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## 2014 Manager Outlook

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# The story for 2014

should be about the synchronization of developed economies, which were simultaneously entering an expansion phase in the last few months of 2013, led by the U.S. economy. A synchronized expansion is clearly a positive and long anticipated signal, as global growth on such breadth should allow the world economy to reach escape velocity. As such, we are anticipating 2014 to be quite positive on the economic front...

The downside of this development is that the Fed will now start the tapering of its quantitative easing (QE) program, which has consisted of the Fed printing \$85 billion a month to buy long-maturity treasuries in an effort to keep long-term interest rates down. Of course, the exit from the market of the largest buyer of government debt will not go unnoticed and, combined with brighter prospects for the U.S. economy, should push interest rates higher as 2014 progresses.

We expect that 10-year treasury rates in the U.S. will reach 3.4% by the end of the year, which should weigh on the bond market. 2014 should be a challenging year for bonds, both in Canada and the U.S., as interest rates normalize towards more “normal” levels of 4%. Within the fixed income part of an asset allocation, we believe that more weight than in recent years should be given to corporate bonds so as to help investors achieve higher returns by benefiting from the better economic tone and the quality of corporate balance sheets.

Turning to the stock market, 2013 was the best year since the mid 90's with close to a 30% return, including dividends, for the S&P 500 Index (driven mostly by multiples expansion). Even if most stock markets are trading at or close to all-time highs, we believe that there is still some room to grow in 2014. In fact, history shows that low-inflation environments (with rates between 1% and 3%, quite similar to the current situation) are usually favourable to higher than average multiples. The next leg of expansion in the stock markets should now be led by earnings growth as economic prospects get rosier.



Clément **GIGNAC**

**Chief Economist,**  
Industrial Alliance Insurance & Financial Services



**Dan BASTASIC**

IA Clarington Investments

IA Clarington Strategic U.S. Growth & Income Fund  
IA Clarington Strategic Equity Income Fund/Class  
IA Clarington Strategic Income Fund/Class  
IA Clarington Strategic Corporate Bond Fund/Class

## 1 **Where are the opportunities?**

Generally, we see better risk and reward opportunities in developed markets over developing markets and, in particular, the U.S. and European-related equities. Economic growth should continue to improve in 2014, relative to 2013, and inflation is likely to remain tame, setting up a potential “goldilocks” market scenario where incomes improve and consumer spending accelerates.

We foresee better opportunities in equities as well as higher quality high yield bonds given the expected backdrop.

In the equity markets, sustainable and growing dividend models will likely outperform during the course of the year given expected volatility in the first half.

Consumer-related stocks as well as Health Care seem to have the best growth and defensive characteristics given market expectations for 2014.

We will likely have a market pullback in stocks during the first half of the year before giving way to accelerated economic growth in the second half and opportunities for outsized investment returns during the re-acceleration period.

Interest rates will likely increase in 2014 due in part to the Fed’s tapering as well as improving growth expectations. This could lead to short-term pressure on parts of the market that are affected by changes in interest rates.

Within fixed income, we believe having higher yielding corporate exposure is the more attractive way of diversifying portfolios during a period of higher interest rates and better economic conditions.

## 2 **Biggest concern:**

An expected pullback in stocks could lead to a cyclical bear market if economic conditions do not contribute to better top-line revenues for companies and stronger earnings growth.

2013 was led by risk reduction and P/E multiple expansion. A sustained and deeper pullback is possible during the year if financial conditions fail to show improvement over the past year.

## 3 **Why is your investment approach well suited for what lies ahead?**

Our approach focuses on absolute returns where investment returns are complemented by the risks we assume.

We fundamentally believe in investing in securities that offer better returns with lower volatility than can be bought with an index approach.

We are willing to change when the facts change which allows us to be flexible in terms of size of security, location of security and composition of the portfolio, without losing sight of the benefits of diversification. If we are correct about the next year where opportunities will present themselves in the midst of a potential pullback in the markets, our approach has historically fared well in this type of environment.

## 4 **Positioning of the Funds:**

We are currently carrying more cash than what we consider normal while we wait for better information concerning earnings growth and the potential for a general market pullback.

The equity holdings are positioned slightly more cautiously given expectations for the next three to six months. The Funds are positioned to have approximately one-third of the holdings in lower risk securities that we expect will produce better-than-market returns while complementing these positions in securities whose businesses should fare well with moderate economic growth and a higher interest rate environment.



