



Welcome to 2025! I hope this year brings health, happiness, and prosperity to all. Equity markets delivered strong returns in 2024, with the S&P/TSX Composite Index gaining +21.7% and the S&P/TSX Small Cap Index rising +18.8%. While Canadian markets performed well compared to many international markets, they lagged U.S. large-cap indices, which were propelled by the outperformance of mega-cap stocks. Despite concerns about volatility, the small-cap fund excelled, delivering an impressive +26.5% return in 2024, significantly outperforming both Canadian and U.S. small-cap markets.

Despite price weakness in the materials sector during the fourth quarter, the portfolio delivered strong relative performance due to effective stock selection within the sector. Our focus on high-quality, superior growth mining companies was particularly impactful, given the portfolio's significant weighting in materials. Additionally, underweight positions in underperforming sectors such as Real Estate and Utilities further supported quarterly results, as these sectors faced considerable challenges from rising interest rates.

Stock selection contributed meaningfully to the portfolio's overall outperformance during the quarter contributing all +4.3% of outperformance. Below are the portfolio components and attribution for the quarter.

OUTLOOK

As we move into 2025, the economic environment is marked by heightened uncertainty and the potential for significant market volatility. The ongoing tension between rate cuts to stimulate the economy and the persistence of inflation remains a central theme. Treasury yields climbed sharply in the fourth quarter, with the 10-year yield rising to 4.76%, reflecting strong job growth, increasing consumer inflation expectations, and rising oil prices driven by geopolitical concerns. While markets had initially anticipated multiple rate cuts in 2024, the current outlook suggests only a modest reduction in 2025, adding to the challenges faced by investors.

The charts below highlight the recent technical strength in the TSX Small Cap Index and the TSX Venture Index, underscoring the resilience of Canadian small-cap equities despite broader market volatility. Both indices have exhibited positive momentum, reflecting increased investor confidence in this segment of the market. The sustained upward trend in these indices provides a supportive backdrop for our positive outlook on Canadian small-cap equities in 2025.

The precious metals sector remains an area of confidence, driven by political uncertainty and sustained central bank buying. Gold prices, while influenced by currency fluctuations, are expected to benefit from heightened geopolitical risks and potential growth scares later in the year. The continued appeal of gold is bolstered by its role as a safe-haven asset, particularly as inflationary pressures persist.

Copper remains a compelling opportunity, particularly as larger companies in the sector seek production growth through mergers and acquisitions with junior miners. The sector continues to face tight supply conditions following years of underinvestment, and demand remains strong due to its critical role in electrification and renewable energy infrastructure.

The energy sector has also seen a shift in our portfolio positioning, moving from an underweight to a slight overweight early in 2025. This reflects an improved outlook for natural gas, with LNG exports gaining momentum in Canada, and stronger fundamentals in the oil market, supported by the potential for U.S. sanctions on foreign crude supplies. Much of this increased weighting comes from service stocks, which are demonstrating more robust growth than many exploration and production peers. Additionally, the continued weakness in the Canadian dollar is enhancing profitability for domestic producers, further supporting our thesis in this sector.

December 31, 2024	INVESTMENT RETURNS			
	Q4 24	1 Year	3 Year	5 Year
Special Equity Fund	5.05%	26.52%	1.71%	11.71%
S&P/TSX Small Cap	0.72%	18.84%	4.15%	8.93%

Notes:

*Returns are Net of Fees.

*All indices are total return.

*Management Fee 2.0% Performance Fee 20% of the annual return in excess of 10% hurdle rate with a 1 yr. carry-forward on any deficiency relative to the hurdle rate.

*Past performance is not indicative of future results.

*Index returns are shown for comparative purposes only.

Securities held in the portfolio do not replicate the index. No guarantee is given that performance will match the index indicated. All returns are expressed in CAD

Categorization: Canadian Small/Mid Cap Equity

Funds have been categorized according to the Canadian Investment Funds Standards Committee criteria.

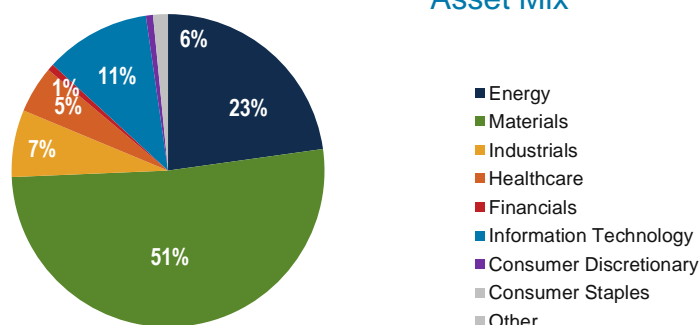
Fund Objective:

The fund is designed to generate consistent, positive returns that are commensurate with a moderate to high degree of investment risk. The objective of the Special Equity Fund is to provide long-term growth through capital appreciation by investing in rapidly growing small, medium and large Canadian companies that demonstrate the ability to grow at a faster rate than the economy. The Fund is suitable for sophisticated investors who can tolerate a moderate to higher degree of risk and volatility. This fund should produce higher returns than the market over time but may experience a greater than average degree of volatility over short-term periods. Investors must be prepared to accept a higher degree of risk.

Strategic Allocation:

The fund's aim is to add value through security selection but will focus on themes and concepts that may influence the sector weightings. The strategy includes identifying stocks with sustainable growth characteristics from a universe of primarily small and mid-capitalization stocks. The fund is suitable as a portion of an investor's overall equity component of a fully diversified investment portfolio. It typically holds 70 plus stocks, and is aimed to be fully invested, limiting cash to small amounts.

Asset Mix



Top 5 Holdings:

Stocks	
MDA Space Inc.	2.81%
G Mining Ventures Corp.	2.73%
NGEX Minerals Ltd.	2.16%
Kraken Robotics Inc.	2.08%
Tenaz Energy Corp.	1.82%

(as of December 31, 2024)

Benefits of our Pooled Funds

The J Zechner Associates Pooled Funds offer professional money management, varied investment choices, the potential for above average returns and lower management fees so you keep more of your accumulated wealth.

A pooled fund is a unit trust that operates like a mutual fund but is not required to have a prospectus under securities law.

A pooled fund is sold through an Offering Memorandum.

J Zechner Pooled Funds are available to accredited investors. Units of the funds are qualified investments for registered products.

Solid Partnership Foundation

Eligibility for Investment

The Fund will only invest in securities that will be qualified investments under the Income Tax Act (Canada) for a trust governed by a registered retirement savings plan (an "RRSP"), registered retirement income fund (a "RRIF), or tax-free savings account (a "TFSA").

Performance Disclosures

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal value will fluctuate so that when withdrawals are made by the investor the shares or units may be worth less than their original cost. Unless specified, all performance quoted is gross of fees and expenses.

Benchmarks: Index returns are provided for comparative purposes only to show how the companies returns compare to a broad-based index of securities. As the indices do not have costs, fees or other expenses associated with their performance. In addition, securities held in the indices may not be similar to securities held in the composite's accounts.

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