

RIVEMONT



Rivemont MicroCap Fund

March 2024

Investing today in the large companies of tomorrow



Explanatory Notes

Future results will differ from past results. Units of the Rivemont MicroCap Fund are available under exemptions from the prospectus requirements, pursuant to National Instrument 45-106 Prospectus and Registration Exemptions, and are available only to qualified investors. This document is not a recommendation nor an investment advice and is presented for informational purposes only.

RIVEMONT



THE FIRM

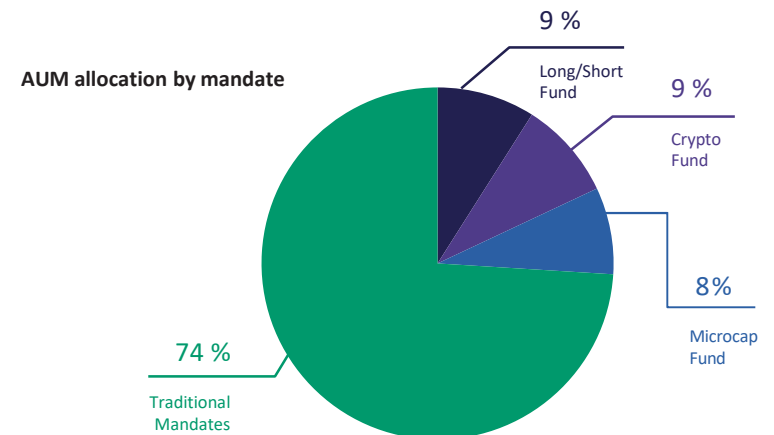
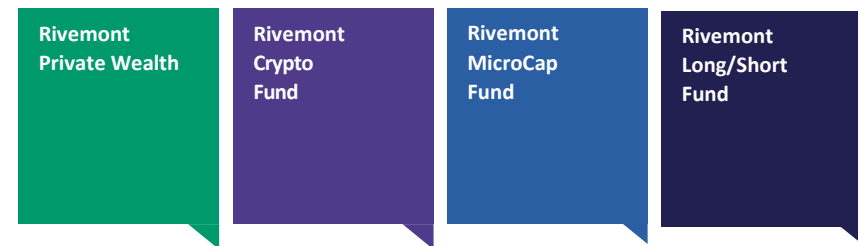
Rivemont Investments

Rivemont Investments is a Quebec-based firm founded in 2010 and duly registered with the « *Autorité des marchés financiers* » in Québec and the securities commissions of Alberta, British-Columbia, New-Brunswick, Manitoba, Ontario and Saskatchewan.

At Rivemont, our objective is to grow the portfolios of our clients by offering performing strategies in all market conditions. To that end, we manage the Rivemont MicroCap Fund that improves the risk/return profile of diversified portfolios.

- President and Founder: Martin Lalonde, CFA, MBA
- Firm assets: \$104 million

Our product offering





MicroCap Portfolio Management Team



Mathieu Martin

CFA
Portfolio Manager

- 10 years of experience in the microcap sector.
- Chartered Financial Analyst (CFA) charterholder.
- Editor of the Stocks & Stones newsletter, a weekly publication about small public companies.
- Previously president of Espace MicroCaps, a blog and forum established as the premier source of microcap content in French.
- Most of his personal net worth is invested in the Rivemont MicroCap Fund.



Philippe Lapointe

Analyst

- Bachelor of Commerce from McGill University.
- Currently pursuing the CFA designation (Level I and II passed)
- Previously was a commodity trader in the energy sector, specialized in electricity and natural gas.
- Most of his personal net worth is invested in the Rivemont MicroCap Fund.

RIVEMONT



THE STRATEGY



MicroCap Definition

A public company with a market cap below \$300 million.



Some Great Companies Started As MicroCaps





Our Investment Thesis

- 1) The Canadian venture market (TSX-V and CSE) incubates emerging, high-quality growth companies.
- 2) These companies are often overlooked due to structural reasons.
- 3) By doing deep fundamental research, we can find them and invest in them early at significant discounts.



