



North American Equity

As at December 31, 2025

Quarterly Analysis

KEY TAKEAWAYS

- Canadian equities ended the year on a stellar note, beating the S&P 500 in the fourth quarter. The fund slightly underperformed its benchmark owing to sector allocation.
- We added consumer discretionary names, such as Ulta Beauty and Chipotle, on fundamental improvements heading into 2026. In Canada, we increased our exposure to Barrick Mining as gold prices continued to soar.
- 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 MANAGERS



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PERFORMANCE ANALYSIS

Markets wrap up on a high note

Despite ongoing market volatility, Canadian equities showed strong resilience. In the fourth quarter, they returned more than 6.7% versus 1.7% for the S&P 500. For 2025, the Canadian market outperformed the S&P 500 by a wide margin, even in the face of tariff shocks.

The fund delivered a strong absolute return but trailed its benchmark in the final quarter of the year. Asset allocation was the primary detractor from relative performance, while the impact of security selection was negligible.

TOP 5 CONTRIBUTORS (% QTD)

Issuer	Return	Weight	Contribution
Royal Bank of Canada	14.91	4.04	0.58
TD Bank	17.31	3.15	0.52
Alphabet	26.60	1.82	0.44
Shopify	6.81	3.46	0.24
Manulife	15.96	1.34	0.20

TOP 5 DETRACTORS (% QTD)

Issuer	Return	Weight	Contribution
Microsoft	-7.85	2.66	-0.23
Constellation Software	-12.58	1.35	-0.18
Meta Platforms	-11.88	1.02	-0.13
Oracle	-34.28	0.28	-0.11
Thomson Reuters	-15.80	0.54	-0.09

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	42	176
3 years	18	157
5 years	36	142

Source: Morningstar ratings, Canadian Focused Equity

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.97	1.00
Volatility	9.82	9.96
Information ratio	-0.41	-
Upside capture	95.76	-
Downside capture	94.23	-

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	215	721
Dividend yield	1.99	2.06
Top 10 holdings weight	25%	-
1-year trailing turnover	78%	-

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



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PORTFOLIO ACTIVITY

A shift toward cyclical sectors

We capitalized on favourable entry points to invest in Ulta Beauty, Chipotle Mexican Grill, and Hilton Worldwide in the expectation of fundamental improvements for consumer-focused companies as we headed into 2026. On the AI front, we initiated a position in Ciena, which is positioned to benefit from scale-across networking of data centres.

On the Canadian side, we increased our exposure to companies such as Barrick Mining to maintain our position in gold miners, the top-performing TSX subindustry in 2025 by a significant margin.

PORTFOLIO 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 such as gold. The fund maintained meaningful exposure to gold, with a diversified mix of small-cap miners providing higher beta and torque to gold prices.

We continue to be optimistic about the long-term potential of artificial intelligence, automation, and related infrastructure, particularly as their adoption continues to expand. We expect a wider range of index performers in 2026 as AI adoption spreads across various sectors of the economy.

MARKET OUTLOOK

Staying vigilant

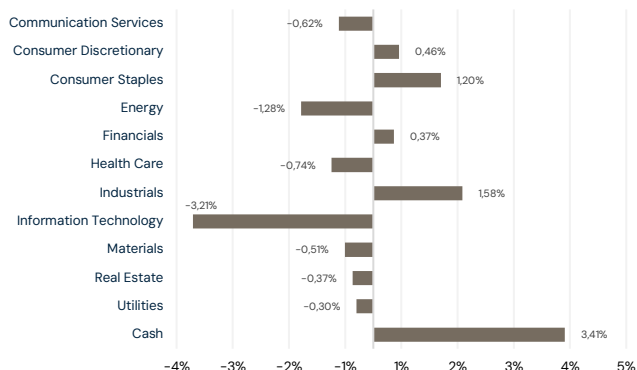
Going into 2026, we continue to monitor inflation risks from tariffs and restrictive immigration policies, as elevated consumer prices could limit the Federal Reserve's ability to cut rates meaningfully.

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 USMCA review and renegotiation in 2026, which could dampen business sentiment and slow hiring.

SIGNIFICANT TRANSACTIONS (Q4 2025)

Positions initiated	Sector
GE Vernova	Industrials
Ulta Beauty	Consumer Discretionary
Chipotle Mexican Grill	Consumer Discretionary
Extendicare	Health Care
Rockpoint Gas Storage	Energy
Positions exited	Sector
Oracle	Information Technology
CCL Industries	Materials
Costco Wholesale	Consumer Staples
Primo Brands	Consumer Staples
Lumine Group	Information Technology

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS*

Holding	Sector	Weight (%)
Royal Bank of Canada	Financials	4.30
Shopify	Information Technology	3.53
TD Bank	Financials	3.38
Nvidia	Information Technology	2.69
Microsoft	Information Technology	2.53

*Excludes cash, cash equivalents, and derivatives

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