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## The wind is rising in China...

Uncertainty persists regarding the economic situation in China. Although the National Bureau of Statistics announced 7% growth in the country's real gross domestic product (GDP) for the second quarter year-over-year, the perception in the financial markets is pointing more toward a sharp downturn. Import volume has declined since the start of the year, while some indicators strongly correlated with GDP growth in China are signaling much slimmer growth than announced (see graph). Moreover, manufacturing activity and earnings in the industrial sector are showing clear signs of fragility, weighing heavily on the demand for raw materials. One will recall that China is one of the world's biggest consumers of natural resources, such as iron ore, copper and oil. The prices of these commodities have in fact been declining sharply for the past year, plummeting 42%, 27% and 52% respectively. Potential difficulties in the second world power could also affect other major economies, such as Japan, where 50% of exports are currently exposed to Chinese activities.

### Canada: key interest rate cut to 0.5%

On July 15, the Bank of Canada announced its second interest rate cut of the year, bringing its key policy rate down from 0.75% to 0.50%, with a goal to stimulating economic activity. The country is still feeling the effects of the oil price collapse that began at the end of 2014, primarily through the weakness of investments in the energy sector. In the months of April and May, the economy slowed 0.1% and 0.2% respectively. In addition, according to Bank of Canada estimates, the economy contracted 0.5% in the second quarter, thus adding to the 0.6% decline of the first quarter. In purely technical terms, two consecutive quarters of contraction in real GDP would

signal that Canada is heading into a recession. However, the situation is somewhat atypical because this downturn is essentially concentrated in one sector (energy) and in western Canada (Alberta).

Although the GDP numbers presented above show a weakness in production, Canada still created 96,000 jobs in the first six months of the year, mostly full-time, compared to 41,000 jobs during the same period in 2014. Moreover, as can be read in its recent monetary policy report, the Bank of Canada remains optimistic about a recovery in external demand in the manufacturing sector, which would foster employment in the provinces of Quebec and Ontario in particular.

### United States: more encouraging growth in second quarter

According to a first reading of GDP in the second quarter, U.S. economic growth accelerated at an annualized pace of 2.3%. This result supports the idea that first-quarter weaknesses were primarily the result of transitory factors, including harsh weather and problems in some of the country's western ports. However, there are still some risk factors that could curtail growth, such as the lowered forecasts for world growth, the strength of the U.S. dollar, and the rather hesitant increase in wages.

The job market continues to improve in the U.S., with more than 1.2 million jobs now added in the first six months of the year and an unemployment rate at its lowest level since April 2008. Although the U.S. Federal Reserve (the Fed) recognizes the recent progress in the job market, it deems that the situation is not representative of a

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### Economic and Financial Statistics

	As at 2015-07-31 <sup>1</sup>	As at 2014-12-31
Canada - Unemployment rate	6.8%	6.6%
Canada - CPI (year/year variation)	1.0%	2.0%
Canada - GDP (year/year variation)	0.5%	2.3%
U.S. - Unemployment rate	5.3%	5.8%
U.S. - CPI (year/year variation)	0.1%	1.3%
U.S. - GDP (year/year variation)	2.3%	2.7%
2-year Canada Bonds	0.41%	1.01%
10-year Canada Bonds	1.44%	1.79%
Oil (West Texas) (\$US)	48.5	53.8
Gold (\$US)	1,094.3	1,186.3
CRB Commodities Index (\$US)	202.6	230.0
Exchange rate \$CA/\$US	1.3089	1.1621

Source: IAIM

### China: Weaker growth than shown by official statistics?

Inferred annualized growth, %  
 (China Premier Li Index - Cornerstone Macro)



