

## FUND ADVISORY MARKET INDEX HEAT MAP

As of January 31st, 2024

iAGAM Fund Management and Oversight Team

### January Market Update: Emerging Market Equities Face Headwinds, Information Technology Sector Shines

#### Fixed Income Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Money Market (FTSE)	0,46	1,27	2,58	0,46	4,81	2,37	1,89
Canada Short Term (FTSE)	-0,18	3,12	3,88	-0,18	3,42	-0,16	1,45
Canada Long Term (FTSE)	-3,28	11,37	3,17	-3,28	0,44	-6,55	-0,47
Canada Universe (FTSE)	-1,37	6,39	3,80	-1,37	2,08	-2,89	0,75
Canada Corporate (FTSE)	-0,68	6,48	4,91	-0,68	4,52	-1,27	2,03
Canada Real Return Bonds (FTSE)	-2,95	7,50	2,00	-2,95	-2,69	-4,03	0,80
Canada Investment Grade	-0,65	5,81	4,74	-0,65	4,57	-0,94	1,98
Canada High Yield	1,28	6,38	6,79	1,28	8,77	3,41	5,30
U.S. High Yield	-0,30	8,06	5,23	-0,30	6,99	0,61	2,57
Global Aggregate	-0,25	6,23	3,35	-0,25	3,72	-2,37	0,74
Floating Rate Notes	0,41	1,28	2,53	0,41	5,20	2,48	2,03

#### Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	0,53	12,89	4,31	0,53	4,90	10,78	9,94
Canadian Equities (TSX Composite)	0,55	12,30	3,63	0,55	4,62	9,91	9,57
Canadian Equities (TSX Dividend)	0,36	10,80	3,33	0,36	3,22	12,26	9,81
Canada Small Cap (TSX)	-0,37	8,38	-1,26	-0,37	-4,12	4,28	6,71
U.S. Equities (S&P 500)	3,03	11,65	8,03	3,03	20,97	12,66	14,69
U.S. Equities (Nasdaq 100)	3,20	14,46	10,40	3,20	41,79	11,51	20,34
Global Equities (MSCI World)	2,56	11,87	7,12	2,56	17,74	10,21	12,34
Global Equities Growth (MSCI)	3,47	14,21	8,66	3,47	27,99	8,45	15,33
Global Equities Value (MSCI)	1,63	9,38	5,46	1,63	7,81	11,25	8,63
Global Small Cap (MSCI)	-1,47	12,24	1,38	-1,47	3,65	3,21	7,88
International Equities (MSCI EAFE)	1,92	11,44	4,82	1,92	10,72	6,69	7,81
Emerging Markets (MSCI)	-3,37	3,05	-4,45	-3,37	-2,42	-5,75	1,72

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

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	3,63	1,31	10,89	0,27	1,31	5,66	8,69	8,81
Consumer staples	4,25	1,89	6,10	11,30	1,89	12,18	17,58	12,16
Energy	17,28	1,59	0,30	6,19	1,59	3,35	26,77	11,08
Financials	31,03	-0,26	18,32	5,45	-0,26	4,58	12,04	9,81
Health Care	0,29	-3,87	12,21	-7,43	-3,87	-0,72	-36,22	-29,98
Industrials	13,82	2,11	13,64	4,33	2,11	10,22	11,62	13,05
Information Technology	9,21	6,74	41,04	20,09	6,74	51,11	1,12	22,70
Materials	10,33	-6,27	-0,41	-13,62	-6,27	-16,46	0,45	6,60
Real Estate	2,38	0,38	18,16	2,51	0,38	-3,07	4,45	3,71
Communication services	3,83	2,85	11,29	3,24	2,85	-6,36	6,09	4,54
Utilities	3,94	-1,24	11,82	-4,86	-1,24	-4,48	-1,27	8,05

