



Canadian Equity Small Cap (iA)

As at December 31, 2025

Quarterly Analysis

KEY TAKEAWAYS

- Canadian small caps surged 50% in 2025, gaining 10% in the fourth quarter on higher gold prices. The fund trailed slightly owing to an underweight in materials and security selection in real estate.
- We added Americas Gold and Silver to capture surging commodity prices and initiated a position in Enerflex as a result of rising natural gas demand.
- We remain optimistic but continue 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 lead the charge in Canadian markets

The S&P/TSX Small Cap Index delivered an outstanding performance in 2025, posting its strongest annual return since 2009. The index surged more than 50%, driven primarily by materials, most notably gold miners, making Canadian small caps the top-performing equity segment of the year, far ahead of broader benchmarks.

During the quarter, security selection in industrials detracted from relative performance, and asset allocation was a modest headwind, leaving the fund's return slightly behind the index despite the strong overall market backdrop.

PERCENTILE RANKING (GROSS RETURNS)		
Period	Percentile ranking	Nb of funds in category
1 year	1	53
3 years	2	52
5 years	1	49

Source: Morningstar ratings, Canadian Small/Mid Cap Equity

TOP 5 CONTRIBUTORS (% QTD)			
Issuer	Return	Weight	Contribution
G Mining Ventures	50.06	1.60	0.73
Discovery Silver	62.05	1.41	0.69
K92 Mining	34.86	1.80	0.56
DPM Metals	37.40	1.60	0.55
Aris Mining	63.16	0.88	0.46

3-YEAR RISK-RETURN ANALYSIS		
Indicator	Fund	Index*
Beta	0.90	1.00
Volatility	12.79	13.74
Information ratio	0.76	-
Upside capture	98.81	-
Downside capture	71.95	-

TOP 5 DETRACTORS (% QTD)			
Issuer	Return	Weight	Contribution
Allied Properties REIT	-34.27	0.89	-0.50
Lithium Americas	-36.60	0.43	-0.25
Maple Leaf Foods	-18.50	0.99	-0.22
Primo Brands	-26.72	0.59	-0.21
Tilray Brands	-26.78	0.39	-0.19

FUND CHARACTERISTICS		
Characteristic	Fund	Index*
Number of holdings	138	234
Dividend yield	2.33	2.84
Top 10 holdings weight	18%	-
1-year trailing turnover	64%	-

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



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PORTRFOIO ACTIVITY

Positioning for growth

We strengthened our position in the precious metals space by adding Americas Gold and Silver, a name positioned to benefit from supportive commodity prices. At the same time, we reduced our exposure to larger-cap holdings, including Coeur Mining.

We initiated a position in Enerflex, a company expected to benefit from rising natural gas demand. This trend is driven by the growing need for electricity, which continues to support infrastructure and energy service providers.

Finally, we added Groupe Dynamite, a retail brand that resonates strongly with consumers and demonstrates solid market positioning in the apparel space.

PORTRFOIO POSITIONING

Markets advance amid persistent uncertainty

Geopolitical risks remained front and centre in the fourth quarter. Peace negotiations with Russia showed no progress, while Ukraine continued to strengthen its military capabilities and expand strikes on strategic targets. Tensions in the Middle East also escalated, with regional conflicts adding to global instability and fuelling concerns about energy supply. These developments reinforced investor demand for safe-haven assets. Against this backdrop, gold prices held firm, supported by ongoing central bank buying and growing questions around monetary policy credibility. The fund maintained meaningful exposure to gold, with a diversified mix of small-cap miners providing higher beta and torque to gold prices.

In addition to sustaining our gold allocation, we continued to adjust the portfolio to capture cyclical opportunities, supported by an improving economic backdrop.

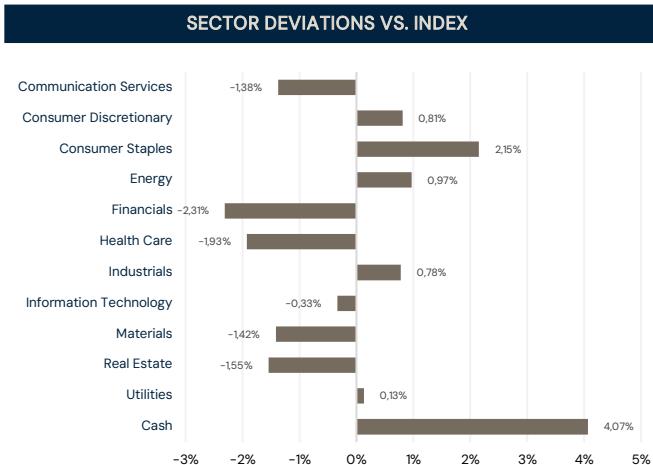
MARKET OUTLOOK

Staying vigilant

Going into 2026, we continue to monitor inflation risks from tariffs and restrictive immigration policies, as elevated consumer prices could limit the Fed's ability to cut rates meaningfully.

We target companies with strong balance sheets, durable pricing power, and exposure to secular and transformative trends, while maintaining disciplined selectivity amid macro, regulatory, and cyclical uncertainties, such as the coming USMCA review and renegotiation in 2026, which could dampen business sentiment and slow hiring.

SIGNIFICANT TRANSACTIONS (Q4 2025)	
Positions initiated	Sector
Enerflex	Energy
Groupe Dynamite	Consumer Discretionary
Extendicare	Health Care
Americas Gold and Silver	Materials
NGEx Minerals	Materials
Positions exited	Sector
Coeur Mining	Materials
New Gold	Materials
MDA Space	Industrials
Tilray Brands	Health Care
Northland Power	Utilities



TOP 5 HOLDINGS*		
Holding	Sector	Weight (%)
Torex Gold Resources	Materials	2.09
G Mining Ventures	Materials	2.08
K92 Mining	Materials	1.98
Discovery Silver	Materials	1.97
Exchange Income	Industrials	1.74

*Excludes cash and cash equivalents.

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.

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