Source: IAIM

<sup>1</sup> Most recent data available at such date

## Gross returns as at July 31, 2015

		Net assets <sup>1</sup> in millions \$	Simple returns <sup>2</sup>			Compound annual returns					Investment advisor
			1 month %	3 months %	YTD %	1 year %	3 years %	4 years %	5 years %	10 years %	
<b>Asset Allocation Funds</b>											
506	Asset Allocation - Conservative	69.2	1.4	1.2	5.6	8.5	8.8	7.8	7.8	6.2	Various Managers
507	Asset Allocation - Moderate	122.5	1.5	1.0	5.8	8.1	10.7	8.7	8.6	6.5	Various Managers
508	Asset Allocation - Balanced	319.5	1.6	0.8	6.0	7.6	12.6	9.5	9.4	6.7	Various Managers
509	Asset Allocation - Growth	175.8	1.6	0.5	6.2	7.1	14.5	10.4	10.1	6.8	Various Managers
510	Asset Allocation - Aggressive Growth	89.4	1.7	0.3	6.4	6.5	16.4	11.1	10.8	7.1	Various Managers
<b>Income Funds</b>											
070	Money Market	525.3	0.1	0.2	0.5	0.9	1.0	1.0	1.0	1.9	Industrial Alliance
170	Short Term Bonds	308.6	0.5	1.1	2.7	4.1	3.0	3.2	3.4	3.9	Industrial Alliance
489	Emerald Canadian Bond Index (TD)	147.2	1.4	1.1	3.9	7.1	4.0	5.0	5.3	5.1	TD
020	Bonds	2,769.2	1.5	1.1	4.0	7.3	4.4	5.3	5.5	5.4	Industrial Alliance
750	Bonds (Beutel Goodman)	9.2	1.0	0.2	2.3	4.3	2.5	3.6*	4.0*	5.1*	Beutel Goodman
860	Bonds (PIMCO)	238.7	1.7	1.5	4.4	7.3	4.4	5.0	5.5	-	PIMCO
472	Bonds (Fiera Capital)	81.7	1.4	1.3	3.7	6.5	3.8	4.8	5.1	5.2	Fiera Capital
521	Bonds (PH&N)	25.9	1.5	1.1	4.0	7.5	4.5	5.3	5.5	5.5*	Phillips, Hager & North
504	Long Term Bonds	153.8	2.7	0.6	5.2	11.5	5.2	7.8	8.3	7.1	Industrial Alliance
861	Long Term Bonds (PIMCO)	9.9	3.2	1.5	6.1	12.3	5.8	7.9	8.6	-	PIMCO
893	Global Fixed Income (PIMCO)	46.8	0.4	0.8	3.9	4.8	10.1*	11.7*	-	-	PIMCO
<b>Diversified Funds</b>											
240	Diversified Security	465.8	2.2	2.2	7.0	10.3	10.2	8.2	8.1	6.7	Industrial Alliance
889	Balanced Moderate Index (BlackRock)	0.9	2.8	1.8	8.2	11.3	12.2*	10.0*	10.1*	6.6*	BlackRock
040	Diversified	1,968.8	1.8	2.1	8.6	11.0	13.6	10.0	9.9	7.4	Industrial Alliance
463	Diversified (Jarislowsky)	86.0	3.5	2.6	8.3	12.5	14.8	12.4	11.6	7.1	Jarislowsky
380	Diversified (MFS)	17.4	3.1	3.0	9.2	13.9	14.7	10.4	9.5	6.5	MFS
522	Diversified (PH&N)	6.2	2.5	1.7	8.2	11.2	13.9	10.3	9.9	6.3*	Phillips, Hager & North
751	Diversified (Beutel Goodman)	31.7	2.0	1.0	6.5	8.1	13.5	10.9*	10.5*	7.4*	Beutel Goodman
250	Diversified Opportunity	638.2	1.6	1.5	8.1	10.2	15.4	10.5	10.5	7.6	Industrial Alliance
462	Fidelity Canadian Asset Allocation	28.4	1.4	(0.2)	4.3	5.0	11.4	7.8	8.5	7.6	Fidelity
<b>Canadian Equity Funds</b>											
160	Dividends	932.4	0.9	(3.3)	0.4	0.0	12.2	9.4	9.7	8.5	Industrial Alliance
887	Canadian Dividend (Beutel Goodman)	12.6	1.9	(1.0)	2.4	3.0	17.2	13.7*	13.4*	9.1*	Beutel Goodman
753	Canadian Equity Index (TD)	41.3	(0.3)	(4.3)	0.6	(2.8)	10.7	5.9*	7.3*	6.3*	TD
010	Canadian Equity Value	338.6	0.4	(2.0)	3.6	(2.8)	11.5	6.4	7.3	5.5	Industrial Alliance
494	100% Canadian Equity Value	101.9	(2.2)	(6.4)	(2.6)	(12.1)	7.9	3.2	4.8	5.2	Industrial Alliance