The TSX Venture: A Successful Incubator

751

TSX Venture companies have graduated to the TSX since 2000

33%

of all current corporate TSX companies are TSX Venture graduates

55

TSX Venture graduates have a market cap over \$1 billion

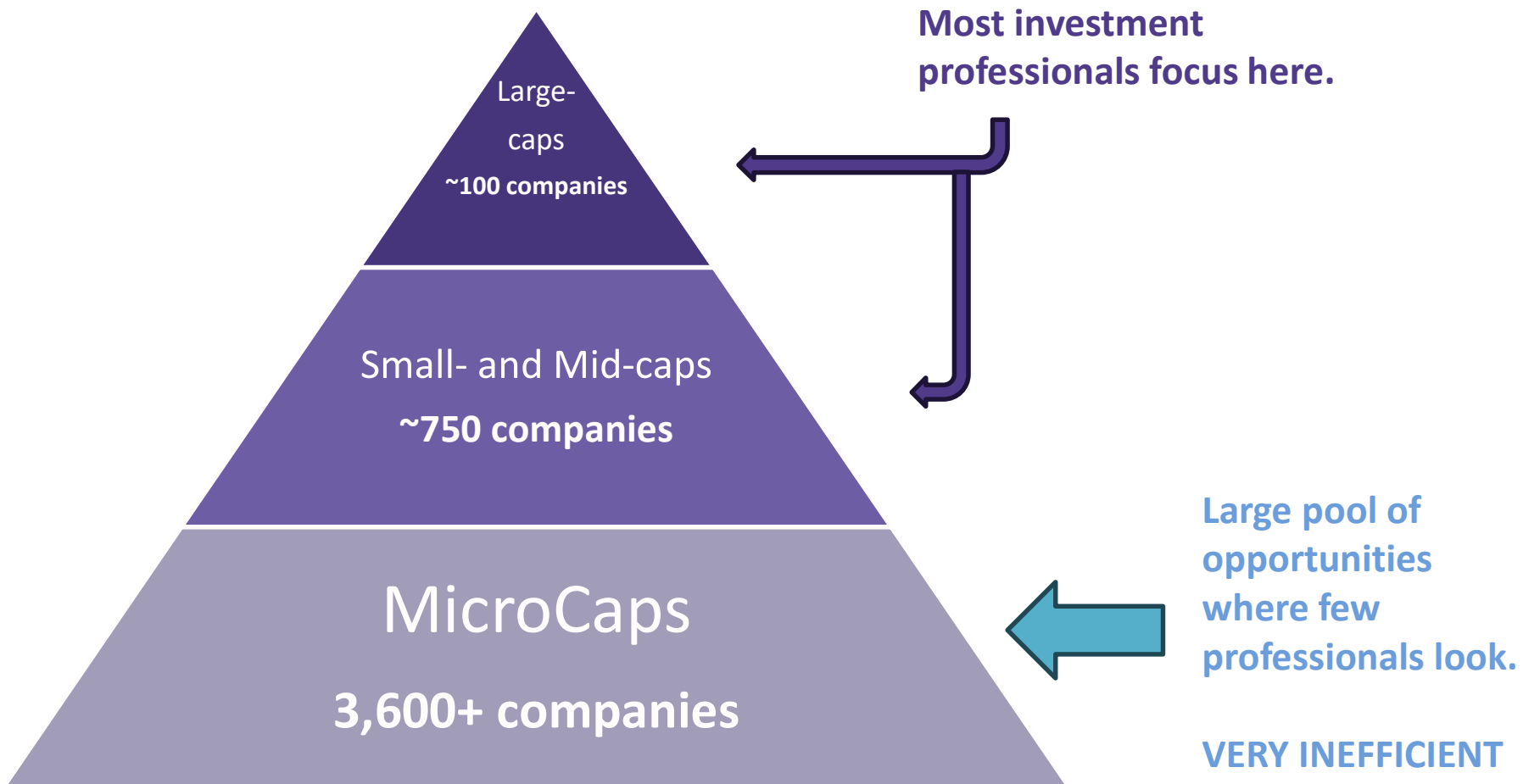
22%

of S&P/TSX Composite Index constituents are graduates from the TSX Venture

Source: TSX/TSX-V Market Intelligence Group, December 21, 2022



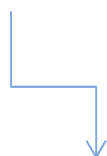
Canadian Market Overview





The Discovery Cycle of Microcap Companies

Our goal is to invest as early as possible in the discovery cycle



No man's land

- ✓ Typically below \$100 million in market cap
- ✓ Low trading volume
- ✓ Few institutional investors and analysts
- ✓ Difficult to raise growth capital

