



Monthly Market Snapshot

Monthly Overview

U.S. stock markets kicked off 2022 with high levels of volatility and the month of January was filled with many days of choppy trading. As investors weighed the likelihood of a Fed rate hike coming sooner than previously anticipated, a sell-off in the information technology, communication services, and real estate sectors led to significant declines in major indices. Notably, the tech-heavy Nasdaq index fell 9% in January, its biggest monthly drop since March 2020. Stocks did manage to rally a bit at the end of the month to end a three-week losing streak as major tech companies, including Apple Inc. and Microsoft Corp., reported strong quarterly earnings and outlooks.

Canada's benchmark S&P/TSX Composite Index was 0.6% lower in January, as eight of the benchmark's underlying sectors were negative during the month. The decline was led by the information technology and health care sectors, with 20.4% and 9.2% losses, respectively. The energy sector saw the biggest gain, with a return of 12.5%. Small-cap stocks, as measured by the S&P/TSX Small Cap Index, lost 1.2% for the month.

The U.S. dollar appreciated by 0.6% versus the loonie during the month, providing a slight boost to the returns of foreign markets from a Canadian investor's standpoint. Note that all returns in this paragraph are in CAD terms. U.S.-based stocks, as measured by the S&P 500 Index, declined 4.9% in January. Consumer discretionary, real estate, and information technology had the steepest declines during the month, falling 9.4%, 8.2%, and 6.6%, respectively. Energy was the only sector in the green during the month, gaining 19.4%. International stocks, as measured by the MSCI EAFE Index, also lost 4.5% during the period, while emerging markets fell 1.5%.

The investment grade fixed income indices we follow were down in January as rates ticked higher. Canadian investment grade bonds, as measured by the FTSE Canada Universe Bond Index, lost 3.4% for the month while the key global investment grade bond benchmark fell by 2.0%. Global high-yield issues lost 2.9%.

Turning to commodities, natural gas rallied 30.7% during the month, while the price of a barrel of crude oil gained 17.2%. Copper, silver, and gold, on the other hand, were in the red, with respective losses of 3.1%, 4.1%, and 1.8%.

Inflation in Canada stayed elevated with a 4.8% year-over-year rise in December. The Canadian economy added 55,000 jobs in the month, as the nation's unemployment rate was mostly unchanged at 5.9%. The Bank of Canada decided not to raise its key interest rate just yet, leaving it at 0.25%.

February 2022

Investment Products & Platforms Team

JAMES GAUTHIER, CFA

james.gauthier@iawealth.com

PAVAN KHAIRA

pavan.khaira@iagto.ca

JUSTIN KIM, CFA

justin.kim@iagto.ca

BHARTI PATEL

bharti.patel@iagto.ca

JOSHUA WON

joshua.won@iagto.ca



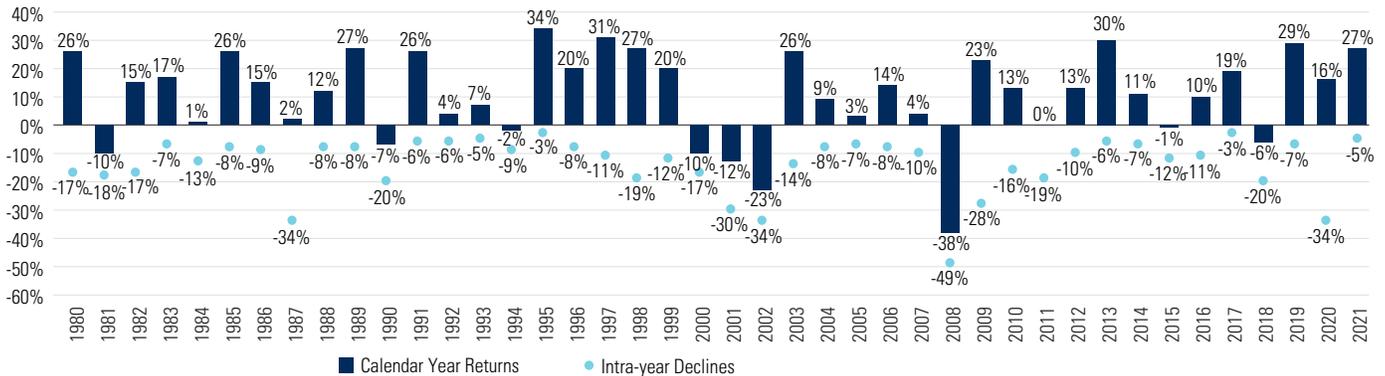
U.S. nonfarm payrolls increased by 199,000 in December, as the unemployment rate fell to 3.9%. The Consumer Price Index increased 7.0% year-over-year in December, extending the fastest pace since 1982. In the first FOMC meeting of 2022, the Fed reinforced the idea of raising rates, while leaving the key interest rate unchanged at 0.25%. Fed Chair Jerome Powell, however, signalled the first rate hike could happen as soon as March.

