

## FUND ADVISORY MARKET INDEX HEAT MAP

As of September 30th, 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)	0.42	1.22	2.25	3.39	4.43	1.79	1.66
Canada Short Term (FTSE)	-0.40	-0.12	-0.92	0.88	1.56	-1.23	1.08
Canada Long Term (FTSE)	-6.04	-9.50	-8.92	-4.62	-5.58	-10.44	-1.75
Canada Universe (FTSE)	-2.62	-3.87	-4.53	-1.46	-1.36	-5.14	0.05
Canada Corporate (FTSE)	-1.77	-2.22	-2.04	0.69	1.69	-3.05	1.19
Canada Real Return Bonds (FTSE)	-3.59	-7.45	-7.48	-7.70	-5.11	-6.40	-0.56
Canada Investment Grade	-1.47	-1.73	-1.56	0.85	2.02	-2.59	1.22
Canada High Yield	-0.41	1.09	2.17	3.59	6.23	2.77	4.09
U.S. High Yield	-1.35	0.07	0.94	4.31	8.59	0.33	1.20
Global Aggregate	-1.77	-1.95	-2.07	0.63	1.55	-3.99	0.18
Floating Rate Notes	0.37	1.29	2.60	3.96	5.04	1.97	1.84

### Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	-3.19	-2.55	-1.04	3.03	8.75	10.08	7.71
Canadian Equities (TSX Composite)	-3.33	-2.20	-1.13	3.38	9.54	9.88	7.27
Canadian Equities (TSX Dividend)	-2.65	-1.64	-1.30	2.15	7.66	12.27	7.80
Canada Small Cap (TSX)	-5.24	-0.79	-5.37	-1.11	7.17	10.03	3.85
U.S. Equities (S&P 500)	-4.83	-1.17	5.08	12.82	19.67	10.60	10.91
U.S. Equities (Nasdaq 100)	-5.14	-0.95	11.53	34.22	31.97	9.26	15.07
Global Equities (MSCI World)	-4.35	-1.26	3.30	11.31	20.61	9.04	8.78
Global Equities Growth (MSCI)	-5.72	-2.79	5.03	20.82	24.83	5.93	10.69
Global Equities Value (MSCI)	-2.83	0.43	1.43	2.45	16.11	11.68	6.19
Global Small Cap (MSCI)	-5.26	-2.20	-1.14	3.11	12.73	7.13	4.50
International Equities (MSCI EAFE)	-3.44	-1.96	-1.05	7.36	24.28	6.71	4.68
Emerging Markets (MSCI)	-2.64	-0.68	-1.88	1.94	10.37	-0.94	1.85

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

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3.67	-2.74	-7.08	-1.18	3.40	12.52	11.67	6.48
Consumer staples	4.20	-1.35	-1.18	-3.79	3.80	12.60	9.69	12.01
Energy	18.79	0.93	10.27	10.31	7.74	17.38	33.82	9.08
Financials	30.36	-2.08	-2.61	-0.66	1.00	4.40	13.38	6.45
Health Care	0.32	-6.44	14.48	15.00	16.01	3.36	-22.47	-30.76
Industrials	13.48	-3.67	-4.22	-2.21	4.16	11.81	9.64	9.40
Information Technology	7.48	-9.95	-7.52	7.83	36.44	53.63	-5.85	15.69
Materials	11.62	-6.04	-3.76	-10.41	-3.18	4.75	-0.44	9.19
Real Estate	2.32	-6.76	-6.05	-8.73	-3.39	3.42	4.53	1.71
Communication services	3.73	-6.23	-12.55	-13.50	-10.72	-5.27	3.98	3.76
Utilities	4.04	-6.76	-11.96	-13.24	-7.39	-14.26	-0.79	7.67

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

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.67	-6.06	-2.78	8.97	26.45	12.23	2.82	8.12
Consumer staples	6.57	-4.61	-3.97	-5.63	-4.93	5.90	6.57	9.45
Energy	4.72	2.55	14.60	11.12	5.84	28.45	52.10	9.91
Financials	12.81	-3.21	0.97	4.05	-1.82	10.22	14.07	6.97
Health Care	13.36	-3.04	-0.58	0.13	-4.26	6.72	9.10	9.16
Industrials	8.30	-6.04	-3.15	0.90	4.31	22.90	11.94	8.23
Information Technology	27.46	-6.95	-3.64	10.48	34.48	39.20	13.83	19.43
Materials	2.45	-4.86	-2.74	-1.70	2.43	16.45	9.96	9.56
Real Estate	2.37	-7.32	-6.97	-7.34	-5.61	-3.16	2.80	5.30
Communication services	8.87	-3.34	5.26	16.43	40.18	36.61	5.79	8.82
Utilities	2.41	-5.70	-7.32	-11.63	-14.56	-8.28	3.37	6.57

### Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.74 \$	0.07	-2.13	0.10	0.22	1.63	-0.40	-0.89

\*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 fixed income markets, government bond returns were negative across developed markets as the U.S. 10-year yield reached the highest level since 2007. Driven by the market anticipation of elevated rates for a longer period, the rise in yields has particularly impacted longer-term bonds. Hence, funds like **Bond (iA)** and **Fixed Income Managed Portfolio (iA)** lagged their peers while funds with a shorter maturity like **Short Term Bond (iA)** and **Strategic Corporate Bond (iA)** led the way. Other winners in Q3 were high Yield and Floating Rate bonds due to their lower sensitivity to interest rates, benefiting funds like **Fidelity American High Yield Currency Neutral** and **Floating Rate Income (Wellington Square)**.

After a strong rally in equities in the first half of 2023, most major regions declined in the third quarter. Emerging markets outperformed developed regions, as Japan ended the quarter with a positive return. Such an environment benefited a fund like **Asian Pacific (iA)**, which posted a positive performance over the three months. In terms of style, value stocks took advantage of the market downturn to outperform their growth counterparts. Hence, **Global Equity Opportunistic Value (Wellington)** outperformed, while growth-oriented funds such as **Thematic Innovation (iA)** lagged behind. As for Canada, Canadian equities underperformed other developed regions in the third quarter, hurting the performance of the **Canadian Equity Index (iA)**.

Sector performance in Q3 varied widely in Canada with strong performance from the Energy and Health Care sectors, while communication services and Utilities struggled. Focusing on the energy sector, the expected cut in oil supply has sent oil prices higher which was reflected in the sector's performance. Funds underweight to the sector such as **Strategic Equity Income (iA)** and **Dividend Growth (iA)** missed the wave and lagged their peers. **Canadian Equity Growth (iA)** was also underweight, but managed to catch up through security selection and finished the quarter with positive return relative to its index. Finally, with a combined overweight to Health Care and underweight to Communication services, **Canadian Small Cap (iA)** kept its good relative performance since the beginning of the year.

The story is similar in the U.S. with the Energy sector leading the way over the last three months. While it has a significantly smaller weight of the U.S. equity index, being overweight to the sector remained beneficial to the performance of **U.S. Equity (iA)** and **Global Equity (iA)**. On the other hand, it was a particularly challenging quarter for funds like **Climate Strategy (Wellington)** and **Global Infrastructure (Dynamic)**, which are typically highly invested in the utilities sector, the worst performing one. Likewise, **Real Estate Income (iA)** lagged due to the poor performance of the Real Estate sector, both in Canada and in the U.S. In contrast, **Fidelity Insights** managed to finish Q3 on a positive note due to a significant allocation to Communication services.

To conclude, the Canadian dollar (CAD) appreciated against the U.S. dollar (USD) which hurt Canadian investors investing in U.S. securities. In September, the CAD/USD return was 0.74%.

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