Increasing awareness

- ✓ Companies that execute get rewarded with a higher valuation
- ✓ Trading volume improves
- ✓ Analysts begin to cover the company
- ✓ Small institutional investors begin to buy the stock
- ✓ Raising capital becomes easier

Full Discovery

- ✓ Valuation multiples expand
- ✓ Stock price increases rapidly
- ✓ Trading volume improves dramatically
- ✓ Analysts from all major brokerage firms cover the company
- ✓ The stock becomes a must-own for smallcap institutional investors
- ✓ Multiple options to raise capital at attractive terms

A Repeatable Process to Source Ideas

FIND

- We skim through **all the public filings** on the Canadian market **every day**.
- Some ideas come from our network (investment banks, brokers, investor relations firms, successful investors, conferences, etc.)

FILTER

- We analyze quantitative and qualitative attributes to narrow down the investable universe.
- We follow 175+ companies on a regular basis.

RESEARCH

- We talk to different management teams **every week**.
- We perform on-the-ground research (product demos, site visits, customer calls, etc.)



Competitive Advantages

Our process is designed to find great companies early and at a discount.

Idea Sourcing Process

- Requires a lot of time and manual work.
- Requires a lot of primary due diligence (very little sell-side research available).

Cumulative Knowledge

- Hundreds of companies tracked, interviewed, analyzed and vetted over time.
- Ability to act quickly and decisively when an opportunity presents itself.

Structural

- By limiting assets under management (< \$25M), we retain the ability to invest in the smallest companies.
- Structural advantage that larger funds can't replicate.

Risk Mitigation Strategies

Sound Investment Criteria

- Revenue growth (ideally 20%+)
- Profitability
- Healthy balance sheet
- Competitive advantages (“moat”)
- Honest and competent management team

Portfolio Construction

- Target of 15 to 25 positions
- 60%+ invested in the top 5 positions
- New positions start between 0.5% and 3% of the portfolio
- Allocations are based on business and management quality, perceived discount to intrinsic value and overall conviction
- Maximum position size of 15% at initiation

Some examples



Xebec Adsorption (TSX: XBC)

- From \$0.70 to \$8.92*
- 1,174% return in 34 months



Kraken Robotics (TSX-V: PNG)

- From \$0.17 to \$1.15*
- 576% return in 36 months



MediaValet (TSX: MVP)

