THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

IAG.TO - Q4 2016 Industrial Alliance Insurance and Financial Services Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 16, 2017 / 5:00PM GMT

CORPORATE PARTICIPANTS

Grace Pollock *Industrial Alliance Insurance and Financial Services Inc - Director of IR*

Yvon Charest *Industrial Alliance Insurance and Financial Services Inc - President and CEO*

Rene Chabot *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

Denis Ricard *Industrial Alliance Insurance and Financial Services Inc - EVP of Individual Insurance and Annuities*

Carl Mustos *Industrial Alliance Insurance and Financial Services Inc - President, IA Clarington*

CONFERENCE CALL PARTICIPANTS

Meny Grauman *Cormark Securities - Analyst*

Tom MacKinnon *BMO Capital Markets - Analyst*

Doug Young *Desjardins Capital Markets - Analyst*

Sumit Malhotra *Scotiabank - Analyst*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Industrial Alliance fourth-quarter earnings results conference call.

(Operator Instructions)

As a reminder, this conference is being recorded Thursday, February 16, 2017. I would now like to turn the conference over to Grace Pollock. Please go ahead.

Grace Pollock - *Industrial Alliance Insurance and Financial Services Inc - Director of IR*

Good day and welcome to our fourth-quarter conference call. All documents related to our results, including the press release, the slides, the MD&A, and the supplementary financial package are posted in the investor relations section of our website at ia.ca. This conference call is open to the financial community, the media, and the general public. The question period is reserved for financial analysts.

A recording of this call will be available for one week starting this evening. The archived webcast will be available for 90 days, and a transcript will be available on our website in the next week. I draw your attention to the forward-looking statements at the end of the slide package. A detailed discussion of the company's risks is provided in our 2016 MD&A that is available on SEDAR or the IA website. I will now turn the call over to Yvon Charest, President and CEO.

Yvon Charest - *Industrial Alliance Insurance and Financial Services Inc - President and CEO*

Good afternoon, everyone, and thank you for joining us. I'm today with all the other members of the strategic planning community, which is Normand Pepin, Rene Chabot, Michel Tremblay, Denis Ricard, Renee Laflamme, Mike Stickney, and Carl Mustos.

So 2016 was simply a fantastic year for us both in terms of growth and profit. We also delivered on two challenges that is our employees plans and mutual fund businesses. After two difficult years, 2016 was a turnaround year for employee plans for profit. They surpassed our objective for the year, and also reported experienced gains in almost all quarters.

Our second turn around was in our mutual fund business. Both growth sales and net inflows improved throughout the year, and we are pleased to report that after 10 quarters of outflows, we had positive net sales in Q4. Fund performance continues to improve and we are beginning to see an uptake in sales of iA solutions at our distribution affiliates.

In our other businesses, retail insurance also had an outstanding year. Overall sales were up 21% for with both Canada and the US exceeding expectations. Q4 was especially strong in Canada with sales up 37%, in anticipation of the change in tax rules at the beginning of 2017. Aside from new sales, it was also a good quarter for deposits of excess premiums in existing contracts.

In our seg fund business, sales also continue to be strong, and we still lead the industry for net sales. In 2016, close to three quarters of our sales were for low-guarantee or capital light products. This compare with about one quarter in 2012, so good progress to report on that front. In our auto and home insurance business, written premiums were up by 13% for the year. I'm pleased to say that much of the growth in new policies is coming from new distribution partnerships added in the last year and a half.

In our group businesses, wealth management had a good year overall, with accumulation plans up by 27% as a result of the signing of new plans. Employees plans and special market solutions both reported modest increases in sales over the previous year. In dealer services, sales of creditor insurance and extended warranty were steady for the year, reflecting the continuation of soft market conditions in western Canada, partly offset by more favorable markets in Quebec.

