

## FUND ADVISORY MARKET INDEX HEAT MAP

As of December 31st, 2022

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)	0.34	1.00	1.53	1.82	1.82	0.95	1.17
Canada Short Term (FTSE)	-0.15	0.67	0.36	-4.04	-4.04	0.03	1.01
Canada Long Term (FTSE)	-3.63	-1.01	0.49	-21.76	-21.76	-5.80	-1.12
Canada Universe (FTSE)	-1.65	0.10	0.62	-11.69	-11.69	-2.20	0.27
Canada Corporate (FTSE)	-1.03	1.00	1.23	-9.87	-9.87	-1.12	1.10
Canada Real Return Bonds (FTSE)	-0.62	2.81	3.72	-14.32	-14.32	-0.46	1.26
Canada Investment Grade	-0.63	1.15	1.33	-8.65	-8.65	-0.83	1.11
Canada High Yield	0.98	2.55	3.04	-3.84	-3.84	2.73	4.03
U.S. High Yield	-1.14	4.11	2.94	-11.50	-11.50	-1.80	0.68
Global Corporate	-0.80	3.16	-1.82	-14.91	-14.91	-3.33	-0.17
Floating Rate Notes	0.42	1.04	1.72	1.80	1.80	0.97	1.26

### Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	-5.39	5.56	3.73	-6.24	-6.24	8.22	7.39
Canadian Equities (TSX Composite)	-4.90	5.96	4.47	-5.84	-5.84	7.54	6.85
Canadian Equities (TSX Dividend)	-4.64	5.39	3.98	-0.09	-0.09	8.88	7.51
Canada Small Cap (TSX)	-1.84	8.37	5.69	-9.29	-9.29	7.19	3.14
U.S. Equities (S&P 500)	-5.81	6.07	7.46	-12.16	-12.16	9.25	11.15
U.S. Equities (Nasdaq 100)	-9.11	-1.67	-0.11	-28.10	-28.10	9.39	13.09
Global Equities (MSCI World)	-4.26	8.36	8.40	-11.75	-11.75	7.00	8.37
Global Equities Growth (MSCI)	-6.15	3.31	4.54	-23.90	-23.90	6.49	9.43
Global Equities Value (MSCI)	-2.45	13.34	12.17	1.03	1.03	6.38	6.57
Global Small Cap (MSCI)	-3.44	9.33	10.44	-12.44	-12.44	4.89	5.55
International Equities (MSCI EAFE)	0.05	15.77	11.86	-7.76	-7.76	2.83	3.64
Emerging Markets (MSCI)	-1.41	8.27	2.16	-13.90	-13.90	-0.90	0.53

### Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.66	-4.34	8.82	13.37	-6.03	-6.03	9.22	4.76
Consumer staples	4.23	-1.95	8.48	11.33	10.08	10.08	12.00	10.39
Energy	18.06	-5.64	8.95	3.20	30.27	30.27	12.51	7.21
Financials	30.83	-5.61	3.37	2.09	-9.38	-9.38	7.93	6.71
Health Care	0.37	-16.83	-10.90	-16.64	-61.59	-61.59	-38.04	-29.18
Industrials	13.28	-5.74	7.35	11.89	1.44	1.44	11.42	11.12
Information Technology	5.67	-7.22	12.60	7.32	-52.02	-52.02	0.89	13.86
Materials	12.02	-1.85	8.18	10.92	1.74	1.74	8.65	7.58
Real Estate	2.59	-2.70	7.05	0.16	-21.54	-21.54	-0.52	4.26
Communication services	4.89	-3.13	6.11	-1.89	-2.59	-2.59	5.36	5.55
Utilities	4.41	-4.55	-7.42	-11.70	-10.56	-10.56	4.80	7.58

### U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	9.80	-11.26	-10.18	-6.26	-37.03	-37.03	1.46	6.14
Consumer staples	7.20	-2.82	12.72	5.25	-0.62	-0.62	9.30	8.83
Energy	5.23	-2.94	22.81	25.69	65.72	65.72	19.34	9.25
Financials	11.66	-5.23	13.61	10.08	-10.53	-10.53	5.90	6.42
Health Care	15.82	-1.91	12.80	6.96	-1.95	-1.95	11.95	12.53
Industrials	8.65	-2.97	19.22	13.59	-5.48	-5.48	8.33	7.36
Information Technology	25.74	-8.37	4.74	-1.76	-28.19	-28.19	11.60	15.81
Materials	2.73	-5.56	15.05	6.85	-12.27	-12.27	10.47	7.45
Real Estate	2.71	-4.83	3.82	-7.63	-26.13	-26.13	1.85	5.91
Communication services	7.28	-7.84	-1.38	-13.92	-39.89	-39.89	-3.33	0.95
Utilities	3.18	-0.53	8.64	2.13	1.57	1.57	6.29	9.58

### Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.74 \$	0.06	1.41	-4.80	-6.78	-6.78	-1.45	-1.55

\*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

For much of 2022, rate hikes and tighter financial market conditions have driven fixed income returns lower. The last month of the year was no exception to that. Even as inflation showed signs of peaking both in the US and in Canada, central banks reaffirmed their plans to keep rising rates. That hawkish tone resulted in difficult performance for longer duration bonds, which is reflected in funds like **iA Bond** and **iA Canadian Corporate Bond**. On the other hand, funds with a shorter duration, such as **iA Short Term Bond** and **iA Core Plus Bond (Wellington Square)**, performed well in that environment. Finally, capping off a good year, floating rate bonds were amongst the best performer in December, explaining the good performance of **Floating Rate Income (Wellington Square)**.

In equity markets, December gave back a portion of the gains made during the first two months of Q4. Lagers were mostly growth titled stocks, causing funds with a current growth bias like **U.S. DAQ Index** and **Fidelity Global Innovators** to underperform. On the flip side, the clear winners were International Equities for a second month in a row, fuelled by lower than expected rates hike by the Europe Central Bank as well as slowing inflation in the Eurozone. Hence, funds like **International Equity Index (BlackRock)** and **Fidelity European Equity** outperformed other regions. Finally, small cap equities performed well both in the U.S. and the Canadian market, which benefited funds like **Canadian Equity Small Cap (QV)** and **Fidelity NorthStar**.

In Canada, the Information Technology sector finished the year on a negative note, putting an end to what has been a very difficult year for that sector, losing more than 50%. Inevitably, the underperformance is shown in funds with a high exposure to technology, like **iA North American Equity**. Also, even if all 10 sectors are in the red for December, Materials was once again the best performing one for the month. Funds that were overweight to that sector, such as **Fidelity Canadian Opportunities** and **iA Canadian Equity Growth**, benefited from it. The Real Estate sector also performed well in relative terms, helping **iA Real Estate Income** fund finish the month with good relative returns.

As a contrast to November, all of S&P 500 sectors were in red territory in December, with Information Technology being the second to worst performing one to close out the year. As a result, with around 30% and 3% respectively of the fund invested in technology, **Global Opportunities (Loomies Sayles)** lagged its peers and **Global Dividend (Dynamic)** outperformed its peers.

As for Industrials, the sector rebounded in the second half of 2022 and finished strong in December, which helps the performance of funds like **Fidelity Global Concentrated Equity**. To sum up, it has been a difficult year and a difficult month for U.S. Equities in general as the three worst performing sector weight for around 40-45% of the S&P 500, impacting the results of funds such as **iA Thematic Innovation** and **iA U.S. Equity**.

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 0.06%.

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