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## Risky to bet against the Fed?

There's no denying that the start of the year was disappointing as far as economic indicators were concerned. Following the vigorous upswing in the U.S. job market in 2014, it was only natural to expect households to be driving growth early in the year. What is surprising, though, is that households are being cautious and choosing to bank the savings they have seen from the drop in prices at the pump and the stronger job market. Pundits have therefore been quick to revise their predictions as to an initial increase in interest rates by the U.S. Federal Reserve. However, we are of the opinion that it may be risky to wager against a potential hike from the Fed in the fall. On the bond market, inflationary expectations have clearly been setting in since the beginning of the quarter, and it would only take a handful of figures above and beyond the expected—as we saw this month with the impressive surge in construction starts—for investors to flock in droves to revise their expectations and send the market into a disorderly unwinding. We remain of the opinion that the initial increase is likely to occur in September, but the possibility of this being brought forward to July is not zero.

### Canada: higher unemployment in April

The Canadian economy experienced negative growth during the first quarter to the tune of -0.6%, which was not helped by the downturn in oil sector investments and a more cautious approach by consumers. Recent information is pointing to a slight rally in the second quarter, but we remain cautious about this given the rapid build-up in inventory since the end of 2014.

Canada lost 19,700 jobs in April, whereas market expectations were closer to 5,000. Construction and retail were the most hard-hit sectors, losing 20,500 and 28,400 jobs, respectively. The decline in oil and natural gas companies' infrastructure projects, together with the closures of retailers Target Corp. And some stores for Best Buy Canada were strong contributors to these losses.

The annualized rate of inflation for April was 0.8%, compared to 1.2% the month before. The Bank of Canada (BoC) predicted in March that inflation would remain within its target range of 1%–3% during the first quarter, due in part to the recent fall in oil prices. Moreover, BoC Governor Stephen Poloz confirmed in a recent statement that a return to the target inflation rate of 2% may be as far ahead as late 2016.

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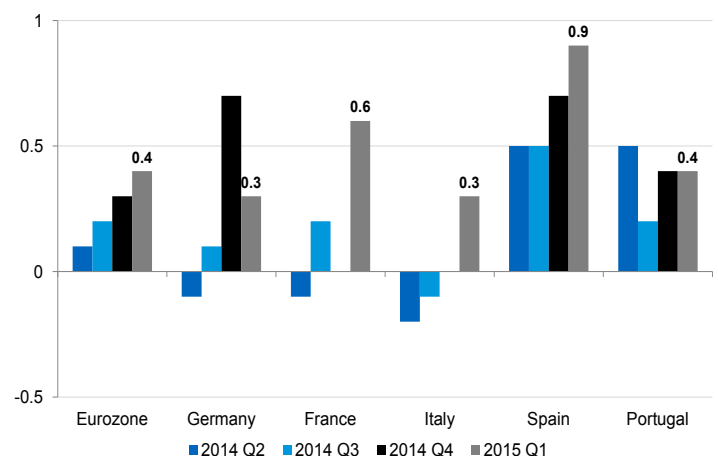
### Economic and Financial Statistics

	As at 2015-05-31 <sup>1</sup>	As at 2014-12-31
Canada - Unemployment rate	6.8%	6.6%
Canada - CPI (year/year variation)	0.8%	2.0%
Canada - GDP (year/year variation)	1.5%	2.3%
U.S. - Unemployment rate	5.5%	5.8%
U.S. - CPI (year/year variation)	-0.2%	1.3%
U.S. - GDP (year/year variation)	2.7%	2.7%
2-year Canada Bonds	0.57%	1.01%
10-year Canada Bonds	1.62%	1.79%
Oil (West Texas) (\$US)	60.1	53.8
Gold (\$US)	1,190.0	1,186.3
CRB Commodities Index (\$US)	223.2	230.0
Exchange rate \$CA/\$US	1.2448	1.1621

