

FUND ADVISORY MARKET INDEX HEAT MAP

As of February 28th, 2023

iAIM Fund Management and Oversight Team

Fixed Income Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Money Market (FTSE)	0.33	1.04	1.94	0.70	2.48	1.08	1.27
Canada Short Term (FTSE)	-0.76	0.44	1.20	0.59	-2.40	-0.34	1.12
Canada Long Term (FTSE)	-3.22	-1.65	-0.47	2.06	-12.82	-6.98	-0.39
Canada Universe (FTSE)	-1.99	-0.63	0.60	1.04	-6.96	-3.02	0.61
Canada Corporate (FTSE)	-1.50	0.39	1.45	1.44	-4.82	-1.65	1.43
Canada Real Return Bonds (FTSE)	-2.59	-1.53	-0.64	-0.92	-8.75	-2.44	1.10
Canada Investment Grade	-1.30	0.46	1.52	1.10	-4.31	-1.41	1.35
Canada High Yield	-0.05	2.48	2.87	1.49	-1.00	2.64	4.32
U.S. High Yield	-1.63	0.91	2.08	2.07	-6.28	-0.45	1.26
Global Aggregate	-1.65	-0.68	-1.92	0.57	-8.38	-3.58	0.27
Floating Rate Notes	0.46	1.33	2.28	0.91	2.81	1.25	1.41

Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	-2.59	-1.03	6.12	4.60	-1.62	11.26	9.34
Canadian Equities (TSX Composite)	-2.45	-0.35	6.30	4.78	-1.21	10.83	8.82
Canadian Equities (TSX Dividend)	-2.05	-0.44	5.49	4.40	0.61	11.97	9.47
Canada Small Cap (TSX)	-3.63	3.02	5.71	4.95	-8.79	13.87	5.57
U.S. Equities (S&P 500)	-0.46	-1.87	5.27	4.19	-0.92	12.68	11.16
U.S. Equities (Nasdaq 100)	1.53	0.52	2.01	10.60	-9.21	13.01	13.30
Global Equities (MSCI World)	-0.38	0.59	8.40	5.07	-0.02	10.95	8.74
Global Equities Growth (MSCI)	0.15	1.53	5.42	8.19	-6.32	10.22	10.04
Global Equities Value (MSCI)	-0.89	-0.30	11.30	2.20	5.78	10.60	6.76
Global Small Cap (MSCI)	-0.02	3.90	10.83	7.61	1.25	10.75	6.75
International Equities (MSCI EAFE)	-0.09	6.43	17.18	6.37	4.50	7.85	4.40
Emerging Markets (MSCI)	-4.58	-0.02	1.74	1.40	-8.66	1.82	-0.30

Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.65	-2.02	-0.28	7.50	4.28	4.28	14.52	6.39
Consumer staples	4.19	1.50	1.39	9.00	18.98	18.98	13.95	12.16
Energy	17.23	-4.41	-5.75	-0.57	8.14	8.14	16.15	9.74
Financials	31.72	-0.50	2.01	8.97	-4.79	-4.79	12.03	8.91
Health Care	0.40	-0.73	-5.40	-5.44	-50.63	-50.63	-30.69	-25.15
Industrials	13.30	0.73	-1.60	7.11	10.26	10.26	13.81	12.19
Information Technology	6.17	-4.72	5.65	20.22	-16.33	-16.33	3.14	14.33
Materials	11.65	-8.65	-0.76	13.00	-5.66	-5.66	12.85	8.83
Real Estate	2.61	0.31	8.06	8.76	-6.71	-6.71	2.60	6.80
Communication services	4.81	-2.89	-0.73	2.08	-3.76	-3.76	7.70	7.52
Utilities	4.26	-2.21	-3.31	-15.02	-7.77	-7.77	3.58	9.58

