

Quarterly / As at September 30, 2017

Economic and Market Overview



Clément Gignac

International

The world economy has posted synchronized growth since the start of the year, a very positive sign for continuation of the economic cycle. In fact, for the first time in ten years, all OECD countries posted positive growth rates in the second quarter of 2017, led by China and India.

Europe

Economic surprises in Europe remained favourable over the summer, translating into a sharp rise of the euro against the U.S. dollar, up from 1.14 at June 30 to more than 1.20 in early September. The OECD in fact revised its economic forecasts for the eurozone upward, projecting growth rates of 2.1% in 2017 and 1.9% in 2018 (on the heels of 1.8% growth in 2016). Moreover, these positive revisions extend to Europe's three largest economies (Germany, France and Italy) which are all experiencing renewed momentum.

United States

The U.S. economy continues to demonstrate a robust pace of growth. The OECD is estimating growth of 2.1% for the U.S. economy in 2017, and 2.4% in 2018 – a clear acceleration since the 1.5% recorded in 2016. Meanwhile, the U.S. Federal Reserve (the Fed) has reiterated its intention of going ahead with the normalization of its monetary policy, signalling another increase in its key rate before the end of 2017 and three more in 2018, despite market skepticism. The Fed officially set October for the start of its plan to reduce the size of its balance sheet, a process that will likely extend over five years.

Canada

The Canadian economy stole the show in the second quarter, with a sharp increase in growth that pushed the Bank of Canada to go ahead with not one, but two increases in its benchmark interest rate. Canada's economic performance since mid-2016 has been impressive. On average, over the last four quarters, the country's quarterly growth rate has exceeded that of the U.S. by 1.5%, thanks to the rebound in oil production in Alberta, the beneficial effects of the loonie's decline and the federal government's spending programs.

/ iA Strategy

Our strategy of overweighting in equities was maintained once again throughout the third quarter of the year. This overweighting was achieved through foreign equities, with an overweighting of European and Asian stocks, and in so-called "growth" sectors such as information technology.

As the quarter was ending, we noted a shift on the markets, as "value" sectors, such as financials and energy, delivered a

superior performance to those of the market in September. The tone adopted by the U.S. Federal Reserve could create fertile ground in the financials sector, as banks tend to benefit from an environment of interest rate hikes, and the reduction in oil stocks suggests that the trough is perhaps already behind us in terms of energy securities.

/ **iA Managed Solutions**

Diversified Funds

Toward the end of the quarter, we began to reduce our funds' exposure to the U.S. stock market and to increase our exposure to the Canadian stock market. Although we remain overweight in the European and Asian stock markets, we have reduced that position as well in favour of the Canadian market.

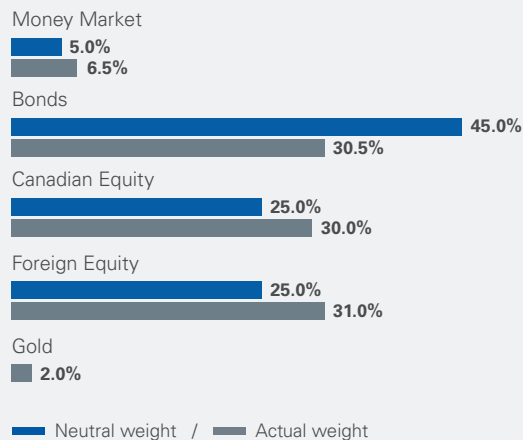
This strategy of overweighting equities remains accompanied by holdings of index put options in order to protect portfolios against any sudden drop in the markets.

In terms of bonds, we are remaining underweight in this asset class, given the international trend of tightening monetary policies and, especially, the new prospect of increases in the Canadian key interest rate in 2018. Despite all this, we maintained a dynamic management strategy for duration throughout the quarter with respect to our peers, taking positions in long-term U.S. bonds, both to protect portfolios in case of a stock market decline and to take advantage of the level of long-term U.S. rates, which appear well anchored for the moment.

