

NORTH AMERICAN  
EQUITYMONTHLY  
COMMENTARY

April 30, 2021



With the vaccine rollout, mobility in the U.S. is improving quickly. This dynamic should support demand for petroleum products and continue to put upward pressure on crude oil prices. In Canada, the energy sector has been neglected by investors since 2014 and continues to offer an affordable level of valuation despite the good performance achieved so far this year. Other commodities like copper are also facing strong demand with the reopening of the economy. At the same time, supply is struggling to catch up with demand and a much longer structural bull market for commodities is now taking shape.

In terms of positioning, we construct the portfolio using a barbell strategy. On one end, we like to have exposure to innovators and keep a portion invested in small and mid-capitalization. On the other end, we invest in dominant firms and are currently slightly more exposed to the reopening of the economy. We intend to gain profits in more cyclical positions in the next few months and reinvest in strong secular compounders that have lagged significantly in the last six months. We also think that the current recovery will be more targeted towards productivity than

towards new capacity. To take advantage of this, we are currently invested in themes such as building efficiency, smart cities and industrial automation.

In Canada, more than 30 companies have announced IPOs this year and most of them are in the tech sector. With that dynamic in mind, we recently added Dialogue and Farmers Edge to the portfolio. Within the Information Technology sector, we believe that companies such as Qusitive and Converge offer growth opportunities far superior to more mature companies. The software industry continues to have a high “active weight” on the Canadian side of the portfolio.

We also think that the pandemic has brought attention to the importance of investing in the future of healthcare. We think the confluence of connectivity and genomics is resulting in many opportunities from a stock selection point of view, especially now that many stocks of interest have corrected significantly in the last few months. We think a few themes went through a hype cycle recently and this has culminated, as always, in some turmoil and single-name corrections. As consensus gets away from these themes and stocks are left for dead, we think it's fertile ground for the strategy.

Within the fund, we continue to be overweight Colliers in the real estate sector. Despite challenging end-markets, particularly within brokerage, Colliers performance has significantly outpaced both the industry and global peers, implying significant share gains, which highlights strength

in management strategy and execution, in our view. We remain constructive on Colliers despite the recent outperformance, as it remains well levered to a recovery in commercial real estate activity.



#### MARC GAGNON, M. Sc., CFA

- Principal Portfolio Manager, North American Equities
- Joined iAIM in 1998
- More than 25 years of investment experience
- MBA in Finance, Université Laval
- Bachelor's degree in Business Administration, Université Laval



#### JEAN-PIERRE CHEVALIER, CFA

- Portfolio Manager, U.S. Equities
- Joined iAIM in 2011
- 14 years of experience in the industry
- Bachelor's degree in Business Administration, Université Laval

#### Main funds managed by the team

✓	Canadian Equity Growth
✓	Real Estate Income
✓	Global True Conviction
✓	Canadian Equity Growth Hybrid 75/25
✓	Global True Conviction Hybrid 75/25
✓	IA Clarington Canadian Leaders Class

#### iAIM snapshot

- Principal asset manager for iA Financial Group
- Major player in the asset management industry
- Manages \$97 billion in general portfolios and segregated and mutual funds
- A team of 184 people, including 108 investment professionals (including 44 CFA charterholders)
- Composed of experienced managers who emphasize fundamental analysis, identification of value and long-term investing

## DISCLAIMER

This document was prepared by iA Investment Management. Unless otherwise indicated, the segregated funds presented in this document are offered by iA Financial Group and the Mutual Funds presented are offered by iA Clarington Investments Inc.

The opinions expressed herein are based on current market conditions and may change without notice. They are not intended to provide investment advice. The forecasts provided herein are not guarantees of future performance, and include risks, uncertainty and assumptions. While these assumptions appear reasonable, there is no guarantee that they will be confirmed.

An investment in the mutual fund or the segregated fund may result in commissions, trailing commissions, management and other fees. Please read the prospectus or the Information Folder before making an investment. Each rate of return indicated is a historical annual compounded total rate of return that takes into account fluctuations in the value of units or shares and the reinvestment of all distributions and does not take into account buying commissions or redemption fees, investment fees, optional fees or tax on payable income by a unit holder, which would contribute to poor performance. Mutual Funds are not guaranteed and the segregated funds are guaranteed in part, under certain conditions. The value often fluctuates upward or downward, at the risk of the subscriber, and past performance is not indicative of future performance.

The rate of return is used to illustrate the effects of the compound growth rate only and is not intended to reflect the future values of the investment fund or the return on an investment in the investment funds.

iA Financial Group is a business name and trademark of Industrial Alliance Insurance and Financial Services Inc. iA Investment Management is a trademark and business name under which Industrial Alliance Investment Management Inc. operates. iA Investment Management and iA Clarington Investments Inc. are wholly owned subsidiaries of iA Financial Group.

This publication contains information provided by companies not affiliated with iA Financial Group ("Third Party Content Providers"), including, but not limited to, ratings, stock indexes and company-classification systems ("Third Party Content") Third party Content is the property and trademarked by the relevant Third Party Content Providers and has been licensed for use by iA Financial Group. The use of Data received from Third Party Content Providers by iA Financial Group is authorized under licence.

This publication contains information provided by companies not affiliated with iA Financial Group ("Third Party Content Providers"), including, but not limited to, ratings, stock indexes and company-classification systems ("Third Party Content") Third party Content is the property and trademarked by the relevant Third Party Content Providers and has been licensed for use by iA Financial Group. The use of Data received from Third Party Content Providers by iA Financial Group is authorized under licence.

The information presented in this publication is provided for informational purposes only. iA Financial Group and Third Party Content Providers make no representations or warranties as to the information contained herein and do not guarantee its originality, accuracy or completeness. iA Financial Group and Third Party Content Providers disclaim all liability in respect of this information or the use or misuse thereof.

The investment funds offered by iA Financial Group ("Funds") are not sponsored, endorsed, sold or promoted by Third Party Content Providers. Third Party Content Providers make no representation as to the relevance of investing in the Funds, offer no guarantee or conditions in respect thereof, or assume liability in respect of their design, administration or negotiation.

Financial and economic publications of iA Financial Group are not written, reviewed or approved by Third Party Content Providers.

Any information contained herein may not be copied, used or distributed without the written consent of iA Financial Group and/or the relevant Third Party Content Provider.

Where FTSE indexes are used, or referenced: FTSE International Limited ("FTSE") © FTSE [2018] ® is a trademark of the London Stock Exchange Group companies and is used by FTSE under licence. "NAREIT®" is a trademark of the National Association of Real Estate Investment Trusts and used by FTSE under licence. "EPRA®" is a trademark of the European Public Estate Association and used by FTSE under licence. "TMX" is a trademark of the TSX Inc. used by FTSE under licence.

NASDAQ®, OMX™, NASDAQ-100® and NASDAQ-100 Index® are registered trademarks of NASDAQ Inc. and are licensed for use by iA Financial Group.

Where the Global Industry Classification Standard (GICS) is used or referenced: the GICS was developed by MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by iA Financial Group.

The International Equity Index Fund, the Global Equity Index ACWI Fund, the Global Stock Account, the European Stock Account and the International Stock Account are each indexed to an MSCI index. MSCI indexes are licensed for use by iA Financial Group. For more information about the MSCI indexes, visit <https://msci.com/indexes>.

## INVESTED IN YOU.

iA Financial Group is a business name and trademark of  
**Industrial Alliance Insurance and Financial Services Inc.**

**ia.ca**