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

### Euro zone: Growth is gaining breadth and momentum

Quarterly growth



Source: IAIM

Source: IAIM

## Gross returns as at May 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	68.5	0.6	(0.5)	5.0	9.2	9.1	7.8	8.1	6.4	Various Managers
507	Asset Allocation - Moderate	129.7	0.6	(0.4)	5.4	9.4	11.2	8.4	9.0	6.8	Various Managers
508	Asset Allocation - Balanced	328.4	0.6	(0.3)	5.8	9.5	13.2	8.9	9.7	7.1	Various Managers
509	Asset Allocation - Growth	179.0	0.5	(0.1)	6.3	9.6	15.4	9.4	10.5	7.3	Various Managers
510	Asset Allocation - Aggressive Growth	89.8	0.5	0.1	6.7	9.6	17.4	9.8	11.2	7.6	Various Managers
<b>Income Funds</b>											
070	Money Market	494.1	0.1	0.1	0.3	0.9	1.0	1.0	1.0	1.9	Industrial Alliance
170	Short Term Bonds	306.2	0.4	0.0	2.1	3.8	3.0	3.3	3.7	3.9	Industrial Alliance
489	Emerald Canadian Bond Index (TD)	141.3	0.2	(1.5)	3.0	7.1	4.0	5.3	5.6	5.2	TD
020	Bonds	2,730.2	0.2	(1.3)	3.1	7.4	4.3	5.6	5.8	5.4	Industrial Alliance
750	Bonds (Beutel Goodman)	9.2	0.0	(1.3)	2.2	4.9	2.6	3.9*	4.5*	5.2*	Beutel Goodman
860	Bonds (PIMCO)	223.2	0.4	(1.5)	3.2	7.0	4.6	5.2	5.7	-	PIMCO
472	Bonds (Fiera Capital)	78.9	0.1	(1.6)	2.4	6.0	3.6	5.1	5.3	5.1	Fiera Capital
521	Bonds (PH&N)	24.7	0.2	(1.5)	3.1	7.5	4.5	5.5	5.8	5.5*	Phillips, Hager & North
504	Long Term Bonds	138.5	(0.2)	(3.3)	4.3	12.7	5.3	8.5	8.7	7.2	Industrial Alliance
861	Long Term Bonds (PIMCO)	9.6	0.2	(3.3)	4.7	12.9	6.0	8.4	8.9	-	PIMCO
893	Global Fixed Income (PIMCO)	30.6	0.9	2.3	4.0	5.8	11.6*	12.3*	-	-	PIMCO
<b>Diversified Funds</b>											
240	Diversified Security	435.4	0.8	0.3	5.6	11.0	10.1	7.8	8.2	6.9	Industrial Alliance
889	Balanced Moderate Index (BlackRock)	0.9	0.8	(0.9)	7.2	12.4	12.5*	9.2*	10.4*	6.9*	BlackRock
040	Diversified	1,946.4	1.4	0.8	7.8	12.8	13.9	9.2	10.0	7.7	Industrial Alliance
463	Diversified (Jarislowsky)	84.2	0.6	(0.3)	6.2	12.4	15.1	11.1	11.5	7.3	Jarislowsky
