



iA Wealth Monthly Market Snapshot

Monthly Overview

May 2021

The momentum behind Q1's robust equity market rally continued in April and helped push major stock benchmarks to record highs. A surplus of positive economic and corporate data fuelled investor optimism throughout the month. This was somewhat offset by lingering inflation concerns and a growing tally of virus cases around the globe. By the end of the month, however, almost all major equity indices we follow were higher.

Canada's benchmark S&P/TSX Composite Index ended April up 2.2%, with seven of the 11 underlying sectors producing gains during the month. The materials and consumer discretionary sectors led the way with respective gains of 5.5% and 5.1%. Energy and financial services stocks, which account for more than 40% of the benchmark, each climbed 2.4% in April. The healthcare sector saw the biggest drop for the period, falling 9.3%. Canadian small-cap stocks, as measured by the S&P/TSX Small Cap Index, gained 4.1% during the month.

The loonie was 2.2% higher versus the greenback in April, dampening returns in foreign equity markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in Canadian dollar terms. U.S.-based stocks, as measured by the S&P 500 Index, advanced 2.8% during the period. Leading the way for the U.S. stock market were the real estate, telecom services and consumer discretionary sectors, with gains of 5.7%, 5.2% and 4.6%, respectively. International stocks, as measured by the MSCI EAFE Index, added 0.4% in April, while emerging markets stocks were flat.

The investment grade fixed income indices we follow were higher in April, as long-term government bond yields steadied after surging in the months prior. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, rose 0.1% during the month, while the key global investment grade bond benchmark increased by 1.3%. Global high-yield issues advanced 1.0%.

Commodities rebounded in April after posting negative returns in March. The price of crude oil climbed 7.5% during the month, while natural gas jumped 12.4%. Gold and silver prices were up 3.1% and 5.4%, respectively.

Canadian GDP expanded 0.4% month-over-month in February. Inflation in Canada picked up in March, as Canadian consumer prices rose 2.2% year-over-year. Canadian employment increased by 303,100 in March, as the nation's unemployment rate fell to 7.5%. The Bank of Canada held its policy rate at 0.25% at its April meeting and signalled that it may raise rates as early as the second half of 2022.

U.S. GDP expanded at a 6.4% annualized rate in the first quarter. U.S. nonfarm payrolls increased by 916,000 in March, as the unemployment rate fell to 6%. The consumer price index rose 0.6% month-over-month in March, as the annual inflation figure surged to 2.6%. At its April meeting, the Federal Reserve kept its policy rate near zero as Fed Chair Jerome Powell reaffirmed the central bank's aggressive support amid a need for further progress in employment and inflation.

Content sourced from Bloomberg; data as at April 30, 2021.