In addition to good organic growth in 2016, we also continued to strengthen our insurance, car dealer, and wealth management distribution through acquisitions. The largest was obviously HollisWealth that we expect to close in Q3. This expands our presence across Canada in the IIROC and adds some 800 advisors to our retail wealth distribution network. We look forward to working with our new partners to continue building our franchise as one of the largest non-bank wealth distribution networks in Canada, with more than 75 billion in AUA.

And finally, the number that sum up the year is certainly the book value per share. As we have done since we became a public company in 2000, we continue to create value for our shareholders, who I'm quite pleased to see that the book value per share was up 11% over last year, obviously coming mainly from an outstanding contribution from profit. This is why I'm pleased to report that the Board has approve a 9% increase in our dividend on common shares that is payable on March 15. So I will now turn it over to Rene who will comment on profit.

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

Good afternoon, ladies and gentlemen. Q4 was a strong end to a strong year. Earnings of CAD1.48 per share exceed the top of the Q4 guidance by CAD0.28 per share. Our estimate of core is CAD1.16 per share, which is 10% higher than last year.

For the full year we are reporting earnings of CAD5.19 per share. Core is pegging at CAD4.77, which is CAD0.17 above our guidance and 13% above core of CAD4.21 last year. These strong results reflect a second consecutive year of strong policyholder experience and a significant turnaround in profit from employee plan and lower strain on new business in our individual insurance operation.

Items of note in the fourth quarter are detailed on slides 5. Individual insurance had extremely strong policy insurance, with a gain of CAD0.19 per share. This was mostly related to favorable mortality and morbidity, higher deposit of excess premium on our UL in force policies, and market appreciation. This is the seventh consecutive quarter of favorable policyholder experience for retail insurance.

In addition, strain on new business came in at 5%, which was lower than expected and adds another cents to earnings. For the year, our strain ratio was 11% compared to our guidance of 15%. Our group insurance sectors report an experience loss of CAD0.09 per share. After three consecutive quarter of favorable experience, employees plans report a higher incidence of long-term disability and dental claim in Q4, representing CAD0.06 per share. Dealer services lost CAD0.01 due to higher claim for creditor insurance and CAD0.02 related to the car loan portfolio.

In wealth management, the individual sector had a loss of CAD0.01 per share related to the dynamic hedging program, and the group sector reported loss of CAD0.02 per share because of unfavorable longevity and higher expenses. Both of these sectors are favorable for the year.

Another item of note in the quarter included a gain from income tax, which added CAD0.06 to earning, and our year-end assumption review, which added CAD0.22 as a result of a reserve release. These were offset by a loss of CAD0.06 from income on capital due to higher financing costs -- we had a double debt in the quarter -- and lower results iA Auto and Home.

I would like to say a few word about our year-end assumption review. As you can see on slides 8 and 9, the favorable result of our annual mortality update and investment gains during the year were used to strengthen our interest rate reinvestment assumptions. The URR was dropped by 20 basis points to 3.10% versus the prescribed rate of 3.30%, and we positioned our IRR at 2.35%, the year-end number.

With the strong macroeconomic protection that we have at year-end that you can see on slide 9, market can drop 25% and interest rate by 75 basis point before reserves need strengthening. We have also provided on slide 11 an updated matrix for the sensitivity of our capital to rates and markets at December 31.

Our solvency ratio at year-end was 225%, reflecting the rise in interest rates, capital issuances and redemption, and the profit in the quarter. If we take into account the HollisWealth acquisition, scheduled to close in Q3 2017, the ratio would be 211%.

We are introducing our guidance for 2017, as you can see on slide 12. Core EPS is expected to range from CAD4.65 to CAD5.05, which is an increase of 10% over last year guidance. We position strain at 6% for the year, down from the 11% that we report for 2016. In addition, we are projecting continued improvement from employee plans, profit growth from mutual funds, and a better performance in dealer services, especially for car loans. Please bear in mind that EPS and our strain ratio can vary on a quarterly basis because of seasonality.