380	Diversified (MFS)	17.2	1.5	0.0	7.5	13.7	14.6	8.7	9.5	6.8	MFS
522	Diversified (PH&N)	5.9	0.8	0.1	7.2	13.1	14.2	9.2	10.0	6.6*	Phillips, Hager & North
751	Diversified (Beutel Goodman)	31.2	0.7	(0.2)	6.2	10.0	14.1	10.1*	11.0*	7.7*	Beutel Goodman
250	Diversified Opportunity	640.2	1.2	0.7	7.9	12.9	16.0	9.4	10.6	8.1	Industrial Alliance
462	Fidelity Canadian Asset Allocation	28.6	0.3	0.0	4.8	9.7	12.0	7.3	8.5	8.3	Fidelity
<b>Canadian Equity Funds</b>											
160	Dividends	1,001.2	(1.9)	(1.2)	1.9	6.3	13.5	8.1	10.2	9.7	Industrial Alliance
887	Canadian Dividend (Beutel Goodman)	12.4	0.1	0.0	3.5	8.8	18.5*	13.1*	14.0*	10.0*	Beutel Goodman
753	Canadian Equity Index (TD)	42.2	(1.2)	(0.7)	3.8	5.9	12.6	5.2*	8.0*	7.5*	TD
010	Canadian Equity Value	345.9	0.0	0.1	5.7	3.5	13.0	5.4	7.8	6.5	Industrial Alliance
494	100% Canadian Equity Value	110.2	(1.5)	(0.9)	2.4	(2.4)	10.4	2.9	5.6	6.5	Industrial Alliance
488	Canadian Equity (Jarislowsky)	135.4	(2.2)	(1.4)	0.8	7.2	15.9	8.6	9.9	8.2	Jarislowsky
543	Canadian Equity (Scheer Rowlett)	58.8	(2.0)	(1.7)	1.3	(2.6)	10.7	3.6	6.3	6.9*	Scheer Rowlett
487	Canadian Equity (Invesco)	5.3	(1.9)	1.5	5.9	(6.5)	9.4	3.4	5.8	6.3	Invesco
871	Canadian Focused Equity (Pyramis)	87.4	0.0	1.2	8.8	11.2	20.7	12.0*	14.3*	11.3*	Pyramis
464	Canadian Equity Growth	463.2	(0.3)	0.4	6.5	9.1	16.3	7.7	9.8	10.6	Industrial Alliance
360	Canadian Equity (MFS)	30.8	(0.2)	0.2	6.1	12.5	17.1	5.6	8.1	7.7	MFS
473	Canadian Equity (Fiera Capital)	22.3	(0.4)	1.0	3.1	(1.6)	17.2	8.3	9.7	8.5	Selexia
270	Fidelity True North®	270.6	0.5	0.2	4.8	14.7	19.0	11.4	12.7	10.5	Fidelity
759	Canadian Equity Q 120/20 (CC&L)	1.1	(0.4)	(0.3)	3.3	6.8	17.2	10.0*	12.0*	-	CC&L
888	Canadian Equity Low Volatility (TD)	17.1	(1.5)	(1.7)	1.4	13.6	14.6*	12.8*	15.8*	-	TD
511	Canadian Equity Small Cap (Montrusco)	50.3	0.4	2.3	3.5	(4.7)	8.7	3.2	8.7	9.2	Montrusco Bolton
541	Canadian Equity Small Cap (QV)	147.8	0.2	2.2	2.5	2.2	20.6	16.5	17.5	12.3*	QV Investors Inc.