**Jeff SUJITNO**

IA Clarington Investments  
IA Clarington Floating Rate Income Fund

## 1 **Where are the opportunities?**

In the income space, we believe the biggest opportunity is in floating rate senior loans given their unique characteristics. As the U.S. economy continues to improve interest rates will inevitably rise. It's just a matter of when. Floating rate pricing and near absent interest rate sensitivity provide loans with the ability to generate marginally higher coupon income while preserving principal should rates increase.

We continue to believe that the best loan opportunities can be found in less broadly marketed deals and the new issue market where loans are still offered at a discount to par and buyers get the benefit of substantial due diligence information.

## 2 **Biggest concern:**

The possibility of a refinancing wave (borrowers swapping existing loans with new ones with a lower coupon) is one of our biggest concerns for 2014.

Inflows by institutional and retail investors into senior loans were quite strong in 2013. As investors become increasingly concerned with rising interest rates, we believe that inflows into loans will accelerate and potentially create a demand imbalance.

We are less concerned about the volume of covenant-lite loans being launched in the new issue market as they have generally been for larger businesses with meaningful franchise value and equity support. Examples include Heinz and Dell. We will become more concerned if covenant-lite loans are issued for smaller or more highly leveraged borrowers.

## 3 **Why is your investment approach well suited for what lies ahead?**

Superior loan selection should contribute to performance in 2014. In the event of a demand imbalance caused by inflows into the asset class, many loan buyers will likely gravitate to the larger, broadly marketed opportunities as an easier and more efficient way to deploy capital. We believe that astute credit selection from a screen of the less broadly marketed transactions will provide us with a better opportunity for outperformance.

We also believe that a more concentrated portfolio of 70-100 high conviction names could allow superior credit selection to pay off.

## 4 **Positioning of the Fund:**

We believe that the U.S. economy continues to improve and that default risk will remain below average for 2014. Major regulatory changes recently imposed on the banks have reduced the odds of a major shock to the senior loan asset class. As such we have positioned the Fund to be invested in loans with modestly higher yields as we try to take advantage of the benign default environment.

We believe that the borrower's second lien loan provides better relative value than the first lien. Additionally, second lien loans are structured with stronger prepayment protection which will be beneficial should we face a refinancing wave.

Our target portfolio would typically have a 20% weight in corporate bonds which would provide the portfolio with some prepayment protection. Currently, the Fund has a much lower bond weight as the second lien loan positions have provided some of the prepayment protection.



## 1 Where are the opportunities?

We believe the pieces are in place for equity outperformance despite the five-year bull market in the U.S. Historically bull markets have varied in duration and magnitude, from as little as two years to over nine, and the recent new market highs reflect a rebound from the 2009 lows. The S&P 500 Index isn't much further ahead of the previous high in October 2007. Furthermore, current equity valuations remain attractive relative to then and to the market peak in 2000.

The U.S. is still in the early stages of the economic cycle and corporate earnings have largely been driven by margin improvements as companies have reduced costs and become more efficient. Corporate revenues have yet to reap the benefits of a strengthening economy in terms of rising volumes and pricing.

We are starting to see synchronized growth around the world; Europe, China and the U.S. are in early stages of recovery, and many other markets are showing signs of improvement.

Companies are highly underleveraged and earnings are growing. With dividend payout ratios still low compared to historical levels, there is considerable room and resources for dividend growth as well as share buybacks and M&A activity.

Stocks in economically sensitive sectors should deliver the next leg of growth with their discounted valuations and earnings leveraged to an improving U.S. economy, and for the global players, economic improvement in Europe.

Canada has underperformed the past few years. It may still be early for the commodity-heavy Canadian market, but we should start to see some improvement here at home as the Chinese and emerging market economies come on board.

## 2 Biggest concern:

With the S&P 500 Index up 160% from the 2009 bottom, a major pullback is a risk. However, with strong and improving economic fundamentals, and growth equities still under-owned, such a pullback would be emotionally based and likely short-lived. There are some small pockets of speculation but minor mid-cycle pullbacks are not unusual.

The cessation of stimulus efforts and tapering, and the risk of rates rising too high too soon are a concern. Government deficits are improving but debt levels continue to grow.

## 3 Why is your investment approach well suited for what lies ahead?

Value opportunities are less abundant than they were a year or two ago, but with Canada so out of favour and the breadth of the U.S. market, we can always find good companies that have hit a bump. If the market does peak and valuations hit a ceiling, we have the flexibility to accumulate cash. We run concentrated portfolios and we can be nimble so we don't need the whole market to be trading at discounted multiples. We are stock pickers and we can be opportunistic.