At the end of the quarter, Canadian equities accounted for 30% of the Diversified Fund, holding the same weight as international equities.

The weight of bonds was reduced to 30%, a level below the 45% target, as interest rate hikes led us to further reduce the size of this position.

Cash is now at a rather neutral level, representing 8% of the Fund's assets. This gives us the flexibility to seize any new opportunities that present themselves on the stock markets.

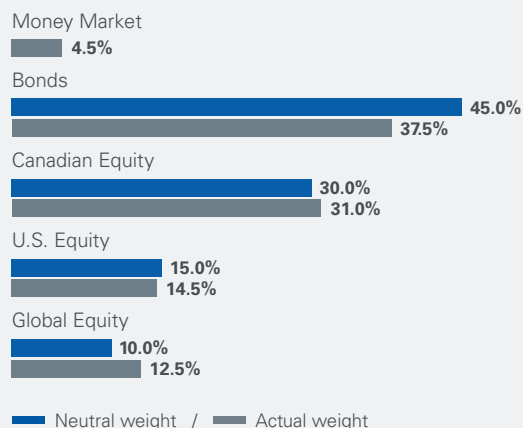


Selection Funds

Equity exposure in the Selection Funds was slightly increased to 58% for the Selection Balanced Fund, while we increased the weight of Canadian stocks to take some profits. The Selection Funds' positioning differs from that of the Diversified Funds, as their structure does not allow for the addition of risk mitigation tools such as put options.

The weight of fixed-income securities declined somewhat to 37.5% within the Selection Balanced fund, due to market movements.

Finally, cash is 4.5% of the Selection Balanced fund, close to the target.



Focus Funds

This is a family of five funds, made up of various sub-funds, with asset allocations and risk profiles that correspond to each investor profile. Focus funds are for investors who want their portfolio to reflect their risk tolerance at all times (with monthly rebalancing), regardless of the economic environment.

/ **Forstrong Funds**

N	Global Diversified Fixed Income (Forstrong)	Global Fixed Income Balanced
	Global Diversified (Forstrong)	Global Equity Balanced
N	Global Diversified Equity (Forstrong)	Global Equity Balanced

All funds offered in:
IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)
However, Global Diversified (Forstrong) is also offered in:
My Education+ (including Prestige Preferential Pricing) Ecoflextra (Classic Series 75/75)

Portfolio manager

Forstrong Global Asset Management Inc.

Lead portfolio manager



Tyler Mordy, CFA

- President and CIO
- Tyler is a recognized innovator in the design and application of “global macro” ETF portfolios
- Recently, ETF.com profiled Tyler as one of the “best and brightest” working in the ETF Strategist industry
- Joined Forstrong in 2003
- Mathematics and English Literature (University of British Columbia)



FORSTRONG
GLOBAL

Why consider this Fund?

- Pioneer in this market: Forstrong has the longest industry track record for managing ETF only strategies
- Tactically adjusts duration and asset allocation to capitalize on income and growth opportunities
- Complement to a Canadian portfolio to manage risks from a global perspective

Investment style & other characteristics

- Strategic diversification across a broad range of asset classes, sectors, countries and currencies
- Active management through long-term macroeconomic analysis and short-term strategies
- Owner of dozens of macro-economic models based on super trends: Forstrong believes that these investment themes will stimulate the capital markets for years to come
- Portfolio securities: up to 35 ETF
- Degree of leeway to move within investment limits
- Dynamic currency hedging strategy to mitigate exchange rate risks and seize opportunities

Current Fund strategy

The overarching strategy is the same for the three funds we now manage for iA Financial Group; however, the target asset mix between global fixed income and global equities differs from one mandate to another. Overall, we remain widely diversified across all asset types. All three funds include exposures to global assets, as this has proven to significantly reduce portfolio volatility over the past several decades.

The funds remain modestly overweight equities and underweight fixed income securities. This stance is reflected in all regions globally, except emerging markets. Relatively low interest rate risk and high yields are still attractive in this region. We continue to believe that this will remain an appealing investment region over the long-term. However, the heated investor attention to emerging markets now warrants a reduced exposure.

