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UTMCAP Semi-Annual Report & Portfolio Summary

Stability in economic downturns

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In Brief

UTMCAP has outperformed all index benchmarks for 2022 despite market turmoil.

Markets have been hampered due to uncertainty over current macroeconomic environment and demand destruction.

Broader sell-off in equities has left some stocks trading with higher earnings potential at much lower levels compared to pre-pandemic.

UTMCAP as a long-oriented investor continues to advocate for and invest in high quality businesses that will outshine periods of economic distress.

Notes on Markets

The opening half of 2022 was a challenging time for UTM Capital and financial markets overall, driven largely as a result of rising inflation globally, major geopolitical events, and uncertainty regarding monetary policy. UTM Capital however is a long-term investor by its very nature and believes with investments in high-quality businesses with limited downside that can generate recurring cashflows, it will be able to withstand such periods of volatility.

Breaking down some of these issues, inflation began to rear its head as 2021 wore on with the higher average spending per capita with an emergence from COVID isolation. The fed has had to step in with higher interest rates and quantitative tightening procedures, whereby bonds will be rolled over at maturity without being replaced and in-turn strip liquidity from the financial system. Uncertainty over how the Fed will position itself in this year has hampered investor expectations. If inflation however manages to slide lower, markets may start to feel optimistic again. Another point of contention has been recent geopolitical events that have taken place in 2022, and what we look to gear up for in the next 1-2 years. Russia's unprovoked invasion of Ukraine has led to sharp hikes in energy prices globally, and the largest commodity price shock since the 1973 oil crises. In North America, we also see many political events beginning to unfold with Congress likely heading into political gridlock and an impending presidential election in the United States for 2024, followed by a Prime Minister elections for both Canada and the United Kingdom in 2025. If consensus is to be believed, and right-leaning political parties are to win big in all 3 elections, we may begin to project a much more conservative approach to economic policy in the west for the remainder of the decade.

There is slight optimism from Banks and investment advisors for markets in 2023. Despite inflation still above central bank targets, there is general agreement that inflation should begin to reduce the slowing global economies, weaking labour markets, easing supply chain pressures, and potential for western countries to diversify energy supplies. The broader sell-off found in equity markets this year has left some stocks with higher earnings potential, and at very low valuations relative to pandemic highs. Many stocks have likely priced in a shaky year for 2023, this combined with higher relative earnings potential and dependable dividends made available, there are likely to be attractive names for long oriented investors.

S&P 500 Chart for 2022

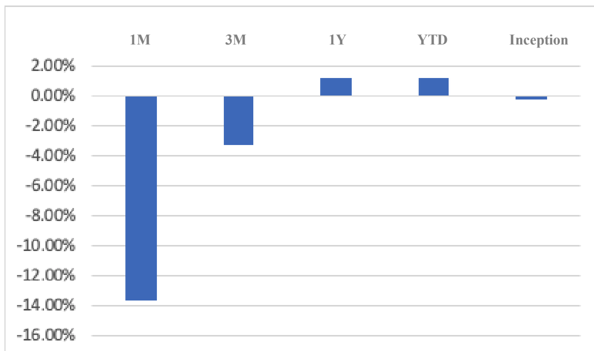
Portfolio Summary

UTM Capital's portfolio has expanded to 6 positions to reflect some of the best investment recommendations made by club members during the annual closing ceremony event. Our current portfolio comprises of American Homes 4 Rent, Bristol Myers Squibb, Disney, Enphase Energy, MP Materials and Block.

Portfolio Allocations

Name	Ticker	# Shares	Average Share Price	Cost Basis	Current Price	Market Value	% Change	Portfolio Weight
American Homes 4 Rent	AMH	18	35.85	645.3	30.435	547.83	-15%	10%
Bristol Myers Squibb	BMY	23	66.48	1529.04	72.67	1671.41	9%	31%
Walt Disney Company	DIS	7	106.78	747.46	91.76	642.32	-14%	12%
Enphase Energy	ENPH	6	144.42	866.52	251.15	1506.9	74%	28%
MP Materials Corp	MP	31	35.47	1099.57	25.02	775.62	-29%	14%
Block Inc	SQ	4	150.47	601.88	66.435	265.74	-56%	5%
Net Investments Value (USD)				**5489.77**		**5409.82**		
Remaining Cash Balance (USD)						589.46		
Remaining Cash Balance (CAD)						8,030.60		
Total Assets (CAD)						**16,114.20**		

