

FUND ADVISORY MARKET INDEX HEAT MAP

As of July 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)	0.40	1.08	2.17	2.55	4.01	1.53	1.54
Canada Short Term (FTSE)	-0.09	-1.33	-0.45	0.91	0.06	-1.14	1.11
Canada Long Term (FTSE)	-2.59	-3.87	-2.64	2.66	-3.83	-9.02	-0.45
Canada Universe (FTSE)	-1.11	-2.74	-1.66	1.37	-1.83	-4.50	0.57
Canada Corporate (FTSE)	-0.36	-1.52	-0.37	2.60	0.62	-2.60	1.58
Canada Real Return Bonds (FTSE)	-2.68	-3.63	-4.59	-2.95	-6.87	-4.52	0.37
Canada Investment Grade	-0.35	-1.55	-0.16	2.27	0.74	-2.18	1.51
Canada High Yield	0.93	1.09	1.86	3.43	5.45	3.45	4.28
U.S. High Yield	1.21	1.40	1.67	5.50	1.70	0.51	1.66
Global Aggregate	0.00	-0.59	0.36	2.63	-2.58	-3.47	0.53
Floating Rate Notes	0.41	1.31	2.61	3.07	4.72	1.75	1.72

Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	2.14	0.17	0.57	7.99	7.80	11.97	8.23
Canadian Equities (TSX Composite)	2.58	0.78	0.95	8.43	8.23	11.73	7.92
Canadian Equities (TSX Dividend)	2.52	-0.30	-0.11	6.47	6.01	14.18	8.23
Canada Small Cap (TSX)	6.09	2.38	-2.90	5.74	3.77	12.27	4.87
U.S. Equities (S&P 500)	2.67	7.25	11.98	17.20	16.09	13.05	12.44
U.S. Equities (Nasdaq 100)	3.26	15.44	28.44	39.92	25.01	12.39	17.11
Global Equities (MSCI World)	2.84	5.46	9.91	15.93	17.18	11.55	9.92
Global Equities Growth (MSCI)	2.38	8.60	17.79	27.25	20.06	9.28	12.39
Global Equities Value (MSCI)	3.34	2.12	2.23	5.42	13.79	13.18	6.75
Global Small Cap (MSCI)	4.37	5.34	2.24	10.04	12.10	10.64	5.89
International Equities (MSCI EAFE)	2.70	0.49	5.63	12.46	20.62	9.16	5.29
Emerging Markets (MSCI)	5.73	5.40	2.12	8.52	11.79	1.26	2.32

Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.86	0.74	5.67	5.37	7.54	17.31	16.26	6.49
Consumer staples	4.02	-2.24	-6.01	0.80	-0.70	6.83	10.25	11.37
Energy	16.92	4.09	-0.47	-2.67	1.82	-0.10	27.19	6.34
Financials	30.91	3.88	2.64	-0.82	-0.32	6.33	17.04	8.07
Health Care	0.31	21.27	15.28	7.25	8.05	11.93	-25.22	-24.65
Industrials	13.48	0.67	2.18	5.64	4.87	10.98	14.21	10.67
Information Technology	7.83	1.93	17.11	25.84	32.07	46.77	-3.50	19.17
Materials	12.14	6.40	-4.04	-3.28	5.87	19.51	1.70	9.24
Real Estate	2.38	1.82	-2.18	-5.44	-5.73	-2.06	7.69	3.75
Communication services	3.85	-6.25	-12.98	-9.30	-6.60	-6.19	6.66	4.92
Utilities	4.30	-1.13	-4.87	0.40	2.67	-11.68	4.70	9.65