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

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	10,30	-2,28	9,65	2,47	-2,28	19,87	3,97	11,15
Consumer staples	6,14	2,86	4,77	0,31	2,86	3,35	9,98	10,50
Energy	3,81	0,92	-4,77	-1,50	0,92	-4,04	36,52	11,38
Financials	13,14	4,38	16,35	12,66	4,38	8,53	14,18	11,17
Health Care	12,77	4,35	9,39	7,40	4,35	7,52	10,35	11,62
Industrials	8,59	0,41	11,48	5,00	0,41	13,30	13,66	12,00
Information Technology	29,51	5,30	17,66	13,80	5,30	50,63	18,81	26,71
Materials	2,28	-2,66	5,15	-1,31	-2,66	-0,41	9,05	11,91
Real Estate	2,38	-3,50	12,47	3,55	-3,50	-2,26	6,43	6,06
Communication services	8,85	6,39	14,63	14,18	6,39	43,42	8,30	12,62
Utilities	2,23	-1,75	0,40	-5,19	-1,75	-7,71	4,45	6,15

#### Currency USD/CAD

	Rate	Trailing Performance (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0,75 \$	-1,31	3,91	-1,48	-1,31	-0,13	-1,48	-0,34

\*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

The Fixed Income market in January has seen a partial reversal of the positive performance enjoyed at the end of 2023. This was due to government bond yields rising, resulting in a fall in prices. Major central banks' signalling that interest rate cuts may not occur as soon as investors anticipated has led to this change. Bonds with a higher duration, which are sensitive to interest rates, were the most affected. As a result, funds like **Bond (iA)** and **Fixed Income Managed Portfolio (iA)** have lagged, while **Money Market (iA)** and **Strategic Corporate Bond (iA)** have outperformed. In a scenario of rising interest rates, floating rate instruments are expected to perform well and this has been reflected in the performance of funds like **Floating Rate Income (Wellington Square)** that benefited from the rise in rates in January.

Equity markets in January produced mixed results, with developed market securities advancing while emerging markets experienced negative returns. Economic data in the US fuelled optimism for a soft landing of the American economy, translating into US equity market outperformance over other regions. This can be seen in the results of **US Equity Index (BlackRock)** and **US Equity (iA)**. In contrast, Emerging Market equities underperformed, as ongoing concerns regarding weaker than expected economic growth in China and a strong US dollar weighed on returns. Consequently, funds like **Emerging Markets (Jarislowsky Fraser)** suffered. Growth continued to outperform value, resulting in the **U.S. DAQ Index (iA)** producing strong results, while **Global Equity Opportunistic Value (Wellington)** exhibited lagging returns - continuing the trend observed in 2023.

Sector returns for the S&P/TSX Composite in January proved to be mixed, with the information technology sector being the standout performer. This sector, comprising of almost 10% of the index, significantly contributed to the overall outperformance. Funds such as **North American Equity (iA)** and **Fidelity True North** benefited from an overweight to the sector. Conversely, funds with significant exposure to the worst-performing sector, materials, had a more challenging month. **Fidelity Canadian Opportunities** were among those impacted, while **Canadian Equity Small Cap (iA)** and **Dividend Growth (iA)** enjoyed a significant underweight to the sector. Lastly, after providing investors with solid returns over the past three months, **Real Estate Income (iA)** was adversely affected by the poor performance of the real estate sector in January.

The US market's performance in the beginning of 2024 resembled that of 2023, with the communication services and information technology sectors emerging as the brightest performers. The "Magnificent Seven" delivered impressive results and positive outlook statements, which fuelled the sector's growth and ultimately benefited funds like **Fidelity Insights** and **Fidelity Global Innovators** that had high allocations to these areas. The outperformance by the Magnificent Seven made it challenging for international equities, on a relative basis, which partly explains why **International Equity (iA)** and **Fidelity European Equity** lagged. Other strong performers for the month included **Global True Conviction (iA)** and **Thematic Innovation (iA)**, both supported by the growth rally.

To conclude, the Canadian dollar (CAD) depreciated against the U.S. dollar (USD) which helped Canadian investors investing in U.S. securities. In January, the CAD/USD return was 1,31%.

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