

Dividend Growth (iA) &
US Dividend Growth (iA)

MONTHLY COMMENTARY

November 2023



Equities rebound strongly in November

Relief on yields means relief for equities

Equities in Canada and the United States staged a strong rebound in November as bond yields finally began to fall from the cyclical highs reached in October. Not surprisingly, the best-performing sectors were some of those most negatively affected by higher rates in 2023, including the financials, real estate and telecom sectors.

Hard landing, soft landing, or no landing?

The sharp drop in yields is the result of a continued slowdown in economic activity and cooling inflation, which has fallen to slightly more than 3%, although it still isn't close to the central banks' 2% target.

We remain of the view that the U.S. economy will continue to

outperform Canada materially, mainly because of the relative health of the U.S. consumer.

Performance analysis

In Canada, the technology sector continued to help returns, led by strong performances from Open Text and Constellation Software. Utilities were the largest drag, mainly because we overweighted the sector.

In the United States, financials and materials were the best-performing sectors, mainly because of Berry, S&P Global and Blackrock. Technology was the largest drag on performance, mainly because of our underweight and Cisco's poor performance.



Donny Moss, CFA

Senior Director, Portfolio Manager, North American Equities

- Joined iA in 2008
- More than 20 years of investment experience
- Bachelor's degree in commerce, Dalhousie University

Canadian banks report year-end results

The Canadian banks recently reported their fourth-quarter earnings, and the results were mixed at best, with three banks beating estimates and three missing. Total earnings for the group were down 8% year over year, driven mainly by expense growth and higher loan-loss provisions. Bank of Nova Scotia had the weakest result, having built substantial provisions in the quarter.

One bright spot was non-interest-expense growth, which slowed materially, as most banks began to trim the excess staff hired during the pandemic.

“Our favourite bank continues to be Royal Bank, which we think has the most diversified business mix, with added upside through the acquisition of HSBC Canada, which should be approved in early 2024.”

Key Takeaways

- Equities rebounded in November as bond yields moved lower.
- In Canada, the technology sector continued to help returns.
- The Canadian banks reported mixed year-end results.

About iAGAM

A magnet for top investment talent, iAGAM 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.

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