488	Canadian Equity (Jarislowsky)	135.9	2.0	(2.4)	0.5	1.0	14.5	10.2	9.8	7.2	Jarislowsky
543	Canadian Equity (Scheer Rowlett)	59.5	(1.0)	(5.1)	(1.8)	(11.2)	8.6	4.7	5.4	5.4*	Scheer Rowlett
487	Canadian Equity (Invesco)	4.5	(6.8)	(12.7)	(5.8)	(19.3)	4.6	2.1	3.3	4.5	Invesco
871	Canadian Focused Equity (Pyramis)	91.6	4.0	1.8	10.8	9.2	20.8	13.4*	14.6*	10.5*	Pyramis
464	Canadian Equity Growth	448.6	0.5	(2.1)	4.6	1.9	14.7	8.8	9.5	9.4	Industrial Alliance
360	Canadian Equity (MFS)	31.3	2.6	0.4	6.8	6.7	16.8	8.5	8.2	6.7	MFS
473	Canadian Equity (Fiera Capital)	19.6	(3.7)	(5.9)	(2.6)	(10.5)	13.1	8.5	8.6	7.0	Selexia
270	Fidelity True North <sup>®</sup>	267.4	2.5	1.2	5.4	9.7	18.2	12.9	12.9	9.6	Fidelity
759	Canadian Equity Q 120/20 (CC&L)	1.2	1.7	(1.4)	2.2	2.7	15.9	10.7*	12.0*	-	CC&L
888	Canadian Equity Low Volatility (TD)	19.5	2.0	(1.6)	1.2	9.8	13.3*	13.6*	14.7*	-	TD
511	Canadian Equity Small Cap (Montrusco)	44.3	(6.1)	(8.5)	(5.6)	(16.1)	5.7	2.2	6.4	7.4	Montrusco Bolton
541	Canadian Equity Small Cap (QV)	139.6	(2.1)	(3.2)	(1.0)	(4.7)	18.1	15.8	16.1	10.9*	QV Investors Inc.
514	Canadian Equity Responsible (MFS)	2.6	2.4	(0.4)	5.2	4.8	15.9	9.3	9.6	7.0	MFS
<b>Foreign Equity Funds</b>											
876	Global Equity Index ACWI (BlackRock)	26.4	5.4	6.0	16.6	24.0	23.0	17.3*	15.7*	-	BlackRock
707	Global Equity	184.3	7.4	9.9	22.3	31.9	26.3	19.1	17.4	-	Industrial Alliance
465	Global Equity (Templeton)	324.9	6.4	7.4	19.1	23.4	30.3	20.0	17.7	7.8	Templeton
754	Global Equity (Sprucegrove)	22.9	3.5	2.8	11.5	14.5	20.4	15.8*	14.2*	6.0*	Sprucegrove
500	Global Equity (Hexavest)	168.9	5.9	6.4	15.8	25.6	22.2	18.5	15.0	8.2*	Hexavest
865	Global Equity (CS-Hedged) (Hexavest)	70.7	2.1	(0.1)	4.8	11.9	15.3	13.1	11.3	-	Hexavest
534	Global Equity (QV)	14.3	4.1	3.8	11.8	19.0	18.2	14.6	14.3	7.0*	QV Investors Inc.
390	Global Equity (MFS)	39.9	6.1	8.7	19.8	27.7	24.8	18.4	15.9	6.8	MFS
863	Global Equity (Pyramis)	6.5	6.3	9.5	20.3	29.4	26.8	20.3	18.1	-	Pyramis
120	Global Equity (Aberdeen)	7.5	3.7	2.0	10.2	10.2	16.6*	14.0*	13.7*	-	Aberdeen
886	Global Equity Low Volatility ACWI (TD)	25.9	5.3	4.7	13.3	23.9	21.5	19.2*	-	-	TD
490	Global Equity Mid Cap (Invesco)	1.3	2.7	7.8	21.0	29.3	26.9*	20.5*	22.6*	10.8*	Invesco
531	Global Equity Small Cap (Deutsche AWM) <sup>3</sup>	122.6	6.4	11.4	22.6	28.9	27.6	18.6	18.3	-	Deutsche AWM
130	Global Equity Small Cap (Mawer)	8.7	4.6	9.5	23.5	28.6	34.5*	27.0*	27.6*	-	Mawer
300	International Equity Index (BlackRock)	28.0	6.4	6.1	21.2	19.4	22.7	14.6	13.4	5.9	BlackRock
706	International Equity	375.9	6.6	8.1	23.9	25.3	23.3	14.2	13.9	-	Industrial Alliance
080	International Equity (Templeton)	72.4	5.6	5.1	21.3	18.2	25.0	15.0	13.4	6.0	Templeton
755	International Equity (Sprucegrove)	2.0	2.9	1.0	12.8	11.0	17.7	12.0*	11.6*	5.9*	Sprucegrove
483	International Equity (Jarislowsky)	13.9	6.1	5.7	19.7	20.0	21.3	15.7	15.5	6.5	Jarislowsky
852	International Equity (Hexavest)	23.9	6.5	6.1	19.9	20.0	20.2	14.5	12.2	6.9	Hexavest
131	International Equity (Mawer)	1.4	8.0	8.0	20.5	27.7	24.3*	17.6*	17.0*	9.8*	Mawer