Content sourced from Bloomberg; data as at January 31, 2022.

Monthly Market Statistics

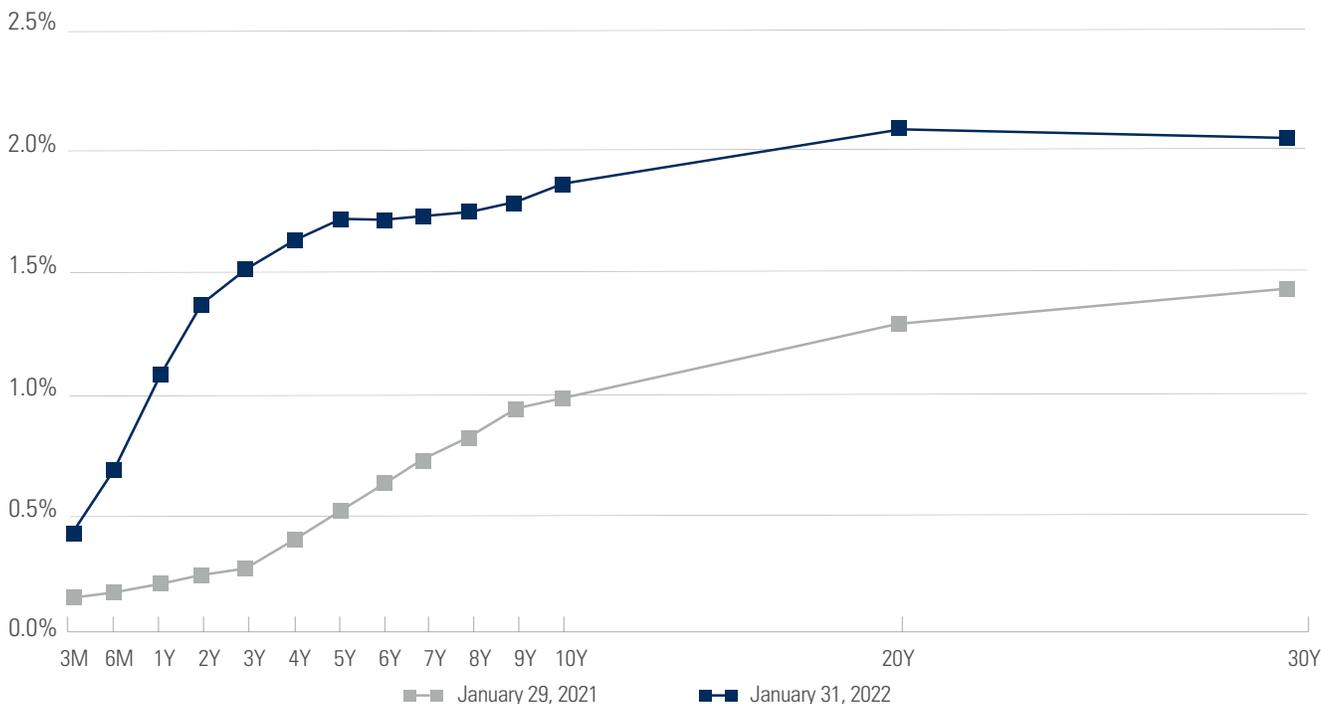
Major U.S. equity indices dipped into correction territory in January and posted their worst month since March 2020. Corrections can trigger anxiety for investors, but it's important to note that stock markets experience significant pullbacks in most years while very often still delivering positive returns over the full year. Going back more than four decades, the average intra-year decline for the S&P 500 has been 14%, with a pullback of at least 10% occurring in 23 out of 42 years. Despite these pullbacks, annual returns were positive in 32 out of 42 years, with an average return of 11%. Stock markets can be volatile in the short term, but sticking to a long-term plan through periods of market volatility can help investors stay on track towards reaching their financial goals.

