

FUND ADVISORY MARKET INDEX HEAT MAP

As of May 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)	0.35	1.09	2.14	1.80	3.41	1.29	1.44
Canada Short Term (FTSE)	-0.90	0.75	1.19	1.35	0.92	-0.67	1.22
Canada Long Term (FTSE)	-2.38	2.16	0.47	4.26	0.21	-6.77	-0.28
Canada Universe (FTSE)	-1.69	1.42	0.78	2.47	0.86	-3.22	0.76
Canada Corporate (FTSE)	-1.37	1.31	1.70	2.76	2.43	-1.12	1.59
Canada Real Return Bonds (FTSE)	-1.06	0.56	-0.97	-0.36	-0.32	-1.81	0.74
Canada Investment Grade	-1.46	1.25	1.72	2.36	2.26	-0.87	1.53
Canada High Yield	-0.21	0.60	3.09	2.09	3.80	4.95	4.16
U.S. High Yield	-1.36	0.54	1.46	2.63	-1.79	1.04	1.37
Global Aggregate	-0.46	2.19	1.50	2.77	-1.51	-2.92	0.58
Floating Rate Notes	0.43	1.24	2.59	2.16	4.06	1.55	1.59

Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	-5.31	-2.42	-3.43	2.07	-2.94	12.15	7.78
Canadian Equities (TSX Composite)	-4.95	-2.40	-2.74	2.27	-2.46	12.10	7.27
Canadian Equities (TSX Dividend)	-5.67	-3.50	-3.93	0.74	-3.96	13.99	7.75
Canada Small Cap (TSX)	-4.06	-5.58	-2.73	-0.91	-9.33	14.57	3.24
U.S. Equities (S&P 500)	0.66	5.58	3.61	10.00	10.61	12.29	12.06
U.S. Equities (Nasdaq 100)	7.85	18.18	18.80	30.71	21.17	13.63	16.47
Global Equities (MSCI World)	-0.70	3.89	4.51	9.16	10.27	10.88	9.35
Global Equities Growth (MSCI)	2.66	11.19	12.89	20.29	17.40	10.14	11.81
Global Equities Value (MSCI)	-4.26	-3.29	-3.59	-1.16	3.13	10.84	6.21
Global Small Cap (MSCI)	-2.50	-5.35	-1.65	1.85	3.32	9.02	4.54
International Equities (MSCI EAFE)	-3.89	1.12	7.62	7.56	11.34	8.47	4.69
Emerging Markets (MSCI)	-1.43	0.08	0.06	1.48	-1.20	3.28	0.65

Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.68	-3.81	-2.11	-2.39	2.04	8.67	14.96	4.59
Consumer staples	4.30	-5.26	0.10	1.49	3.50	8.67	12.65	12.45
Energy	16.65	-8.00	-5.88	-11.30	-5.99	-14.55	22.40	6.00
Financials	30.07	-5.19	-7.92	-6.07	-0.49	-7.32	15.69	6.94
Health Care	0.36	-3.04	-9.12	-14.03	3.36	-29.35	-29.95	-27.71
Industrials	13.96	-3.14	-0.59	-2.18	3.77	14.82	14.85	10.44
Information Technology	7.72	10.09	24.14	31.16	41.36	37.95	0.58	17.33
Materials	11.91	-10.49	-1.24	-1.99	-0.15	-5.62	5.09	7.25
Real Estate	2.44	-4.59	-8.05	-0.64	2.12	-7.81	9.08	3.97
Communication services	4.25	-8.19	-1.46	-2.18	0.97	-6.54	8.15	7.21
Utilities	4.67	-1.55	6.24	2.72	7.62	-7.74	7.76	11.13