## Gross returns as at July 31, 2015

	Net assets <sup>1</sup> in millions \$	Simple returns <sup>2</sup>			Compound annual returns					Investment advisor	
		1 month %	3 months %	YTD %	1 year %	3 years %	4 years %	5 years %	10 years %		
<b>Foreign Equity Funds (continued)</b>											
467	International Equity (MFS)	18.6	6.3	6.5	24.0	25.8	23.6	15.5	13.8	6.8	MFS
121	International Equity (Aberdeen)	6.7	3.0	0.2	10.1	5.8	13.7*	11.0*	11.3*	-	Aberdeen
760	U.S. Equity Index (BlackRock)	60.7	6.4	9.0	16.1	32.7	28.2	24.6*	21.7*	8.4*	BlackRock
895	U.S. Equity Index Non-Registered (BlackRock)	14.2	6.4	8.8	15.8	32.3	27.8*	24.3*	21.4*	8.0*	BlackRock
518	U.S. Dividend Growth	168.9	8.0	10.8	19.8	36.4	-	-	-	-	Industrial Alliance
705	U.S. Equity	313.6	8.0	11.7	21.0	38.4	29.8	24.8	21.9	-	Industrial Alliance
756	U.S. Equity (Sprucegrove)	1.1	3.8	6.2	11.9	21.2	23.8	20.9*	17.8*	7.3*	Sprucegrove
512	U.S. Equity (Jarislowsky)	18.2	7.1	9.8	18.3	34.8	29.0	25.4	21.7	8.9	Jarislowsky
132	U.S. Equity (Mawer)	23.2	6.4	8.8	16.2	36.4	30.0*	25.9*	22.2*	9.3*	Mawer
513	U.S. Equity (MFS)	26.9	7.0	10.5	17.5	34.9	29.0	23.8	20.5	8.3	MFS
<b>Alternative/Specialty Funds</b>											
491	Balanced-Risk Allocation (Invesco)	1.4	0.3	(2.1)	2.3	3.4	-	-	-	-	Invesco
896	Global Developed Real Estate Index (BlackRock) <sup>†</sup>	1.7	7.7	5.1	12.6	24.4	18.9*	-	-	-	BlackRock
540	Global Real Estate (Pyramis) <sup>†</sup>	17.6	8.1	7.4	15.8	27.9	21.0	18.1	17.4	-	Pyramis
897	Global Infrastructure Equity Index (BlackRock) <sup>†</sup>	1.4	4.0	1.1	8.2	16.8	21.2*	-	-	-	BlackRock
757	Global Infrastructure (Lazard) <sup>†</sup>	4.5	3.6	(2.0)	8.7	14.3	22.8	18.2*	16.5*	-	Lazard
892	Canadian Resources (Invesco) <sup>†</sup>	0.2	(12.7)	(20.0)	(10.8)	(33.8)	(6.1)*	(8.2)*	(1.9)*	4.6*	Invesco
898	Emerging Markets Equity Index (BlackRock) <sup>†</sup>	3.2	(2.2)	(6.1)	8.0	4.1	-	-	-	-	BlackRock
758	Emerging Markets (Templeton) <sup>†</sup>	3.1	(1.1)	(4.7)	3.3	(1.4)	7.3	2.5*	4.1*	6.7*	Templeton

Benchmark Indexes		Simple returns <sup>2</sup>			Compound annual returns					
		1 month %	3 months %	YTD %	1 year %	3 years %	4 years %	5 years %	10 years %	
<b>Money market index</b>										
IN018	FTSE TMX 91 Day T-bill Index	0.1	0.2	0.5	0.9	1.0	1.0	0.9	1.8	
<b>Bond indexes</b>										
IN019	FTSE TMX Canada Short Term Bond Index	0.4	1.0	2.5	3.7	2.7	2.8	3.0	3.8	
IN056	FTSE TMX Canada Long Term Bond Index	2.8	0.8	5.1	11.6	5.2	7.9	8.4	7.0	
IN021	FTSE TMX Canada Universe Bond Index	1.4	1.1	3.8	7.1	4.0	5.0	5.3	5.2	
<b>Equity indexes</b>										
IN024	S&P/TSX Composite Index	(0.3)	(4.3)	0.6	(2.9)	10.7	5.9	7.4	6.3	
IN037	S&P/TSX SmallCap Index	(6.4)	(9.5)	(5.5)	(19.7)	1.0	(4.1)	1.0	1.4	
IN097	MSCI - ACWI Index (Can. \$) (net ret.)	5.5	5.9	16.5	23.2	23.2	17.3	15.7	6.8	
IN008	MSCI - World Index (Can. \$) (net ret.)	6.5	7.4	17.5	25.7	25.0	19.1	17.2	6.9	
IN104	MSCI - World Index (Local \$) (net ret.)	2.5	0.7	6.7	12.0	17.4	13.3	13.1	6.2	
IN079	MSCI - World Small Cap Index (Can. \$)	4.2	7.9	18.9	26.8	27.6	19.7	19.1	8.6	
IN002	MSCI - EAFE Index (Can. \$) (net ret.)	6.8	6.2	21.1	19.5	22.7	14.5	13.3	5.7	
IN014	S&P 500 Index (Can. \$)	6.8	9.2	16.2	33.2	28.4	24.8	21.9	8.4	
IN006	MSCI - Emerging Markets Index (Can. \$)	(2.6)	(6.2)	8.0	4.2	10.3	5.0	5.8	7.6	

The benchmark index for each fund is published in the *Quarterly Update*.

<sup>1</sup> Total net assets of the fund including individual and group contracts.

<sup>2</sup> The rates of return for the period are non-annualized.

<sup>3</sup> Fund managed by Deutsche Asset & Wealth Management (Deutsche AWM) since March 31, 2008.

