

Market Overview

Trump's policy uncertainty favors fixed income, but penalizes equities

An analysis by iAGAM Fund Management and Oversight Team

Market Index Heat Map

Fixed Income	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Money Market (FTSE)	0,22	0,89	1,99	0,55	4,59	3,98	2,53
Canada Short Term (FTSE)	0,46	1,73	3,34	1,35	7,28	2,96	2,06
Canada Long Term (FTSE)	1,86	0,47	5,19	3,24	8,89	-0,71	-2,00
Canada Universe (FTSE)	1,10	1,60	4,21	2,31	8,48	1,56	0,53
Canada Corporate (FTSE)	0,79	1,72	5,10	1,86	9,48	3,48	2,06
Canada Real Return Bonds (FTSE)	1,20	3,02	6,16	3,82	11,29	0,38	0,58
Canada Investment Grade (S&P)	0,74	1,97	4,88	1,87	9,13	3,50	2,11
Canada High Yield (S&P)	0,32	1,64	4,89	1,23	9,88	5,98	5,39
U.S. High Yield (iShares ETF)	0,60	1,25	3,16	1,88	8,69	3,56	3,18
Global Aggregate (Morningstar)	1,49	0,44	1,43	1,97	5,85	0,33	-0,18
Floating Rate Notes (iShares ETF)	0,32	0,99	2,00	0,67	4,47	4,15	2,67

Equities	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	-0,41	0,28	10,99	3,76	22,54	9,80	13,13
Canadian Equities (TSX Composite)	-0,40	-0,31	10,31	3,06	22,45	9,72	12,73
Canadian Equities (TSX Dividend)	0,13	-0,14	8,18	3,19	20,71	9,32	12,76
Canada Small Cap (TSX)	-2,27	-4,88	2,80	-1,63	16,42	2,11	11,50
U.S. Equities (S&P 500)	-1,83	1,88	13,41	1,61	25,76	17,43	18,52
U.S. Equities (Nasdaq 100)	-3,28	2,66	14,04	-0,45	22,93	18,55	21,51
Global Equities (MSCI World)	-1,22	3,08	11,89	3,00	23,33	15,55	16,08
Global Equities Growth (MSCI)	-3,34	3,06	12,92	-0,08	23,46	16,73	17,86
Global Equities Value (MSCI)	1,08	3,11	10,85	6,41	23,24	13,84	13,54
Global Small Cap (MSCI)	-3,80	-3,13	6,31	0,25	14,89	8,17	11,17
International Equities (MSCI EAFE)	1,41	7,93	6,48	7,49	16,10	11,61	10,78
Emerging Markets (MSCI)	-0,03	5,18	7,57	2,49	17,51	5,30	6,17

Canadian Sectors (S&P/TSX Composite)	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer Discretionary	3,3	2,07	-0,74	5,18	2,25	10,51	8,29	12,84
Consumer staples	3,7	-0,35	-3,55	1,78	-2,99	7,60	14,20	13,12
Energy	16,4	-1,69	-4,98	3,34	-1,46	15,93	12,03	15,29
Financials	32,8	-0,23	0,78	15,65	2,45	30,63	10,18	14,58
Health Care	0,3	-2,12	-8,82	5,04	-4,74	-1,19	-19,10	-18,62
Industrials	12,6	-0,59	-1,08	3,65	2,77	4,48	10,03	12,24
Information Technology	10,5	-3,64	1,53	35,78	6,01	39,13	22,05	18,98
Materials	12,4	1,85	6,26	10,31	12,24	48,58	7,86	13,83
Real Estate	1,9	-0,63	-6,25	-5,66	-0,19	5,92	-1,84	1,83
Communication services	2,4	1,45	-5,76	-13,54	3,74	-16,51	-9,63	-0,89
Utilities	3,8	3,42	-0,18	7,75	3,08	21,58	2,27	5,21

U.S. Sectors (S&P 500)	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10,5	-9,12	-0,06	23,82	-5,05	24,88	13,17	16,18
Consumer staples	5,9	5,95	5,55	12,20	8,14	25,89	12,26	12,74
Energy	3,3	4,25	-0,90	7,76	6,49	16,09	17,84	21,63
Financials	14,5	1,65	5,27	22,80	8,35	39,13	17,07	17,78
Health Care	10,8	1,76	4,85	2,22	8,76	11,20	11,11	13,51
Industrials	8,3	-1,22	-1,81	11,59	3,82	21,13	17,25	16,24
Information Technology	30,7	-1,08	-0,08	9,99	-3,89	25,71	23,68	25,87
Materials	2,0	0,26	-2,77	1,49	5,94	9,71	8,83	14,90
Real Estate	2,2	4,51	0,08	7,96	6,51	21,56	6,64	8,46
Communication services	9,5	-6,03	9,26	24,57	2,61	37,38	20,55	18,08
Utilities	2,4	1,97	-0,60	12,75	5,03	40,10	13,49	10,03

Currencies	Rate	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0,69 \$	0,53	-2,80	-6,44	-0,16	-5,84	-4,15	-1,40

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

Market Highlights

In February, the policy uncertainty around the new U.S. administration resulted in divergent performance between bond and stock markets, emphasizing the importance of diversification within a multi-asset portfolio.

Decreased Interest Rates in Bond Markets

The decline in U.S. bond yields extended to other fixed-income markets, resulting in positive returns across major bond markets during the month. This trend favoured long-term securities over short-term, floating rate, and high-yield securities.

International Equities Lead the Charge

European markets continued to outperform in February, driving gains in international markets. In contrast, U.S. equities encountered difficulties due to political uncertainty and concerns surrounding mega caps, resulting in underperformance that reverberated across global markets. Furthermore, value stocks outperformed growth stock for the second consecutive month.

In Canada, the utilities and consumer discretionary sectors led the way as top performers, while in the U.S., the consumer staples, real estate, and energy sectors stood out.

The strengthening of the Canadian dollar against the U.S. dollar had an adverse impact for Canadian investors with U.S. holdings.

Fund Performance Highlights

- The Global Fixed Income (PIMCO) and Fixed Income Managed Portfolio (iA) funds outperformed, whereas the Floating Rate Income (Loomis Sayles) and Money Market (iA) funds had a more challenging month.
- The International Equity Index (BlackRock) fund thrived from the outperformance of European and International markets. However, the U.S. DAQ Index (iA) and U.S. Equity Index (BlackRock) funds were negatively impacted by the underperformance of U.S. markets.

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