



Canadian Equity Small Cap (iA)

As at March 31, 2026

Quarterly Analysis

KEY TAKEAWAYS

- Canadian small caps delivered a strong start to the year, with energy as a top contributor. Supported by effective asset allocation, the fund outperformed the index gross of fees.
- Portfolio activity was driven by rebalancing and a downsizing of the materials sector. We reduced our exposure to gold miners, such as lamgold, while maintaining exposure to higher-conviction holdings.
- We remained optimistic but continued to target high-quality companies with strong balance sheets because inflation risks and trade negotiations could dampen investor sentiment.

PORTFOLIO MANAGER



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PERFORMANCE ANALYSIS

Small caps resume their outperformance

The S&P/TSX Small Cap Index delivered a strong start to the year, rising 11.4% in the first quarter. Energy was a major contributor to performance, supported by higher oil prices after the Iran War broke out. This context drove renewed investor interest in the energy sector and lifted Canadian small caps relative to broader benchmarks.

The fund outperformed the index during the quarter, with most of the value-added coming from asset allocation. Security selection in energy and materials detracted from relative performance, but effective top-down positioning more than offset the headwinds.

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	4	53
3 years	2	52
5 years	3	49

Source: Morningstar ratings, Canadian Small/Mid Cap Equity

TOP 5 CONTRIBUTORS (% QTD)

Issuer	Return	Weight	Contribution
5N Plus	78.48	1.63	1.04
Spartan Delta	78.08	1.18	0.72
Methanex	53.32	1.43	0.66
Peyto Exploration & Development	22.28	2.08	0.52
Tamarack Valley Energy	43.88	1.34	0.51

TOP 5 DETRACTORS (% QTD)

Issuer	Return	Weight	Contribution
Vizsla Silver	-40.96	0.67	-0.35
Capstone Copper	-23.74	0.88	-0.22
Goeasy	-57.30	0.29	-0.21
Almonty Industries	-21.74	0.15	-0.21
TerraVest Industries	-19.15	0.93	-0.19

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.96	1.00
Volatility	15.58	15.97
Information ratio	0.84	-
Upside capture	100.76	-
Downside capture	81.07	-

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	135	232
Dividend yield	2.25	2.77
Top 10 holdings weight	18%	-
1-year trailing turnover	87%	-

* S&P/TSX Small Cap Total Return



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PORTFOLIO ACTIVITY

Positioning reflects shifting macro backdrop

During the quarter, portfolio activity was driven primarily by a major index rebalancing and a downsizing of the materials sector. As part of this process, we reduced our exposure to gold miners by trimming larger-cap holdings, including Skeena, Iamgold, and Centerra, while maintaining exposure to higher-conviction names. We increased our exposure to industrial companies, making the sector a key destination for redeployed capital.

We also added to energy producers, while shifting a portion of our exposure from natural gas to oil-focused companies, thereby aligning the portfolio with stronger near-term fundamentals and pricing dynamics in crude oil markets.

PORTFOLIO POSITIONING

Geopolitics takes centre stage

Geopolitical developments dominated the macro backdrop early in the year. The escalation of the conflict in the Middle East, including disruptions linked to Iran and the Strait of Hormuz, materially tightened global energy markets and pushed oil prices sharply higher. Supply risks, constrained inventories, and elevated uncertainty reinforced our view that oil prices are likely to remain higher for longer. Against this backdrop, we increased our exposure to energy producers in the last month of the quarter.

The quarter also saw a major index rebalancing and a reduction in the weight of materials. Even though gold continued to benefit from geopolitical risk, we used the rebalancing to reduce our absolute exposure to gold miners. This adjustment reflects portfolio construction considerations, rather than a change in our long-term positive view on precious metals, which continue to provide diversification benefits in an uncertain macro environment.

MARKET OUTLOOK

Staying agile amid ongoing macro uncertainty

Geopolitics is likely to remain a key driver of markets for the rest of the year. Energy markets should stay structurally tight, supporting higher-for-longer oil prices and continued volatility, even if spot prices normalize. Although higher energy costs may lift headline inflation, softer labour markets and anchored expectations reduce the risk of sustained policy tightening.

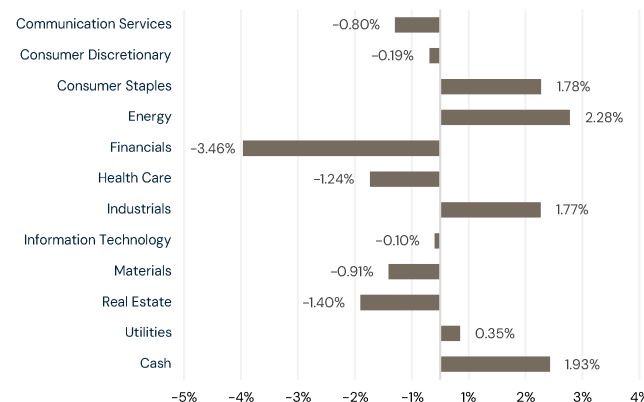
In this environment, dispersion should remain elevated. Energy continues to benefit from favourable fundamentals, while precious metals retain an important role as portfolio diversifiers amid persistent macro and geopolitical uncertainty.

SIGNIFICANT TRANSACTIONS (Q1 2026)

Positions initiated	Sector
Savaria	Industrials
Major Drilling Group	Materials
Baytex Energy	Energy
Almonty Industries	Materials
NFI Group	Industrials

Positions exited	Sector
Skeena Resources	Materials
Iamgold	Materials
Centerra	Materials
B2Gold	Materials
Goeasy	Financials

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS*

Holding	Sector	Weight (%)
Kinaxis	Information technology	2.35
Dream Industrial REIT	Real estate	2.14
Methanex	Materials	1.85
Tamarack Valley Energy	Energy	1.84
5N Plus	Materials	1.73

*Excludes cash and cash equivalents.

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