\* Simulation of past returns as if the fund had been in effect for these periods.  
Index funds: Simulation of past returns from the return of the index that the fund aims to reproduce.  
Asset allocation funds: Simulation of past returns based on the return of the funds included in the asset allocation fund and on an asset allocation decision.

<sup>†</sup> Offered only for certain types of contracts.

**The above returns are gross returns and do not take into account management and administration fees. Past performance is not a guarantee of future returns.**

Guaranteed Investments	Returns as at July 31, 2015 (%)										
	Special 1-day	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
Published rates	0.05	0.30	0.90	0.95	1.30	1.30	0.30	0.30	0.30	0.30	1.50

The rates applicable to your guaranteed investments may differ from those presented above. To find out the applicable adjustment, please call Client Service at the following number: 1-800-567-5670.

## ATTITUDE Portfolios - Gross Returns as at July 31, 2015

	Benchmark indexes	PORTFOLIOS						INDEXES					
		Simple returns <sup>1</sup>			Compound annual returns			Simple returns <sup>1</sup>			Compound annual returns		
		1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %
<b>Conservative</b>													
Conservative Portfolio 1996 to 2000	INP9544	1.1	1.2	3.6	6.0	3.9	4.7	1.0	1.1	3.3	5.7	3.5	4.7
Conservative Portfolio 2001 to 2005	INP9545	1.2	1.2	3.7	6.1	4.6	5.3	1.0	1.0	3.4	5.8	4.1	5.1
Conservative Portfolio 2006 to 2010	INP9000	1.4	1.2	4.2	6.6	5.8	6.0	1.3	1.0	3.8	6.3	5.2	5.7
Conservative Portfolio 2011 to 2015	INP9546	1.6	1.2	4.5	6.9	6.6	6.6	1.4	0.9	4.1	6.7	5.9	6.2
Conservative Portfolio 2016 to 2020	INP9001	1.7	1.2	4.8	7.3	7.4	7.1	1.5	0.9	4.3	7.1	6.6	6.6
Conservative Portfolio 2021 to 2025	INP9547	1.9	1.3	5.2	7.6	8.6	7.9	1.6	0.9	4.7	7.3	7.7	7.1
Conservative Portfolio 2026 to 2030	INP9002	2.0	1.4	5.8	7.9	9.5	8.2	1.7	0.9	5.1	7.6	8.6	7.7
Conservative Portfolio 2031 to 2035	INP9548	2.1	1.5	6.1	8.2	10.0	8.5	1.8	1.0	5.4	7.9	9.1	8.0
Conservative Portfolio 2036 to 2040	INP9003	2.3	1.8	6.6	8.7	10.6	8.7	2.0	1.2	5.9	8.4	9.6	8.3
Conservative Portfolio 2041 to 2045	INP9549	2.4	1.8	6.7	8.8	11.0	9.0	2.0	1.2	6.0	8.5	9.9	8.5
Conservative Portfolio 2046 to 2050	INP9004	2.4	1.8	6.9	8.9	11.5	9.2	2.0	1.3	6.1	8.6	10.4	8.7
Conservative Portfolio 2051 to 2055	INP9550	2.5	1.9	7.2	9.1	11.9	9.4	2.1	1.3	6.4	8.7	10.8	8.9
Conservative Portfolio 2056 to 2060	INP9339	2.5	1.9	7.2	9.1	11.9	9.3	2.1	1.3	6.4	8.7	10.8	8.9
<b>Moderate</b>													
Moderate Portfolio 1996 to 2000	INP9551	1.3	1.2	4.0	6.2	5.3	5.4	1.1	1.0	3.6	6.0	4.7	5.5
Moderate Portfolio 2001 to 2005	INP9552	1.3	1.2	4.1	6.3	6.0	6.0	1.2	1.0	3.7	6.1	5.4	5.9
Moderate Portfolio 2006 to 2010	INP9005	1.6	1.1	4.6	6.8	7.5	7.0	1.4	0.9	4.1	6.5	6.7	6.7
Moderate Portfolio 2011 to 2015	INP9553	1.8	1.1	5.0	7.1	8.6	7.7	1.6	0.8	4.5	7.0	7.7	7.3
Moderate Portfolio 2016 to 2020	INP9006	1.9	1.1	5.3	7.4	9.5	8.2	1.7	0.7	4.7	7.2	8.5	7.7
Moderate Portfolio 2021 to 2025	INP9554	2.0	1.3	5.8	7.7	10.3	8.7	1.6	0.7	5.1	7.4	9.2	8.0
