

MARKET OVERVIEW AS AT MAY 31, 2024

MARKET INDEX HEAD MAP

Fixed Income Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Money Market (FTSE)	0.45	1.29	2.57	2.17	5.09	2.93	2.13
Canada Short Term (FTSE)	0.89	0.97	2.34	0.81	4.47	0.32	1.28
Canada Long Term (FTSE)	3.24	-1.05	0.87	-4.92	-0.13	-4.78	-2.22
Canada Universe (FTSE)	1.77	0.22	1.89	-1.49	2.57	-1.83	-0.09
Canada Corporate (FTSE)	1.39	0.67	3.47	0.20	5.67	-0.15	1.42
Canada Real Return Bonds (FTSE)	3.05	0.92	1.24	-2.35	-0.04	-2.72	-0.23
Canada Investment Grade	1.26	0.73	3.32	0.28	5.62	0.10	1.45
Canada High Yield	1.36	2.41	6.97	4.29	11.39	3.74	5.00
U.S. High Yield	1.12	1.02	4.60	0.99	9.57	0.60	2.43
Global Aggregate	1.29	0.40	2.63	-0.98	4.18	-2.64	0.35
Floating Rate Notes	0.42	1.26	2.56	2.14	5.21	3.07	2.27

Equity Indices

	Trailing Performance % (CAD)						
	1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
S&P/TSX 60	2.66	4.19	11.12	6.79	17.23	7.56	10.28
Canadian Equities (TSX Composite)	2.77	5.07	11.79	7.58	17.55	7.35	10.14
Canadian Equities (TSX Dividend)	3.56	5.84	12.72	8.43	18.00	9.42	10.63
Canada Small Cap (TSX)	2.65	10.53	15.15	10.97	17.36	2.11	9.41
U.S. Equities (S&P 500)	4.14	4.43	16.98	15.06	28.55	14.07	16.00
U.S. Equities (Nasdaq 100)	5.46	3.25	16.86	13.89	30.41	15.18	21.26
Global Equities (MSCI World)	3.72	4.51	15.81	13.47	25.86	11.59	13.50
Global Equities Growth (MSCI)	4.91	3.93	17.58	15.74	28.57	11.94	16.18
Global Equities Value (MSCI)	2.47	5.13	13.98	11.15	23.02	10.56	10.07
Global Small Cap (MSCI)	3.80	3.70	14.37	7.23	19.20	3.99	9.18
International Equities (MSCI EAFE)	3.19	5.43	13.80	11.09	19.46	7.86	8.75
Emerging Markets (MSCI)	-0.19	4.13	8.20	7.03	13.17	-1.99	4.12

Canadian Sectors (S&P/TSX Composite)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer Discretionary	3.50	0.28	-0.60	7.05	3.89	12.97	3.00	9.98
Consumer staples	4.20	4.41	3.61	10.67	7.72	16.73	15.00	11.14
Energy	18.56	3.75	4.88	15.33	18.59	34.10	23.82	13.84
Financials	30.79	3.60	0.68	14.56	6.26	6.91	6.91	10.69
Health Care	0.27	-15.40	-19.87	6.98	-5.16	8.58	-34.08	-28.93
Industrials	13.71	1.85	-4.37	13.12	6.23	14.51	9.66	11.61
Information Technology	7.57	-6.16	-11.61	-3.87	-7.34	10.90	-4.71	13.68
Materials	12.41	6.27	12.54	20.79	19.12	17.68	5.43	13.02
Real Estate	1.99	0.54	-6.32	3.66	-4.74	-0.26	-2.03	1.39
Communication services	3.20	3.09	1.20	-6.48	-7.38	-11.89	-0.90	1.13
Utilities	3.80	6.26	2.73	7.06	1.60	-5.41	-0.29	5.92

U.S. Sectors (S&P 500)

	Weight (%)	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
Consumer discretionary	9.85	-0.52	-3.29	7.33	4.06	21.17	6.10	11.33
Consumer staples	6.02	1.58	2.24	12.16	12.45	11.27	10.67	9.91
Energy	3.86	-1.20	-0.37	12.84	16.09	25.52	32.08	15.48
Financials	12.90	2.27	-0.47	17.36	14.58	33.34	8.85	11.73
Health Care	11.98	1.55	-2.06	10.81	9.28	14.69	11.30	12.74
Industrials	8.54	0.76	-1.29	16.62	12.15	29.51	11.19	13.05
Information Technology	30.58	9.15	4.87	22.19	21.06	38.30	23.48	26.96
Materials	2.32	2.38	-0.74	12.66	10.84	24.83	7.98	14.28
Real Estate	2.18	4.22	-3.10	4.39	-1.22	9.61	3.11	4.54
Communication services	9.28	5.71	5.18	27.23	24.87	42.21	10.07	14.80
Utilities	2.48	8.08	11.63	18.55	19.65	16.32	11.53	8.21