We focus on undervalued stocks of quality companies with strong records of earnings that have demonstrated resilience in periods of uncertainty. If the economy throws us some curve balls, the companies we own are well positioned to withstand any short-term pullbacks.

## 4 Positioning of the Funds:

Many of the companies we own stand to benefit from an improving U.S. housing market and economy (eg. Regions Financial Corp., Cummins Inc.).

U.S. companies with significant exposure to Europe are trading at a bigger discount to "pure domestic" stocks. We've taken advantage of this and added positions in Royal Caribbean Cruises Ltd., General Motors Co., Magna International Inc., Martinrea International Inc., and Sealed Air Corp.

While it is still early to invest too heavily in Canada, we've seen some great value opportunities emerge and we have added selectively to the fund's Canadian exposure (eg. Athabasca Oil Corp.).

David TAYLOR

Taylor Asset Management

IA Clarington Focused Canadian Equity Class  
IA Clarington Focused Balanced Fund/Class





Darren **DANSEREAU**

Ian **COOKE**

Joe **JUGOVIC**

QV Investors

IA Clarington Canadian Balanced Fund/Class

IA Clarington Canadian Small Cap Fund/Class

## 1 Where are the opportunities?

We believe high quality equities remain relatively attractive compared to bonds, providing significant valuation and compounding advantages.

Price-to-earnings ratios have increased over the last year. As a result, equity returns will likely be more muted and driven more by underlying earnings growth rather than the multiple appreciation benefits experienced over the past few years.

We see opportunity in the Financials sector with a number of strong franchises offering lower valuations, higher earnings, and dividend growth than the overall market. Our two largest holdings in the Financials space are TD Bank and Bank of Nova Scotia. We also like select Energy companies that exhibit improving free cash flow profiles and above industry average per share production growth such as Suncor and Canadian Natural Resources. In fixed income, we like high quality credits with average terms to maturity of 3-8 years. We are avoiding weaker credits and long-dated bonds where we are not compensated for taking on heightened interest rate risk.

## 2 Biggest concern:

Our biggest concern is growing positive sentiment in the market coupled with higher equity valuations. We can gauge sentiment by looking at levels of margin debt and advisors' bullishness. The level of margin debt in the United States is close to the levels reached prior to the market peaks in the year 2000 and 2007. Bullishness on the equity markets is also at higher than average levels, which is another indication that sentiment is strong in the market. Typically when we see this type of positive sentiment, we become more cautious on future returns.

## 3 Why is your investment approach well suited for what lies ahead?

Our investment approach focuses on trying to manage the downside risk in our portfolios. We try to focus our investments in areas of the market that have better valuations than the average company in Canada with higher than average profitability. This approach tends to steer us away from areas of the market that have seen valuation increases and to those areas that may show better value and opportunity.

Each month we audit our portfolios to review our growth, value and risk characteristics within each mandate. This helps us manage the overall risk in the Fund by understanding how each of the companies in the Fund contribute to these characteristics. When we see trends, such as increased leverage for example, we can quickly take steps to take this exposure down.

## 4 Positioning of the Funds:

From a quality perspective, our portfolio is currently generating near record levels of profitability while carrying below average levels of debt. This provides a solid foundation for reinvestment, returning capital to shareholders and navigating through economic turbulence.

We have reduced our exposure to interest sensitive businesses that have shown strong appreciation in their valuation measures meaning our dividend yield has come down over the past year; however, the companies within the portfolios continue to show very strong dividend growth characteristics with lower payout ratios than the respective benchmarks. This should allow the companies in the portfolio to continue to increase their dividends at a faster rate than the overall market.

We have a high exposure to Financials that should benefit from the eventual increase in interest rates. Higher interest rates typically result in better earnings in insurance companies as the returns earned on their capital are higher and fewer reserves are required. In the banking space, the spread between loan and deposit rates typically widens when interest rates rise increasing profits.

We have added to areas of the market that have been under pressure and show good valuations relative to their historical levels and relative to the market. This includes the Energy sector where we have seen valuations trading at their lowest levels since the early 2000s.



## Pierre TROTTIER

Industrial Alliance Investment Management  
IA Clarington U.S. Dividend Growth Fund

### 1 Where are the opportunities?

We expect the S&P 500 to go up in the low double digit range driven mostly by Financials, Technology and the recovering auto sector. In a bull market environment, Financials should keep showing leadership because they are the heartbeat of the stock market. Financials are still in a mean-reversion process which will bring higher multiples for the group.