Product Research & Oversight Team

JAMES GAUTHIER, CFA

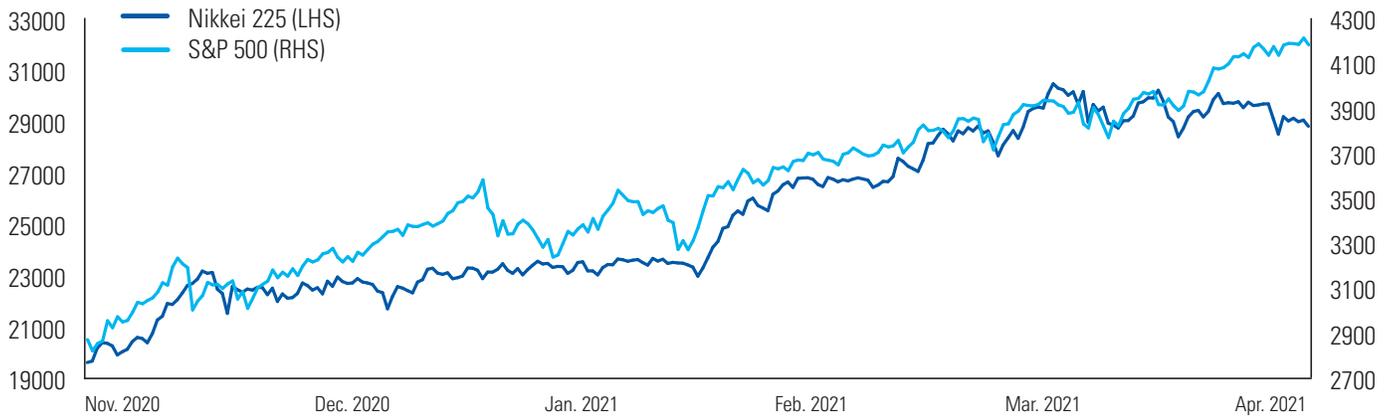
EDMUND FERNANDEZ,
CFA, CIM, CAIA



Monthly Market Statistics

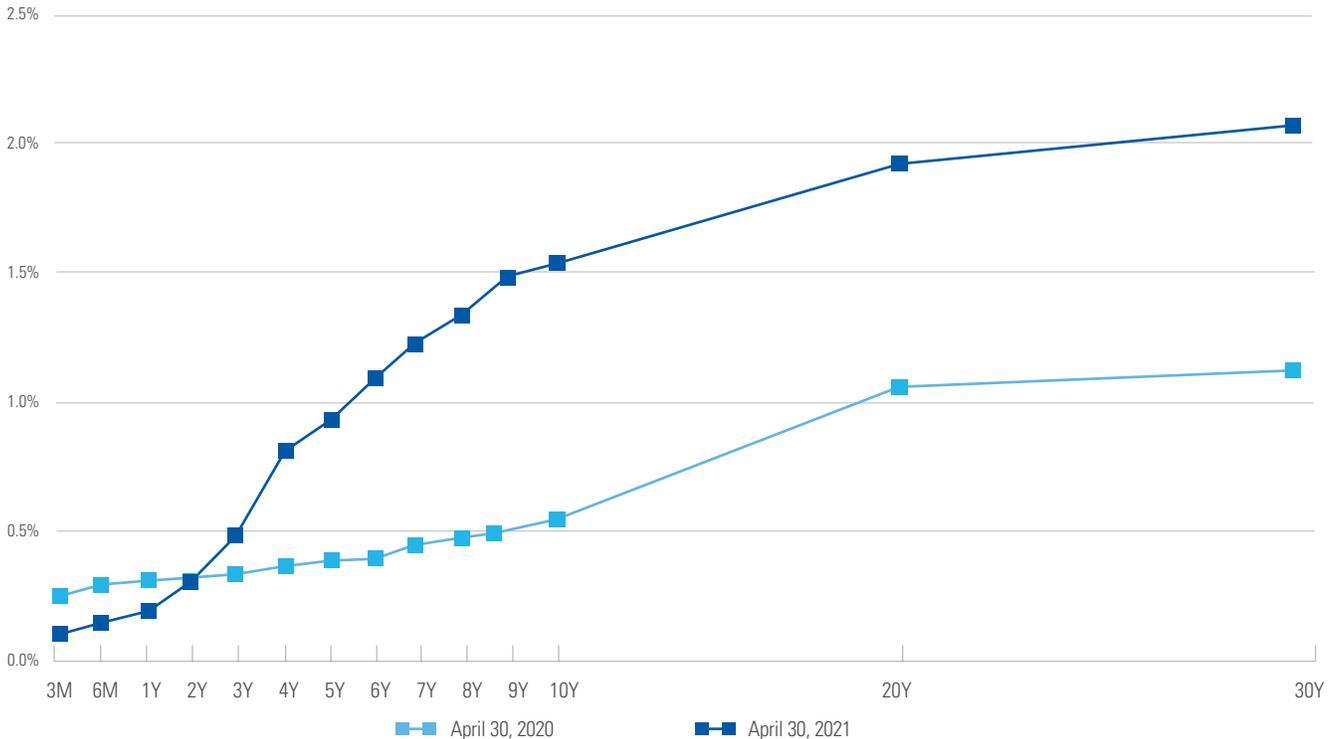
The renewed wave of coronavirus infections in Japan could not have come at a worse time as the country is set to host the Olympic Summer Games in just a few months. The country's government has declared its third state of emergency in April, introducing new measures that include the closure of restaurants, bars and other businesses. The country's slow vaccine rollout (less than 2% of the country's total population has been given at least one dose of the COVID-19 vaccine) is at least partially responsible for this latest wave. And this has started to weigh on economic sentiment and investor confidence, as seen by the Nikkei's lethargic performance over the last couple of months.