Moderate Portfolio 2026 to 2030	INP9007	2.2	1.4	6.2	8.1	10.9	8.9	1.8	0.8	5.5	7.7	9.8	8.4
Moderate Portfolio 2031 to 2035	INP9555	2.3	1.6	6.6	8.5	11.5	9.3	1.9	1.0	5.8	8.1	10.4	8.7
Moderate Portfolio 2036 to 2040	INP9008	2.5	1.9	7.2	9.1	12.1	9.5	2.1	1.3	6.4	8.7	10.9	9.0
Moderate Portfolio 2041 to 2045	INP9556	2.5	1.9	7.3	9.2	12.5	9.7	2.1	1.3	6.5	8.8	11.3	9.2
Moderate Portfolio 2046 to 2050	INP9009	2.6	1.9	7.5	9.3	13.1	9.9	2.2	1.3	6.7	8.9	11.8	9.4
Moderate Portfolio 2051 to 2055	INP9557	2.7	2.0	7.8	9.4	13.5	10.2	2.2	1.3	6.9	9.0	12.2	9.6
Moderate Portfolio 2056 to 2060	INP9340	2.7	2.0	7.8	9.4	13.5	10.1	2.2	1.3	6.9	9.0	12.2	9.6
<b>Balanced</b>													
Balanced Portfolio 1996 to 2000	INP9558	1.5	1.1	4.4	6.4	6.7	6.3	1.3	0.9	3.9	6.2	6.0	6.2
Balanced Portfolio 2001 to 2005	INP9559	1.5	1.1	4.4	6.5	7.4	6.8	1.3	0.9	4.0	6.3	6.6	6.6
Balanced Portfolio 2006 to 2010	INP9010	1.7	1.1	4.9	6.9	8.6	7.5	1.5	0.8	4.4	6.7	7.6	7.2
Balanced Portfolio 2011 to 2015	INP9560	1.9	1.1	5.2	7.2	9.3	8.1	1.6	0.7	4.6	7.0	8.4	7.6
Balanced Portfolio 2016 to 2020	INP9011	2.0	1.1	5.5	7.5	10.2	8.5	1.7	0.7	4.9	7.3	9.1	8.0
Balanced Portfolio 2021 to 2025	INP9561	2.1	1.3	6.0	7.8	11.4	9.2	1.7	0.7	5.3	7.5	10.2	8.5
Balanced Portfolio 2026 to 2030	INP9012	2.3	1.4	6.6	8.3	12.4	9.6	1.8	0.8	5.8	7.9	11.1	9.0
Balanced Portfolio 2031 to 2035	INP9562	2.4	1.6	7.1	8.7	13.0	10.0	2.0	1.0	6.3	8.3	11.7	9.3
Balanced Portfolio 2036 to 2040	INP9013	2.7	2.0	7.8	9.4	13.7	10.2	2.2	1.3	6.9	9.0	12.3	9.7
Balanced Portfolio 2041 to 2045	INP9563	2.7	2.0	7.9	9.5	14.0	10.4	2.2	1.3	7.0	9.1	12.7	9.8
Balanced Portfolio 2046 to 2050	INP9014	2.8	2.0	8.1	9.6	14.6	10.6	2.3	1.3	7.2	9.2	13.2	10.1
Balanced Portfolio 2051 to 2055	INP9564	2.9	2.1	8.4	9.8	15.0	10.9	2.3	1.4	7.4	9.3	13.5	10.2
Balanced Portfolio 2056 to 2060	INP9341	2.9	2.1	8.4	9.8	15.0	10.7	2.3	1.4	7.4	9.3	13.5	10.2
<b>Growth</b>													
Growth Portfolio 1996 to 2000	INP9565	1.6	1.1	4.7	6.6	8.1	7.0	1.4	0.8	4.3	6.4	7.2	6.9
Growth Portfolio 2001 to 2005	INP9566	1.7	1.1	4.8	6.7	8.8	7.5	1.4	0.8	4.3	6.5	7.9	7.3
Growth Portfolio 2006 to 2010	INP9015	1.9	1.0	5.2	7.1	10.0	8.2	1.6	0.7	4.7	6.9	8.9	7.9
Growth Portfolio 2011 to 2015	INP9567	2.0	1.0	5.5	7.3	10.8	8.8	1.7	0.6	4.9	7.2	9.6	8.3
Growth Portfolio 2016 to 2020	INP9016	2.1	1.0	5.8	7.6	11.6	9.2	1.8	0.6	5.2	7.4	10.3	8.6
Growth Portfolio 2021 to 2025	INP9568	2.2	1.2	6.4	7.9	12.8	9.9	1.7	0.6	5.6	7.5	11.4	9.1
Growth Portfolio 2026 to 2030	INP9017	2.4	1.4	7.1	8.4	13.8	10.3	1.9	0.7	6.2	8.0	12.4	9.7
Growth Portfolio 2031 to 2035	INP9569	2.6	1.7	7.6	9.0	14.5	10.7	2.1	1.0	6.7	8.5	13.0	10.0
Growth Portfolio 2036 to 2040	INP9018	2.9	2.1	8.4	9.8	15.2	10.9	2.3	1.4	7.4	9.3	13.7	10.4
Growth Portfolio 2041 to 2045	INP9570	2.9	2.1	8.5	9.9	15.6	11.1	2.4	1.4	7.5	9.4	14.1	10.5
Growth Portfolio 2046 to 2050	INP9019	2.9	2.1	8.7	10.0	16.2	11.3	2.4	1.4	7.7	9.5	14.6	10.7
Growth Portfolio 2051 to 2055	INP9571	3.0	2.2	9.0	10.1	16.6	11.6	2.5	1.4	7.9	9.6	14.9	10.9
Growth Portfolio 2056 to 2060	INP9342	3.0	2.2	9.0	10.1	16.6	11.4	2.5	1.4	7.9	9.6	14.9	10.9

