

Asset Allocation at iAGAM

Q4 2023 Portfolio Changes



“

Our vision is to democratize institutional investing, to bring the best practices of the world's best asset allocators to the management of retail portfolios

”



Asset Allocation at iAGAM

Inspired by the world's best

Institutional asset managers are considered among the world's most sophisticated investors

Finance & economics | Canada's pension funds

Maple revolutionaries

Canada's public pension funds are changing the deal-making landscape



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The World's Best Pension Funds Are Canadian. Sorry.

Here's why they're producing superior returns, according to researchers from McGill University.

August 06, 2020

Institutional investing in action: Overview of recent portfolio changes



Q4 2023's changes touch every aspect of our investment process



Strategic Asset Allocation (SAA)

“What are the optimal long-term asset class and style exposures for each portfolio?”



Manager Selection

“Which managers best provide that exposure?”

“Which managers are most likely to add additional value over their benchmarks?”



Tactical Asset Allocation (TAA)

“How can we maximize our flexibility to add value from top-down tactical decisions?”

The key upgrades introduced:



Strategic Asset Allocation (SAA)

- ✓ EQ/FI/FX exposures
- ✓ EQ styles
- ✓ EQ regions
- ✓ Duration and credit



Manager Selection

- ✓ Additions:
 - *iA Short Term Bond*
 - *iAC Global Dividend*
 - *iAC Canadian Leaders*
- ✓ Removals:
 - *Dynamic Global Dividend*
 - *Dynamic Global Discovery*
- ✓ Adjusted existing funds



Tactical Asset Allocation (TAA)

- ✓ Liquid alternative fund
(expected launch: Dec 2023)
- ✓ Dedicated liquidity sleeve for tactical trades

Q4 2023's changes leverage new capabilities built over the last 2 – 3 years



Manager and category database

- 50k+ managers
- 61 CIFSC categories
- 2000 – present



Manager and category x-ray module

- Asset class exposures
- Style biases
- “Pure” alpha



Custom-built Python optimizer

- Machine-suggested optimal portfolios
- PM validation and review

Institutional investing in action: Recent portfolio changes by fund family



iA Diversified Funds: Summary of main trades

Goal	Rationale	Fund and ETF trades
<ul style="list-style-type: none"> Increase corporate bond exposure Lower government bond exposure 	Improve long-term return potential from fixed income	<ul style="list-style-type: none"> ➕ Short Term Bond (iA) ➕ Canadian Corporate Bond (iA) ➔ Bond (iA)
<ul style="list-style-type: none"> Increase dividend and low-vol exposure Lower Canadian small cap exposure 	Improve diversification across equity styles	<ul style="list-style-type: none"> ➕ Dividend (iA) ➔ Canadian Equity Small Cap iA
<ul style="list-style-type: none"> Rebalance manager line-up 	Introduce new managers and improve expected value-add from managers	<ul style="list-style-type: none"> ➕ iAC Global Dividend ➕ U.S. Equity Multifactor (iA) ➕ Canadian All Cap Value (iA) ➔ US Equity (iA) ➔ iAC U.S. Dividend Growth ➔ Global True Conviction (iA)
<ul style="list-style-type: none"> Add flexibility for top-down tactical trades 	Improve expected value-add from AA team	<ul style="list-style-type: none"> ➕ Liquid alternative funds¹ (AA team)

¹ – Liquid alternative funds expected to launch in the Dec. 2023 – Jan 2024 timeframe. Not all fund families will invest in these funds on day 1. Allocations are expected to be quite small on day 1 to give the team time to test systems and processes before getting to steady state allocations by Q2 of 2024

iA Focus Funds: Summary of main trades

Goal	Rationale	Fund and ETF trades
<ul style="list-style-type: none"> Increase corporate bond exposure Increase high yield exposure Lower government bond exposure 	Improve long-term return potential from fixed income	<ul style="list-style-type: none">  IAC Strategic Corporate Bond  Bond (iA)
<ul style="list-style-type: none"> Reduce overweight in value and dividend stocks Lower exposure to EAFE equities Increase exposure to US equities 	Improve diversification across equity regions and equity styles	<ul style="list-style-type: none">  Thematic Innovation (iA)  U.S. Equity Multifactor (iA)  Canadian Equity Growth (iA)  iAC U.S. Dividend Growth  Dividend (iA)  Fidelity Global Concentrated Equity
<ul style="list-style-type: none"> Rebalance manager line-up 	Introduce new managers and improve expected value-add from managers	<ul style="list-style-type: none">  iAC Global Dividend  Dynamic Global Dividend