Importantly, cash weightings have been further increased to a higher overweight. Continuing low deposit rates, nevertheless, reduce our zeal for aggressively high cash levels. Floating

rate assets have been employed to establish additional liquidity positions.

With regard to fixed income holdings, we remain cautious on interest rates. Bond duration has been further underweighted. Otherwise, we prefer above-average dividend yielding equities. Interest income scarcity remains an enduring theme that we emphasize. We continue to scour the world for higher yield.

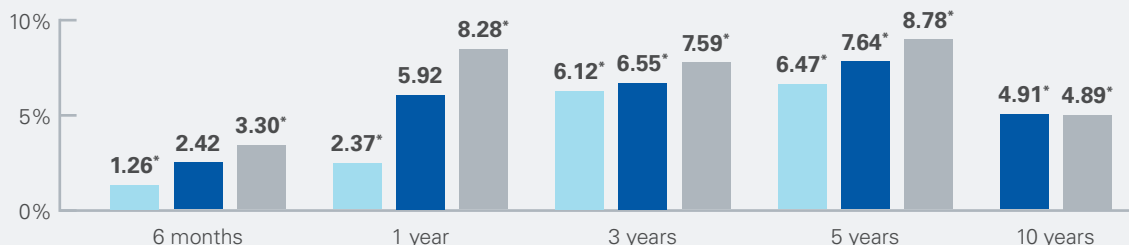
As to equities, overweight positions in healthcare and financials are continued. The latter sector-weight is reflected in Canada, Europe and the U.S. A friendlier regulatory environment as well as expected reforms in Europe and elsewhere appear beneficial for this latter sector.

In terms of currency management, the U.S. dollar has returned to a more neutral valuation vs. most major currencies. The Canadian dollar is therefore likely to trade in a range, leaning to some downside vs. the USD. As such, we have unhedged U.S. dollar exposure.

Forstrong Funds

Net compound returns

As at September 30, 2017



* These returns are on a net basis, for the Classic Series 75/75 of the IAG SRP. These proxy returns are provided to give an approximation of the Fund's return if it had been in effect for these periods. Please note that past performance is not a guarantee of future returns. Given that neutral asset mix weights are fairly close, returns were calculated by using the monthly returns of the following:

- Global Diversified Fixed Income (Forstrong): Average of Forstrong's Global Income Focus and Global Balanced Focus composites
- Global Diversified (Forstrong): Average of Forstrong's Global Balanced Focus and Global Growth Focus composites
- Global Diversified Equity (Forstrong): Forstrong's Global Growth Focus composite

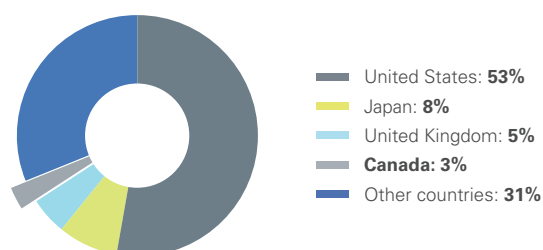
ETF are excellent tools

- Superior quality vehicles to actively manage a portfolio invested globally
- Access to specialized investment opportunities: emerging markets, real estate, commodities, foreign currencies, etc.
- Diversification to protect against security specific risks
- Ideal tool for active and tactical portfolio management
- Ability to shift sectors, currencies, countries and duration in one trade to exploit opportunities and limit risk, making ETF ideal for tactical global macro managers

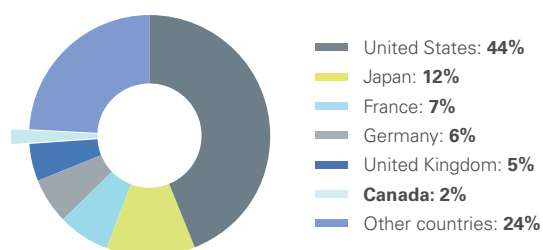
Investors need to look beyond Canada

Canada represents less than 4% of the world market capitalization* and the global investment grade debt market**