The Information Technology sector should also perform well this year. What is missing since the end of the tech bubble to revive this sector is the return of enterprise capital expenditures. We believe it could come back as soon as 2014-15 as the U.S. economic growth accelerates. Technology companies' balance sheets are in terrific shape and large Technology firms are paying good dividends. The auto sector has started to show strength and this should continue as the economy improves. The average age of U.S. light vehicles is 11.4 years and there should be some pent-up demand.

### 2 Biggest concern:

The U.S. bond market rates have been held artificially low by the Fed for an extended period of time. We believe that more normal rates for U.S. 10-year treasuries should be around 3.5%-4%. If the return to normal rates happens too fast because of better economic numbers, this could bring uncertainty in the housing recovery and in the stock market. The bond market could be very nervous in a scenario where the tapering pace could surprise.

### 3 Why is your investment approach well suited for what lies ahead?

We have a mix of a top-down and bottom-up approach. We put emphasis on stock selection. We also identify in advance which companies could start to pay or increase their dividends and we include them even if the current yield is below 2.5%. JP Morgan is a good example of a company we bought even when the yield was low.

S&P 500 companies are flush with cash so we expect that buybacks and dividends will remain key themes this year. By buying high dividend-yielding companies, we maximize our chance to outperform the market because we start right out of the gate with a higher yield and a stronger protection in case of a downturn.

### 4 Positioning of the Fund:

We are overweight in the Financial sector. We still own shares of JP Morgan, Wells Fargo, BBT and USBancorp. We also initiated a position in Citigroup as we believe it should start to pay dividends in the next 12 months. We have been increasing our weighting in the Technology sector where our emphasis is on corporations with strong balance sheets, dividends and technology portfolios.

We added shares of Ford during 2013 and we recently added GM as we believe the company should also start to pay dividends in 2014. U.S. Auto sales should keep rising in 2014 and reach 16-17 million units over 2015. The increase in housing starts should also bode well for GM and Ford pickups sales.



Doug **KEE**

Ryan **BUSHELL**

Leon Frazer & Associates

IA Clarington Canadian Conservative Equity Fund/Class

## 1 Where are the opportunities?

We continue to feel strongly that dividend-paying Canadian companies are well supported by a sound and growing economy as well as demographic trends pushing investors towards investments that offer a combination of growth and income.

Specifically within the Canadian marketplace the Materials and Energy (producers) sectors were again amongst the worst performers in 2013. Valuations in these sectors are reaching extremely attractive levels while dividends have continued to grow (all three of our Materials holdings increased dividends in 2013). We feel there is opportunity to add to positions in these sectors ahead of a later cycle recovery in Materials prices and Energy infrastructure project completions.

Other backbone sectors like pipelines and Telecommunications have had solid returns in 2013 and we expect them to continue to perform well in 2014 as dividend yields remain well above benchmark interest rates and business fundamentals remain solid. We are optimistic about another strong year in 2014 given the dividend growth we have experienced and the slight repositioning of the portfolio we have undertaken in 2013.

## 2 Biggest concern:

As always we have minimal concerns about the long-term health of the companies owned in the Fund. Short term, negative effects from rising interest rates could be felt in our portfolio; however, our research suggests that such weakness is relatively temporary and companies that can grow their dividends consistently have generally outperformed the benchmark over time, including times when rates rose.

Though not an issue for our unit holders, our biggest concern for Canadian investors in general is the amount of U.S. equity purchases based on recent outperformance, where valuations of companies with mature growth profiles are reaching stretched levels.

We are not negative on the U.S. economy. In fact, we agree with the consensus view that GDP growth is poised to accelerate in 2014. However, we also know that stock markets are a leading indicator and with two-year annualized total returns on the S&P 500 approaching 25%, we would estimate that much of that growth has been anticipated and caution is warranted.

## 3 Why is your investment approach well suited for what lies ahead?

We feel that there has not been a time since the 1950s where our fundamentals-based approach was more timely. Dividend yields have not stayed above benchmark bond yields for any extended period of time since then.

As rates gradually rise, funds should flow from bonds toward equities as demographics show a large proportion of older investors who will demand a mix of current income and reasonable growth to fund their lifestyle in retirement. This retirement horizon keeps extending as people live longer, which we believe will force retirees to continue to own a significant equity position given current interest rates and the need for continued growth.

