend Strategy*	25.1	17.0	11.2	3.5	20.4	-2.6	23.2	-14.9	6.2	30.4
S&P/TSX Composite	31.7	21.7	11.8	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1
Sionna Focused Canadian Value Composite	34.8	16.1	9.2	4.5	19.6	-1.2	20.5	-8.7	14.4	16.5
S&P/TSX Composite	31.7	21.7	11.8	-5.8	25.1	5.6	22.9	-8.9	9.1	21.1
Sionna Canadian Fundamental Value Fund	34.0	18.9	10.9	4.7	28.4	-	-	-	-	-
S&P/TSX Composite	31.7	21.7	11.8	-5.8	25.1	-	-	-	-	-
Non-Domestic Focused Value Strategies										
Sionna High-Conviction Composite	31.8	17.7	11.1	2.4	25.3	-0.5	20.3	-1.1	16.4	14.0
High Conviction Benchmark**	21.8	28.9	17.3	-9.0	26.5	11.0	23.9	-2.5	11.5	14.6
Sionna U.S. Value Composite	13.5	13.9	9.2	6.9	25.9	3.0	24.7	6.9	11.6	12.8
S&P 500 Index	12.4	36.4	22.9	-12.2	27.6	16.3	24.8	4.2	13.8	8.1
Sionna Global Equity Strategy***	25.5	11.4	14.8	0.9	21.3	-2.3	16.6	0.0	18.1	-
MSCI World Net Index (CAD)	15.4	29.4	20.5	-12.2	20.8	13.9	21.2	-0.5	14.4	-
Sionna International Value Fund	24.1	13.8	14.7	1.9	18.0	-	-	-	-	-
MSCI EAFE Net Index (CAD)	25.1	13.2	15.1	-8.2	10.3	-	-	-	-	-
Sionna Resource Environmental Evolution Fund	42.0	24.3	1.9	30.7	-	-	-	-	-	-
Blended Benchmark****	25.8	5.8	-2.8	26.9	-	-	-	-	-	-

* Based on the Sionna Focused Canadian Dividend SMA Model. Model portfolio composition and performance are based on the theoretical tracking of the model. Client portfolio returns may differ from model returns based on such factors such as trade execution, client cash flows, and any customizations made by the SMA/UMA sponsor. No provision has been made for fees charged by the broker or for any federal/provincial taxes.

** Benchmark is 50% S&P/TSX Composite + 50% S&P 500

*** The Sionna Global Equity Strategy, a pooled fund vehicle, was transitioned to a corporate custody account on November 12, 2020.

**** Benchmark is 50% SPDR S&P North American Natural Resources ETF and 50% SPDR S&P Global Natural Resources ETF

Sionna at a Glance

- Founded by Kim Shannon in 2002
 - Sionna remains one of the largest independent, female-founded investment management firms in Canada
 - Kim has been an avid educator on the Macro Value Investing topic and has been presenting her insights globally over the years
- Independent and employee-owned
 - Aligned with our clients – invested in our funds and firm
 - Majority of employees are owners
- Bottom-up value investors with a focus on equities
- Business is institutionally strong
 - Automated and scalable operations
 - Dedicated and responsive client service team

For More Information...

Sionna's communications offer subscribers additional insight from the managers.


Subscribers can choose to receive:

- Quarterly Emails
- Soundbites
- Daily Value Quotes

To subscribe to email updates, please visit:

www.sionna.ca/sign-up/.

Follow us on [Linkedin](#).



Investment Managers®

VALUE QUOTES

“ All we want is to be in businesses that we understand, run by people whom we like, and priced attractively relative to their future prospects.”

– Warren Buffett

For further information, please email clientrelations@sionna.ca

Sionna Investment Managers
161 Bay Street, 27th Floor
Toronto, Ontario M5J 2S1

www.sionna.ca



Thank You

Others who speak or write on Sideways/Range-bound Markets:

- *Vitaliy Katsenelson*
- *Jim Paulsen*
- *Crestmont Research*
- *Ned Davis Research Group*

Disclaimers

Sionna Investment Managers Inc. (Sionna) is an independent privately owned investment management firm established on September 1, 2002 and licensed to trade on December 12, 2002. Our objective is to provide downside protection and deliver long-term, above-average returns by applying a disciplined value approach.

Investment performance is reported in Canadian dollars and gross of fees, but net of administrative expenses. Rates of return are time weighted, calculated on a total return basis, and annualized for all periods greater than one year. Returns are based on reinvested distributions and do not account for any income taxes payable by unitholders, where applicable. Investors are advised that values change frequently and past performance may not be repeated.

Sionna has taken reasonable steps to provide accurate and current data. The data has been gathered from sources believed to be reliable, however Sionna is not responsible for any errors or omissions contained herein. This material has been provided by Sionna and is for informational purposes only. It should not be construed as a recommendation to buy or sell. The foregoing reflects the thoughts, opinions and/or investment strategies of Sionna and are subject to change at their discretion and without prior notice, based on changing market dynamics or other considerations. Certain statements in this presentation are forward-looking. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the forward-looking statements. The forward-looking statements are by their nature based on numerous assumptions. Although the forward looking statements contained herein are based upon what Sionna Investment Managers believe to be reasonable assumptions, Sionna Investment Managers cannot assure that actual results will be consistent with these forward-looking statements. Forward-looking statements are not guarantees of future performance. Investors should not place undue reliance on forward-looking information.

The Sionna Canadian Large Cap composite includes all discretionary portfolios that have an emphasis on stocks of larger Canadian companies, the benchmark is the S&P/TSX Composite Index. The Sionna All Cap composite includes all discretionary portfolios that include stocks in large, mid and small capitalization Canadian companies, with the emphasis on large capitalization companies and the benchmark is the S&P/TSX Composite Index. The Sionna Focused Canadian Value composite includes highly concentrated equity portfolios investing in companies across the capitalization range. While the strategy is benchmark-agnostic, the S&P/TSX Composite Index is used as a means to compare performance. The Sionna High Conviction composite includes highly concentrated equity portfolios investing in companies across the capitalization range. While the strategy is benchmark-agnostic, a blended benchmark, 50% S&P/TSX Composite and 50% S&P 500 calculated daily is used as a means to compare performance. The Focused US Value Composite includes all portfolios that invest in U.S. companies across the capitalization range, with an emphasis on large-cap companies. While the strategy is benchmark-agnostic, the S&P 500 Index is used as a means to compare performance.

In general, Sionna charges an annual management fee based on the size of the account. Accounts are charged a maximum annual fee of 1.00% of average assets managed. Fees charged will vary based on a number of factors including but not limited to: (i) the size of the account (ii) the type of account and (iii) investment restrictions applicable to the account, if any. Clients investing in the retail mutual funds should refer to the fund prospectus for full fee disclosure.

Sionna claims compliance with the Global Investment Performance Standards (GIPS®) on a firm-wide basis. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. For the period January 1, 2017 to December 31, 2025 verification was conducted by ACA Performance Services LLC. For the period from January 1, 2012 to December 31, 2016 verification was conducted by Ashland Partners. For the period December 31, 2002 (or composite inception date) through December 31, 2011, PricewaterhouseCoopers LLP conducted audits. Sionna’s verification, performance reports and audits are available upon request at clientrelations@sionna.ca.

Sionna Investment Managers Inc.

161 Bay Street, 27th Floor, Toronto, ON M5J 2S1

clientrelations@sionna.ca