

Floating Rate Income

CIFSC fund category

Floating Rate Loan

Portfolio manager

iA Clarington Investment Inc.

Offered in all products

IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series), My Education+ (including Prestige preferential pricing), Ecoflextra (Classic Series 75/75)

iA Clarington Investment Inc. snapshot

- Over \$14 billion in assets managed as at December 31, 2018
- Offices in Montreal, Toronto, Calgary and Vancouver
- Wholly-owned subsidiary of iA Financial Group

Lead portfolio managers



Jeff Sujitno

- Also manages the Core Plus Bond Fund
- Joined iA Clarington in 2013
- Over 18 years of investment experience
- HBA, Ivey Business School, Western University



Amar Dhanoya, CFA

- Also manages the Core Plus Bond Fund
- Joined iA Clarington in 2013
- MBA, Ivey Business School, Western University
- Bachelor of Science, Pepperdine University

Why consider this fund?

- Diversification of a traditional fixed income portfolio: because of their unique characteristics, floating rate loans have low correlations to other debt instruments and equities
- Attractive yields: since their quality is rated lower, floating rate loans and high-yield bonds offer a higher yield to maturity than investment-grade government and corporate bonds
- Less sensitive to interest rate movements than longer dated bonds: floating rate loans have a duration of nearly 0 years
- Maximized risk-adjusted return potential through rigorous stock selection
- Access to floating rate loans, a non-traditional asset class that can be difficult for retail investors to purchase

Investment style and other characteristics

- Diversified portfolio composed of 100 to 125 securities distributed across a large number of issuers
- Investment process combining a top-down analysis of economic and credit market conditions and a bottom-up analysis of company fundamentals and creditworthiness
- Investments primarily in North American corporate debt securities with a lower investment grade rating, including
 - floating rate senior loans
 - high-yield corporate bonds
 - equities
- Seeks securities of companies led by experienced executives with high cash flows and issuing debt securities with a strong equity base

Floating Rate Income

What are floating rate loans?

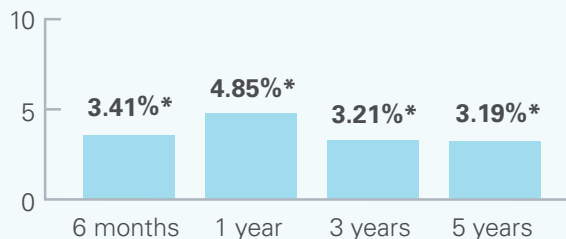
- Floating rate loans are also known as senior loans or bank loans.
- Many companies, generally known but listed as lower quality investments, use this type of loan to finance their operations, expansions, acquisitions and other business activities.
- Banking institutions can provide a portion of this financing. Subsequently, they use large institutional investors, including the funds, to purchase these loans.
- Repayment priority is given to variable rate loans over high-yield bonds, preferred shares and common shares. They are also secured by the company's assets, such as its real estate.
- The interest rate on these loans is generally reset quarterly and calculated based on the benchmark variable rate plus a fixed premium. Since senior loans have variable interest rates, their prices are generally stable in a context of rising interest rates.

	Senior loans		Fixed rate bonds	
	The income is linked to interest rates.		The price is linked to interest rates.	
	Price	Income	Price	Income
Interest rate increase	■	▲	▼	■
Interest rate decrease	■	▼	▲	■

■ Stability ▲ Increase ▼ Decrease

Net compound returns¹

As at July 31, 2019



* Simulation of past returns as if the fund had been in effect for these periods
¹ These returns are on a net basis, for the Classic Series 75/75 of the IAG SRP

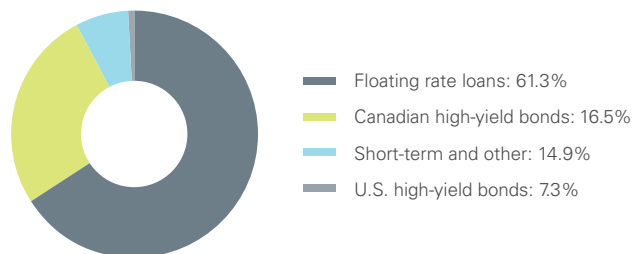
Portfolio characteristics

As at July 31, 2019

Average credit quality	B
Yield to maturity	5.2%
Average coupon	6.1%
Modified duration	0.7 years
Average term	4.7 years

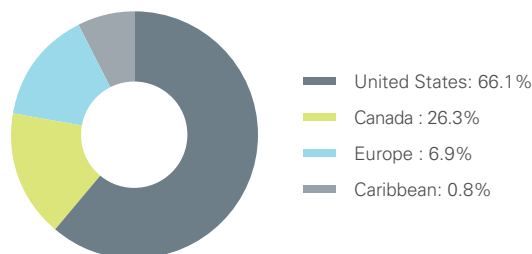
Asset mix

As at July 31, 2019



Geographic allocation*

As at July 31, 2019



*Cash not included

iA Clarington is a signatory of the United Nation's Principles for Responsible Investment (PRI).



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