514	Canadian Equity Responsible (MFS)	2.6	(0.6)	(0.1)	5.0	11.0	17.0	6.9	9.7	7.9	MFS
<b>Foreign Equity Funds</b>											
876	Global Equity Index ACWI (BlackRock)	24.8	3.1	1.1	13.4	21.1	23.0*	15.2*	15.8*	-	BlackRock
707	Global Equity	179.4	3.9	2.5	15.7	24.0	24.8	16.0	16.8	-	Industrial Alliance
465	Global Equity (Templeton)	315.1	2.9	2.8	14.1	16.4	30.9	16.8	17.7	7.7	Templeton
754	Global Equity (Sprucegrove)	23.9	1.7	(0.6)	10.3	12.8	21.1	14.2*	14.5*	6.3*	Sprucegrove
500	Global Equity (Hexavest)	178.8	3.2	0.6	12.3	22.1	22.0	16.0	14.9	8.1*	Hexavest
865	Global Equity (CS-Hedged) (Hexavest)	54.3	1.0	1.4	6.0	13.9	17.8	12.0	12.0	-	Hexavest
534	Global Equity (QV)	13.6	2.1	1.1	9.9	17.5	20.3	13.2	14.4	7.4*	QV Investors Inc.
390	Global Equity (MFS)	41.0	4.1	1.8	14.7	22.4	24.1	15.5	15.5	6.5	MFS
863	Global Equity (Pyramis)	4.6	4.4	1.4	14.7	24.3	26.1	17.3	17.6	-	Pyramis
120	Global Equity (Aberdeen)	7.4	1.2	(1.1)	9.4	10.4	18.4*	12.8*	14.8*	-	Aberdeen
886	Global Equity Low Volatility ACWI (TD)	24.5	1.9	(0.5)	10.3	22.5	21.8*	17.6*	-	-	TD
490	Global Equity Mid Cap (Invesco)	1.2	5.4	4.2	18.4	26.7	26.3*	18.9*	22.9*	11.2*	Invesco
531	Global Equity Small Cap (Deutsche AWM) <sup>3</sup>	124.7	5.5	3.0	16.2	20.1	25.3	15.9	18.0	-	Deutsche AWM
130	Global Equity Small Cap (Mawer)	6.0	5.4	4.8	18.9	25.5	34.3*	25.5*	27.9*	-	Mawer
300	International Equity Index (BlackRock)	27.2	2.6	2.1	17.2	14.5	23.2	12.4	14.0	5.7	BlackRock
706	International Equity	357.5	3.5	3.0	18.6	17.0	22.7	11.5	14.5	-	Industrial Alliance
080	International Equity (Templeton)	73.2	2.0	3.7	17.8	13.2	25.6	12.5	14.2	5.9	Templeton
755	International Equity (Sprucegrove)	2.0	1.0	(0.4)	12.7	10.2	19.0	11.1*	12.9*	6.3*	Sprucegrove
483	International Equity (Jarislowsky)	8.7	2.2	1.6	15.7	14.4	22.3	14.0	16.3	6.2	Jarislowsky
852	International Equity (Hexavest)	23.3	2.3	1.3	15.5	15.6	20.4	12.2	12.9	6.6	Hexavest
131	International Equity (Mawer)	2.2	2.6	0.5	14.5	19.3	23.4*	14.8*	17.4*	9.8*	Mawer

