

# Fixed Income Managed Portfolio

## QUARTERLY ANALYSIS

As at March 31, 2024

### KEY TAKEAWAYS

- The enhanced bucket of the fund drove overall performance.
- We increased our exposure to IG corporate credit.
- We believe the current inverted yield curve will begin to steepen when the first-rate cuts occur.

### PORTFOLIO MANAGERS



#### David McCulla CFA

Senior Director, Portfolio Manager,  
Fixed Income



#### Alexandre Morin CFA

Senior Director, Portfolio Manager,  
Fixed Income

### PERFORMANCE ANALYSIS

#### Strong Performance to Start the Year

The portfolio performed well during the quarter because of positions held in the enhanced bucket. Specifically, our overweight (30% versus a neutral weight at 20%) in the PIMCO Monthly Income Fund was the most positive. Also, our position in the iShares Core US Aggregate ETF as well as the IAC Loomis Global Multisector Bond Fund contributed positively. The tailwind for our portfolio is explained by the overexposure to credit as well as the shorter average maturities of these funds/ETF.

The top detractors are our Canadian funds as they have less credit and bear a higher average duration.

#### TOP CONTRIBUTORS

- PIMCO Monthly Income Fund
- iAC Loomis Global Multisector Bond Fund
- iShares Core US Aggregate (ETF)

#### TOP DETRACTORS

- iA Long Bond Fund
- iA Bond Fund
- iA SRI FI Fund

#### PERCENTILE RANKING (GROSS RETURNS)

Period	Percentile ranking	Nb of funds in category
1 year	47	109
3 years	N/A	N/A
5 years	N/A	N/A

Source: Morningstar ratings, Global Fixed Income

#### 1-YEAR RISK-RETURN ANALYSIS

Indicator	Fund	Index*
Beta	1.09	1.00
Volatility	6.47	5.87
Information ratio	1.58	-
Tracking error	1.21	

#### FUND CHARACTERISTICS

Characteristic	Fund
Yield to maturity	5.44%
Average duration	5.38 yrs
Average credit rating	A-
Allocation to HY	10.3%
Allocation to IG	89.7%

\* 40% FTSE Canada Universe Bond Index + 60% Bloomberg Intermediate US Aggregate Bond Index (\$CAD hedged)

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## PORTFOLIO ACTIVITY

### Increasing Exposure to Credit

With economic data generally better than expected, we decided to increase our weighting to IG corporate credit while reducing our exposure to Canadian long-term interest rates by buying our iA Short Term Bond Fund financed by selling our iA Long Term Bond Fund.

Furthermore, we added to our exposure to IAC Loomis Global Multisector Bond Fund to reduce some of our underweight to the U.S. and global markets.

## PORTFOLIO POSITIONING

### Nimble on Duration and Preference for IG Credit over HY

While we are still of the view that the economy will continue to slowdown gradually in the coming quarters, we prefer to stay nimble on the portfolio's duration positioning. Bond market volatility will continue to be topical throughout the year, offering us multiple opportunities to adjust the portfolio's exposure to bond yields.

For credit exposure, we prefer quality over yield. That is why the portfolio has no exposure to funds that have high allocation to the high yield segment of the corporate debt market.

## MARKET OUTLOOK

### Bond Yields at Multi-Year Highs, Offering an Attractive Risk/Reward Profile

Supporting this view is that we do expect growth to continue to slow in 2024 and inflation to stay on a downward trend, causing major central banks to start lowering their overnight rate later this year. While we do have a positive outlook for bonds, we expect market volatility to be driven primarily by the pricing of central bank cuts in 2024. On a positive note, volatility will afford us opportunities to be active and tactical in our portfolio positioning.

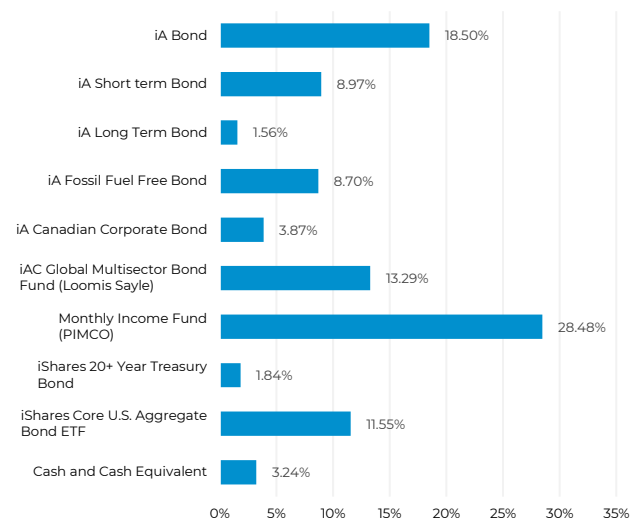
We believe the current inverted yield curve will begin to steepen once central banks start cutting policy rates later this year.

Lastly, we still have a positive outlook on corporate credits in the near term; however, the risk/reward is less compelling today than a few months ago given current valuations.

## SIGNIFICANT TRANSACTIONS (Q1 2024)

Transaction	Rationale
Increase positioning in iA Short Term Bond Fund	Economy not slowing down as fast as expected. This fund has a shorter duration and bigger credit exposure.
Reduce positioning in iA Long Term Bond Fund	To reduce exposure to long-term Canadian yields since the economy is not slowing down as fast as expected.
Increase exposure to IAC Loomis Global Multisector Bond Fund	To reduce our underweight exposure to the U.S. market.

## FUND ALLOCATION



## GEOGRAPHIC ALLOCATION



## About iA Global Asset Management (iAGAM)

### ROOTED IN HISTORY, INNOVATING FOR THE FUTURE.

A magnet for top investment talent, iA Global Asset Management is one of Canada's largest asset managers, with over \$100 billion under management across institutional and retail mandates. We help investors achieve their long-term wealth creation goals through innovative investment solutions designed for today's complex markets. We are building upon our historic success, supporting the growth of our core strengths, and exploring innovative ways to meet investor needs. We are rooted in history and innovating for the future. Our experienced portfolio managers use a proprietary investment methodology, rooted in iAGAM's unifying commitment to strong risk management, analytical rigor and a disciplined, process-driven approach to asset allocation and security selection.

#### General Disclosures

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