iA Global Asset Management

North American Equity

QUARTERLY ANALYSIS

As at March 31, 2024

KEY TAKEAWAYS

- The fund's performance was mainly driven by the information technology and industrials sectors.
- We increased our Canadian Equity allocation, while maintaining AI exposure in the U.S.
- We see opportunities in cyclical and interest rate sensitive sectors.

PORTFOLIO MANAGERS

Marc Gagnon MBA, CFA
Vice President, Portfolio Manager, North American Equities

Maxime Houde CFA
Director, Portfolio Manager, Thematic Investing

PERFORMANCE ANALYSIS

Strong Start to 2024

Both allocation and selection positively contributed to performance in the quarter. The sectors adding the most value were information technology and industrials. Within information technology, our positions in Amphenol and Lumine Group added most of the value, while in industrials, Hammond Power essentially drove the entire outperformance. Our exposure to semiconductors through investments in Nvidia and Broadcom proved beneficial as they continued to profit from the proliferation of AI via their GPU and custom ASIC offering.

Meta was once again one of the largest contributors as the company continues to deliver outstanding earnings growth through best-in-class products and execution.

TOP 5 CONTRIBUTORS (%, QTD)

Issuer	Return	Weight	Contribution
Nvidia	84.76	2.03	1.26
Meta Platforms	34.54	1.48	0.46
Microsoft	14.85	3.11	0.44
Amazon	21.20	1.89	0.37
Canadian Natural Resources	20.13	1.57	0.30

TOP 5 DETRACTORS (%, QTD)

Issuer	Return	Weight	Contribution
Apple	-9.05	1.30	-0.13
Toronto-Dominion Bank	-3.34	2.61	-0.11
Rogers Communications	-9.70	1.02	-0.10
Transalta	-20.65	0.26	-0.07
Humana	-22.13	0.20	-0.06

PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	24	155
3 years	36	139
5 years	37	127

Source: Morningstar ratings, Canadian Focused Equity

3-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	0.99	1.00
Volatility	13.01	13.01
Information ratio	-0.25	-
Upside capture	96.34	-
Downside capture	96.79	-

FUND CHARACTERISTICS

Characteristic	Fund	Index*
Number of holdings	128	224
Dividend yield	2.90%	3.35%
Top 10 holdings weight	22%	
1-year trailing turnover	79%	

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

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PORTFOLIO ACTIVITY

We Remain Opportunistic

We initiated a position in Stella Jones after the shares sold off following quarterly results that saw weaker-than-expected pole sales, its highest margin segment. We viewed the sell-off as a buying opportunity given that pole sales should significantly rebound on the back of long-term agreements.

We took profit in AECOM as we believe it is now fairly valued relative to peers and better opportunities exist elsewhere. We also took profit in Micron as it had a great rebound and valuation was reflecting the recovery in Dynamic Random Access Memory (DRAM) pricing and the opportunity for Hudbay Minerals Inc. in an AI data centre.

PORTFOLIO POSITIONING

Well-Positioned for a Cyclical Recovery

We have been positioning the portfolio for a potential rebound in cyclical industries since the end of Q3/23, and our proactive positioning has paid off. Our thesis has not changed in 2024. Although the market had initially priced in significant rate cuts by central banks early in the year, expectations for the number of cuts have declined, especially in the U.S. Although this might result in a smaller multiple expansion, better earnings growth from a more resilient economy should partially offset it. Outside the U.S., economic activity is not nearly as strong. Europe should benefit from rate cuts by the summer and China's growth will probably be greater than initially expected. All of this will be favourable for base metals and commodities. Canada's exposure to commodities should also be a tailwind for the Canadian stock market.

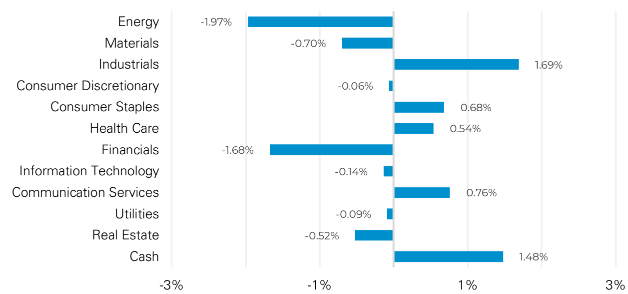
We increased our allocation to Canadian Equity given the more cyclical nature of the market while keeping a thematic exposure to artificial intelligence in the U.S.

SIGNIFICANT TRANSACTIONS (Q1 2024)

Positions initiated	Sector
Stella Jones	Materials
AltaGas	Utilities
EQB	Financials
Cyberark software	Information Technology
Datadog	Information Technology

Positions exited	Sector
AECOM	Industrials
PetValu Holdings	Consumer Discretionary
Superior Plus	Utilities
Karora Resources Inc.	Materials
Micron	Information Technology

SECTOR DEVIATIONS VS. INDEX



TOP 5 HOLDINGS

Holding	Sector	Weight (%)
Royal Bank of Canada	Financials	3.16
Microsoft	Information Technology	3.08
Toronto-Dominion Bank	Financials	2.48
Nvidia	Information Technology	2.37
Canadian Pacific Kansas City	Industrials	1.89

MARKET OUTLOOK

Continued Signs for a Soft Landing is Positive for Equity Markets

Investors entered the year with expectations for significant rate cuts by central banks as the year would progress. One quarter in, investors have now tempered their expectations for the number of potential cuts given continued strong consumer spending data and higher commodity prices, and this has been reflected in the upward move in the U.S. 10-year yield, which has increased to 4.21% from 3.87% at the start of the year. Looking forward, we believe Canada is well positioned as Canadian equities should benefit from more rate cuts than in the U.S., while the slowing but still resilient economy indicates a soft landing, which provides a favourable backdrop for equity markets, particularly for cyclical and interest rate sensitive sectors. In addition, given Canada's exposure to commodities, this should act as a tailwind for equities into 2025.

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