## Gross returns as at May 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)	18.3	3.2	3.4	20.2	18.4	23.5	13.3	14.5	6.6	MFS
121	International Equity (Aberdeen)	7.2	0.9	(0.3)	11.0	7.8	16.4*	10.2*	13.1*	-	Aberdeen
760	U.S. Equity Index (BlackRock)	58.3	4.5	0.7	11.2	28.3	27.2	21.7*	20.6*	-	BlackRock
895	U.S. Equity Index Non-Registered (BlackRock)	13.7	4.3	0.6	11.1	28.0	26.9*	21.4*	20.2*	7.7*	BlackRock
518	U.S. Dividend Growth	161.6	4.1	1.6	12.4	28.7	-	-	-	-	Industrial Alliance
705	U.S. Equity	292.9	4.4	2.0	13.2	31.0	27.7	21.2	19.9	-	Industrial Alliance
756	U.S. Equity (Sprucegrove)	0.9	3.3	0.2	8.8	18.4	23.5	18.2*	16.5*	-	Sprucegrove
512	U.S. Equity (Jarislowsky)	16.4	3.9	1.2	12.0	28.2	28.0	21.8	20.1	8.1	Jarislowsky
132	U.S. Equity (Mawer)	14.3	3.8	(0.6)	10.9	29.8	28.1*	22.5*	20.4*	8.8*	Mawer
513	U.S. Equity (MFS)	25.2	4.5	0.7	11.1	28.0	27.7	20.4	18.9	7.8	MFS
<b>Alternative/Specialty Funds</b>											
491	Balanced-Risk Allocation (Invesco)	1.4	(0.3)	0.2	4.1	7.0	-	-	-	-	Invesco
896	Global Developed Real Estate Index (BlackRock) <sup>†</sup>	1.7	1.5	(3.2)	8.7	22.3	-	-	-	-	BlackRock
540	Global Real Estate (Pyramis) <sup>†</sup>	12.4	2.3	(2.1)	10.3	23.9	21.7	15.8	17.4	-	Pyramis
897	Global Infrastructure Equity Index (BlackRock) <sup>†</sup>	1.4	1.3	1.2	8.4	20.6	-	-	-	-	BlackRock
757	Global Infrastructure (Lazard) <sup>†</sup>	3.9	(0.2)	2.4	10.7	17.1	26.8	17.2*	18.8*	-	Lazard
892	Canadian Resources (Invesco) <sup>†</sup>	0.3	(3.3)	4.1	7.9	(15.8)	3.1*	(4.3)*	1.5*	7.8*	Invesco
898	Emerging Markets Equity Index (BlackRock) <sup>†</sup>	3.2	(0.9)	1.6	14.0	13.3	-	-	-	-	BlackRock
758	Emerging Markets (Templeton) <sup>†</sup>	3.2	(0.7)	(2.5)	7.6	7.2	9.7	2.7*	6.6*	7.9*	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	0.1	0.3	0.9	1.0	1.0	0.9	1.9	
<b>Bond indexes</b>										
IN019	FTSE TMX Canada Short Term Bond Index	0.4	(0.1)	1.9	3.2	2.6	2.9	3.2	3.8	
IN056	FTSE TMX Canada Long Term Bond Index	(0.1)	(3.4)	4.2	12.7	5.3	8.6	8.7	7.1	
IN021	FTSE TMX Canada Universe Bond Index	0.2	(1.5)	2.9	7.1	4.0	5.3	5.6	5.2	
<b>Equity indexes</b>										
IN024	S&P/TSX Composite Index	(1.2)	(0.7)	3.8	5.8	12.6	5.2	8.1	7.5	
IN037	S&P/TSX SmallCap Index	0.3	1.0	4.8	(7.2)	4.6	(3.0)	3.4	3.0	
IN097	MSCI - ACWI Index (Can. \$) (net ret.)	2.7	0.8	13.0	20.5	23.2	15.0	15.7	6.7	
IN008	MSCI - World Index (Can. \$) (net ret.)	3.2	0.7	12.9	21.2	24.6	16.4	16.9	6.7	
IN104	MSCI - World Index (Local \$) (net ret.)	1.3	1.9	7.3	13.2	19.8	12.3	13.5	6.9	
IN079	MSCI - World Small Cap Index (Can. \$)	4.4	2.4	15.1	22.8	26.3	16.9	18.6	8.9	
IN002	MSCI - EAFE Index (Can. \$) (net ret.)	2.3	1.6	16.7	14.2	23.0	12.1	13.9	5.5	
IN014	S&P 500 Index (Can. \$)	4.2	0.3	10.9	28.2	27.3	21.7	20.7	8.1	
IN006	MSCI - Emerging Markets Index (Can. \$)	(1.2)	1.6	13.7	15.1	13.1	5.4	8.1	9.1	

