



Update as at January 31, 2023

Strategic Income

iAIM Fund Management and Oversight Team

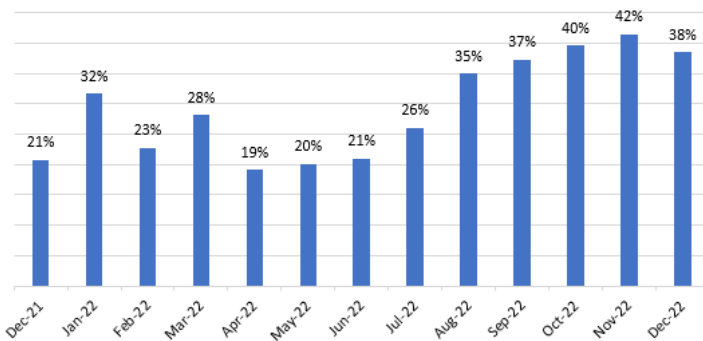
Defensively positioned for uncertain markets

2022 was a difficult year for most global markets with fears of an economic slowdown and recession, elevated inflation, and the reversal of monetary easing in favour of tightening, creating heightened market uncertainty. Against this backdrop, IAIM’s Dan Bastasic believes a defensive positioning that focuses on companies with high free cash flow and stable businesses will serve clients well, particularly during the first half of 2023.

Low Equity Risk Premium Favours Fixed Income

In Dan’s view the risk premium offered in the current equity market is low, which has led to the portfolio’s largest allocation to fixed income in recent history. Dan has high graded the portfolio and has increased the allocation to investment grade credit and cash for defensive purposes. Compared to equity, Dan believes high yield offers better risk-adjusted performance and would not be surprised if absolute performance rivals. Within equity, the Fund is tilted towards more defensive sectors (consumer staples, utilities, and telecom), which also have attractive yields.

Allocation (%) to Investment Grade Fixed Income

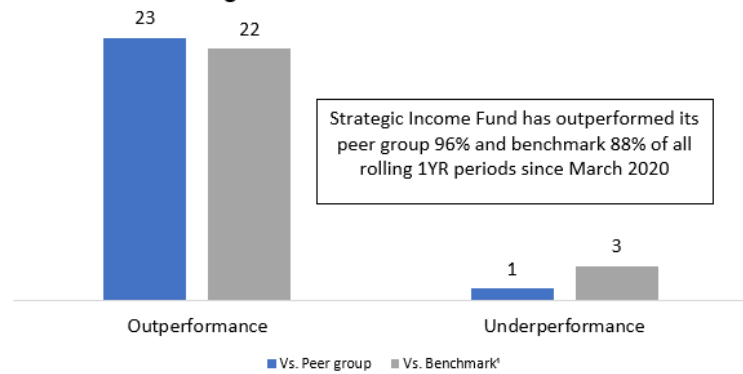


Source: Morningstar, as of December, 2022

Consistent outperformance over the past decade

Dan’s focus on investing in quality compounding businesses has resulted in exceptional performance over the past decade relative to Canadian Neutral Balanced peers and its benchmark. Including 2022, Strategic Income has outperformed its peers 9 out of the last 11 calendar years since its inception. Recent performance has been equally outstanding with Strategic Income outperforming its peers 96% and benchmark, 88% out of all 1-year periods since March 2020.

IA Clarington Strategic Income (Series F) Rolling 1YR Performance since March 2020



Source: Morningstar, as of January 2023; 60% S&P/TSX Comp Index. 40% FTSE Canada Universe Bond Index

Key Takeaways:

- Strategic Income is defensively positioned for the first half of 2023
- Increased allocation to fixed income and cash; high yield over equity
- Exceptional performance relative to peers over the past decade – outperforming 9 out of the last 11 calendar years and 23 out of the last 24 1-year periods

Legal Notices

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 of and trademarked by the relevant Third-Party Content Provider and has been licensed for use by iA Financial Group.

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 accuracy, timeliness, completeness or usefulness. iA Financial Group and Third-Party Content Providers shall have no liability related to the use or misuse of the information provided herein.

The investment funds offered by iA Financial Group (“Funds”) are not sponsored, endorsed, issued, sold or promoted by Third-Party Content Providers. The latter shall bear no liability whatsoever with respect to any such Funds. Third-Party Content Providers make no express or implied warranties with respect to the Funds, nor do they make any representation regarding the advisability of investing in the Funds.

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 express consent in writing of iA Financial Group and/or the relevant Third-Party Content Provider.

Disclaimer

This document is for informational purposes only. Opinions expressed in this document or communication are based on past observations or current market conditions that may change without warning. The aim is not to make investment recommendations as each investor’s situation is personal and different. Past performances do not guarantee future returns and all investments imply risks and uncertainties.

INVESTED IN YOU.

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

ia.ca

1-844-442-4636