Overall we think dividend-paying Canadian equities will be well supported by the aforementioned secular trends in addition to the solid business prospects for the companies in our steadily growing Canadian economy.

## 4 Positioning of the Fund:

Shorter term we are excited about the prospects for the portfolio in 2014. We have executed approximately \$60 million worth of purchases and a roughly equivalent amount of sales in 2013 in a continuing effort to reshape the portfolio, resulting in 6-7% turnover. All purchases made in the Fund in 2013 were Energy and Materials companies which have been beaten up of late.

We are holding on to the positions we have in our backbone companies in the banking, Telecommunications, pipeline and railway industries; however, we have reduced our Utilities weighting from over 12% at the beginning of 2013 to less than 7.5% at the end of Q4. Energy (ex pipelines) and Materials companies represented 25.8% of the Fund when the market had a comparable weighting of 46.6%.

The Fund has a weighting of 24.8% in Energy (ex pipelines) and Materials compared with the S&P/TSX Composite Index at 29.9%. We feel that gradual rebalancing and sticking with our conviction will be rewarded when conditions for these cyclical companies ultimately turn more favourable.





**Larry** **SARBIT**

Sarbit Advisory Services

IA Clarington

Sarbit U.S. Equity Fund/Class (Unhedged)

IA Clarington

Sarbit Activist Opportunities Class

## 1 **Where are the opportunities?**

Regarding the U.S. Equity Fund, bargains are naturally becoming fewer as average stock prices rise. We don't know where great businesses at bargain prices will emerge in 2014. We exercise patience combined with a constant search for such businesses. If we maintain our investment discipline and are patient, the opportunities will appear in the future. The most important thing is to not change our discipline – it has worked for us for 25 years.

As for the Activist Opportunities Fund, there will undoubtedly be many more undervalued companies that, in most instances, are this way because of mismanagement and where activists are pushing for recognition of value. We wait for the activists to “act”, to buy into such companies and begin the process of value recognition.

## 2 **Biggest concern:**

We have not spent much time on the political issues as they are generally not predictable. Even getting them correct, the question is: how does this make us money or prevent loss? To achieve this, we concentrate on the job of finding the next wonderful business at a great price. The biggest risks we face as investors are even higher stock prices and, thus, a continuing shrinking number of bargains to buy for our clients.

## 3 **Why is your investment approach well suited for what lies ahead?**

Our main concern, first and foremost, is all about preservation of capital and compounding thereafter. If you don't do the first, the second becomes difficult if not impossible. We have no idea what markets will do in the near future. If they decline, no doubt our stocks won't be immune in the short term. However, our critical concern is that the businesses we own will be worth more at the end of the year as compared to what they are at the beginning, regardless of how the stock prices will behave. Sooner or later, stock prices reflect the behaviour of the underlying businesses.

## 4 **Positioning of the Funds:**

Firstly, we think investors without cash in a declining market are at a distinct disadvantage. We were carrying about 40% cash at year-end which we view as an enormous opportunity. Warren Buffett believes cash is like a call option with no expiration date or strike price. Instead of thinking of cash as a burden, we invert this idea to see cash as a very valuable asset that we have available for immediate use to buy bargains, wherever and however they materialize.



## Brad RADIN

Radin Capital Partners

IA Clarington Global Opportunities Fund/Class

### 1 Where are the opportunities?

Sticking with our long-term, bottom-up, value approach, we believe that China offers the best investment opportunities currently. Over the course of 2013, excessive fears over a slowdown in China's growth have caused this market to trade down to one of the cheapest markets globally and close to 10-year lows on certain valuation metrics. This environment has allowed us to buy industry leaders with strong balance sheets and attractive dividends at cheap prices.

### 2 Biggest concern:

From a macro perspective, we believe the biggest risks to global markets are:

- a. U.S. fiscal (debt ceiling) & monetary (QE) policies
- b. Interest rates rising much faster than anticipated by investors

There is only one direction for interest rates to go over the next 10 years and that will likely have a far greater impact on the financial health for most Canadians than any overvalued stock will. We are not overly concerned with the talk of stock market "bubbles". There remain an awful lot of stocks that have not participated in this recovery. The real danger for investors is owning too many stocks that have been leading the charge and are at all-time highs.

### 3 Why is your investment approach well suited for what lies ahead?

Our global value approach to investing gives the Fund the flexibility to look for the best investment opportunities globally and avoid overvalued regions of the world. For instance, over the past year, we have been selling positions that have generated big returns in Europe to buy undervalued companies in China. In addition, we focus on companies with strong balance sheets or asset value support to help protect on the downside from company specific or macro events.