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 May 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	0.50	0.90	0.95	1.30	1.30	0.40	0.40	0.40	0.40	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 May 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	0.4	(0.9)	2.7	5.8	3.9	5.0	0.3	(0.9)	2.5	5.6	3.4	4.9
Conservative Portfolio 2001 to 2005	INP9545	0.4	(0.9)	2.8	6.0	4.7	5.6	0.3	(0.9)	2.6	5.8	4.1	5.3
Conservative Portfolio 2006 to 2010	INP9000	0.3	(0.8)	3.3	6.7	5.9	6.3	0.3	(0.9)	3.1	6.7	5.3	6.0
Conservative Portfolio 2011 to 2015	INP9546	0.3	(0.9)	3.6	7.1	6.8	6.9	0.3	(1.0)	3.4	7.3	6.1	6.5
Conservative Portfolio 2016 to 2020	INP9001	0.3	(0.9)	3.9	7.6	7.7	7.4	0.3	(1.0)	3.7	7.8	6.8	6.9
Conservative Portfolio 2021 to 2025	INP9547	0.4	(0.8)	4.3	8.0	8.9	8.2	0.4	(1.0)	4.2	8.4	8.0	7.5
Conservative Portfolio 2026 to 2030	INP9002	0.5	(0.6)	4.8	8.4	9.8	8.5	0.5	(0.8)	4.7	8.9	8.9	8.0
Conservative Portfolio 2031 to 2035	INP9548	0.6	(0.5)	5.1	8.6	10.3	8.8	0.5	(0.8)	4.9	9.2	9.3	8.3
Conservative Portfolio 2036 to 2040	INP9003	0.7	(0.5)	5.4	9.0	10.8	9.0	0.6	(0.8)	5.2	9.6	9.8	8.5
Conservative Portfolio 2041 to 2045	INP9549	0.7	(0.5)	5.6	9.1	11.2	9.2	0.6	(0.7)	5.3	9.7	10.2	8.7
Conservative Portfolio 2046 to 2050	INP9004	0.7	(0.4)	5.7	9.2	11.8	9.4	0.7	(0.7)	5.5	9.9	10.7	8.9
Conservative Portfolio 2051 to 2055	INP9550	0.7	(0.3)	6.0	9.4	12.2	9.7	0.7	(0.6)	5.7	10.1	11.1	9.1
Conservative Portfolio 2056 to 2060	INP9339	0.7	(0.3)	6.0	9.4	12.2	9.6	0.7	(0.6)	5.7	10.1	11.1	9.1
<b>Moderate</b>													
Moderate Portfolio 1996 to 2000	INP9551	0.4	(0.7)	3.1	6.2	5.4	5.7	0.3	(0.8)	2.9	6.2	4.9	5.8
Moderate Portfolio 2001 to 2005	INP9552	0.4	(0.7)	3.2	6.4	6.2	6.2	0.3	(0.8)	3.0	6.4	5.5	6.1
Moderate Portfolio 2006 to 2010	INP9005	0.3	(0.6)	3.7	7.1	7.8	7.3	0.3	(0.8)	3.6	7.3	7.0	6.9
Moderate Portfolio 2011 to 2015	INP9553	0.3	(0.6)	4.2	7.7	9.1	8.0	0.3	(0.8)	4.0	8.1	8.1	7.6
Moderate Portfolio 2016 to 2020	INP9006	0.3	(0.6)	4.5	8.0	9.9	8.4	0.3	(0.8)	4.3	8.6	8.9	8.0
Moderate Portfolio 2021 to 2025	INP9554	0.5	(0.4)	5.0	8.4	10.7	9.0	0.5	(0.7)	4.8	9.0	9.7	8.4
Moderate Portfolio 2026 to 2030	INP9007	0.6	(0.3)	5.3	8.7	11.4	9.2	0.5	(0.6)	5.1	9.4	10.3	8.7
Moderate Portfolio 2031 to 2035	INP9555	0.6	(0.3)	5.6	9.0	11.9	9.5	0.6	(0.6)	5.4	9.7	10.7	9.0
Moderate Portfolio 2036 to 2040	INP9008	0.7	(0.3)	6.0	9.4	12.4	9.7	0.7	(0.6)	5.8	10.2	11.3	9.2
Moderate Portfolio 2041 to 2045	INP9556	0.8	(0.2)	6.1	9.5	12.8	9.9	0.7	(0.6)	5.9	10.3	11.6	9.4
Moderate Portfolio 2046 to 2050	INP9009	0.8	(0.2)	6.3	9.7	13.4	10.1	0.8	(0.5)	6.1	10.5	12.2	9.6
Moderate Portfolio 2051 to 2055	INP9557	0.8	(0.1)	6.5	9.8	13.8	10.4	0.8	(0.4)	6.3	10.8	12.5	9.8