U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.16	3.41	5.38	6.10	19.25	6.77	6.21	9.32
Consumer staples	6.90	-5.90	1.38	-3.99	-1.47	8.28	10.12	12.45
Energy	4.18	-9.86	-7.26	-13.40	-11.02	-0.36	31.38	6.44
Financials	12.48	-4.14	-10.74	-11.02	-6.36	-1.65	12.55	6.45
Health Care	13.72	-4.11	0.81	-6.74	-5.18	5.71	8.75	12.30
Industrials	8.24	-2.98	-3.72	-3.25	-0.56	12.01	14.07	8.52
Information Technology	28.05	9.67	21.94	23.60	34.54	28.33	19.63	21.38
Materials	2.41	-6.67	-7.98	-7.73	-2.57	-3.94	12.30	8.62
Real Estate	2.42	-4.33	-4.97	-5.79	-1.28	-9.09	4.37	7.35
Communication services	8.76	6.41	21.61	23.27	33.39	13.50	5.71	10.32
Utilities	2.68	-5.69	0.57	-7.05	-6.81	-3.16	5.66	9.54

Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.74 \$	-0.22	0.16	-0.26	-0.32	-6.95	0.56	-0.93

*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

In May, inflation data remained high in Europe and the US, which raised concerns among investors that central banks could tighten their policies. This led to expectations of higher terminal rates compared to the initial projections, resulting in a rise in bond yields and a corresponding fall in bond prices. Bonds with a longer duration were the most impacted, partly explaining the underperformance of **iA Bond** and **Global Multisector Bond (Loomis Sayles)**. By contrast, funds with a shorter duration, such as **Core Plus Bond (Wellington Square)** and **iA Money Market**, were less impacted and finished the month with better returns. Canadian High Yield bonds were also amongst the top performer for the month, benefiting **iA Strategic Corporate Bond** relative to other fixed income sector.

The predominant theme of the previous month's equity market was the technology sector, which saw significant investor optimism driven, in part, by advances in artificial intelligence technology, which made it beneficial for funds with a growth bias, but more challenging for value style. In such an environment, **iA U.S. DAQ Index** outperformed its peers, while **Global Equity Opportunistic Value (Wellington)** underperformed. With almost 30% of the S&P 500 invested in technology, the U.S. outperformed most major regions, which led **U.S. Equity Index (BlackRock)** to end the month with positive returns. On the other hand, with less than 8% in technology, it was a relatively difficult month for the Canadian index, which is reflected in the performance of **iA Sustainable Canadian Equity** and **iA Canadian Equity Index**. Finally, as opposed to many regions, China saw a deceleration in inflation in May, which helped **iA Asian Pacific's** relative performance.

As mentioned, Canadian equities had a difficult month, with only the Information Technology sector finishing in the green. However, despite this trend, some funds managed to end May on a strong note relative to the S&P/TSX Composite thanks to their significant overweight to the technology sector. **iA North American Equity** and **Fidelity Canadian Opportunities** were among these funds. Additionally, **Canadian Equity Small Cap (QV)** managed to outperform on a relative basis because of its important underweight to the Materials sector, which was the worst-performing sector over the last month. In contrast, **iA Dividend Growth** had a more challenging month due to its overweight in Communication Services and underweight in the Technology sector.

In the US, the story is the same, with the Information Technology sector leading the way. The returns of **Global Opportunities (Loomis Sayles)**, **Fidelity Global Innovators**, and **iA Thematic Innovation** demonstrate this trend. As funds focused on technology innovation, they capitalized on the sector's rally and finished the month with positive returns. Conversely, **Fidelity Global Concentrated Equity** and **Climate Strategy (Wellington)** underperformed, likely due to their significant underweight in the technology sector.

Lastly, while sector allocation is a crucial element for relative performance, security selection is equally vital, as illustrated by **Global Health Care (Renaissance)**, which outperformed its index in May despite being a sector equity fund (funds invested in one equity sector).

To conclude, the Canadian dollar (CAD) depreciated against the U.S. dollar (USD) which helped Canadian investors investing in U.S. securities. In May, the CAD/USD return was -0.22%.

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