

North American Equity (iA)

KEY TAKEAWAYS

- The portfolio benefitted from rate-sensitive sectors and invested in AI growth.
- The portfolio remains overweight in industrials and expects gains from infrastructure and AI.
- We see opportunities in small- and mid-cap innovators amid U.S. election volatility and China's property-sector revival.

PORTFOLIO MANAGERS



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PERFORMANCE ANALYSIS

An excellent quarter for the equity market

The quarter was outstanding, with the benchmark index advancing almost 8% despite some episodes of volatility. Allocation had minimal impact, shaving only a few basis points in terms of relative performance. That said, selection proved to be more challenging during the quarter and accounted for most of the value subtracted.

Negative relative performance stemmed primarily from the industrials, financials, and technology sectors. Our exposure to the AI theme resulted in underperformance, for it lagged the market. Conversely, companies such as Hammond Power, Apple, and Exact Sciences were significant contributors during the period, each driven by company-specific catalysts.

TOP 5 CONTRIBUTORS (% QTD)

Issuer	Return	Weight	Contribution
Royal Bank of Canada	16.93	3.88	0.62
Brookfield	26.41	1.77	0.42
Toronto-Dominion Bank	15.13	2.62	0.38
Shopify	19.96	1.37	0.29
Constellation Software	11.30	2.14	0.23

TOP 5 DETRACTORS (% QTD)

Issuer	Return	Weight	Contribution
Alphabet	-10.70	1.19	-0.15
Microsoft	-5.38	2.34	-0.15
Payfare	-67.48	0.22	-0.13
Canadian Natural Resources	-6.78	1.65	-0.12
Cenovus Energy	-15.13	0.67	-0.11

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	16	126
3 years	33	111
5 years	37	105

Source : Morningstar ratings, Canadian Focused Equity

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.99	1.00
Volatility	13.01	12.99
Information ratio	-0.34	-
Upside capture	96.31	-
Downside capture	97.84	-

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	207	727
Dividend yield	2.26	2.67
Top 10 holdings weight	23%	
1-year trailing turnover	108%	

* Index: 70% S&P/TSX Composite, 20% MSCI World (\$ CA), 10% FTSE TMX 91 Days

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PORTFOLIO ACTIVITY

Strong performance from rate-sensitive sectors

Thanks to its composition, the portfolio benefited significantly from sectors sensitive to interest rate changes. With central banks adopting easing measures and the economy showing resilience, these sectors experienced positive impacts.

During the quarter, we enhanced our exposure to real estate by including RioCan REIT in the portfolio. In addition, we initiated a position in Wayfair, a leading home-furnishings company poised to benefit from the resurgence in home sales driven by ongoing rate reductions.

Conversely, we divested from multiple positions in the semiconductor space owing to extended valuations, while investing in Taiwan Semiconductor, a company poised to benefit greatly from AI investment.

PORTFOLIO POSITIONING

Maintaining an overweight in the industrials sector

The fund holds an overweight position in the industrials sector, bolstered by companies operating in promising niches like infrastructure. These companies are anticipated to benefit from ongoing fiscal stimuli and the revival of nuclear energy, which is essential for meeting the increasing electricity demands of data centres.

Despite the volatile environment caused by the U.S. election, we think industries benefiting from AI, automation, and reshoring, as well as cyclical sectors gaining from rate cuts, should perform well, positioning themselves to maintain or gain market leadership.

MARKET OUTLOOK

We see opportunities in small- and mid-cap innovators

The fourth quarter will be marked by the U.S. election, potentially leading to increased market volatility in the coming weeks. Regardless of the election outcome, any election-related weakness in equities is likely to be temporary. Historically, markets tend to stabilize after the initial uncertainty surrounding elections subsides, as investors refocus on economic fundamentals and corporate earnings.

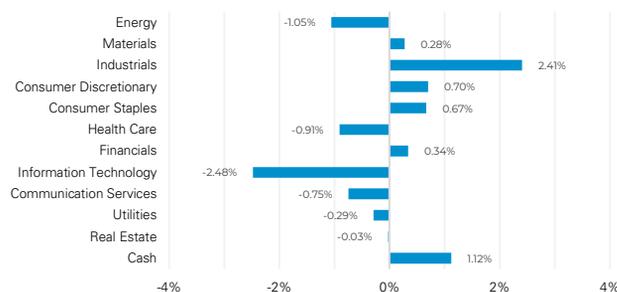
It is also important for the strategy to monitor China's efforts to revive its property sector. September's stimulus announcements in China are the initial steps to support business and consumer confidence. Additional policy support will be needed for China to achieve its 2024 growth target of about 5%. Further easing measures on the fiscal and property fronts could be announced in the coming weeks, providing support for commodity prices and the North American stock markets.

SIGNIFICANT TRANSACTIONS (Q3 2024)

Positions initiated	Sector
RioCan REIT	Real Estate
AG Growth Inc	Industrials
Greenfire Resources Ltd	Energy
GE Vernova Inc	Industrials
Wayfair Inc	Consumer Discretionary

Positions exited	Sector
Baytex Energy Corp	Energy
Paramount Resources Ltd	Industrials
SITIME Inc	Information technology
Magnite Inc	Communication Services
Entegris Inc	Information Technology

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS

Holding	Sector	Weight (%)
Royal Bank of Canada	Financials	4.18
Toronto-Dominion Bank	Financials	2.78
Constellation Software	Information Technology	3.13
Microsoft	Information Technology	2.16
Nvidia	Information Technology	1.98

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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