The effective tax rate range has been increased to 20 to 22%, and the quarterly run rate from income on capital increased to CAD19.5 million, with seasonality of plus or minus CAD5 million for iA Auto and Home. The other elements of our guidance -- ROE, solvency ratio, dividend payout -- all remain unchanged.

My last comment is on the definition of core earning. As you will see on slide 14, in our calculation going forward, we'll be excluding all market gains in their entirety, as well as change in assumption, management actions, and additional items. We shall apply our rule of plus or minus CAD0.04 to policyholder gains and loss by line of business, strain, income on capital, and iA Auto and Home results. We believe that our new definition is better aligned with market methodology. That concludes my formal comments. Operator, we'll now take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Our first question comes from the line of Meny Grauman with Cormark Securities. Please proceed with your question.

Meny Grauman - *Cormark Securities - Analyst*

Hello. Good afternoon. You took the URR down 20 basis points, and it is certainly in line with what you were suggesting. But just wondering, given the move in rates that we've seen, do you think that you maybe have gone too far? Or how do you look at that decision going forward in a more optimistic rate environment right now?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

I think that decision is correct. And as you know, the current level of rate doesn't necessarily change too much the URR. The URR is based on a model with many different rates for the last 5 years and so. And the change that we have done is just updating the database from the year 2012 to the year 2016, a period of low rates of interest rate.

We are waiting for the final decision of the CIA on that metric. We know that something is supposed to come in 2017, and we have just decided to be ahead of the curve on that metric. We do anticipate something between 10 and 20 in 2017 coming from CIA.

Meny Grauman - *Cormark Securities - Analyst*

Okay. Then if I could just follow up on your outlook for iAAH. Definitely showing some turnaround expected in 2017 and just wanted to know if you could just give a little more commentary on what you feel is going to drive that improvement in 2017.

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

The key element is related to our prices. We have revised our prices, and we expect better profit margins basically in the product that we're going to sell in the year.

Meny Grauman - *Cormark Securities - Analyst*

Okay. And then finally, if I could just ask on strain, the impact of the tax changes certainly impacting sales in Q4 and for part of this year as well. Just wanted an insight into what aspect of the improvement in strain that we saw would you attribute to being a temporary reflection of temporary higher sales related to a coming tax change.

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

It's sure that the sales were very strong in Q4, and it's sure that's the reason why we came out so low in term of strain. That being said, we sell a lot of product that were not necessarily favorable in term of product mix. They were more strainful products.

So there are two forces balancing each other here: more sales that were very positive but a product mix that was a bit unfavorable because they were sales in mostly level COI products. The net result was probably a 5-point better strain situation. That being said, for the year 2017, we benefit from the fact that rates have increased at quarter-end and we benefit from the fact that we have done these price increases and they're going to be there all year long.

Meny Grauman - *Cormark Securities - Analyst*

Thank you very much.

Operator

Our next question comes from the line of Tom MacKinnon with BMO Capital. Please proceed with your question.

Tom MacKinnon - *BMO Capital Markets - Analyst*

Thanks very much. One question with respect to iAAH. In the quarter you had talked about a CAD0.03 hit or under performance in terms of that by CAD0.03. Was that a CAD0.03 loss on iAAH in the quarter, and what was driving that?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

It's a CAD0.03 loss compared to our expectation, Tom. So you have to look at slide 23 of your deck, basically. When you look at slide 23 of your deck, you see all the result of iA Auto and Home on a quarterly basis, the year 2016, 2015, and 2014.

So we have an expectation in Q4. And delivering CAD1.8 million loss was basically CAD0.03 out of our expectation. You see in 2015 that the year was negative. You see in 2014 that the year was positive. So usually Q4 we expect a positive contribution, and the CAD0.03 reflect the differential between these two numbers.

Tom MacKinnon - *BMO Capital Markets - Analyst*

Okay. That's great, thanks. And what was driving that difference in the quarter?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

That was basically additional accidents on the auto side because of weather condition. And I know that we are not the only one that has seen that in Quebec. I think that another company report some results and mention that they also had that problem. We were both in the same bandwagon.