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## ATTITUDE Portfolios - Gross Returns as at July 31, 2015

	Benchmark indexes	PORTFOLIOS						INDEXES					
		Simple returns <sup>1</sup>			Compound annual returns			Simple returns <sup>1</sup>			Compound annual returns		
		1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %
<b>Aggressive</b>													
Aggressive Portfolio 1996 to 2000	INP9572	1.7	1.0	4.9	6.7	8.8	7.3	1.5	0.7	4.4	6.5	7.9	7.3
Aggressive Portfolio 2001 to 2005	INP9573	1.7	1.0	5.0	6.8	9.9	8.0	1.5	0.7	4.5	6.6	8.8	7.8
Aggressive Portfolio 2006 to 2010	INP9020	2.0	1.0	5.6	7.3	11.4	8.9	1.7	0.6	5.0	7.1	10.1	8.5
Aggressive Portfolio 2011 to 2015	INP9574	2.2	0.9	5.9	7.5	12.2	9.4	1.8	0.5	5.2	7.3	10.8	8.9
Aggressive Portfolio 2016 to 2020	INP9021	2.3	1.0	6.2	7.7	13.0	9.8	1.9	0.5	5.4	7.5	11.6	9.3
Aggressive Portfolio 2021 to 2025	INP9575	2.3	1.2	6.8	8.0	14.2	10.5	1.8	0.5	5.9	7.6	12.6	9.7
Aggressive Portfolio 2026 to 2030	INP9022	2.5	1.4	7.5	8.6	15.3	10.9	2.0	0.7	6.5	8.1	13.7	10.3
Aggressive Portfolio 2031 to 2035	INP9576	2.7	1.7	8.1	9.2	16.0	11.3	2.2	0.9	7.1	8.7	14.4	10.6
Aggressive Portfolio 2036 to 2040	INP9023	3.0	2.2	9.0	10.1	16.8	11.6	2.5	1.4	7.9	9.6	15.1	11.0
Aggressive Portfolio 2041 to 2045	INP9577	3.1	2.2	9.1	10.2	17.2	11.8	2.5	1.4	8.0	9.7	15.5	11.2
Aggressive Portfolio 2046 to 2050	INP9024	3.1	2.3	9.3	10.3	17.8	12.0	2.5	1.4	8.2	9.8	16.0	11.4
Aggressive Portfolio 2051 to 2055	INP9578	3.2	2.3	9.6	10.5	18.2	12.2	2.6	1.4	8.4	9.9	16.3	11.6
Aggressive Portfolio 2056 to 2060	INP9343	3.2	2.3	9.6	10.5	18.2	12.1	2.6	1.4	8.4	9.9	16.3	11.6

## Benchmark Indexes - Gross Returns as at July 31, 2015

		Simple returns <sup>1</sup>			Compound annual returns		
		1 month %	3 months %	YTD %	1 year %	3 years %	5 years %
<b>Bond indexes</b>							
IN019	FTSE TMX Canada Short Term Bond Index	0.4	1.0	2.5	3.7	2.7	3.0
IN021	FTSE TMX Canada Universe Bond Index	1.4	1.1	3.8	7.1	4.0	5.3
<b>Equity indexes</b>							
IN026	S&P/TSX 60 Index	1.0	(3.0)	1.6	(0.6)	12.0	7.6
IN024	S&P/TSX Composite Index	(0.3)	(4.3)	0.6	(2.9)	10.7	7.4
IN031	S&P/TSX Capped Composite Index	(0.3)	(4.3)	0.6	(2.9)	10.7	7.4
IN037	S&P/TSX SmallCap Index	(6.4)	(9.5)	(5.5)	(19.7)	1.0	1.0
IN008	MSCI - World Index (Can. \$) (net ret.)	6.5	7.4	17.5	25.7	25.0	17.2
IN104	MSCI - World Index (Local \$) (net ret.)	2.5	0.7	6.7	12.0	17.4	13.1
IN079	MSCI - World Small Cap Index (Can. \$)	4.2	7.9	18.9	26.8	27.6	19.1
<b>Composite indexes (portfolios)</b>							

Each portfolio index is composed of a set of benchmark sub-indexes, listed above. These sub-indexes are linked to the portfolios' underlying funds. The weighting used is equal to the asset allocation of the portfolios' underlying funds. The asset allocation varies periodically. The current allocation appears on the *Composition of the ATTITUDE portfolios (in %)* page of the *Quarterly Update* publication.