Chart of the Month: Weakening Japanese equity performance



Source: Bloomberg

Canadian Sovereign Yield Curve



Source: Bloomberg.



Monthly Market Statistics

Data to April 30, 2021, unless otherwise indicated

Table 1: Equity Index Returns (% in CAD)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
S&P/TSX Composite	2.2	10.2	22.6	9.6	29.3	7.0	6.5	17.3
S&P/TSX 60	1.9	10.9	22.6	10.1	27.7	7.3	6.9	16.2
S&P/TSX Small Cap	4.1	13.3	40.8	13.7	63.1	5.4	4.8	29.3
S&P 500	2.8	8.0	17.8	7.1	26.6	14.8	14.7	18.8
MSCI EAFE	0.4	2.5	17.4	1.7	20.7	2.1	5.6	18.0
MSCI World	2.1	6.0	18.1	5.1	26.3	10.5	11.5	18.5
MSCI World Small Cap	1.4	6.5	29.0	9.0	44.8	9.4	11.8	23.4
MSCI Europe	1.7	5.0	21.3	3.7	23.5	1.9	5.3	21.3
MSCI EM	0.0	-2.7	12.5	0.4	28.5	3.5	9.4	19.2
MSCI AC Asia	-0.9	-2.8	10.7	-0.7	23.0	4.3	9.0	16.4

Source: Bloomberg.

Table 2: Fixed-Income Returns (% in CAD)

Index	1 Mo	3 Mo	6 Mo	YTD	1 Yr	3 Yr	5 Yr	3 Yr Std Dev
FTSE Canada Universe Bond	0.1	-3.9	-3.7	-5.0	-2.0	4.1	2.9	4.7
Barclays Global Agg	1.3	-2.4	-0.2	-3.3	3.9	3.8	2.6	4.4
Barclays High Yield Very Liquid Index	1.0	1.5	7.2	1.6	17.7	6.6	6.8	9.3

Source: Bloomberg.

Table 3: Commodity Prices (Prices and Returns in USD)

Commodity	04/30/2021 Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	63.58	7.5	237.5	21.8
Natural Gas/mmBTU	2.93	12.4	50.4	14.3
Copper/pound	4.48	12.1	90.3	26.0
Silver/oz	25.85	5.4	73.5	-3.9
Gold/oz	1767.70	3.1	4.3	-4.3

Source: Bloomberg.

Table 5: One-Month Sector Returns (% in CAD)

Sector	S&P/TSX Composite returns	S&P 500 returns
Consumer Discretionary	5.1	4.6
Consumer Staples	0.0	-0.3
Energy	2.4	-1.8
Financials	2.4	4.0
Health Care	-9.3	1.5
Industrials	-1.8	1.2
Info Tech	3.8	2.8
Materials	5.5	2.9
Real Estate	4.2	5.7
Telecom Services	3.0	5.2
Utilities	-0.6	1.9

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP - Q4 (q/q ann. % change)	9.6
Consumer Prices Mar (y/y % change)	2.2
Unemployment Rate, Mar '21	7.5
United States	
Real GDP - Q1 (q/q ann. % change)	6.4
Consumer Price Mar (y/y % change)	2.6
Unemployment Rate, Mar '21	6.0

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	04/30/2021	6 Mos Ago	1 Yr Ago
USD/CAD	1.23	1.33	1.39
EUR/CAD	1.48	1.55	1.53
GBP/CAD	1.70	1.72	1.76
CAD/JPY	88.93	78.64	76.86

Source: Bloomberg.