As at September 30, 2017



*Source: MSCI All Country World Index



**Source: Citigroup World Broad Investment Grade Bond Index

Asset Mix

As at September 30, 2017

	Target Weight (Neutral Weight)		
	Global Diversified Fixed Income* (%)	Global Diversified (%)	Global Diversified Equity* (%)
Money Market	7.4	5.8	5.7
Canadian Bonds	0.7	1.1	0.2
Foreign Bonds	59.7	27.3	14.8
Total - Fixed Income	67.8 (65)	34.2 (35)	20.7 (15)
Canadian Equities	0.2	1.6	2.0
U.S. Equities	8.0	25.0	32.1
International Equities	17.8	31.7	36.3
Emerging Markets Equities	6.2	7.5	8.9
Total - Equities	32.2 (35)	65.8 (65)	79.3 (85)

*Target weights as if the Fund had been in effect in November 2017 for these periods

Forstrong snapshot

- Founded in 2001
- First Canadian manager to offer global asset allocation strategies using ETF securities exclusively
- Manages more than \$700 million
- Daily goal to provide every client with the optimal exposure to the right assets, in the right allocation and at the right time

/ **Featured Funds**

Fidelity Global Monthly Income

Offered in

IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)

Portfolio manager

Fidelity Investments

CIFSC Fund Category

Global Neutral Balanced

Lead portfolio manager

Geoff Stein, CFA

- Portfolio manager in the Global Asset Allocation group
- Also manages or co-manages many multi-asset class funds
- Joined Fidelity in 1994
- Over 30 years of investment experience
- Bachelor of Economics (Yale)
- MBA (Stanford University)

David Wolf

- Portfolio manager in the Global Asset Allocation group
- Also co-manages many multi-asset class funds
- Over 20 years of investment experience
- From 2009 to 2013, adviser to the Governor and secretary to the Governing Council of the Bank of Canada
- Bachelor of Economics with honors (Princeton University)



Why consider this Fund?

- Globally-focused, all-in-one solution offering exposure to equities and fixed income securities
- Access to asset classes individual investors would have difficulty accessing on their own
- Diversification benefits through a unique combination of asset classes that tend to exhibit low or negative correlation to each other
- Portfolio managers supported by Fidelity’s world-class global research platform

Investment style & other characteristics

- Target allocation: 50% in fixed income securities, 50% in global equities
- Degree of leeway to move within investment limits (± 20% from target allocation)
- Analysis of markets short- and long-term performance to help gauge the relative attractiveness of asset classes and identify opportunities to diversify to other regions and/or asset classes
- Particular emphasis on watching for inflection points where there is a high likelihood of mean reversion
- More than 2,500 holdings

Current Fund strategy

Lead portfolio managers Geoff Stein and David Wolf seek to maintain a strategic allocation of equities and fixed-income securities in line with the Fund’s benchmark. They believe the economic cycle is approaching its later stages as central banks are beginning to raise interest rates and inflation risks are growing. As a result, they added tactical allocations to U.S. Treasury inflation-protected securities (TIPS) as insurance against higher inflation expectations, high-yield commercial mortgage-backed securities and floating-rate debt securities to manage duration risk.

Global equity portfolio manager Ramona Persaud has been finding compelling investment opportunities in consumer staples and energy sectors more recently. The recent shift toward cyclical, pro-growth industries has created a challenging environment in which the impact of investor

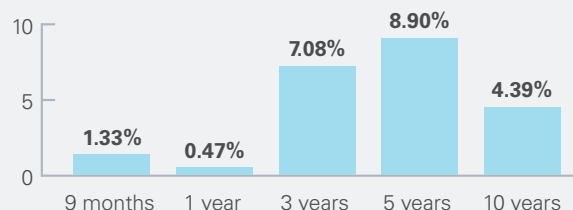
sentiment has outweighed fundamentals. However, Ms. Persaud remains committed to finding high-quality value opportunities in companies with strong track records for capital allocation.