<sup>1</sup> Rates of return for the period are non-annualized.

Some portfolio returns are simulated as if they were in effect during the periods shown above.

The above returns are gross returns and do not take into account management and administration fees. Past performance is not a guarantee of future returns.

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maximum level of unemployment, mentioning for example that wage growth remains modest. For that matter, in its July 29 press release, the Fed did not give any indication as to whether it would begin its process of raising the key policy rate after the next meeting of the Federal Open Market Committee (FOMC) on September 17, 2015.

The U.S. real estate market remains strong as existing home sales, construction housing starts and building permits were all higher than expected in June. Recent improvements in employment, low borrowing costs and a higher rate of household formation are all factors helping to stimulate demand in this sector.

## Europe: tight budget restrictions in Greece

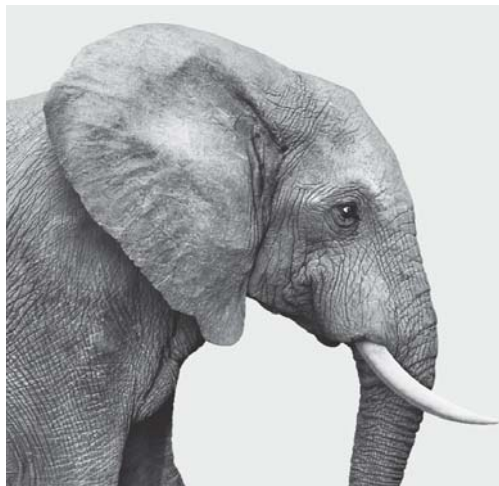
Much ink has been spilled over the Greek crisis in the last few months, until the conclusion of an agreement on July 13. This agreement entails the implementation of a new program of budget restrictions that will enable Greece to have access to financial assistance from the European Union, totaling some 86 billion euros over the next three years. In addition to the budget cuts, Greece will have to privatize some of its airports and infrastructures in order to transfer 50 billion euros of assets into an independent fund that will be used to recapitalize the country's banks and to reduce the debt. These measures are of course generating considerable political tension within the country.

## World: Chinese stock market collapse continues

In July, the Chinese stock market recorded its weakest monthly performance in six years, with the Shanghai Composite Index down 14%. The index has now plunged roughly 30% since its June peak. Moreover, the government is not being shy about intervening to try to control the damage. Recent measures have included allowing hundreds of companies to suspend their stock market activities, prohibiting major company shareholders from selling their shares, and setting up a state-run fund of more than US\$480 billion to bolster the market. These efforts, however, are appearing to be less effective than anticipated.

## Financial markets

- Performance of the S&P/TSX Composite Index remained weak in July. The Canadian index declined 0.3% during the month, largely influenced by the materials and energy sectors, which lost 14.5% and 6.5% respectively. The total return for the Canadian market since the start of the year is 0.6%.
- The U.S. S&P 500 Index was up for the month, with a total return of 2.1% (6.8% in Canadian dollars). The sector that did the best was utilities, growing 6.0%. Given the 12.5% depreciation of the loonie against the greenback in 2015, the 3.4% total year-to-date return for the U.S. market translates into more than 16% in Canadian dollars.
- World indices MSCI - EAFE and MSCI - World were up 3.5% and 2.5% respectively (6.8% and 6.5% in Canadian dollars). Meanwhile the emerging markets, measured by the MSCI - Emerging Markets Index, were down 4.3% (-2.6% in Canadian dollars). For the year to date, total returns for the MSCI - EAFE, MSCI - World and MSCI - Emerging Markets are respectively, in local currency, 12.6%, 6.7% and 1.3% (21.1%, 17.5% and 8.0% in Canadian dollars).
- The Canadian bond market, measured by the FTSE TMX Canada Universe Bond Index, shed 1.4% in July. The return for the year to date is 3.8%.



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Check the *Group Retirement Plans* section, under *Companies and Groups*, for daily fund performance and unit values.

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## NEWS

### Certificate of Compliance

The certificate of compliance attesting to our proper application of standards for fund managers, particularly regarding investment policies is now available in the document centre on My Client Space, under *Group Savings and Retirement/Investments/Investment Funds/Management Monitoring*, at [ia.ca/myaccount](http://ia.ca/myaccount). This certificate covers the period from January 1 to June 30, 2015.

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### Changes to the investment policies of the asset allocation funds

With the objectives of diversification and yield optimization, and while respecting the risk profile of each fund, the investment advisor Industrial Alliance Investment Management will make adjustments to the investment policies of the asset allocation funds around mid-August, 2015.

The changes consist mostly of a reduction in the allocation of income and Canadian equity funds to the benefit of global equity funds and the addition of a new asset class (*Alternative/Specialty Funds*). Changes will also be made to underlying funds that compose the asset allocation funds.

For more details, please read the related *Investment Update* dated July 20, 2015 available on My Client Space, our secure website, at [ia.ca/myaccount](http://ia.ca/myaccount).