Moderate Portfolio 2056 to 2060	INP9340	0.8	(0.1)	6.5	9.8	13.8	10.3	0.8	(0.4)	6.3	10.8	12.5	9.8
<b>Balanced</b>													
Balanced Portfolio 1996 to 2000	INP9558	0.4	(0.5)	3.6	6.7	7.0	6.6	0.3	(0.7)	3.4	6.8	6.3	6.5
Balanced Portfolio 2001 to 2005	INP9559	0.4	(0.5)	3.6	6.8	7.7	7.1	0.3	(0.7)	3.5	7.0	6.9	6.8
Balanced Portfolio 2006 to 2010	INP9010	0.3	(0.5)	4.1	7.4	9.0	7.8	0.3	(0.7)	4.0	7.8	8.0	7.5
Balanced Portfolio 2011 to 2015	INP9560	0.3	(0.5)	4.4	7.8	9.8	8.4	0.3	(0.7)	4.2	8.4	8.8	7.9
Balanced Portfolio 2016 to 2020	INP9011	0.3	(0.4)	4.7	8.2	10.6	8.8	0.4	(0.7)	4.6	8.8	9.5	8.3
Balanced Portfolio 2021 to 2025	INP9561	0.5	(0.3)	5.2	8.6	11.9	9.5	0.5	(0.6)	5.1	9.3	10.7	8.8
Balanced Portfolio 2026 to 2030	INP9012	0.6	(0.1)	5.8	9.0	12.9	9.9	0.6	(0.4)	5.6	9.9	11.7	9.3
Balanced Portfolio 2031 to 2035	INP9562	0.7	(0.1)	6.1	9.4	13.4	10.3	0.7	(0.4)	5.9	10.3	12.2	9.6
Balanced Portfolio 2036 to 2040	INP9013	0.8	(0.1)	6.6	9.9	14.0	10.4	0.8	(0.4)	6.3	10.8	12.7	9.9
Balanced Portfolio 2041 to 2045	INP9563	0.9	0.0	6.7	10.0	14.4	10.6	0.8	(0.4)	6.5	10.9	13.1	10.1
Balanced Portfolio 2046 to 2050	INP9014	0.9	0.1	6.9	10.1	15.0	10.8	0.9	(0.4)	6.6	11.1	13.6	10.3
Balanced Portfolio 2051 to 2055	INP9564	0.9	0.2	7.1	10.3	15.4	11.1	0.9	(0.3)	6.9	11.4	14.0	10.5
Balanced Portfolio 2056 to 2060	INP9341	0.9	0.2	7.1	10.3	15.4	11.0	0.9	(0.3)	6.9	11.4	14.0	10.5
<b>Growth</b>													
Growth Portfolio 1996 to 2000	INP9565	0.3	(0.4)	4.0	7.1	8.6	7.4	0.4	(0.6)	3.8	7.4	7.7	7.2
Growth Portfolio 2001 to 2005	INP9566	0.3	(0.4)	4.1	7.2	9.3	7.8	0.4	(0.6)	3.9	7.6	8.3	7.5
Growth Portfolio 2006 to 2010	INP9015	0.3	(0.3)	4.5	7.8	10.5	8.5	0.4	(0.5)	4.4	8.4	9.4	8.2
Growth Portfolio 2011 to 2015	INP9567	0.3	(0.3)	4.8	8.2	11.4	9.1	0.4	(0.5)	4.6	8.9	10.2	8.6
Growth Portfolio 2016 to 2020	INP9016	0.4	(0.2)	5.1	8.5	12.1	9.5	0.4	(0.5)	5.0	9.3	10.9	8.9
Growth Portfolio 2021 to 2025	INP9568	0.6	(0.1)	5.7	8.9	13.4	10.2	0.6	(0.4)	5.5	9.8	12.1	9.5
Growth Portfolio 2026 to 2030	INP9017	0.7	0.1	6.3	9.4	14.4	10.5	0.7	(0.3)	6.1	10.4	13.1	10.0
Growth Portfolio 2031 to 2035	INP9569	0.8	0.2	6.7	9.8	15.0	10.9	0.8	(0.3)	6.5	10.8	13.6	10.3
Growth Portfolio 2036 to 2040	INP9018	0.9	0.2	7.1	10.3	15.6	11.1	0.9	(0.3)	6.9	11.4	14.2	10.6
Growth Portfolio 2041 to 2045	INP9570	0.9	0.2	7.3	10.4	16.0	11.3	0.9	(0.2)	7.0	11.6	14.6	10.7
Growth Portfolio 2046 to 2050	INP9019	1.0	0.3	7.5	10.5	16.6	11.5	1.0	(0.2)	7.2	11.7	15.1	10.9
Growth Portfolio 2051 to 2055	INP9571	1.0	0.4	7.7	10.7	17.0	11.8	1.0	(0.1)	7.4	12.0	15.5	11.1
Growth Portfolio 2056 to 2060	INP9342	1.0	0.4	7.7	10.7	17.0	11.7	1.0	(0.1)	7.4	12.0	15.5	11.1