Performance - UTM Capital Fund I	
Time Frame	
1 Month	-13.69%
3 Months	-3.32%
1 Year	1.19%
YTD	1.19%
Since Inception	-0.21%



Highlights:

- For the year 2022, UTM Capital has outperformed the S&P500, NASDAQ, Russell 2000, and S&P/TSX Composite indexes as benchmarks.
- Our portfolio highlights our top 3 concentrations in Bristol Myers Squibb, Enphase Energy and MP Materials representing 31%, 28% and 14% of the fund respectively.
- On a relative basis, our best performing investment is Enphase Energy with a 74% increase to $251.15 per share, rising from our original investment at $144.2 per share.
- On a relative basis, our least performing investment is Block, representing a -56% decrease to $66.435 per share, decreasing from our original investment at $150.47 per share.
- Since inception, UTM Capital has not returned any significant loss.

Future Guidance:

- A relocation of funds may be necessary given our top 2 holdings in Bristol Myers Squibb and Enphase Energy represent more than half of the fund's assets. This is subject to future decisions by the fund.
- Re-evaluation for our lowest performing assets will need to be undertaken, considering the current economic environment.

Company Overview:
American Homes 4 Rent is a real estate investment trust investing in single-family rental homes across the United States. The company claims ownership of over 55K homes with largest concentrations in Atlanta, Dallas-Fort Worth and Charlotte California. With average household tenant incomes ranging from $70K to $120K. Outsized exposure to the sunbelt states are a strategic strength for the company as increasing numbers of residents and immigrants seek out more adequate housing from cityscapes. Causes of concern however include a likely slowing economy and uncertainty over rate changes by the Federal reserve. Despite these conditions, American Homes 4 Rent sees the current rising rate and inflationary environment presenting a broad swath of opportunity for continued growth. AMH feels that they are optimally positioned to capitalize on the current conditions by building out its housing inventory and land developments.

Stock Performance & Other Comments:
With the intervention of the Federal reserve to raise interest rates significantly to curb inflation, higher reported mortgage rates have swayed away potential homebuyers in the interim. As a result of this, American Homes 4 Rent shares plummeted by nearly 24% this past year despite having a dominating presence in desirable states. At current prices, AMH fetches a near 2.4% dividend yield despite trading at near 5-year lows.

Notes on Company Future:
On November 22nd, Redfin released its analysis of 3rd quarter investor home purchase activity which showed a 30.2% decline in acquisitions year over year. Not only are institutions facing the higher financing costs individuals are experiencing, they also must address slowing rent growth, and, potentially, falling home prices. Invitation Homes (INVH), Tricon Residential (TCN), and American Homes 4 Rent have each reduced their pace of acquisitions in the near term. American Homes still plans to deliver on its three-pronged growth strategy in order to dial its operations relative to greater macro environments. It will be hard to forecast near-term performance until investors get certainty on next steps to be taken by the Fed with regards to interest rate hikes.

Summary & Other Facts:
- Higher mortgage rates have stalled potential homeowners, with current market on pause during this period of uncertainty.
- Sizeable portfolio of homes that is poised to reach 60k within the next couple of years.
- Company is borrowing money at only 4% to develop its growth strategy whilst market has cooled off.
- Growth is prevalent with net incomes growing at a rate of 51% over the last 5 years.
- Company is poised to benefit in the long-term when interest rates return back to normal, and consumers seek out homes again.

Recommendation:
Given American Homes 4 Rent is strategically positioned to benefit from the return to normal economic circumstances, the recommendation by the fund would be to **Hold** the company stock in the interim. Depending on how successful the company can execute on its strategy when the real estate market picks up again, the fund would then reassess the company’s position in the portfolio.

Company Overview:
Bristol-Myers Squibb is a biopharmaceutical company that discovers, develops, and markets innovative medicines for the treatment of diseases in various therapeutic areas, including oncology, cardiovascular, and immunoscience. The company was founded in 1887 and is headquartered in New York City. It operates in more than 35 countries around the world and has a diverse portfolio of prescription medicines, including some of the world's best-known and most prescribed brands. In addition to its commercial operations, Bristol-Myers Squibb is also committed to using its expertise, resources, and scale to help address some of the world's most pressing health challenges and make a difference in the lives of people around the globe.

