Global Asset Management

Canadian Equity Small Cap (iA)

As at June 30, 2026

Quarterly Analysis

KEY TAKEAWAYS

- Canadian small caps advanced in the second quarter, with sector leadership shifting from energy to technology and industrials. The fund slightly underperformed the benchmark during the period.
- Portfolio activity focused on adding industrial, health care, and emerging resource companies reflecting our convictions about long-term growth opportunities and attractive valuations.
- The evolving Build Canada theme is creating attractive opportunities across the Canadian small-cap market, particularly in infrastructure, energy, and critical minerals.

PORTFOLIO MANAGER

Nicolas Caron MFin, CFA
Vice-President, Portfolio Manager, Canadian Equities

David Caron MSc, CFA, CPA
Senior Director, Portfolio Manager, Canadian Equities

PERFORMANCE ANALYSIS

Second-quarter sector rotation

The S&P/TSX Small Cap Index continued to advance in the second quarter, with sector leadership shifting significantly. After leading returns in the first quarter, energy became the weakest-performing sector as a potential deal with Iran weighed on oil prices and investor sentiment. Technology was the strongest sector, driven by gains in BlackBerry, while industrials also delivered a solid performance. The fund had a positive return during the quarter but underperformed its benchmark. A modest overweight in energy detracted as the sector lagged the broad market. Stock selection was also negative, primarily owing to technology holdings.3

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	6	50
3 years	3	47
5 years	5	44

Source: Morningstar ratings, Canadian Small/Mid Cap Equity Funds

TOP 5 CONTRIBUTORS (%, QTD)

Issuer	Return	Weight	Contribution
Blackberry	282.66	1.32	1.84
Hammond Power Solutions	96.75	1.44	0.95
Bird Construction	62.75	1.94	0.93
5N Plus	37.85	1.96	0.64
Extendicare	29.61	1.80	0.47

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.94	1.00
Volatility	15.41	16.04
Information ratio	0.42	-
Upside capture	97.12	-
Downside capture	79.73	-

TOP 5 DETRACTORS (%, QTD)

Issuer	Return	Weight	Contribution
Methanex	-20.58	1.74	-0.38
Vermilion Energy	-29.95	0.81	-0.30
Birchcliff Energy	-18.88	0.62	-0.25
Athabasca Oil	-10.75	1.94	-0.23
Boyd Group	-24.00	0.80	-0.22

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	134	229
Dividend yield	2.15	2.85
Top 10 holdings weight	21.8%	-
1-year trailing turnover	74%	-

* Index: S&P/TSX Small Cap Total Return

iA Global Asset Management

Canadian Equity Small Cap (iA)

As at June 30, 2026

Quarterly Analysis

PORTFOLIO ACTIVITY

Capturing emerging opportunities

During the quarter, portfolio activity was driven primarily by new investments in the industrials and health care sectors. The increased exposure to industrial companies reflected our conviction about their improving end-market fundamentals and attractive valuation opportunities. We added health care positions, including Apotex Health after its initial public offering and Trulieve, because the U.S. medical-cannabis market continues to benefit from a more favourable regulatory backdrop. We also initiated positions in Troilus Gold and FireFly Metals, two companies advancing from the exploration stage to development and ultimately production. To fund these purchases, we exited Orla Mining and Foran Mining after takeover announcements, while maintaining exposure to our highest-conviction materials holdings.

PORTFOLIO POSITIONING

The Build Canada theme gains momentum

As commodity markets and geopolitical developments remained important drivers of investor sentiment, Canada's renewed focus on economic growth and infrastructure investment is creating a supportive backdrop for domestic industrial and resource companies. We think the emerging Build Canada theme—characterized by investments in energy, critical minerals, infrastructure, and supply-chain resilience—should create attractive opportunities across the Canadian small-cap market.

In commodities, we remain constructive on energy and gold despite ongoing volatility. Energy producers continue to generate strong free cash flow and trade at attractive valuations, while gold continues to be supported by central bank purchases, fiscal concerns, and geopolitical uncertainty. We continue to favour high-quality companies that have strong balance sheets and disciplined capital allocation and are positioned to benefit from Canada's long-term economic and resource development.

MARKET OUTLOOK

Focus on long-term drivers

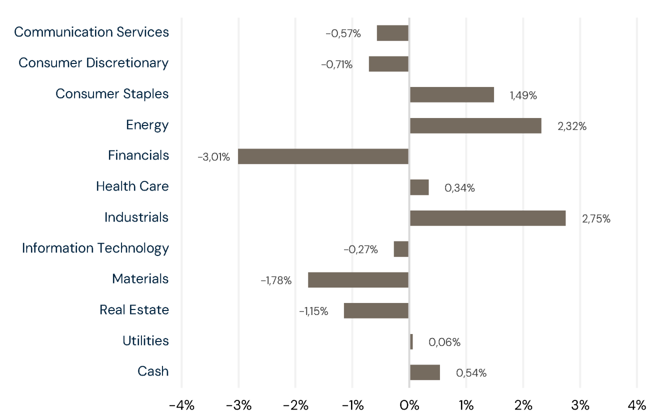
Fiscal policy and tariffs are likely to remain key sources of uncertainty through year-end. In our view, uncertainty itself—rather than a fundamental disruption to North American trade relationships—represents the largest near-term economic risk for Canada. At the same time, this environment reinforces the importance of domestic infrastructure investment, energy security, and critical minerals development, which we expect to remain important long-term themes for Canadian equities.

SIGNIFICANT TRANSACTIONS (Q2 2026)

Positions initiated	Sector
Badger Infrastructure	Industrials
Apotex Health	Health care
Trulieve	Health care
Troilus Mining	Materials
Zedcor	Industrials

Positions exited	Sector
Orla Mining	Materials
Foran Mining	Materials
Cargojet	Industrials
Freehold Royalties	Energy
D2L	Consumer discretionary

SECTOR DEVIATIONS VERSUS INDEX



TOP 5 HOLDINGS*

Holding	Sector	Weight (%)
Kinaxis	Information technology	2.44
Tamarack Valley Energy	Energy	2.40
Bird Construction	Industrials	2.36
Dream Industrial REIT	Real Estate	2.31
Blackberry	Information technology	2.24

*Excludes cash and cash equivalents.

Get ahead

iagam.ca

A magnet for top investment talent, iA Global Asset Management is one of Canada's largest asset managers, with over $100 billion under management across institutional and retail mandates. We help investors achieve their long-term wealth creation goals through innovative investment solutions designed for today's complex markets. We are building upon our historic success, supporting the growth of our core strengths, and exploring innovative ways to meet investor needs. We are rooted in history and innovating for the future. Our experienced portfolio managers use a proprietary investment methodology, rooted in iAGAM's unifying commitment to strong risk management, analytical rigor and a disciplined, process-driven approach to asset allocation and security selection.

iA Global Asset Management