

FUND ADVISORY MARKET INDEX HEAT MAP

As of August 31st, 2023

iAGAM Fund Management and Oversight Team

Fixed Income Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Money Market (FTSE)	0.41	1.14	2.25	2.96	4.23	1.66	1.60
Canada Short Term (FTSE)	0.37	-0.06	0.69	1.29	1.90	-1.05	1.12
Canada Long Term (FTSE)	-1.12	-2.64	-0.54	1.51	-1.01	-8.44	-0.93
Canada Universe (FTSE)	-0.18	-1.25	0.15	1.19	0.76	-4.20	0.39
Canada Corporate (FTSE)	-0.09	-0.25	1.06	2.51	2.52	-2.46	1.39
Canada Real Return Bonds (FTSE)	-1.35	-3.92	-3.38	-4.26	-4.00	-5.24	-0.13
Canada Investment Grade	0.09	0.00	1.24	2.36	2.79	-2.06	1.39
Canada High Yield	0.57	1.88	2.49	4.01	5.43	3.12	4.26
U.S. High Yield	0.22	3.03	3.58	5.73	5.74	0.35	1.57
Global Aggregate	-0.18	-0.32	1.86	2.44	-0.09	-3.30	0.45
Floating Rate Notes	0.50	1.38	2.64	3.58	4.98	1.88	1.79

Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	-1.45	4.26	1.74	6.43	7.97	10.52	8.17
Canadian Equities (TSX Composite)	-1.37	4.57	2.06	6.94	8.49	10.36	7.80
Canadian Equities (TSX Dividend)	-1.45	4.16	0.51	4.93	6.02	12.63	8.13
Canada Small Cap (TSX)	-1.32	5.31	-0.57	4.35	5.11	10.29	4.69
U.S. Equities (S&P 500)	1.15	7.77	13.79	18.55	19.78	11.92	11.94
U.S. Equities (Nasdaq 100)	1.12	8.24	27.92	41.49	30.49	9.95	16.01
Global Equities (MSCI World)	0.38	6.60	10.75	16.37	20.06	10.30	9.69
Global Equities Growth (MSCI)	0.71	6.53	18.45	28.15	24.87	7.58	11.85
Global Equities Value (MSCI)	0.01	6.68	3.16	5.43	14.82	12.50	6.83
Global Small Cap (MSCI)	-1.09	6.86	1.14	8.83	12.10	9.21	5.16
International Equities (MSCI EAFE)	-1.14	3.37	4.52	11.18	22.48	7.92	5.42
Emerging Markets (MSCI)	-3.51	3.18	3.26	4.71	5.06	0.24	2.11

Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.67	-5.17	4.18	1.98	6.31	9.63	13.43	6.11
Consumer staples	4.28	2.46	1.65	1.75	5.21	10.91	12.94	12.29
Energy	17.69	4.96	13.55	6.87	6.75	6.26	28.31	8.16
Financials	30.44	-4.26	3.64	-4.56	3.14	4.00	12.83	6.88
Health Care	0.30	0.90	19.96	9.02	23.99	3.09	-23.04	-28.20
Industrials	13.71	-1.23	4.19	3.58	8.12	10.94	12.16	10.25
Information Technology	7.45	0.75	7.18	33.05	51.51	59.96	-3.32	18.16
Materials	11.85	-3.73	3.20	1.92	3.05	15.17	0.66	10.28
Real Estate	2.40	-1.04	1.46	-6.71	3.61	1.47	7.27	3.05
Communication services	3.91	-0.51	-5.70	-7.08	-4.79	-5.15	6.09	4.99
Utilities	4.29	-4.49	-7.70	-1.94	-0.67	-16.67	3.66	8.80

