

FUND ADVISORY MARKET INDEX HEAT MAP

As of January 31st, 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)	0.37	1.06	1.80	0.37	2.18	1.02	1.23
Canada Short Term (FTSE)	1.36	2.10	0.51	1.36	-1.81	0.14	1.33
Canada Long Term (FTSE)	5.45	7.42	-1.22	5.45	-11.41	-5.74	0.21
Canada Universe (FTSE)	3.09	4.24	-0.16	3.09	-5.75	-2.14	1.05
Canada Corporate (FTSE)	2.98	4.92	0.99	2.98	-4.37	-1.02	1.74
Canada Real Return Bonds (FTSE)	1.72	3.94	-2.39	1.72	-6.56	-1.24	1.69
Canada Investment Grade	2.43	4.44	0.91	2.43	-4.12	-0.82	1.63
Canada High Yield	1.54	3.91	3.52	1.54	-1.92	2.74	4.26
U.S. High Yield	3.76	4.87	0.03	3.76	-5.35	-0.45	1.39
Global Corporate	3.32	7.03	-2.05	3.32	-9.66	-2.95	0.62
Floating Rate Notes	0.45	1.21	2.06	0.45	2.29	1.10	1.33

Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	7.38	7.28	7.19	7.38	0.87	10.07	9.23
Canadian Equities (TSX Composite)	7.41	7.81	7.22	7.41	1.55	9.50	8.69
Canadian Equities (TSX Dividend)	6.59	6.96	6.12	6.59	4.38	10.56	9.21
Canada Small Cap (TSX)	8.90	13.79	6.87	8.90	-0.13	11.36	5.38
U.S. Equities (S&P 500)	4.67	3.45	3.68	4.67	-3.70	10.21	11.40
U.S. Equities (Nasdaq 100)	8.94	3.80	-2.67	8.94	-14.96	10.74	13.62
Global Equities (MSCI World)	5.47	7.39	6.61	5.47	-2.41	8.42	8.86
Global Equities Growth (MSCI)	8.03	7.49	1.92	8.03	-9.97	7.94	10.24
Global Equities Value (MSCI)	3.12	7.28	11.31	3.12	4.76	7.82	6.78
Global Small Cap (MSCI)	7.62	9.69	9.64	7.62	1.23	7.79	6.82
International Equities (MSCI EAFE)	6.47	17.81	14.19	6.47	2.48	5.05	4.37
Emerging Markets (MSCI)	6.27	19.59	9.47	6.27	-7.38	2.08	0.57

Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.63	6.39	7.08	11.33	1.99	1.99	12.42	6.14
Consumer staples	4.02	1.87	4.76	5.99	15.22	15.22	11.07	11.21
Energy	17.58	4.49	-0.01	2.64	20.95	20.95	15.07	9.36
Financials	31.04	8.62	8.88	7.22	-5.37	-5.37	10.20	8.32
Health Care	0.39	14.58	-4.83	4.36	-51.59	-51.59	-34.62	-26.61
Industrials	12.85	3.63	3.95	5.06	8.21	8.21	11.11	12.33
Information Technology	6.32	19.51	21.41	16.64	-28.00	-28.00	3.90	16.75
Materials	12.41	10.68	20.61	23.56	16.54	16.54	13.30	9.92
Real Estate	2.67	10.73	15.17	3.58	-7.83	-7.83	1.35	6.60
Communication services	4.82	5.52	6.68	3.43	1.12	1.12	6.24	7.69
Utilities	4.26	3.58	-1.72	-12.03	-5.30	-5.30	3.44	9.31

U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.61	13.37	0.82	-5.63	-15.84	-15.84	6.39	9.01
Consumer staples	6.71	-2.32	0.21	5.13	4.81	4.81	9.16	10.09
Energy	5.06	1.33	-1.17	22.61	50.13	50.13	25.62	10.85
Financials	11.72	5.33	6.04	14.22	0.29	0.29	9.54	8.27
Health Care	14.66	-3.28	-1.31	5.75	8.30	8.30	12.60	12.52
Industrials	8.38	2.22	6.17	12.00	7.99	7.99	10.15	8.81
Information Technology	26.49	7.74	3.88	-1.53	-11.52	-11.52	13.82	18.10
Materials	2.81	7.41	12.51	14.21	7.71	7.71	16.46	10.24
Real Estate	2.79	8.32	9.37	-2.64	-6.88	-6.88	4.92	10.15
Communication services	7.83	12.85	10.29	-1.07	-22.98	-22.98	1.12	5.33
Utilities	2.94	-3.41	2.04	-1.24	8.00	8.00	3.64	11.64

Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.75 \$	1.54	2.23	-3.97	1.54	-4.69	-0.30	-1.67

*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

Like it has been the case for most of 2022, the Bank of Canada hiked its policy rates in January. However, this time the bank signalled its intention to pause the hiking cycle, which was warmly welcomed by investors as we saw the government bond yields fall (i.e., prices rose). In such an environment, funds with a higher duration like **iA Bond Bonds** and **iA Money Market**. Global credit markets also performed well as represented by the U.S. High Yield and Global Corporate index, helping **Fidelity American High Yield** and **Global Multisector Bond (Loomis Sayles)** finish the month with solid returns relative to other asset classes.

Equity markets started 2023 on a strong note with gains across global equities. Signs that inflation might have hit its peak in several major regions improved investor sentiment about a soft landing for the global economy. As a result, risk appetites picked up, which helped growth tilt equities lead the way in January. Hence, funds with a growth bias such as **Fidelity Global Innovators** and **Global Opportunities (Loomis Sayles)** outperformed their peers. On the other hand, returns were lower for funds with a current value bias like **Canadian Equity Small Cap (QV)** and **iA U.S. Dividend Growth**.

With returns of almost 20% over the last three months, Emerging Markets equities kept their momentum in January, benefiting **Asian Pacific fund** and **Emerging Markets (Jarislowsky Fraser)**.

In Canada, after a bleeding year in 2022, the Information Technology sector was the clear winner, leading funds with an overweight to tech companies, like **Fidelity Canadian Opportunities**, to outperform their peers. The Real Estate sector was also among the top performers for the month, reflecting the strong relative returns of **IA Real Estate income**.

As shown in the Canadian sectors table, all 11 sectors finished the month in green territory, which was beneficial for the absolute performance of Canadian equity funds. However, funds with a significant allocation to cash, such as **iA Strategic Equity Income** and **Fidelity True North** didn't fully benefit from the rally and retracted value on a relative basis.

As for the U.S. equity market, the Consumer discretionary sector started the year on the right foot, helping funds like **Fidelity Global Concentrated Equity**, which had an important overweight to the sector, achieve good relative returns.

It was a more challenging month for **Global Dividend (Dynamic)** and **American (Dynamic)**. Both funds were significantly underweight Technology and overweight Health Care, directly impacting the performance of the funds.

On the bright side, **iA Global True Conviction** and **iA U.S. DAQ** Index finished the month with good returns relative to their peers, driven in part by their allocation in Communication services companies (13-15%).

To conclude, the Canadian dollar (CAD) appreciated against the U.S. dollar (USD) which hurt Canadian investors investing in U.S. securities. In January, the CAD/USD return was 1.54%.

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