

Thematic Innovation (iA)

KEY TAKEAWAYS

- AI-related investments drove a strong quarterly performance.
- We adjusted the portfolio to capitalize on market volatility and undervalued opportunities.
- We focused on thematic innovators and dominant firms amid macroeconomic uncertainties.

PORTFOLIO MANAGER



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Director, Portfolio Manager,
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PERFORMANCE ANALYSIS

Strong performance in the fourth quarter

In the fourth quarter of 2024, our investment in AI-related power transmission and electronic equipment proved very beneficial to our portfolio returns.

Overall, the top returns came from financials, technology and consumer discretionary, with our overexposure to the technology and consumer discretionary sectors helping on a relative basis.

Our investments in Tesla and Robinhood were also stellar performers on the prospect of mass adoption of full self-driving for Tesla and cryptocurrency adoption in the wake of Donald Trump's election victory.

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	13	272
3 years	49	239
5 years	13	212

Source: Morningstar ratings, US Equity

TOP 5 CONTRIBUTORS (% , QTD)

Issuer	Return	Weight	Contribution
NVIDIA	17.34	7.57	1.25
Tesla	47.89	1.91	1.23
Amazon	25.26	5.05	1.20
Broadcom	41.54	2.36	0.83
Apple	14.59	5.14	0.67

TOP 5 DETRACTORS (% , QTD)

Issuer	Return	Weight	Contribution
Advanced Micro Devices	-19.33	0.75	-0.20
Wayfair	-30.04	0.18	-0.17
Eli Lilly & Co	-6.60	1.84	-0.14
Builders FirstSource	-22.11	0.62	-0.13
Thermo Fisher Scientific	-10.40	1.01	-0.13

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	1.02	1.00
Volatility	14.88	14.01
Information ratio	-0.29	-
Upside capture	101.24	-
Downside capture	109.90	-

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	86	503
Dividend yield	1.10	1.51
Top 10 holdings weight	42%	-
1-year trailing turnover	248%	-

* Index: S&P 500 Total Return (\$CA)

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PORTFOLIO ACTIVITY

Exiting overvalued, entering undervalued

We sold positions in hardware equipment company Celestica owing to its high valuation and we took advantage of market volatility to invest in Coherent, which should benefit greatly from optical equipment purchases by data centres owing to AI adoption

We exited our positions in Wayfair and Builders FirstSource because home sales in the United States have yet to rebound and its housing market is expected to be choppy in 2025 owing to higher-than-expected interest rates.

Lastly, after Donald Trump's re-election, we increased our position in Tesla and exited our position in Uber because we expect Tesla to achieve fast-track commercialization of its Robotaxi, which will be detrimental to Uber in the long run.

PORTFOLIO POSITIONING

Barbell approach with exposure to thematic innovators and dominant firms

The fund is positioned to deliver long-term capital growth with exposure to U.S. companies that have dominant market positions and are poised to benefit from innovation trends. Although our base-case scenario is still a soft landing, owing to easing monetary policy in the U.S., we acknowledge that fiscal uncertainty has increased with Donald Trump's re-election.

Even though we expect a volatile environment, given Trump's inconsistent economic policies, we remain cautiously optimistic on evergreen trends, such as AI, automation and reshoring—as well as on cyclical sectors benefitting from rate cuts.

MARKET OUTLOOK

We see opportunities in small- and mid-cap innovators

As we head into the first quarter of 2025, cash-flow-generating large-cap tech stocks will most likely remain in vogue. Even so, we expect greater market breadth in select subsectors and lower market caps, supported by lower interest rates and the incoming U.S. administration's generally pro-business attitude.

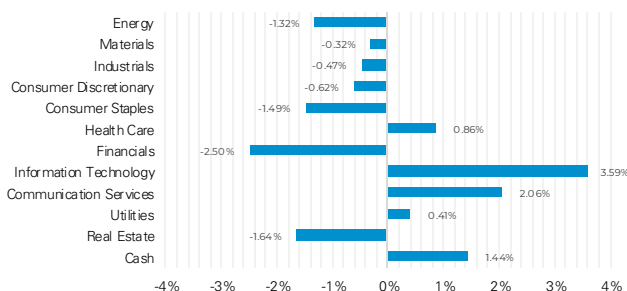
Additionally, technological shifts frequently result in new market cycles and regimes. We think artificial intelligence will be the defining technological milestone of our generation. After the data-era framework, we expect a significant shift in value creation from the semiconductor industry to the infrastructure and software layers because we think 2025 will be marked by the commercialization and monetization of AI agents and fully self-driving vehicles.

In line with our barbell investment strategy, we will continue aiming to identify future market leaders among innovative firms while also investing in established players. This balanced approach allows us to take advantage of growth opportunities from disruptive startups and the stability of dominant companies that will benefit from ongoing economic innovation.

SIGNIFICANT TRANSACTIONS (Q4 2024)

Positions initiated	Sector
Take-Two Interactive Software	Communication Services
Robinhood Market	Financials
The Boeing Co	Industrials
GitLab	Information Technology
Coherent	Information Technology
Positions exited	Sector
Celestica	Information Technology
Wayfair	Consumer Discretionary
Builders FirstSource	Industrials
Uber Technologies	Information Technology
Advanced Micro Devices	Information Technology

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS

Holding	Sector	Weight (%)
Nvidia	Information Technology	7.63
Microsoft	Information Technology	7.46
Amazon	Consumer Discretionary	5.34
Apple	Information Technology	4.99
Alphabet	Communication Services	4.76

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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