### 4 Positioning of the Fund:

Over the course of 2013, the Fund has found a number of great investment opportunities in China given investor pessimism toward the market. As a result, the Fund has increased its China/Hong Kong weighting from 16% at the beginning of 2013 to 26% heading into 2014. We believe that our China-based investments offer the most upside in our portfolio currently.

We also believe that our large cap bank & broker positions continue to offer good value over the long-term, despite a strong move in the past year. Financials remain the highest sector allocation in the Fund as we enter the new year. Our cash levels recently topped 15%, meaning we are able to take advantage of new opportunities as they arise. We view short-term volatility as an opportunity. This is a long game not a short game.

## 1 Where are the opportunities?

In the past five years global economies have been through an arduous process whereby governments and businesses have worked to heal the damage created by the financial collapse in 2008. This has set the groundwork for better growth prospects for the next five years.

As such, opportunities for 2014 (and beyond) will certainly lie in the global equity arena. We do not believe there will be a reacceleration of inflation in the developed economies.

While investors grapple with the prospects of the eventual full withdrawal of quantitative easing, we do not believe that interest rates will rise dramatically. Our forecast for 10-year Treasury bonds sees interest rates rising to average 3.5% by the second quarter of 2014. Investors should not abandon their equity income investments as there will be room for those companies to outperform again in 2014.

## 2 Biggest concern:

Investor consensus believes that global growth is on a healthy path and we will potentially see economic activity accelerate in 2014. There are certainly large risks looming which could derail that outlook.

The largest risk centers on the political gridlock which continues to afflict Washington. The shutdown that left parts of the U.S. government in suspended animation in 2013 is expected to reduce fourth quarter growth in the world's largest economy by anywhere from 0.2 to 0.6 percent. A more prolonged shutdown in 2014 would have a more dire effect. Washington is working to avoid another shutdown as legislators look to find common ground to end the repeated budget battles that have bruised the U.S. economy in recent years.

The conclusion that investors should take away from all this is that until an agreement on spending and a debt ceiling is concluded, the assumption that U.S. economic growth will continue to accelerate is far from a sure thing.

## 3 Why is your investment approach well suited for what lies ahead?

Our investment approach has always had the flexibility to adapt to the changing economic environment. In times of slowing growth and declining interest rates, we focused on fixed income investments such as high yield bonds and long duration assets with sustainable cash flows.

However, like today, when investors are faced with an environment of potentially rising interest rates and a reacceleration of growth, we can refocus the portfolios into equities that will likely benefit from increased economic activity.

Investors could benefit from being invested in these companies in two ways. First, equity prices should benefit from the real growth in earnings and second, investors may benefit from increasing dividends as profits and cash flow improve.

## 4 Positioning of the Funds:

The IA Clarington Tactical Funds have been positioned to benefit from the reacceleration of growth in 2014. We are underweight high yield bonds in the portfolios and for the bonds that remain we have shortened the bond portfolio duration to a weighted average of less than three years.

The equity portion of the portfolios is also slightly underweight as we are overweight cash; however, we are deploying cash back into equities on days when equity markets pull back.

We are focused on Financial Services, banks, insurance companies and wealth management firms, as they should all benefit from a rising interest rate environment and a renewed interest in equity focused fund sales. Companies such as Allstate, Ares Capital, T Rowe Price, Bank United and Brookfield Asset Management are all core holdings. We are also emphasizing equity investments in retailers such as Alimentation Couche Tard, Starbucks, Dollar General and Home Depot.

Ben CHENG

Aston Hill Asset Management

IA Clarington Global Tactical Income Fund/Class  
IA Clarington Tactical Income Fund/Class  
IA Clarington Tactical Bond Fund/Class



**At IA Clarington,** we believe that investing has changed. Shifting investor demand and unprecedented access to information and products have created new challenges and new opportunities. We believe that the best investor outcomes will be achieved by being invested – not just in the markets, but in distinctive products that are actively managed, and in active trust-based relationships with advisors.

IA Clarington is a wealth management firm dedicated to providing a broad selection of investment solutions that meet a variety of investment needs. We seek leading portfolio managers from across Canada and around the world to manage our diverse range of investment products. We manage more than \$13 billion in mutual fund assets. IA Clarington is a wholly-owned subsidiary of Industrial Alliance Insurance and Financial Services Inc., Canada's fourth largest life and health insurance company.



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