

FUND ADVISORY MARKET INDEX HEAT MAP

As of December 29th, 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)	0.39	1.28	2.52	4.71	4.71	2.22	1.83
Canada Short Term (FTSE)	1.51	4.11	3.98	5.02	5.02	-0.06	1.62
Canada Long Term (FTSE)	6.09	14.82	3.91	9.51	9.51	-6.47	0.63
Canada Universe (FTSE)	3.43	8.27	4.08	6.69	6.69	-2.80	1.30
Canada Corporate (FTSE)	3.27	7.63	5.24	8.37	8.37	-1.23	2.51
Canada Real Return Bonds (FTSE)	3.67	10.50	2.27	1.99	1.99	-3.81	1.67
Canada Investment Grade	3.04	6.91	5.06	7.82	7.82	-0.87	2.40
Canada High Yield	2.57	5.27	6.41	9.05	9.05	3.31	5.24
U.S. High Yield	3.58	6.74	6.82	11.34	11.34	0.72	3.52
Global Aggregate	3.07	5.67	3.60	6.33	6.33	-2.47	0.98
Floating Rate Notes	0.42	1.22	2.53	5.24	5.24	2.37	2.02

Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	4.06	8.76	5.99	12.05	12.05	10.39	11.60
Canadian Equities (TSX Composite)	3.91	8.10	5.72	11.75	11.75	9.59	11.30
Canadian Equities (TSX Dividend)	3.96	7.32	5.56	9.63	9.63	11.87	11.49
Canada Small Cap (TSX)	3.76	5.98	5.14	4.79	4.79	4.57	8.37
U.S. Equities (S&P 500)	1.67	8.93	7.66	22.90	22.90	11.27	14.88
U.S. Equities (Nasdaq 100)	2.61	11.52	10.46	49.68	49.68	10.55	20.74
Global Equities (MSCI World)	2.06	8.78	7.40	21.08	21.08	9.03	12.58
Global Equities Growth (MSCI)	1.59	10.60	7.51	33.63	33.63	6.97	15.50
Global Equities Value (MSCI)	2.54	6.78	7.23	9.39	9.39	10.40	8.94
Global Small Cap (MSCI)	6.65	9.81	7.39	13.22	13.22	4.52	9.48
International Equities (MSCI EAFE)	2.44	7.74	5.63	15.66	15.66	5.74	7.93
Emerging Markets (MSCI)	1.09	5.27	4.55	7.31	7.31	-3.61	3.34

Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.61	3.04	7.31	-0.29	10.95	10.95	7.29	10.76
Consumer staples	4.18	2.74	8.06	6.78	12.16	12.16	14.75	12.50
Energy	17.09	-2.75	-1.33	8.80	6.30	6.30	27.27	13.00
Financials	31.34	7.81	12.77	9.83	13.89	13.89	12.11	11.68
Health Care	0.30	12.80	2.01	16.78	18.34	18.34	-28.51	-24.17
Industrials	13.70	6.49	7.40	2.86	11.86	11.86	9.76	14.20
Information Technology	8.66	3.74	24.01	14.67	69.19	69.19	-1.29	23.44
Materials	11.02	1.41	1.89	-1.94	-1.35	-1.35	1.44	9.40
Real Estate	2.38	8.81	10.68	3.98	6.92	6.92	4.86	5.24
Communication services	3.71	0.98	7.59	-5.91	-3.94	-3.94	5.28	4.88
Utilities	4.01	5.37	8.18	-4.76	0.19	0.19	0.01	9.66

U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.85	3.32	9.97	6.91	39.05	39.05	5.04	13.03
Consumer staples	6.16	-0.02	3.24	-0.86	-1.85	-1.85	7.17	10.18
Energy	3.89	-2.64	-8.97	4.32	-3.65	-3.65	37.98	12.70
Financials	12.97	2.64	11.54	12.62	9.51	9.51	12.07	11.28
Health Care	12.62	1.57	4.09	3.48	-0.35	-0.35	9.45	10.89
Industrials	8.81	4.21	10.58	7.10	15.35	15.35	12.00	13.50
Information Technology	28.86	1.11	14.61	10.44	54.13	54.13	16.57	26.16
Materials	2.41	1.82	7.29	4.35	9.90	9.90	9.29	12.88
Real Estate	2.52	5.86	16.24	8.14	9.71	9.71	8.02	8.22
Communication services	8.58	2.06	8.53	14.23	52.13	52.13	5.75	12.61
Utilities	2.34	-0.75	6.20	-1.58	-9.27	-9.27	4.88	6.45

Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.76 \$	2.82	2.53	0.35	2.76	2.76	-1.14	0.71

*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

The fixed-income market witnessed positive returns throughout the year, with all major asset classes showing positive numbers at the close of 2023. Investor's sentiment was fuelled by the anticipation that most central banks had concluded their rate-hiking cycles and that inflation was decelerating. Such an optimistic outlook benefitted riskier asset classes like high-yield fixed income, which is reflected in the performance of **Fidelity American High Yield Currency Neutral** and **Strategic Corporate Bond (iA)**. Amongst the laggards were shorter term and money market securities, hurting the performance of **Money Market (iA)** and **Short Term Bond (iA)** relative to other asset classes.

Much like the fixed-income market, most equity regions experienced a positive year in 2023. As demonstrated by the **U.S. DAQ Index (iA)** performance, growth equities were the clear winners, particularly U.S. large capitalization, which markedly benefitted from a strong early-year rally. U.S. equities, in general, outperformed other regions, as evidenced by the sound returns for **U.S. Equity Index (BlackRock)** and **U.S. Equity (iA)**, while the Canadian equity performance, as shown by **Canadian Equity Index (iA)**, lagged behind. Despite returning more than 7%, emerging markets were well behind those of developed markets, hurting the relative performance of funds like **Emerging Markets (Jarislowsky Fraser)**. Other laggards were Canadian Small Cap equities, but **Canadian Equity Small Cap (QV)** still managed to finish the year with great relative returns.

Overall, 2023 was a positive year for the 11 S&P/TSX Composites sectors, except for Materials and Communications services, which ended the year in negative territory. The information technology sector had a particularly impressive showing, buoyed by Shopify's strong results. Funds like **Fidelity Canadian Opportunities** and **North American Equity (iA)** performed well, due to their overweight position in the technology sector throughout the year. Conversely, it was a challenging year for **Dividend Growth (iA)** and **Strategic Equity Income (iA)**, as both funds were overweight in communication services compared to other Canadian equity funds. Finally, **Fidelity True North** was another strong performer in 2023, partly due to its foreign exposure, which ranged between 5% to 10%.

Much like the S&P/TSX Composite, the S&P 500 performance was largely driven by the information technology sector. Funds with a significant overweight to this sector such as **Global Opportunities (Loomis Sayles)**, **Fidelity Insights**, and **Fidelity Global Innovators** accounted for some of the best-performing funds. Conversely, defensive sectors such as Consumer Staples, Healthcare, and Utilities struggled during the same period. Funds like **Global Infrastructure (Dynamic)** and **Global Healthcare (Renaissance)** were impacted due to their large exposure to Utilities and Healthcare, respectively. Similarly, as a value fund, **Global Equity opportunistic Value (Wellington)** generally tends to overweight defensive sectors, which did not work in the fund's favor in 2023.

To conclude, the Canadian dollar (CAD) appreciated against the U.S. dollar (USD) which hurt Canadian investors investing in U.S. securities. In December, the CAD/USD return was 2.82%.

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