U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.65	-0.19	0.68	-3.46	-12.36	-12.36	8.62	8.84
Consumer staples	6.72	-0.50	-5.29	4.14	5.97	5.97	11.55	10.86
Energy	4.80	-5.31	-6.62	10.43	32.92	32.92	29.36	11.27
Financials	11.74	-0.39	-0.31	13.56	1.43	1.43	13.25	7.90
Health Care	14.34	-2.75	-7.49	6.76	6.58	6.58	13.60	11.99
Industrials	8.51	1.04	0.49	13.88	10.26	10.26	13.64	9.02
Information Technology	27.28	2.40	1.37	5.05	-4.57	-4.57	17.08	17.67
Materials	2.78	-1.42	0.27	14.08	7.70	7.70	18.77	10.21
Real Estate	2.69	-4.09	-0.86	-3.24	-5.92	-5.92	5.24	9.85
Communication services	7.67	-2.81	1.36	-1.84	-19.39	-19.39	1.88	5.41
Utilities	2.82	-4.06	-7.58	-7.80	5.74	5.74	5.31	10.68

Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.73 \$	-1.99	-0.42	-3.81	-0.48	-6.84	-0.47	-1.21

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

Sources: iA Investment Management and Morningstar

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Market observations and impact on our funds

The positive risk sentiment seen in January quickly reversed in February as the outlook for global growth came more resilient than anticipated for many major economies. While this may seem like good news, investors were chilled by the idea of stickier inflation, which could encourage central bankers to keep hiking rates longer than previously anticipated. Consequently, bond yields moved higher (i.e. prices fell), which was favourable for funds with a shorter duration like **Core Plus Bond (Wellington Square)**, but harmful for longer duration funds like **iA Bond** and **Global Multisector Bond (Loomis Sayles)**. In a rising rate environment, floating rate funds perform relatively well since their interest payments are tied to the market yield, which was the case for **Floating Rate Income (Wellington Square)**.

In the equity markets, it was a difficult month for Canadian equities relative to other regions, as both large and small-capitalization equities lagged, explaining why **iA Canadian Equity Index** underperformed. Yet, **Canadian Equity Small Cap (QV)** managed to finish the month in positive territory with solid relative returns.

For Global Equities, growth style slightly outperformed value in February, with the **U.S. DAQ Index** leading the way. Funds with a value bias during the month like **Global Equity Opportunistic Value (Wellington)** lagged their peers.

After outperforming most regions since the beginning of the year, Emerging Markets suffered from rising geopolitical tensions, especially in China, which brought returns lower for that region and for funds like **Emerging Markets (Jarislowsky Fraser)** and **IA Asian Pacific**.

As mentioned, it was a difficult month for Canadian equities, but several funds performed well on a relative basis. A part of that comes from the underperformance of the Materials sector, which accounts for almost 12% of the index. Funds like **iA Canadian Equity Growth** and **iA Dividend Growth** benefited from an underweight to the sector during the month. Another significant part of the index, the Industrial sector, was among the top performer for the month. Both **Fidelity True North** and **Fidelity Canadian Opportunities** allocated more than the index to that sector, which has been favourable to their relative performance. Also, defensive sectors, such as Health Care and Consumer Staples also performed well, serving **iA Strategic Equity Income**, which has a bias towards these sectors.

As for the U.S. equity market, the Information Technology sector was the clear winner for the month. With a significant underweight to the sector, **Global Dividend (Dynamic)** finished the month with negative return on an absolute and relative basis. On the bright side, funds like **Fidelity Global Innovators**, which focuses on innovative companies often found in the technology sector, outperformed its peers. The Industrials sector also had a relatively good 2nd month of the year which helped **Fidelity Global Concentrated Equity** finish the month with positive return. February was more challenging for **Global Infrastructure (Dynamic)** and **Global Health Care (Renaissance)**, as these funds are respectively largely invested in Utilities and Health Care, two sectors in the red.

To conclude, the Canadian dollar (CAD) depreciated against the U.S. dollar (USD) which helped Canadian investors investing in U.S. securities. In February, the CAD/USD return was -1.99%.

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