Global bond portfolio managers Michael Foggin, Andrew Lewis, Curt Hollingsworth and Jeff Moore are focused on maintaining a well-diversified and liquid bond portfolio that can adapt to changing market environments. They continue to focus on bottom-up, fundamental security selection, capitalizing on idiosyncratic investment opportunities. At the moment, they believe that global central bank actions will continue to dominate the fixed income landscape. In addition, they continue to believe that corporate bonds offer the best potential for active returns.

Fidelity Global Monthly Income

Net compound returns¹

As at September 30, 2017



¹ Returns on a net basis, for the Classic Series 75/75 of the IAG SRP

Equity Sector Allocation

As at September 30, 2017

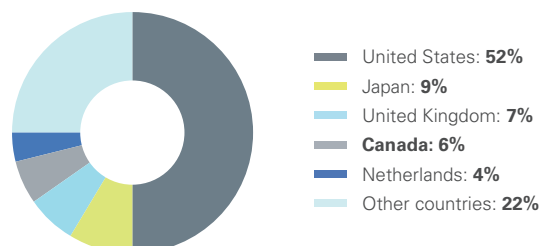
Sector	Fidelity Global Monthly Income Fund (%)	MSCI ACWI Index (%)	Deviation (%)
Consumer Staples	16.2	8.8	7.4
Financials	16.0	18.8	-2.8
Information Technology	15.9	17.6	-1.7
Health Care	13.5	11.2	2.3
Consumer Discretionary	9.5	11.9	-2.4
Energy	9.4	6.4	3.0
Industrials	9.2	10.8	-1.6
Materials	4.2	5.3	-1.1
Telecommunication Services	4.0	3.2	0.8
Real Estate	1.6	3.1	-1.5
Utilities	0.5	3.1	-2.6

Fidelity Investments snapshot

- Founded in 1946: over 70 years of growth and innovation backed by a proven approach to investing
- Global investment network spanning North America, Europe, the Middle East, Africa and Asia-Pacific
- One of the world's largest providers of financial services
- Managed assets of U.S. \$2.2 trillion
- Over 800 investment professionals worldwide

Geographic Allocation

As at September 30, 2017



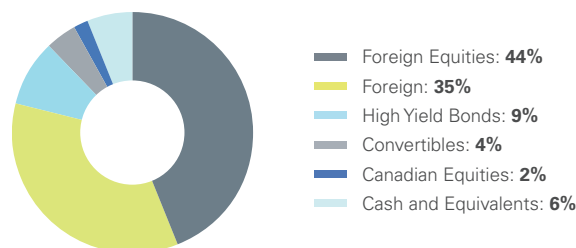
Top Ten Holdings

As at September 30, 2017

Apple
Chevron
Microsoft
Amgen
J. P. Morgan Chase
Micro Focus International
Suncor Energy
British American Tobacco
Unilever
Bank of America
TOTAL: 7.90% of the Fund

Asset Mix

As at September 30, 2017



/ **Featured Funds**

Fidelity Global Concentrated Equity

Offered in

IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)

Portfolio manager

Fidelity Investments

CIFSC Fund Category

Global Equity

Lead portfolio manager



Patrice Quirion, CFA

- Also manages Fidelity International Concentrated Equity Fund
- Joined Fidelity in 2005
- Bachelor of Commerce with honours (HEC Montreal)
- MSc in finance (Queen's University)



Why consider this Fund?