Investment Recommendation Rating System

Recommended List: The list presents a selection of funds that we believe are among the best of their peers and offer unique characteristics that can add value when used in a well-diversified investment portfolio tailored to a client's investment objectives.

Hold: The fund remains on the Recommended List, but is not recommended for adding to or selling from client's portfolios.

Sell: The fund is no longer on recommended list.

Under Review: The fund's participation on the Recommended List is under review.

General Disclosures

The information and opinions contained in this report were prepared by iA Private Wealth Inc. (iA Private Wealth). iA Private Wealth is owned by Industrial Alliance Insurance & Financial Services Inc. (iA Financial). iA Financial is a TSX Exchange listed company and as such, iA Private Wealth is related to iA Financial. The opinions, estimates and projections contained in this report are those of iA Private Wealth as of the date of this report and are subject to change without notice. iA Private Wealth endeavours to ensure that the contents have been compiled or derived from sources that we believe to be reliable and contain information and opinions that are accurate and complete. However, iA Private Wealth makes no representations or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to iA Private Wealth that is not reflected in this report. Nothing contained in this report is or should be relied upon as a promise or representation as to the future. The pro forma and estimated financial information contained in this report, if any, is based on certain assumptions and management's analysis of information available at the time that this information was prepared, which assumptions and analysis may or may not be correct. There is no representation, warranty or other assurance that any projections contained in this report will be realized. Opinions, estimates and projections contained in this report are our own as of the date hereof and are subject to change without notice. This report is not to be construed as an offer or solicitation to buy or sell any security. The reader should not rely solely on this report in evaluating whether or not to buy or sell securities of the subject company. The reader should consider whether it is suitable for your particular circumstances and talk to your investment advisor.

Definitions

"The author" means any partner, director, officer, employee or agent of iA Private Wealth who is held out to the public as a publisher of Investment Fund Research or whose responsibilities to iA Private Wealth include the preparation of any written investment fund research report for distribution to clients or prospective clients of iA Private Wealth. "Investment Fund Research" means any written or electronic communication that iA Private Wealth has distributed or will distribute to its clients or the public, which contain author's comments concerning current Investment Fund indicators.

Conflicts of Interest

The author and or associates who prepared this report are compensated based upon (among other factors) the overall profitability of iA Private Wealth, which may include the profitability of investment banking and related services. In the normal course of its business, iA Private Wealth may provide financial advisory services for issuers. iA Private Wealth will include any further issuer related disclosures as needed. iA Private Wealth permits the authors to own and trade in the securities discussed herein. In that case, specific holdings disclosures will be made.

The Author's Certification

The author whose name appears on the front page of this Investment Fund Research report hereby certifies that (i) the opinions expressed in the investment fund research report accurately reflect the author's personal views about the marketplace and are the subject of this report and all strategies mentioned in this report that are covered by such the author and (ii) no part of the author's compensation was, is, or will be directly or indirectly, related to the specific views expressed by such technical strategies in this report. The author(s) of this report own(s) the following securities of the issuer(s): None.

Dissemination of Reports

iA Private Wealth uses its best efforts to disseminate its investment fund research reports to all clients who are entitled to receive the firm's investment fund research reports, contemporaneously on a timely and effective basis in electronic form, via fax or mail.

For Canadian Residents

This report has been approved by iA Private Wealth, which accepts responsibility for this report and its dissemination in Canada. Canadian clients wishing to effect transactions should do so through a qualified salesperson of iA Private Wealth in their particular jurisdiction where their iA is licensed.

For US Residents

This report is not intended for distribution in the United States.

For EU Residents

This report is not intended for distribution in the European Union.

For UK Residents

This report is not intended for distribution in the United Kingdom.

Intellectual Property Notice

The materials contained herein are protected by copyright, trademark and other forms of proprietary rights and are owned or controlled by iA Private Wealth or the party credited as the provider of the information.

Regulatory

iA Private Wealth is a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada. iA Private Wealth is a trademark and business name under which iA Private Wealth Inc. operates.

Copyright

All rights reserved. All material presented in this document may not be reproduced in whole or in part, or further published or distributed or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of iA Private Wealth.