

Market Overview

Market instability and volatility during the first quarter of 2025

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)	0.27	0.83	1.91	0.83	4.49	4.04	2.51
Canada Short Term (FTSE)	0.34	1.69	2.35	1.69	7.14	3.74	2.10
Canada Long Term (FTSE)	-1.41	1.79	0.98	1.79	7.02	0.05	-117
Canada Universe (FTSE)	-0.28	2.02	1.98	2.02	7.65	2.50	0.88
Canada Corporate (FTSE)	-0.05	1.81	2.86	1.81	8.84	4.38	3.19
Canada Real Return Bonds (FTSE)	-0.35	3.45	3.77	3.45	9.29	1.13	1.53
Canada Investment Grade (S&P)	-0.10	1.76	3.04	1.76	8.52	4.32	3.07
Canada High Yield (S&P)	-0.20	1.03	2.97	1.03	8.31	6.41	7.50
U.S. High Yield (iShares ETF)	-1.11	0.74	0.52	0.74	6.36	3.48	5.25
Global Aggregate (Morningstar)	-0.62	1.34	-0.68	1.34	3.97	0.86	1.23
Floating Rate Notes (iShares ETF)	0.26	0.93	1.89	0.93	4.30	4.25	2.78

Equities	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	-1.95	1.74	5.61	1.74	15.82	7.73	16.49
Canadian Equities (TSX Composite)	-1.51	1.51	5.33	1.51	15.81	7.77	16.76
Canadian Equities (TSX Dividend)	-0.58	2.59	4.61	2.59	15.32	7.61	17.01
Canada Small Cap (TSX)	2.56	0.88	1.58	0.88	11.08	1.68	20.11
U.S. Equities (S&P 500)	-5.72	-4.20	4.44	-4.20	15.13	14.34	18.86
U.S. Equities (Nasdaq 100)	-7.77	-8.18	2.38	-8.18	12.32	14.40	20.06
Global Equities (MSCI World)	-4.48	-1.61	4.67	-1.61	14.34	13.33	16.93
Global Equities Growth (MSCI)	-7.57	-7.64	2.10	-7.64	12.28	13.07	17.09
Global Equities Value (MSCI)	-1.25	5.08	7.32	5.08	16.41	13.05	16.09
Global Small Cap (MSCI)	-3.78	-3.55	0.12	-3.55	6.57	6.98	14.21
International Equities (MSCI EAFE)	-0.38	7.08	4.81	7.08	12.11	11.75	12.56
Emerging Markets (MSCI)	0.58	3.08	1.14	3.08	15.55	6.84	8.62

Canadian Sectors (S&P/TSX Composite)	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer Discretionary	3.2	-2.37	-0.17	0.63	-0.17	6.86	8.06	19.17
Consumer staples	3.9	2.57	-0.49	3.12	-0.49	13.85	11.52	15.52
Energy	17.2	4.18	2.66	9.43	2.66	12.55	11.04	25.12
Financials	32.1	-3.61	-1.25	5.30	-1.25	21.73	9.09	18.45
Health Care	0.3	-4.45	-8.98	-12.32	-8.98	-16.80	-21.20	-15.10
Industrials	12.2	-4.61	-1.97	-2.39	-1.97	-3.18	5.52	14.39
Information Technology	9.3	-12.70	-7.46	13.08	-7.46	21.78	17.10	18.17
Materials	13.6	7.20	20.33	14.62	20.33	38.05	6.89	17.88
Real Estate	1.9	-1.44	-1.63	-11.95	-1.63	2.06	-2.97	8.83
Communication services	2.4	-1.50	2.18	-17.44	2.18	-11.91	-11.61	-0.57
Utilities	3.9	1.76	4.89	3.27	4.89	20.64	0.62	7.75

U.S. Sectors (S&P 500)	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10.3	-9.31	-13.89	4.82	-13.89	13.48	8.39	15.94
Consumer staples	6.1	-2.97	4.93	7.95	4.93	18.50	11.13	12.11
Energy	3.7	3.39	10.11	14.45	10.11	8.85	16.43	31.93
Financials	14.7	-4.66	3.30	17.71	3.30	27.02	15.95	21.08
Health Care	11.2	-2.13	6.44	1.72	6.44	6.63	8.94	12.67
Industrials	8.5	-4.05	-0.39	3.56	-0.39	11.68	15.01	19.00
Information Technology	29.6	-9.25	-12.78	-2.63	-12.78	12.23	19.04	24.34
Materials	2.0	-3.05	2.71	-4.17	2.71	0.18	6.18	16.43
Real Estate	2.3	-2.84	3.48	1.49	3.48	16.40	3.57	10.17
Communication services	9.2	-8.68	-6.30	8.68	-6.30	20.60	17.22	17.70
Utilities	2.5	-0.19	4.84	5.53	4.84	31.55	10.35	11.11

Currencies	Rate	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.69 \$	0.09	-0.07	-6.14	-0.07	-5.98	-4.61	-0.22

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

Market Highlights

Amidst the tumultuous market conditions of the first quarter of 2025, the prevailing uncertainty emphasized the importance of diversification within a portfolio—spanning across various asset classes as well as within each individual asset class.

Risk of recession and falling bond yields

Throughout the quarter, as several central banks persisted in their rate-cutting cycles and recession risks increased, the main bond markets experienced positive returns. Real-return securities outperformed in this environment, while high-yield, floating rate, and short-term securities were penalized.

International Equities Lead the Charge

The uncertainty surrounding unstable U.S. trade policies weakened growth prospects in the U.S., resulting in underperformance of U.S. and global equities. In contrast, Europe's robust fiscal response to this uncertainty exceeded expectations, driving higher returns on international markets. Additionally, value stocks consistently outperformed growth stocks over the quarter.

In Canada, the materials sector notably outperformed all other stock market sectors. Meanwhile, in the United States, the energy and healthcare sectors stood out positively.

The depreciation of the Canadian dollar against the U.S. dollar was beneficial 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), Fidelity American High Yield Currency Neutral 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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