Tom MacKinnon - *BMO Capital Markets - Analyst*

But it wasn't a reserve development issue? Like a prior-period reserve development issue? Just increase in frequency?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

Not a big element of it.

Tom MacKinnon - *BMO Capital Markets - Analyst*

Okay. And one question again from looking at slide 8, you talk about the investment gains in model refinements and other helping to the tune of CAD170 million in the quarter. What were those things?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

Tom, this is what we mentioned so many times in so many --

Tom MacKinnon - *BMO Capital Markets - Analyst*

Tell us again.

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

Okay. It's all the active management of our portfolio of assets backing our liability, and it's all these investment strategy that Michel present at the investor day deeply in all these different buckets, improving either the yield on our portfolio or either improving the assets liability matching our portfolio. So it's all the gains related to these transactions that we do on the daily basis on our portfolio.

Tom MacKinnon - *BMO Capital Markets - Analyst*

Okay. And then one question with respect to the -- you talked about CAD0.02 in terms of losses on old cars in your CTL book. What was driving that? How should we be looking at that going forward?

Denis Ricard - *Industrial Alliance Insurance and Financial Services Inc - EVP of Individual Insurance and Annuities*

It's Denis Ricard here. You might remember that the last quarter we explained that the budget or the expected was based on a optimistic scenario under the acquisition. And we reset that in our projections for next year, but still in this quarter -- I mean for the last quarter, the expected included optimistic scenario. So the one thing to keep in mind is that the car loans have contributed positively to the profitability of the company or the group insurance division in 2016, including Q4. So the CAD0.02 really represent a difference between the optimistic scenario in the acquisition process, which is in the expected, and the reality. And the reality for the Q4 was in line with the restated expectation.

Tom MacKinnon - *BMO Capital Markets - Analyst*

So the reality going forward is not on the optimistic scenario?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

No, 2017 is done with the realistic scenario.

Tom MacKinnon - *BMO Capital Markets - Analyst*

Okay. So in the guidance that you're providing for 2017 now reflects a realistic scenario rather than this optimistic scenario for CTL?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

Totally right, Tom.

Tom MacKinnon - *BMO Capital Markets - Analyst*

Okay. And if you had -- if we would have continued with the optimistic scenario, it could have been CAD0.10 higher? Extrapolating at least on the CAD0.02 per quarter?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

I haven't done the math, Tom. It's irrelevant to me.

Tom MacKinnon - *BMO Capital Markets - Analyst*

Okay. All right. Thank you very much.

Operator

Our next question comes from the line of Doug Young, Desjardins Capital Markets. Please proceed with your question.

Doug Young - *Desjardins Capital Markets - Analyst*

Denis, while I've got you on the phone, maybe just on the CTL. I thought the expectations were reset around growth, but it seems like there is higher losses, or maybe I just didn't recall that there was higher losses that were expected. Anyway, I thought it was more growth-driven than loss-driven. But can you just kind of enlighten me on that?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

No, there is not higher losses. It is exactly what Denis mentioned. Our budget for the year is done with the optimistic scenario. It's normal that we have that loss in that quarter. It's going to disappear next quarter.

Doug Young - *Desjardins Capital Markets - Analyst*

Okay. I may come back to you on that. Rene, on the lapse increase that you put through on slide 8, you have CAD50 million pre-tax under policyholder behavior. Was that CAD50 million gross and net lapse, or was there other offsetting positive items that brought the net number down to a negative CAD50 million?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

No, it's a very minor adjustment that we have done on an older block of portfolio. It's something that we discovered in our year-end review, and we just fix it, so there's no neutralization effect here. It's a block of portfolio that we make a small correction.

Doug Young - *Desjardins Capital Markets - Analyst*

Was this a UL block?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

It is not a UL block. It is a very old modular block. It wouldn't raise you any [minds], but it is a very old paid-off block of business.

