

Canadian Equity Small Cap (iA)

QUARTERLY ANALYSIS

As at June 30, 2025

KEY TAKEAWAYS

- The fund had a good performance during the second quarter, led by strong security selection in Canadian small caps.
- Added exposure to names supported by Canada's resilient economy and strong commodity tailwinds.
- The fund continues to favour gold miners, especially as a hedge against tariff uncertainties and potential energy shocks.

PORTFOLIO MANAGER



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Vice-President, Portfolio Manager,
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PERFORMANCE ANALYSIS

Strong quarter for Canadian small caps

The fund benefited from strong security selection in the second quarter.

Materials was the top contributing sector, supported by positive contributions from the Energy and Information Technology sectors. Although asset allocation had a negative impact during the period, it was more than offset by strong security selection.

Despite market volatility since the start of the year, Canadian equities have shown notable resilience, underpinned by attractive relative valuations.

TOP 5 CONTRIBUTORS (% QTD)

| Issuer | Return | Weight | Contribution |
|-------------------------|--------|--------|--------------|
| 5N Plus | 69.91 | 1.25 | 0.69 |
| Skeena Resources | 49.28 | 1.17 | 0.52 |
| Coeur Mining | 41.89 | 1.26 | 0.49 |
| OceanaGold | 33.71 | 1.40 | 0.43 |
| Hammond Power Solutions | 65.83 | 0.78 | 0.42 |

TOP 5 DETRACTORS (% QTD)

| Issuer | Return | Weight | Contribution |
|---------------------------------|--------|--------|--------------|
| Equinox Gold Corp | -20.61 | 1.35 | -0.33 |
| D2I Inc | -13.44 | 0.61 | -0.11 |
| Invesco S&P SmallCap Energy ETF | -22.10 | 0.09 | -0.10 |
| CES Energy Solutions Corp | -9.71 | 0.72 | -0.10 |
| Dye & Durham Ltd | -18.55 | 0.12 | -0.09 |

PERCENTILE RANKING (GROSS RETURNS)

| Period | Percentile ranking | Nb of funds in category |
|---------|--------------------|-------------------------|
| 1 year | 22 | 50 |
| 3 years | 11 | 48 |
| 5 years | 12 | 44 |

Source: Morningstar ratings, Canadian Small/Mid Cap Equity

3-YEAR RISK-RETURN ANALYSIS

| Indicator | Fund | Index* |
|-------------------|--------|--------|
| Beta | 0.95 | 1.00 |
| Volatility | 13.92 | 14.20 |
| Information ratio | 1.28 | - |
| Upside capture | 105.75 | - |
| Downside capture | 78.03 | - |

FUND CHARACTERISTICS

| Characteristic | Fund | Index* |
|--------------------------|------|--------|
| Number of holdings | 137 | 213 |
| Dividend yield | 2.81 | 3.19 |
| Top 10 holdings weight | 16% | - |
| 1-year trailing turnover | 43% | - |

* Index: S&P/TSX Composite Capped Total Return

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PORTFOLIO ACTIVITY

A tactical Canadian shift

In April, after Liberation Day, we deemed the proposed tariffs generally unsustainable and therefore increased the portfolio's risk by adding to names that included BRP and Bombardier. Canada's economy proved to be surprisingly resilient, supported by strong consumption and business investment, while the Bank of Canada's earlier rate cuts helped stimulate credit growth. Throughout the period, we maintained exposure to natural gas producers and gold miners, which benefitted from strong commodity fundamentals and growing investor demand for safe-haven alternatives to the U.S. dollar.

PORTFOLIO POSITIONING

Gold amid uncertainty and natural gas momentum

At the start of the year, we cited ongoing geopolitical tensions to justify the portfolio's exposure to gold producers. At mid-year, our assessment is firmly intact. The conflict in Ukraine has shown no signs of resolution, with continued Russian offensives and intensified drone and missile strikes on key Ukrainian cities. Meanwhile, tensions in the Middle East have escalated dramatically, with open hostilities between Israel and Iran, as well as regional instability affecting global markets and energy flows. In this environment, gold and gold miners continued to serve as a strategic hedge against geopolitical volatility and inflationary pressures. We also continued to view Canadian natural gas companies positively, with LNG Canada exporting the first LNG shipment at the end of June.

MARKET OUTLOOK

From tariffs to tensions

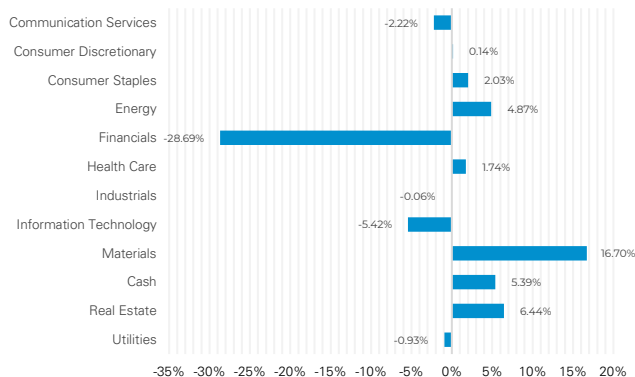
Tariff impacts are still working their way through the system, with U.S. tariffs on Chinese goods appearing to stabilize at about 55%, up from 30% earlier this year but down from a peak of 145%. This volatility is already pushing prices higher across several consumer categories, putting additional strain on household budgets.

At the same time, the ongoing conflict in the Middle East has renewed the uncertainty over energy markets and global supply chains. Although the current macroeconomic impact appears limited, the situation remains fluid and could deteriorate quickly. Outside the risk of a broader regional or global conflict, rising energy prices remain the most significant external threat to the economy. We continue to monitor these developments closely and remain prepared to adjust the portfolio's positioning as conditions evolve.

SIGNIFICANT TRANSACTIONS (Q2 2025)

| Positions initiated | Sector |
|------------------------------|------------------------|
| TerraVest Industries Inc. | Energy |
| Artemis Gold Inc. | Materials |
| Primo Brands Corp. | Consumer Staples |
| Lassonde Industries Inc. | Consumer Staples |
| Dentalcorp Holdings Ltd. | Health Care |
| Positions exited | Sector |
| Eldorado Gold Corp. | Materials |
| Dye & Durham Ltd. | Information Technology |
| Calian Group Ltd. | Industrials |
| Interfor Corp. | Materials |
| ACT Energy Technologies Ltd. | Energy |

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS*

| Holding | Sector | Weight (%) |
|------------------------|-----------|------------|
| Torex Gold Resources | Materials | 1.72 |
| Dundee Precious Metals | Materials | 1.62 |
| New Gold | Materials | 1.58 |
| Pan American Silver | Materials | 1.51 |
| Tamarack Valley Energy | Energy | 1.47 |

*Excludes cash and cash equivalents.

About iA Global Asset Management (iAGAM)

ROOTED IN HISTORY, INNOVATING FOR THE FUTURE.

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.

General Disclosures

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