

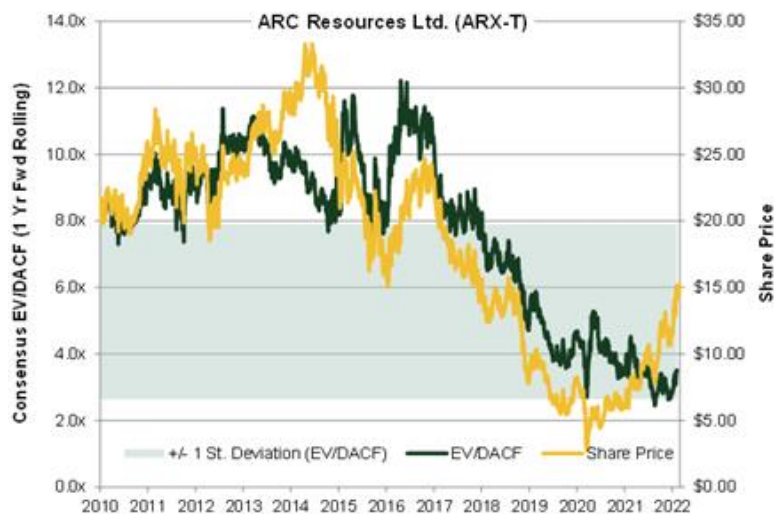
ARC Resources (ARC) is Canada's sixth-largest diversified producer of fossil fuels. ARC provides investors with a differentiated product slate as the largest supplier of condensate in Canada, which is essential in the blending of oil sands production (bitumen) due to its high viscosity. Additionally, ARC is Canada's third-largest supplier of natural gas, and the ownership of its facilities significantly reduces its cost base, hence enhancing profitability.

Thesis

- The scale of ARC's operations provides diversification of its product to end markets
- Ownership of infrastructure reduces its cost base
- The company has the ability to shift capital to its highest returning projects, and there is a large inventory of projects to focus on over the coming decades
- ARC has deleveraged its balance sheet and has returned capital to shareholders through dividends and share repurchases
- ESG is engrained in management's DNA; it is an industry leader within different ESG categories and continues to target lower emissions

Opportunity

- Delta variant fears led to a global slowdown in August causing most commodity prices to weaken and impacting energy producers like ARC; the pullback gave us the opportunity to enter the name at an attractive valuation
- Currently trading at a 30% discount to our estimate of its intrinsic value
- Trading well below its historical debt-adjusted cash flow multiple of 6-8x



Source: TD, 2022.

[Listen to Portfolio Manager, Aleksy Wojcik, discuss ARC Resources Now >](#)

Sionna Investment Managers Inc. (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.