

NORTH AMERICAN  
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COMMENTARY

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Following the release in August of manufacturing data from the United States and China that point to cooling economies, commodities have been under pressure or, at best, sideways during the last month. Concerns surrounding the Delta variant's negative impact on demand also explain this recent pullback. However, the risks to the upside remain elevated for some commodities due to lingering supply-side shocks. Despite the decision made by OPEC+ to add 400 kb/d to the market for the month of October, additional supply may struggle to come back as quickly as anticipated due to production issues. For example, Nigeria cannot meet its allocated quotas let alone raise production. For copper, union workers at several mines in South America are in the process of renewing their labour contract and strikes are putting pressure on global supply. In this context, we remain positive on the Canadian energy patch and the base metal miners.

As mentioned last month, the pace of initial public offerings has moderated during the summer, but the trend should reaccelerate into year-end. We will remain highly selective with the new companies coming to market.

Within the fund, Nuvei (NVEI) reported better than expected Q2 results in August. More important was the unveiling of meaningfully higher mid-term growth targets and long-term adjusted EBITDA margin guidance. Also, NVEI filed an application with NASDAQ for its U.S. listing, an event that will broaden the brand and investor base. We think Nuvei growth tailwinds will continue to persist in 2021-2022.

In the U.S., going into the last few months of the year, a wall of worries is in sight. Delta and potential other variants, the Infrastructure bill and debt ceiling negotiations in the U.S., QE tapering, and China's "Common Prosperity" mandate are all candidates that could bring volatilities to the markets in the next few months. Of course, the opposite is also possible, where each of these situations gets resolved or starts to improve and markets climb over this wall of worries—until new risks emerge. Obviously, we're not managing according to news feeds, but our job is, at any point in time, to have a few game plans ready for whatever happens next. We are always looking to improve the portfolio as we measure current and potential positions' relative risk-reward and contribution to portfolio volatility. In this industry, being cautious and talking about downside scenarios is quite often interpreted as wisdom, while being optimistic and looking for upside is viewed as reckless. If we put aside this strange perception, the right approach is quite often somewhere in between while remaining ready to adjust whenever new material information comes in.

In the meantime, we'll continue with our barbell strategy, looking for the big winners of tomorrow on the innovators side of the portfolio while making sure we're in the right dominant companies that benefit from the diffusion of innovation across the economy. We like this design a lot as it helps with risk management. The impact of technology is

broad and across all industries. Most investors see it as a sector of the market (GICS) and fail to incorporate this. In our view, how companies are dealing with innovation is central in terms of stock selection as we think that investing is about the future.



#### 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

- Senior 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

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- 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

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