Doug Young - *Desjardins Capital Markets - Analyst*

Okay.

Yvon Charest - *Industrial Alliance Insurance and Financial Services Inc - President and CEO*

We could call it a pre-UL type policy. Even before UL was invented.

Doug Young - *Desjardins Capital Markets - Analyst*

I won't go back there, then. Okay. This is like an extremely old block of business, then. All right. Again, I may come back to you on that. Just on the mutual funds, very surprised about the turnaround. Can you maybe give a little bit more color? And where I want to go with it is more the penetration of your internal distribution and where -- the performance looks to have improved. Can you talk a bit about what other things that you've been doing to improve the net flows? And then can you talk about what level your penetration is in your internal distribution and how that has been trending and where you think you take it?

Carl Mustos - *Industrial Alliance Insurance and Financial Services Inc - President, IA Clarington*

Sure, thanks. It's Carl Mustos here. A lot to answer, so I'll try and break it down. In terms of the results, we're pleased. I think there's a series of things that drove our results, our turnaround. It was our fund performance. We had quite a strong return to performance across our funds, basically a reversal of the conditions that worked against us in 2015.

We had good growth with our affiliates, as you allude to, very strong growth. We put in place some best practices that drove results but also a launch of products simultaneously. We launched a wrap product that was very well received within our affiliates. Those were big drivers.

And then also as we talked about at the investor day was in addition to our working with our affiliates in wraps in particular, we focused on income. And there's been a real appetite our income solutions, floating rate, high yield, and global balanced high-yield products that serve the marketplace right now. Going forward, we're seeing an improvement in our penetration rate with our affiliates. As I mentioned, the take up in our wraps in particular are driving that. We're still below 10%, so we have lots of open highway and encourage with the progress we're making so far.

Doug Young - *Desjardins Capital Markets - Analyst*

Where do you think that 10% can go to?

Carl Mustos - *Industrial Alliance Insurance and Financial Services Inc - President, IA Clarington*

Well, not a 100%. But we think we can get through 10% to 15% I think on the way to 20% would be something over time. Over a significant period of time, though. It takes quite a while to move the asset base on a percentage basis.

Doug Young - *Desjardins Capital Markets - Analyst*

That's fair. Lastly, any update on the capital benefits from hedging seg funds? I haven't seen anything, but maybe I missed something. Just wondering if there's any update on that.

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

The update is that the formula has been implemented, so the new formula is in place. So we have to go through a kind of due diligence process, basically, and we are in that process.

Doug Young - *Desjardins Capital Markets - Analyst*

Is it reflected in your MCCSR right now?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

No, it's not. And we can't reflect it until we have finalized the due diligence process.

Doug Young - *Desjardins Capital Markets - Analyst*

When is that going to be done?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

It could be quite a long process. The regulator that drives the show here. So I'm not expecting it to get it before Q3.

Doug Young - *Desjardins Capital Markets - Analyst*

Okay. Great. Thank you.

Operator

(Operator Instructions)

Our next question comes from the line of Sumit Malhotra with Scotiabank.

Sumit Malhotra - *Scotiabank - Analyst*

Thanks. Good afternoon. For Rene, maybe for Yvon, I want to just think about the earnings targets that you've given us and looking at slide 14. So on your updated definition, your growth this year in EPS that you consider core was 14%. And then I compare that CAD4.70 to the range you've given us. It seems there is a situation that might exist that earnings would actually be down. And even at the top of the range, it's less than the medium-term growth rate that you had provided for us back at your investor day in June.

So I know that was more of a medium-term target than year-to-year, but just kind of thinking through these scenarios, is the lower growth rate that the numbers imply for 2017 a reflection of the positive policyholder experience? I think you mentioned in individual it has been seven or eight quarters. Is that really the reason why maybe the growth rate doesn't look as significant, or are there other factors that you've contemplated in this target range?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

Thank you for the question, Sumit. There is other factors you have to put in to the equation. The first one is the fact that we issued common stock in the month of December because of the HollisWealth acquisition. So that factor just by itself reduced basically our earning growth year-over-year by CAD0.10.