U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.61	1.50	12.87	18.95	34.60	14.83	4.48	9.52
Consumer staples	6.56	-0.98	1.14	2.54	-0.34	6.78	8.54	10.53
Energy	4.42	4.56	16.00	7.57	3.21	18.79	44.23	9.73
Financials	12.46	-0.03	8.33	-3.31	1.44	9.81	14.82	7.01
Health Care	13.16	1.98	4.14	4.98	-1.26	12.07	10.26	10.29
Industrials	8.43	0.65	11.64	7.49	11.02	22.41	14.86	9.87
Information Technology	28.21	1.33	7.42	30.99	44.52	37.60	15.34	20.88
Materials	2.46	-0.67	10.50	1.68	7.66	16.00	13.15	10.01
Real Estate	2.44	-0.38	3.16	-1.96	1.84	-5.14	5.50	6.16
Communication services	8.81	2.31	8.72	32.22	45.03	29.79	5.43	10.30
Utilities	2.43	-3.63	-2.77	-2.22	-9.39	-9.85	6.61	7.52

Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.74 \$	-2.71	0.47	0.63	0.15	-3.20	-1.25	-0.74

*Positive performance signifies an appreciation of the Canadian dollar versus the US dollar

Sources: iA Global Asset Management and Morningstar

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Market observations and impact on our funds

In August, robust consumption and a tight labour market in Canada resulted in inflationary pressures remaining persistent for services. As a result, yields on sovereign and long Canadian bonds rose (i.e., bond prices fell). Consequently, returns for **iA Bond** and **iA Canadian Corporate Bond** were lower for the month. On the other hand, funds with interest payments tied to the level of yield, such as **Floating Rate Income (Wellington Square)**, were favoured by the increase in interest rates. On the Global market, sovereign and longer-term bonds were also lagging as economic data in the US surprised investors. That environment partly explains the underperformance of funds like **Global Fixed Income (PIMCO)** and **Global Multisector Bond (Loomis Sayles)**.

In the equity markets, returns were mostly negative across the globe but a weaker Canadian dollar favoured Canadian investors, leading to higher returns on U.S. and global equities. With renewed stress in the Chinese property market and ongoing geopolitical tensions in China, Emerging Markets funds, such as **Asian Pacific (iA)** and **Emerging Markets (Jarilowsky Fraser)** lagged in August. In terms of style, as it has been since the beginning of the year, growth outperformed value. It is then no surprise to see funds with a value bias like **Global Equity Opportunistic Value (Wellington)** underperform, while **U.S. DAQ Index (iA)** outperforms. Similarly in Canada, **Fidelity True North** performed well on a relative basis due to its current growth bias, while the Value tilt for **Canadian Equity Small Cap (QV)** hindered the fund's relative performance.

In Canada, sector performance was mixed with Energy and Staples leading the way, whereas Financials and Consumer discretionary lagged behind. **North American Equity (iA)** had a good relative performance given its significant underweight position in the Financials sector. The story is the same for **Fidelity Canadian Opportunities** and **Canadian Equity Growth (iA)**, which both benefited by allocating less to the sector. In contrast, it proved to be slightly more challenging in August for funds such as **Dividend Growth (iA)** and **Strategic Equity Income (iA)**, as dividend-focused mandates underperformed during the month. Additionally, both funds were overweighted in utilities which had weaker performance during the period.

In the U.S., the Energy sector led the way driven by the rise in oil prices. With an overweight to the sector, both **U.S. Equity (iA)** and **Global Equity (iA)** ended the month with solid returns on a relative basis. Carrying what has been a tumultuous year so far, the Utilities sector emerged as the clear underperformer. This trend was reflected in the performance of **Global Infrastructure (Dynamic)**, for which its index is heavily invested at around 40% to utilities. Similarly, **Climate Strategy (Wellington)**, which typically holds a higher exposure to utilities to capture certain climate change themes, underperformed in August relative to its peers. Finally, on the bright side, **American (Dynamic)** took benefits from allocating more than the index in Communication services, the second best performing sector of the month.

To conclude, the Canadian dollar (CAD) depreciated against the U.S. dollar (USD) which helped Canadian investors investing in U.S. securities. In August, the CAD/USD return was -2.71%.

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