Stock Performance & Other Comments:
At the beginning of December 2021, Bristol Myers Squibb (NYSE:BMY) stock traded at a value of $53, its lowest price since the stock market crashed in March 2020 in response to the global pandemic. Today it trades at a price of $72.67 per share, representing a 37% increase. Recent bullishness with regards to the company revolve around managements risk taking approach to make increasing acquisitions including the purchase of MyoKardia and Celgene. The company has also undertaken a stock buyback program and currently yields a 2.7% dividend. Current concerns for the company revolve around the emergence of generic competitors, despite newly launched products such as Abecma, Breyanzi, and Onureg climbing by respectively 51%, 47%, and 52% year-on-year, sales of Revlimid fell by 28% year-on-year, as a result of generic competition.

Notes on Company Future:
Management is promising multiple drug approvals for 2023 to add to their existing line of medicines and other therapies. The company hopes to grow its 4 franchises – oncology, hematology, immunology and cardiovascular with the introduction of new products from recently acquired competitors. If management continues to execute on its strategy to offset lost Revlimid revenues with new product sales, whilst bringing through more strong candidates with best-in-class potential, its share price ought to keep growing to match the company's intrinsic value, and once share buybacks have been completed, a dividend hike could be next.

Summary & Other Facts:
- Despite major patent expirations in the coming years, the company has had successful product launches and integrated key acquisitions to bolster product line.
- 9 new products launched all with >$1b per year revenue projections.
- Company maintained solid earnings growth, with low volatility in earnings for the foreseeable future.
- The weakening of the euro, Japanese yen, and British pound against the US dollar is one of the main reasons for the decline in BMY's revenue outside the US.

Recommendation:
With Bristol Myers Squibb executing brilliantly in light of its expiring patents, the company has become a staple within the fund and will likely continue to perform. However, with the company taking up a large portion of overall fund assets, our recommendation would be to **Hold** the stock for the foreseeable future to prevent overexposure to the company.

Company Summary:
The Walt Disney Company is a diversified global entertainment company that operates in four business segments: Media Networks, Parks, Experiences and Products, Studio Entertainment, and Direct-to-Consumer and International. The company was founded in 1923 by Walt Disney and Roy Disney, and it is headquartered in Burbank, California. Disney is one of the largest media and entertainment companies in the world and is known for its iconic brands and franchises, including Walt Disney Pictures, Pixar, Marvel, and Star Wars. The company's media networks segment includes cable networks, broadcast television, and radio, as well as a streaming service called Disney+. Its Parks, Experiences and Products segment operates theme parks and resorts, as well as consumer products and interactive media. The Studio Entertainment segment produces and distributes films and television content, and the Direct-to-Consumer and International segment includes the company's streaming services and its international operations.

Stock Performance & Other Comments:
Disney’s current share price reflect a near -44% decrease since the beginning of 2022. Stock performance primarily revolved around the slowing economic environment and less consumer demand for some of its products. Investors have raised other points of contention including the return of CEO Bob Iger to stabilize the business, help recover from significant operating loss through its streaming service, address the structural decline of linear TV, and the $71B deal to acquire 21st Century Fox, a deal many believe is unnecessary. With Disney's pricing power however, investors have reasons to believe Disney will be able to do well in good and bad times. Disney is on track to increase streaming market share through its Disney + service, look to further integrate some of its traditional TV content directly to consumers and bolster its theatrical release schedule.

Notes on Company Future:
Cautious optimism may ring true for some Disney’s most profitable business arms such as its Parks and physical experiences. A potential China re-opening and transition away from its no COVID policy can bolster international revenues in this regard and boost consumer product sales. The company is also returning back to its movie schedule for some of its most beloved franchises as consumers seek out new theatrical content. This next fiscal year should easily be more profitable than was the current year. This recently completed fiscal year saw the ramp-up of the parks, the restarting of cruises, and the acceleration of the movie schedule toward pre-pandemic levels. The Walt Disney Company management has a lot to do in the future. Most of what needs to be done will result in considerably improved profitability.