Currencies

	Rate	Trailing Performance % (CAD)						
		1m	3m	6m	YTD	1 yr	3 yrs	5 yrs
USD/CAD*	0.73 \$	0.78	-0.50	-0.54	-3.27	-0.28	-3.95	-0.17

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

Sources: iA Global Asset Management and Morningstar

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FUND PERFORMANCE HIGHLIGHTS

Positive results for equity and fixed-income markets in May

FIXED-INCOME SECURITIES POST POSITIVE RETURNS

In May, markets were pointing toward an easing of central bank monetary policies. Despite persistent inflation, the U.S. Federal Reserve announced that it would be unlikely to raise its policy rate again. Against this backdrop, interest rates have fallen, meaning that prices on fixed-income markets have climbed, generating positive returns for investors. These conditions benefited high duration bonds, being more sensitive to interest rate fluctuations, but hurt high-yield and short duration bonds, which are less sensitive to interest rate variations. In this environment of falling interest rates, variable-rate securities underperformed.

—The **Bond (iA)**, **Global Multisector Bond (Loomis Sayles)** and **Fixed Income Managed Portfolio (iA)** funds outperformed.

—The **Floating Rate Income (Wellington Square)**, **Core Plus Bond (Wellington Square)** and **Money Market (iA)** funds underperformed.

U.S. MARKETS REGAIN STRENGTH IN MAY

Overall, equities posted gains in May, with the exception of emerging markets. After a month marked by the underperformance of U.S. equities, May was characterized by the strength of U.S. markets, which outperformed the majority of major markets. This outperformance was due in particular to better-than-expected U.S. first-quarter results. Expectations of lower interest rates also benefited growth-oriented stocks, which outperformed value-oriented stocks during May.

—The **U.S. DAQ Index (iA)**, **U.S. Equity Index (BlackRock)** and **U.S. Equity (iA)** funds benefited from the outperformance of U.S. stock markets.

—The **Emerging Markets (Jarislowsky Fraser)** fund suffered from the underperformance of emerging market equities.

—The **Fidelity Global Innovators** fund benefited from its tilt toward growth stocks, while the **Global Dividend (iA)** fund was penalized by its defensive value-oriented style during May.

OVERALL POSITIVE SECTOR RESULTS FOR CANADIAN EQUITIES

The materials and utilities sectors stood out in May, posting the best performances. These sectors make up over 15% of the index, making a fairly significant contribution to overall performance in Canada. On the other hand, this period was particularly difficult for the health care and information technology sectors, which performed especially badly.

—The **Dividend Growth (iA)** fund stood out for its excellent stock selection, despite a sector allocation that detracted value.

—The **Fidelity True North** fund added value thanks to its allocation to the information technology sector in the United States.

—The **Canadian Small-Cap Equity (QV)** fund suffered from its overallocation to the health care sector.

—The **North American Equity (iA)** benefited from its growth bias and U.S. allocation, despite a sector allocation that was not optimal.

U.S. EQUITIES PRODUCED SATISFACTORY RESULTS IN MAY

U.S. equities produced gains in the vast majority of sectors during May. Indeed, the information technology sector rebounded in May as the best performer after a more difficult month in April. The utilities sector also continued to perform well. Energy and consumer discretionary were the two sectors to post negative performances in May on U.S. markets.

—This environment hurt the **U.S. Dividend Growth (iA)** fund, which was under-allocated to information technology sector and had a tilt toward value stocks, while the **U.S. DAQ Index (iA)** fund outperformed thanks to its overallocation to information technology sector and its growth bias.

—The **American (Dynamic)** fund suffered from its sector positioning, where it underweighted the information technology and utilities sectors and overweighted the consumer discretionary sector in early May.

THE LOONIE REGAINS FEATHERS

The Canadian dollar (CAD) appreciated against the U.S. dollar (USD), which hurt Canadian investors who invested in U.S. securities.

iAGAM Fund Management and Oversight Team

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