Second point that you to put into the equation is the HollisWealth acquisition by itself. We know that we have integration fee that will be important in 2017, and it's going to cost us CAD0.06 in term of earnings growth, too. So these two things together, it's CAD0.16 related to the HollisWealth acquisition, first element. Second element, our tax guidance to the marketplace. You see that we have raised our tax guidance to the marketplace, so from a year-over-year comparison we expect to pay a bit more taxes in 2017, and it also has reduced a bit our growth.

On that metric there is two different situations, one which is a management decision basically. We decide to invest more in the US marketplace in 2017 compared to the Canadian marketplace. We wouldn't get the immediate benefit of it in our earnings, but we do believe that we're going to create long-term value for our shareholder doing so. And finally, the last point is our experience gain and loss. You talked about it. We reflect some of these experience gain and loss in our guidance, but we did not reflect all of them. So are we being too prudent here? Time will tell us.

Sumit Malhotra - *Scotiabank - Analyst*

And just on the last point, I did notice, not by huge margins or anything, but I did notice that your expected profit in the two insurance segments, individual and group, were slightly lower on a quarter-over-quarter basis. Did you make some adjustments to the methodology maybe reflecting some of the factors you're talking about that would have resulted in those declining quarter-over-quarter, or was it something else unrelated?

Rene Chabot - *Industrial Alliance Insurance and Financial Services Inc - EVP, CFO, and Chief Actuary*

It's unrelated. We have not done any change on this, especially in the insurance segment. The only segment we make quarterly changes is the wealth management, as we have changed it over the last two or three years. On the insurance side, we start with our estimate at the beginning of the year, and we stick to it all year long. So it's probably mostly seasonality features that are reflected or improvement in seasonality feature that are reflected on the year-over-year basis.

Sumit Malhotra - *Scotiabank - Analyst*

Thank you for that. And I'll wrap up with Carl. Back to the mutual funds, speaking of that investor day again, you had suggested that 2017 was the year that you expected to return to positive flows and obviously good runway for that with this quarter.

I know Q1 is usually one of your stronger flows quarters with the RRSP season. You're still confident in 2017 being a year that flows remain positive on a full-year basis, and I really want to relate that to what we've seen with some of your counterparts in the US. A lot of talk about the shift from active to passive and how that's had a negative impact on mutual fund inflows. Can you talk about how that is impacting your performance in Canada and whether that's something that you're concerned about from a flows perspective going forward?

Carl Mustos - *Industrial Alliance Insurance and Financial Services Inc - President, IA Clarington*

Thank you. To your first part, we do expect, if conditions continue and the markets cooperate, that we're on a good trajectory for net positive sales for 2017. The RRSP season is going well for us. It's early days, but we're continuing on the path we were in Q4 of 2016. We're quite encouraged by that.

To your second question about active versus passive and that impact on us, if you look at ETF flows as a proxy for the passive, our sense is it's mostly in the core spots and the large cap core positions where we're seeing our success in some of our income solutions are in the more complementary phase, floating rate, high yield, which at this point haven't been threatened by the passive structures. And in fact, we're seeing where the active approach has been delivering value for the marketplace and continues to be perceived in that fashion. So for 2017, we think our income approach using our complimentary products in conjunction with our work with our affiliates more in the core wraps will drive our success for 2017, as we discussed at the investor day this summer.

Sumit Malhotra - *Scotiabank - Analyst*

Thanks for your time.

Operator

(Operator instructions)

We are showing no further questions at this time.

Grace Pollock - *Industrial Alliance Insurance and Financial Services Inc - Director of IR*

That will conclude our conference call today. If anybody has any further questions this afternoon, you can reach us at 418-780-5945. Thanks for joining us today.

Operator

Ladies and gentlemen, this does conclude the conference call for today. We thank you for your participation, and ask that you please disconnect your lines.