- From \$0.41 to \$2.92*
- 612% return in 27 months

** Our initial cost basis to the highest price we have sold shares.*

RIVEMONT



THE NUMBERS





Fund Snapshot

February 29, 2024

\$8.2M

Assets Under
Management

18

Number Of
Portfolio Positions

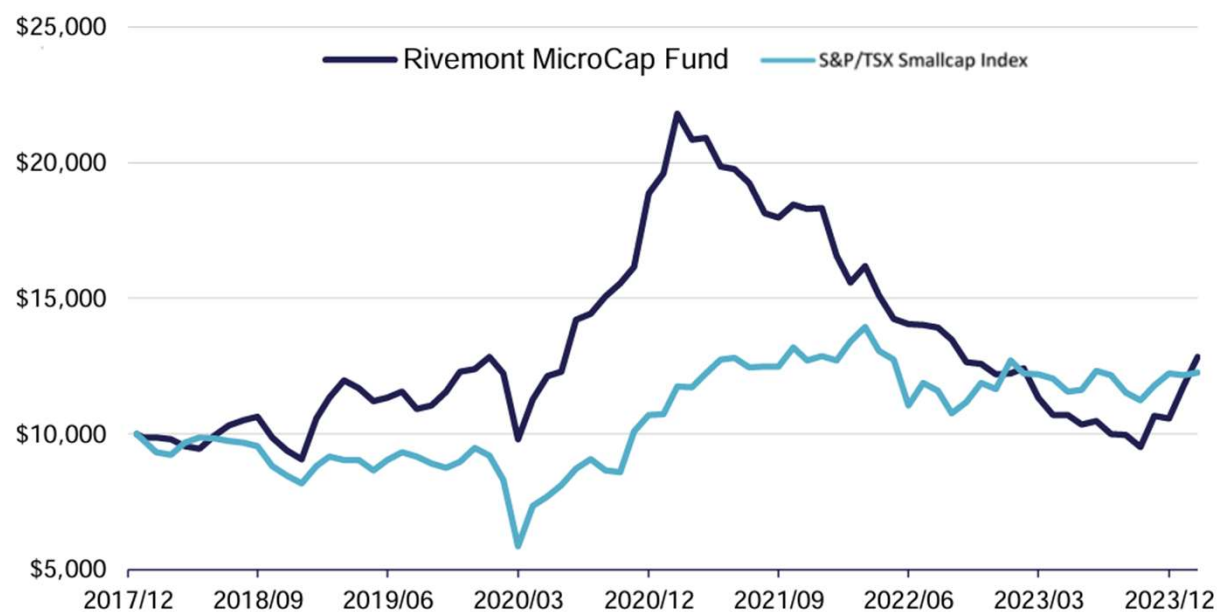
66%

Invested In The
Top 5 Holdings

Sector Allocation:

Consumer Discretionary	1.0%
Consumer Staples	1.0%
Energy	0.0%
Financials	0.0%
Healthcare	18.8%
Industrials	27.2%
Information Technology	36.4%
Materials	0.0%
Real Estate	0.0%
Telecommunication Services	0.0%
Utilities	0.0%
Cash	15.6%

Historical Performance – February 29, 2024



Annualized returns	1 mo.	3 mos.	6 mos.	YTD	1 yr	2 yrs	5 yrs	Inception
Rivemont MicroCap Fund	9.0	20.3	28.2	21.2	3.3	-9.3	3.2	4.2
Benchmark	0.8	4.2	0.8	0.4	0.3	-4.4	7.6	3.4
Annual returns	2018	2019	2020	2021	2022	2023	2024	
Rivemont MicroCap Fund	-9.3	36.5	52.4	-2.9	-33.4	-13.3	21.2	
Benchmark	-18.2	15.8	12.9	20.3	-9.3	4.8	0.4	

Explanatory notes: Returns are net of all fees (management, custody and commissions) and in Canadian dollars. Returns are those of the Rivemont MicroCap Fund Class A. The benchmark is the S&P/TSX Smallcap Index. Future investment results will differ from past results.

Management Fees

Annual rate	CLASS A \$100k - \$1M	CLASS B \$1M and more
Fixed fee	1.75%	1.50%
Performance fee*	20%	20%
High water mark	Yes	Yes

* Applied on returns in excess of 7%, net of fixed fees.

** Another class is also available for institutional investors.

RIVEMONT



Contact us:

Mathieu Martin, CFA

Portfolio Manager

819-246-8800

mathieu.martin@rivemont.ca

Valérie Marquis

Client Servicing and Business Development

819-246-8800

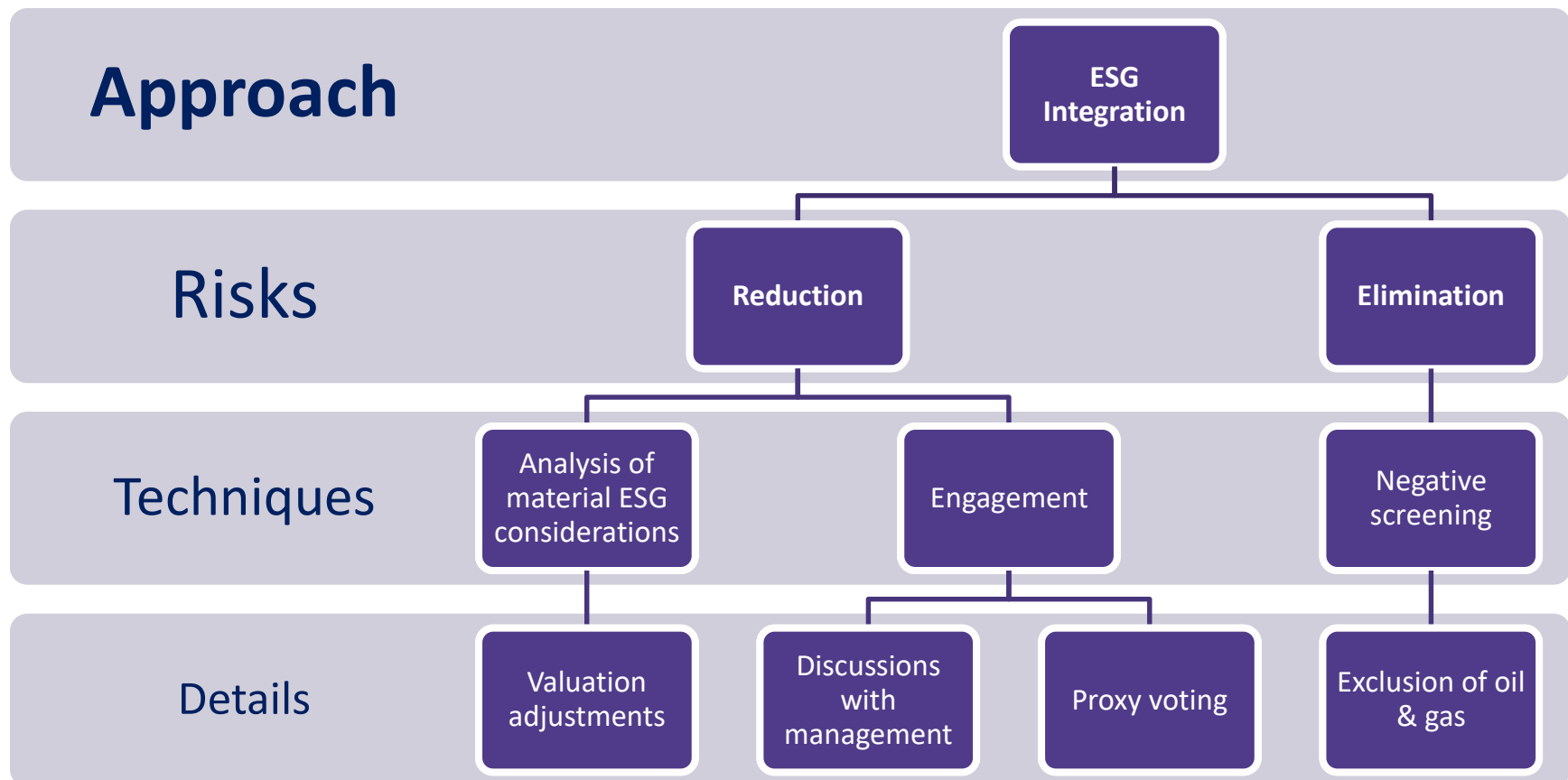
valerie.marquis@rivemont.ca

Appendix A Structure and Stakeholders

Structure	Mutual Fund Trust	Administrator	SGGG Fund Services
Units	Private placements, accredited investors only	Registrar	SGGG Fund Services
Investment Fund Manager	Rivemont Investments Inc.	Prime Brokers	NBCN, Interactive Brokers Canada Inc.
Investment Advisor	Rivemont Investments Inc.	Auditor	Deloitte
Eligible for RRSP and TFSA	Yes	Legal Documents	Fasken Martineau
Valuation/subscriptions/redemptions	Weekly	Trustee	Equity Financial Trust Company
High Water Mark	Yes		



Appendix B Responsible Investing



Appendix C

Diversification Benefits

Microcaps are not perfectly correlated with other asset classes, notably large caps.

Adding microcaps to a diversified portfolio can provide two important benefits:

- An **increase** in potential returns
- A **decrease** in volatility (risk)

Adding a microcap allocation to a portfolio of stocks and bonds, 25 years ending 12/31/2003				
Allocation			Annualized Return	Standard Deviation
Stocks	Bonds	Microcaps		
60	40	0	7,7%	13,3%
55	40	5	8,2%	12,7%
50	40	10	8,7%	11,6%
45	40	15	9,2%	10,6%
40	40	20	9,6%	9,9%
35	40	25	10,2%	9,3%
30	40	30	10,6%	9,0%
25	40	35	10,9%	8,8%
20	40	40	11,1%	8,6%
15	40	45	11,2%	8,9%

Stocks: S&P 500, Bonds: Lehman Government Corporation, Microcaps: Dow Jones Wilshire US Micro-Cap

Source: Richard Imperiale, *The Micro Cap Investor*