Summary & Other Facts:
- Former CEO Bob Iger has returned to help the company turnaround from its struggles post-COVID and help restructure its content division.
- Increased content for streaming service offerings, ad-supported tiers for customers, and company collaborations will likely drive business towards greater profitability.
- Critics point to costly acquisitions over internal creative juices and a recycling of iconic figures, a potentially existential problem for the creative powerhouse.

Recommendation:
Disney is in the midst of a transitionary period with management unable to thrive without Bob Iger. It is likely that Iger will be able to successfully reshape the content structure and drive some of the company’s businesses towards profitability. However, the company still faces questions over how it will look in a new era of streaming and questions still remain over the sustainability of theatrical revenues for the next few decades. The funds recommendation is to **Hold** Disney stock until there is more clarity over what kind of company Disney will be after Iger’s second stint.

Company Summary:
Enphase Energy is a global energy technology company that designs and manufactures microinverter systems for the solar photovoltaic industry. The company was founded in 2006 and is headquartered in Fremont, California. Its microinverters are used in solar panel systems to maximize energy production and increase the efficiency of the system. Enphase's technology is used in more than 1.9 million systems in more than 120 countries around the world. In addition to its microinverters, the company also offers a range of monitoring and management software and services to optimize the performance of solar panel systems. Enphase is committed to driving the widespread adoption of clean energy and to creating a more sustainable future for all.

Stock Performance & Other Comments:
Over the past year Enphase has made strides to grow both top and bottom lines as the world begins to transition to clean energy alternatives. Reported revenues have grown nearly 70% relative to 2021 performance. The company has also assumed a massive share of the solar market, with management approximating near 25% proving the company has become one of the largest in the space for solar modules and energy storage. The company nearly tripled its cash position however debt still outstrips cash at nearly 4x over. Investors have seen the stock run up with the company now trading at a P/E of 114. Given these circumstances, analysts have triggered a 'hold' for the stock.

Notes on Company Future:
There are plenty of tailwinds for Enphase with their all-in-one product offering aimed at creating a sustainable energy ecosystem for home energy. There is a large market that has yet to be fully realized, with most researchers suspecting residential solar equipment hasn't been penetrated by more than 7-9% of its full potential. Enphase has also been making recent acquisitions of smaller players in the space with 6 reported acquisitions between 2021–2022. Market TAM is likely to increase with global policy shifting towards renewable energy sources, with current geopolitical events including the war in Ukraine acting as a potential catalyst for many policymakers and businesses alike. Current TAM for residential solar adoption is $14.2b but is expected to rise to $44.8b by the end of the decade.

Summary & Other Facts:

- Enphase has capitalized brilliantly on its strategy of developing solar solutions globally, with record revenues as a result.
- The company has established itself as a clear market leader and has a solid reputation amongst customers.
- Aggressive acquisitions and continued expansion plans show management are not willing to settle, with the company expected to continue taking market share of the residential solar market.

Recommendation:
Enphase Energy has had a brilliant run up as a result of managements execution to grow the company's presence globally. This, combined with a bright future for residential solar means the company is positioned to be a global leader as the world transitions to sustainable energy. In the interim however, Enphase trades at a superior premium to competitors and analysts believe its overvaluation will not last. This, combined with the fund's heavy allocation results in our recommendation to moderately **Sell** some Enphase Energy shares and continue to monitor earnings.

Company Summary
MP Materials is a rare earth mining and processing company based in the United States. The company operates the Mountain Pass Rare Earth Mine in California, which is the only operating rare earth mine in the United States and one of the few in the world. Rare earth elements are a group of 17 metallic elements that are used in a wide range of high-tech applications, including electronics, clean energy, and military equipment. MP Materials extracts and processes rare earth elements from ore and sells them to manufacturers around the world. The company is focused on expanding its production capacity and increasing its market share in the global rare earth industry.

Stock Performance & Other Comments:
Despite positive financial performance, rare earth prices remained highly volatile in 2022 hampering analyst forecasts. MP stock price crashed by over 40% from the beginning of 2022, largely as a result of commodity volatility and end-user uncertainty. MP's key resources are a staple for many global and emerging technologies, however many benefitting tailwinds including auto-sales are currently facing demand destruction from higher interest rates amongst other events. Though MP has not directly been affected by these shifts in consumer behaviour, the market brought down MP shares in-line with other commodity indices.