iA Selection Funds: Summary of main trades

Goal	Rationale	Fund and ETF trades
<ul style="list-style-type: none"> Increase equity exposure Increase high yield exposure 	Improve long-term return potential from equities and bonds	<ul style="list-style-type: none"> + Canadian Equity Growth (iA) + HYG US Equity (ETF)
<ul style="list-style-type: none"> Reduce dividend / low-vol exposure 	Improve diversification across equity styles	<ul style="list-style-type: none"> ↓ US Equity (iA) ↓ iAC Dividend Growth
<ul style="list-style-type: none"> Rebalance manager line-up 	Introduce new managers and improve expected value-add from managers	<ul style="list-style-type: none"> + iAC Global Dividend + U.S. Equity Multifactor (iA)
<ul style="list-style-type: none"> Add flexibility for top-down tactical trades 	Improve expected value-add from AA team	<ul style="list-style-type: none"> + Liquid alternative funds¹ (AA team)

1 – Liquid alternative funds expected to launch in the Dec. 2023 – Jan 2024 timeframe. Not all fund families will invest in these funds on day 1. Allocations are expected to be quite small on day 1 to give the team time to test systems and processes before getting to steady state allocations by Q2 of 2024

iA Global AA Funds: Summary of main trades

Goal	Rationale	Fund and ETF trades
<ul style="list-style-type: none"> Increase corporate bond exposure Increase high yield exposure 	Improve long-term return potential from fixed income	<ul style="list-style-type: none">  HYG US Equity (<i>ETF</i>)  IAC Strategic Corporate Bond
<ul style="list-style-type: none"> Lower exposure to public equities 	Compensate for the equity risk embedded in private assets	<ul style="list-style-type: none">  Thematic Innovation (iA)  U.S. Equity (iA)  Canadian Equity Small Cap (iA)
<ul style="list-style-type: none"> Rebalance manager line-up 	Introduce new managers and improve expected value-add from managers	<ul style="list-style-type: none">  iAC Global Dividend  U.S. Equity Multifactor (iA)
<ul style="list-style-type: none"> Add flexibility for top-down tactical trades 	Improve expected value-add from AA team	<ul style="list-style-type: none">  Liquid alternative funds¹ (<i>AA team</i>)

1 – Liquid alternative funds expected to launch in the Dec. 2023 – Jan 2024 timeframe. Not all fund families will invest in these funds on day 1. Allocations are expected to be quite small on day 1 to give the team time to test systems and processes before getting to steady state allocations by Q2 of 2024

iA Diploma Primary: Summary of main trades

Goal	Rationale	Fund and ETF trades
<ul style="list-style-type: none">• Increase corporate bond exposure• Lower government bond exposure	Improve long-term return potential from fixed income	<ul style="list-style-type: none">⊕ Short Term Bond (iA)↑ Canadian Corporate Bond (iA)↓ Bond (iA)↓ Money Market (iA)

iA Wealth Portfolios: Summary of main trades²

Goal	Rationale	Fund and ETF trades
<ul style="list-style-type: none"> Increase equity exposure Increase corporate bond exposure Increase high yield exposure 	Improve long-term return potential from equities and bonds	<ul style="list-style-type: none"> ↑ Manulife Global Equity ↑ iAC Core Plus Bond ↑ iA Wealth Core Bond Pool ⊕ HYG US Equity (<i>ETF</i>)
<ul style="list-style-type: none"> Rebalance manager line-up 	Introduce new managers and improve expected value-add from managers	<ul style="list-style-type: none"> ⊕ iAC Global Dividend ⊕ iAC Canadian Leaders ⊖ Dynamic Global Discovery
<ul style="list-style-type: none"> Add flexibility for top-down tactical trades Increase % of funds in active managers vs. ETFs 	Improve expected value-add from AA team and from active managers	<ul style="list-style-type: none"> ⊕ Liquid alternative funds¹ (<i>AA team</i>) ↓ ETFs and futures

