RAVENSTONE
CAPITAL MANAGEMENT

Memo

To: Ravenstone Clients
Date: Wednesday March 4, 2026
Re: Your Portfolio, Our Perspective

Ravenstone appeared in a Globe & Mail article yesterday discussing how Canadian money managers are navigating current market volatility. In case you missed it, the title of the article is ***"Fear is not a strategy': Canadian money managers on how to navigate the market turmoil - and what they're buying***." Given the importance of the topic, we are sharing our full perspective below.

Recent headlines, including geopolitical tensions, elevated oil prices, private-credit concerns, inflation uncertainty, and questions around AI-driven valuations have contributed to market pressure and investor unease. While these risks are real, they do not always translate into actionable signals for long-term investors. Historically, attempts to forecast the economic impact of major events have often been inaccurate and costly.

Take the Iraq War as an example (2002–2003). Investor's initial reaction was decidedly negative, however the market surprised investors to the upside, resulting in approximately a 26% S&P 500 rally by the end of 2003. This, after significant pre-war weakness. With the benefit of hindsight, it was clear the positive market reaction at the time was counterintuitive.

The biggest investment errors are typically made during periods of heightened uncertainty. The current market sell off can be linked to tariffs, war in the Middle East, a spike in oil prices, private credit fears, AI bubble concerns and the lingering risk of higher inflation. These narratives are dominating the news cycle and clearly increasing investors anxiety.

Our core message remains consistent: stay disciplined and adhere to a well-constructed investment plan. Investors are most prone to missteps during volatile periods, especially when portfolios are overly concentrated in higher-risk assets. It is critical to have an investment strategy that demonstrates diversification benefits when they are needed most. Know what you own, understand the strategy in place **because sometimes risk hides in the least obvious places**. This can go on for long periods of time while excesses tend to build until the last buyer shows up. You want an umbrella without holes before the storm starts – it is best to not learn about the holes midway through a torrential downpour!

We tend to use these market conditions to scoop up attractive investment opportunities when the price is right - remember, you make your money when you buy, not necessarily when you sell. This is why a core investment principle at Ravenstone is not buying **into the statistical notion that volatility is risk. Instead, we see risk in terms of the likelihood of experiencing permanent capital impairment**. In the short run, the market reflects sentiment based on collective human emotions however in the long run, what really matters are fundamentals.

While we are not making major portfolio shifts, we are using cash on hand to selectively increase ownership in a handful of core holdings where short-term selling pressure has created long-term opportunity. Here are a few recent examples:

Microsoft (MSFT) is down approximately 18% YTD and almost 30% off its 52-week high. It is trading at less than 25x this year's earnings with a 2.2% free cash flow (FCF) yield. We believe earnings will continue growing at double digits over the next few years and the business is underpinned by one of the strongest balance sheets in the world.

S&P Global (SPGI) is another name we are adding to. The stock price is down ~15% YTD and almost 25% off its 52-week high. It trades at less than 23x this year's earnings and 20x next year estimated earnings per share (EPS) with a 4.5% FCF yield. We believe earnings will continue growing at a double-digit clip over the next few years and reject the idea that AI will compromise SPGI's core business model.

Despite strong reported earnings, Microsoft and S&P Global are currently trading at their lowest valuation since March 2020!

VISA (V) is down ~10% YTD and almost 15% off its 52-week high. It trades at ~24x this year's earnings and 22x next year estimated EPS with a 4.25% FCF yield. VISA is a dominant global player in what effectively is a duopoly in the payment processing industry. We believe earnings will continue growing at double digits over the next few years, making todays stock price very reasonable for such a scarce, high-quality business

Brookfield (BN) is down ~6% YTD and almost 9% over the last three months. It trades at ~13x next years distributable earning and since 2020, distributable earnings have grown at a 22% CAGR (compounded annual growth rate). Management is targeting over $6.95 USD in distributable earnings per share by 2030, vs. $2.31 USD in 2025 translating into an expected 25% CAGR. Additionally, the company expects to generate $53 Billion USD of FCF over the next five years, representing close to half of its current market value. We believe the intrinsic value of the business can grow from $68 USD per share to ~$140 USD by 2030.

As always feel free to reach out if you are interested in discussing this subject or if you have any questions.

Sincerely,

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