Future:
MP Materials has a bright future despite the current economic environment, particularly around its expansion plans for its mountain pass mining facility to vertically integrate some of its rare earth metals directly into manufactured goods (batteries, motors, etc.) for other companies. MP previously agreed a long-term partnership with GM to integrate its rare earth metals directly into GM's EV platform of vehicles and has been rewarded multiple government contracts as the company continues to perform as a picks-and-shovels play for EV's, wind turbines and other goods. Given MP's geographic advantage that cannot be disintermediated by competitors, many are pointing to the company as the inevitable alternative to China's monopoly on global rare earth metal supply.

Summary & Other Facts:
- MP is geographically positioned to do well in a world transitioning to renewable technologies and in need of rare earth metals.
- Vertical integration plans will help significantly grow the business and expand operating margins.
- Future supply agreements from companies and continued government support significantly reduce traditional business risk associated with commodity companies.
- For many critics of China's monopoly over rare earth metals, MP Materials is the western hemispheres answer.

Recommendation:
We believe that greater Macroeconomic forces have not impacted MP Materials' growth strategy nor its geographical importance to the world. The company is continuing to vertically integrate its supply chain and is building key relationships with the private and public sector to guarantee supply of rare earth metals. The fund recommends to **Buy** shares of MP Materials and believes the transition to sustainable energy will be an inevitable catalyst that will only benefit the company over time.

Company Summary:
Block is a multinational conglomerate based in San Francisco, California. The company was founded in 2009 by Jack Dorsey, the former CEO of Twitter. Block is made up of various different business lines that offers products and services for businesses, including point-of-sale systems, financial software, and credit card processing. The company's flagship company Square develops portable card readers that plugs into smartphone and allows businesses to accept credit and debit card payments on the go. Square has a highly successful and rapidly growing business within Block with millions of customers around the world. In addition to its core business, the company also has a number of business ventures and investments, including payment service Cash App, food delivery service Caviar, web hosting company Weebly and music streaming service TIDAL.

Stock Performance & Other Comments:
Block shares have fell over 50% throughout 2022 as the overall market faces recession risk and other headwinds. Majority of Block's offerings are catered towards individual consumers, who have faced increased interest rate pressures amongst other economic uncertainties. CEO Dorsey's infatuation with cryptocurrency has also left many investors uninterested, with Block continuing to own nearly $200m in Bitcoin despite the wider market sell off, regulatory scrutiny and company scandals in the crypto space. Even as double-digit returns are projected for Block, pressure has been placed on the company to achieve sustainable profitability, something the company is ill-positioned to deliver given its infatuation and consistent investment in novel technologies. Topline growth has also slowed given the macroeconomic environment, and uncertainty over whether Block's Cash App business will be able to sustain the entire company in the near term.

Future:
Block faces a myriad of identity issues with the company tied to blockchain technology, cryptocurrencies, music streaming, food delivery and more. Despite these various concerns, the company is still poised to deliver a more than doubling in earnings over the next two years as technology companies continue to disintermediate traditional banking services. Cash App has plans to expand its services to the rest of North America and expand its own app offerings to provide investing services akin to trading apps Robinhood and the now defunct FTX.

Summary & Other Facts:
- Share price has continued to underperform despite double digit returns.
- Company facing pressures to achieve predictable and sustainable profits.
- International expansion plans laid out for the highly successful Cash App, potential catalyst for other business lines to follow suit.
- Uncertainty for investors over association and continued investment in cryptocurrencies.
- With a growth premium attached to the company's valuation, profitability growth will be imperative to justify valuation.

Recommendation:
The various business lines under Block and the company's affinity with the blockchain have made the task of predicting cash flows extremely jarring. The company is exposed to extrinsic risks in the world of cryptocurrency and the potential of regulatory scrutiny is more apparent because of this. However, the ever-popular Cash App and Square businesses have become staples in everyday payments for customers. A global expansion plan is underway, and more people are being exposed to Block's ecosystem of products as a result. In the interim we recommend a **Hold** for Block shares and will look to observe whether management can achieve sustainable and predictable profits over the long-term.