1 – Liquid alternative funds expected to launch in the Dec. 2023 – Jan 2024 timeframe. Not all fund families will invest in these funds on day 1. Allocations are expected to be quite small on day 1 to give the team time to test systems and processes before getting to steady state allocations by Q2 of 2024

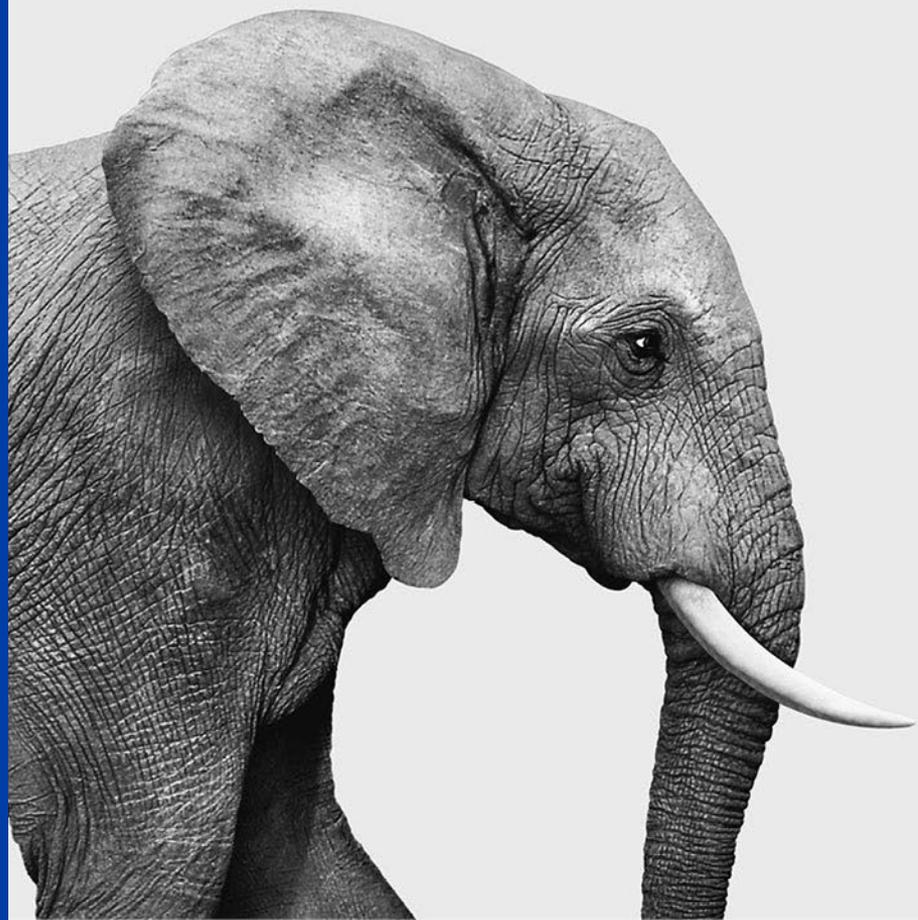
2 – Trades expected to be executed in Dec. 2023 pending approval from IAC

iA Clarington Monthly Income Balanced: Summary of main trades²

Goal	Rationale	Fund and ETF trades
<ul style="list-style-type: none"> Increase corporate bond exposure Increase high yield exposure 	Improve long-term return potential from fixed income	<ul style="list-style-type: none">  iAC Core Plus Bond  HYG US Equity (ETF)  Bond (iA)
<ul style="list-style-type: none"> Rebalance manager line-up 	Benefit from new managers	<ul style="list-style-type: none">  iAC Global Dividend  iAC Global Value
<ul style="list-style-type: none"> Add flexibility for top-down tactical trades 	Improve expected value-add from AA team	<ul style="list-style-type: none">  Liquid alternative funds¹ (AA team)

1 – Liquid alternative funds expected to launch in the Dec. 2023 – Jan 2024 timeframe. Not all fund families will invest in these funds on day 1. Allocations are expected to be quite small on day 1 to give the team time to test systems and processes before getting to steady state allocations by Q2 of 2024

2 – Trades expected to be executed in Dec. 2023 pending approval from IAC



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