

IA Clarington Money Market Fund

Manager commentary – Q4 2024

Following two interest rate cuts of 0.25% each by the Bank of Canada in the second quarter, the central bank decided to lower rates even further in the fourth quarter, implementing two large rate cuts of 0.50% as the Canadian economy showed signs of weakness, especially when it comes to real GDP per capita, which has contracted in eight of the last nine quarters. With household debt levels among the highest among the Group of Seven (G7) countries, Canada's housing market remains acutely sensitive to interest rate changes. Rising rates in recent years have slowed housing activity, but the five consecutive rate cuts in 2024 could reignite concerns that shelter inflation will make a comeback.

The Fund has a clear focus on capital preservation. It invests primarily in money market instruments that mature in less than 365 days. At the end of the fourth quarter, the Fund was invested essentially in Treasury bills. We continue to focus on high-quality issuers and maintaining a high degree of liquidity in the Fund. We are also mindful of not taking any unnecessary credit risk in the selection of securities, as the main investment objective of the Fund is capital preservation and liquidity.

For definitions of technical terms in this piece, please visit iaclarington.com/glossary and speak with your investment advisor.

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