U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.58	1.96	15.00	16.98	17.20	10.39	6.19	10.36
Consumer staples	6.59	1.66	-3.88	3.03	3.55	8.32	9.58	10.93
Energy	4.28	6.89	0.00	-2.58	2.89	19.45	40.33	8.10
Financials	12.61	4.35	3.88	-3.66	-3.28	10.04	15.39	7.37
Health Care	13.12	0.54	-2.08	0.11	2.94	5.86	9.50	10.86
Industrials	8.47	2.41	7.62	7.91	6.80	20.86	16.74	9.86
Information Technology	28.13	2.19	16.26	32.37	29.26	30.34	18.16	22.25
Materials	2.51	2.92	3.82	0.91	2.36	15.25	14.00	10.12
Real Estate	2.48	0.77	-0.92	-5.61	-1.59	-8.10	4.69	6.83
Communication services	8.69	6.44	13.08	25.60	29.23	24.26	6.72	10.52
Utilities	2.56	1.99	-4.84	-2.66	1.47	-3.87	5.99	8.62

Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.76 \$	0.53	3.04	1.38	2.94	-2.65	0.59	-0.22

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

Sources: iA Global Asset Management and Morningstar

Market observations and impact on our funds

In July, lower-than-expected inflation data in the US increased optimism towards a soft landing of the economy, supporting the outperformance of riskier fixed income assets over government bonds. Given the situation, High-yield fixed income funds were the winners, both in Canada and in the US, as shown in the performance of **Fidelity American High Yield Currency Neutral** and **Floating Rate Income (Wellington Square)**. With government bond yields going up during the month (i.e. bond prices going down), it was more challenging for the rest of the Canadian Fixed Income market. **Bond (iA)** and **Canadian Corporate Bond (iA)** were no exception to the rule. Finally, while global bonds were fairly neutral, **Global Fixed Income (PIMCO)** and **Global Multisector Bond (Loomis Sayles)** managed to outperform due to their tactical allocation to higher yielding fixed income.

Market sentiment remained positive in July driven by a drop in inflation globally and resilient GDP data. Thanks to these supportive indicators, markets rallied across most asset classes and regions. Developed market equities performed well in July, but riskier sectors and regions such as Canadian small cap and Emerging-market equities led the way. That environment helped funds like **Emerging Markets (Jarislowsky Fraser)**, **Asian Pacific (iA)** and **Canadian Equity Small Cap (QV)** to deliver solid returns. For their part, Canadian equities lagged other regions in July, especially high dividend payers, which impacted the relative performance of **Dividend Growth (iA)** and **Strategic Equity Income (iA)**. As for style, funds with a value bias outperformed growth-oriented funds, which helped **Global Opportunistic Value (Wellington)** improve its relative outperformance since the beginning of the year.

Although the Bank of Canada raised its policy rate by 25 basis points as part of its ongoing tightening of monetary policy, most Canadian sectors showed positive returns for the month. The standout sector for the second month in a row was Health Care, contributing to the strong performance of **North American Equity (iA)** and **Fidelity Canadian Opportunities**, both of which were overweight in the sector. However, the Consumer Staples and Communication Services sectors delivered negative returns, which negatively impacted the relative performance of **Fidelity True North**, due to its overweight position in both these sectors. All in all, despite lagging behind other regions, it was a positive month for Canadian equities with **Canadian Equity Growth (iA)** and **Sustainable Canadian Equity (iA)** also finishing in green territory.

In the US, all 11 sectors showed gains, with the Energy sector standing out as a top performer, given the expectation of tighter energy supply. As a result, **US Equity (iA)** had a strong monthly return, with a nearly 9% allocation to the Energy sector. Performance was also on the strong side for **Fidelity Global Innovators** due to a significant overweight to communication services. Conversely, **Climate Strategy (Wellington)** had near 0% exposure to the sector which hurt the fund's relative performance. While it was the leading sector in the Canadian market, Health Care struggled in the US compared to others. Inevitably, a sector equity fund (funds concentrated in one sector) like **Global Health Care (Renaissance)** lagged most global equity funds. However, the fund did manage to outperform the Health Care sector.

To conclude, the Canadian dollar (CAD) appreciated against the U.S. dollar (USD) which hurt Canadian investors investing in U.S. securities. In July, the CAD/USD return was 0.53%.

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