Chart of the Month: Despite average intra-year drops of 14%, annual returns were positive in 32 of 42 years S&P 500 intra-year declines vs. calendar year returns



Source: J.P. Morgan Asset Management

Canadian Sovereign Yield Curve



Source: Bloomberg.



Monthly Market Statistics

Data to January 31, 2022, 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	-0.6	0.3	4.0	-0.6	21.7	10.7	6.5	15.8
S&P/TSX 60	-0.4	1.3	5.4	-0.4	24.9	11.3	7.1	14.8
S&P/TSX Small Cap	-1.2	-3.9	1.2	-1.2	16.4	10.5	3.0	28.2
S&P 500	-4.9	0.4	4.6	-4.9	20.6	17.3	14.1	17.5
MSCI EAFE	-4.5	-2.5	-2.5	-4.5	3.8	5.4	4.6	17.3
MSCI World	-5.0	-1.3	1.4	-5.0	14.0	13.4	10.7	17.4
MSCI World Small Cap	-7.2	-6.8	-5.0	-7.2	2.7	9.5	7.9	21.7
MSCI Europe	-4.3	-1.0	-1.4	-4.3	9.5	6.9	5.4	19.1
MSCI EM	-1.5	-2.1	-3.8	-1.5	-9.9	3.6	5.3	18.0
MSCI AC Asia	-4.0	-4.1	-4.7	-4.0	-10.1	4.4	4.9	15.0

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	-3.4	-0.9	-3.5	-3.4	-4.8	2.6	2.6	5.2
Barclays Global Agg	-2.0	-2.5	-4.8	-2.0	-5.8	2.4	2.7	4.6
Barclays High Yield Very Liquid Index	-2.9	-1.9	-1.7	-2.9	1.4	5.6	4.9	8.8

Source: Bloomberg.

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

Commodity	01/31/2022 Price (\$)	MoM Change (%)	YoY Change (%)	3 Mo (%)
WTI Crude Oil/BBL	88.15	17.2	68.9	5.5
Natural Gas/mmBTU	4.87	30.7	90.1	-10.2
Copper/pound	4.32	-3.1	21.6	-1.0
Silver/oz	22.39	-4.1	-16.8	-6.5
Gold/oz	1795.00	-1.8	-2.8	0.6

Source: Bloomberg.

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

Sector	S&P/TSX Composite returns	S&P 500 returns
Consumer Discretionary	-2.1	-9.4
Consumer Staples	-2.7	-1.1
Energy	12.5	19.4
Financials	3.6	0.3
Health Care	-9.2	-6.5
Industrials	-2.9	-4.4
Info Tech	-20.4	-6.6
Materials	-3.4	-6.5
Real Estate	-6.0	-8.2
Telecom Services	1.6	-6.0
Utilities	-2.3	-2.9

Source: Bloomberg.

Table 4: Economic Data

Canada	
Real GDP- Q3 (q/q ann. % change)	5.4
Consumer Prices, 12/2021 (y/y % change)	4.8
Unemployment Rate, 12/2021	5.9
United States	
Real GDP- Q4 (q/q ann. % change)	6.9
Consumer Prices, 12/2021 (y/y % change)	7.0
Unemployment Rate, 12/2021	3.9

Source: Bloomberg, Stats Canada.

Table 6: Exchange Rates

Cross	01/31/2022	6 Mos Ago	1 Yr Ago
USD/CAD	1.27	1.25	1.28
EUR/CAD	1.43	1.48	1.55
GBP/CAD	1.71	1.73	1.75
CAD/JPY	90.58	87.97	81.92

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 Inc. 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.