- Focused on companies with sustainable quality, predictable growth and attractive valuations
- Combination of a concentrated portfolio and broader investment constraints allowing the mandate to capitalize on securities with the highest conviction
- Emphasis on mitigating the likelihood of permanent losses of capital

Investment style & other characteristics

- Long term contrarian approach
- High concentration with approximately 50 holdings
- "Go anywhere" mandate with broad investment constraints
- "Quality at a Reasonable Price" investment style that targets predictable, durable and sustainable businesses

Current Fund strategy

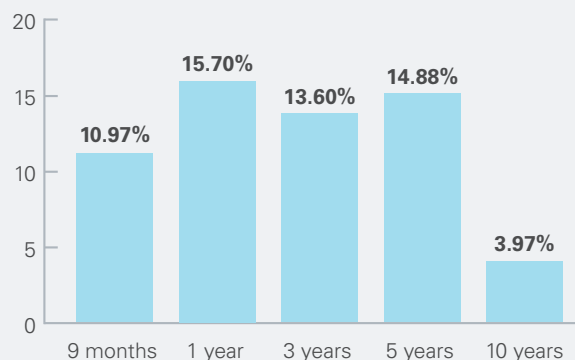
Portfolio manager Patrice Quirion has been positioning the Fund towards higher quality buckets to de-risk the portfolio as equity markets move into a later cycle. Since earlier 2017, he has trimmed his exposure from what he refers to as "quality cyclical", companies that are durable and sustainable but still dependent on the market cycle, and has been moving into areas that are less impacted by macroeconomic factors. He continues to find interesting opportunities in Europe and emerging markets, where he is overweight in countries such as Switzerland, Netherlands, China and Brazil.

On a sector basis, the Fund's largest absolute allocation is to industrials, where Patrice has been focused on resilient businesses that fit his category of "quality defensive", or companies that are generally not impacted by macroeconomics such as toll-road companies. The Fund's broader investment parameters allow for more flexibility, and has enabled for little to no allocation in sectors such as energy, which the portfolio manager feels is lacking of compelling long-term investments that are high in conviction but not high in risk.

Fidelity Global Concentrated Equity

Net compound returns¹

As at September 30, 2017



¹ Returns on a net basis, for the Classic Series 75/75 of the IAG SRP

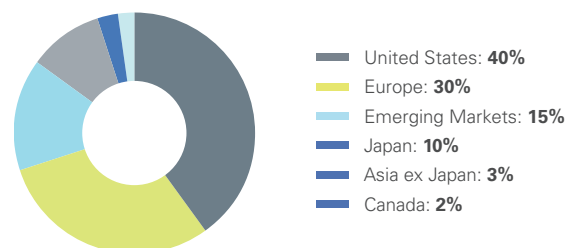
Sector Allocation

As at September 30, 2017

Sector	Fidelity Global Concentrated Equity Fund (%)	MSCI ACWI Index (%)	Deviation (%)
Industrials	28.2	10.8	17.4
Consumer Discretionary	22.0	11.9	10.1
Financials	13.9	18.7	-4.8
Health Care	12.9	11.2	1.7
Information Technology	10.0	17.6	-7.6
Consumer Staples	8.4	8.8	-0.4
Utilities	2.5	3.1	-0.6
Telecommunication Services	2.1	3.2	-1.1
Energy	0.0	6.4	-6.4
Materials	0.0	5.3	-5.3
Real Estate	0.0	3.1	-3.1

Geographic Allocation

As at September 30, 2017



Top Ten Holdings

As at September 30, 2017

Alphabet Inc	3.1%
Vipshop Holdings Ltd. ADR	2.8%
Samsonite International S.A.	2.4%
ENN Energy Holdings Ltd	2.3%
AECOM	2.2%
G8 Education Ltd	2.1%
Bridgestone Corp	2.1%
Ferguson PLC	2.1%
SAP SE	2.0%
Weir Group PLC	2.0%
TOTAL: 22.9% of the Fund	

Fidelity Investments snapshot

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/ Useful links

Morningstar

http://www2.morningstar.ca/covers/fund_ca.aspx?culture=en-CA

Economic and Financial Publications (ia.ca)

<http://ia.ca/individuals/individualsavings/publications-savings>

Economic News with Clément Gignac and His Team (ia.ca)

<http://ia.ca/economic-publications/posts>

IAG Savings and Retirement Plan (ia.ca)

<http://ia.ca/iag-savings-and-retirement-plan>