

## Canadian Equity Small Cap (iA)

## QUARTERLY ANALYSIS

As at March 31, 2025

### KEY TAKEAWAYS

- The fund underperformed in the first quarter amid asset-allocation and stock-selection challenges.
- Our prudent portfolio management is designed to address tariff uncertainties and an economic slowdown.
- Small-cap stocks are poised to benefit from an M&A surge in the technology, materials, and energy sectors amid economic challenges.

### PORTFOLIO MANAGER



#### Marc Gagnon MBA, CFA

Vice-President, Portfolio Manager,  
North American Equities

### PERFORMANCE ANALYSIS

#### Positive performance for Canadian small caps to start the year

The fund underperformed its benchmark in the first quarter, owing to its asset allocation and security selection. In terms of asset allocation, the overweight in industrials and the underweight in materials were the primary detractors. As for stock selection, a negative contribution from the energy sector was partially offset by positive performances by sectors such as technology and materials.

Even though the equity markets have seen heightened volatility since the start of the year, Canada has demonstrated resilience, supported by a relatively low valuation.

#### TOP 5 CONTRIBUTORS (% QTD)

Issuer	Return	Weight	Contribution
Torex Gold Resources	40.79	1.76	0.62
Dundee Precious Metals	46.72	1.52	0.58
Innergex Renewable Energy	67.67	0.88	0.54
G Mining Ventures	73.52	0.82	0.44
New Gold	48.19	1.04	0.43

#### TOP 5 DETRACTORS (% QTD)

Issuer	Return	Weight	Contribution
Aecon	-36.70	0.87	-0.39
Nexgen Energy	-33.28	0.96	-0.38
Transalta	-33.55	0.87	-0.38
Hammond Power Solutions	-40.22	0.66	-0.34
Denison Mines	-28.00	0.95	-0.28

#### PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	16	50
3 years	27	46
5 years	12	45

Source: Morningstar ratings, Canadian Small/Mid Cap Equity

#### 3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.94	1.00
Volatility	15.72	16.24
Information ratio	1.52	-
Upside capture	105.43	-
Downside capture	79.43	-

#### FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	141	218
Dividend yield	2.97	3.50
Top 10 holdings weight	18%	-
1-year trailing turnover	44%	-

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

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### PORTFOLIO ACTIVITY

#### Dialling down the cyclicalities

In today's challenging economic environment, effective stock selection is vital for navigating the elevated levels of uncertainty. For instance, TFI and Linamar were removed from the portfolio owing to their operations' vulnerability during economic downturns.

To offset these sales, stocks such as Chartwell Retirement Residences and Kinaxis were introduced to the portfolio. Kinaxis delivers real-time supply chain visibility and agility, especially during disruptions intensified by tariffs, which complicate global trade flows and inventory management.

### PORTFOLIO POSITIONING

#### High level of uncertainty to start the year

The uncertainty stems from the constantly shifting nature of tariff policies, with the resulting corporate and consumer paralysis giving rise to an economic slowdown. In these circumstances, we continue to favour a more prudent approach by reducing our exposure to companies potentially exposed to tariffs. Although some stocks have already experienced significant corrections, we are cautious about increasing our exposure to them until the uncertainty and volatility subside.

With tariffs on steel, aluminum, and autos still in place, it isn't clear whether the Canadian government will respond, or whether it will take any action at all. That is why we remain prudent with our portfolio positioning.

### MARKET OUTLOOK

#### Liberation Day delivered some relief for Canada

Although the tariffs imposed on Canada are not beneficial for the economy, they turned out to be less severe than initially expected. With its relatively low valuation and sectoral composition, the Canadian market has the potential to outperform the U.S. market, continuing the trend observed since the start of the year.

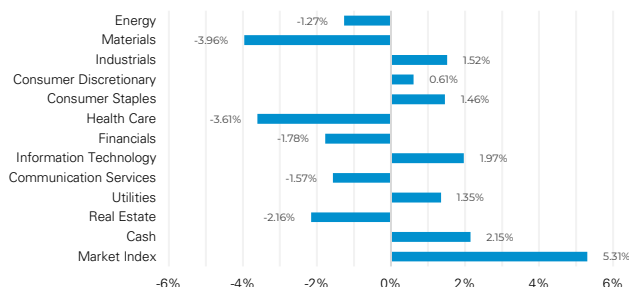
Regarding the Canadian cyclical sectors, China's export-driven economy has faced significant strain under the impact of tariffs, resulting in slower GDP growth. In response to these external economic pressures, we expect the Chinese government to bolster its economy by increasing fiscal stimulus and easing monetary policy. These measures are likely to benefit the most economically sensitive sectors of the Canadian market.

One theme that could continue to benefit small caps is the surge in mergers and acquisitions, with key sectors such as technology, materials, and energy already witnessing notable M&A activity this year.

#### SIGNIFICANT TRANSACTIONS (Q1 2025)

Positions initiated	Sector
SSR Mining Inc.	Materials
K92 Mining Inc.	Materials
Birchcliff Energy Ltd.	Energy
Chartwell Retirement Residences	Energy
Kinaxis Inc.	Information Technology
Positions exited	Sector
TFI International Inc.	Industrials
Linamar Inc.	Consumer Discretionary
Spin Master Corp.	Consumer Discretionary
MEG Energy Corp.	Energy
Bitfarms Ltd.	Information Technology

#### SECTOR DEVIATIONS VS. INDEX



#### TOP 5 HOLDINGS

Holding	Sector	Weight (%)
iShares S&P/TSX SmallCap Index ETF	ETF	3.63
Innergex Renewable Energy	Materials	2.09
Torex Gold Resources	Materials	1.97
Dundee Precious Metals	Industrials	1.77
Pan American Silver	Materials	1.66

# 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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