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## ATTITUDE Portfolios - Gross Returns as at May 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	0.3	(0.3)	4.2	7.3	9.4	7.6	0.4	(0.5)	4.0	7.8	8.4	7.6
Aggressive Portfolio 2001 to 2005	INP9573	0.3	(0.3)	4.3	7.5	10.5	8.3	0.4	(0.5)	4.2	8.0	9.3	8.0
Aggressive Portfolio 2006 to 2010	INP9020	0.3	(0.1)	4.9	8.2	12.1	9.2	0.4	(0.4)	4.8	9.0	10.8	8.8
Aggressive Portfolio 2011 to 2015	INP9574	0.3	(0.1)	5.2	8.5	12.9	9.8	0.4	(0.4)	5.1	9.4	11.5	9.2
Aggressive Portfolio 2016 to 2020	INP9021	0.4	0.0	5.5	8.8	13.7	10.1	0.4	(0.4)	5.4	9.8	12.3	9.6
Aggressive Portfolio 2021 to 2025	INP9575	0.6	0.2	6.1	9.2	14.9	10.8	0.6	(0.2)	6.0	10.2	13.4	10.1
Aggressive Portfolio 2026 to 2030	INP9022	0.7	0.4	6.8	9.7	16.0	11.2	0.7	(0.1)	6.6	10.9	14.5	10.6
Aggressive Portfolio 2031 to 2035	INP9576	0.8	0.4	7.2	10.1	16.6	11.6	0.8	(0.1)	7.0	11.4	15.0	10.9
Aggressive Portfolio 2036 to 2040	INP9023	1.0	0.4	7.7	10.7	17.2	11.8	1.0	(0.1)	7.5	12.0	15.7	11.2
Aggressive Portfolio 2041 to 2045	INP9577	1.0	0.5	7.9	10.9	17.6	12.0	1.0	(0.1)	7.6	12.2	16.0	11.4
Aggressive Portfolio 2046 to 2050	INP9024	1.1	0.5	8.0	11.0	18.2	12.2	1.1	0.0	7.8	12.4	16.6	11.6
Aggressive Portfolio 2051 to 2055	INP9578	1.1	0.6	8.3	11.2	18.6	12.4	1.1	0.1	8.0	12.6	17.0	11.8
Aggressive Portfolio 2056 to 2060	INP9343	1.1	0.6	8.3	11.2	18.6	12.3	1.1	0.1	8.0	12.6	17.0	11.8

## Benchmark Indexes - Gross Returns as at May 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	(0.1)	1.9	3.2	2.6	3.2
IN021	FTSE TMX Canada Universe Bond Index	0.2	(1.5)	2.9	7.1	4.0	5.6
<b>Equity indexes</b>							
IN026	S&P/TSX 60 Index	(1.2)	(1.0)	3.6	7.7	13.4	7.9
IN024	S&P/TSX Composite Index	(1.2)	(0.7)	3.8	5.8	12.6	8.1
IN031	S&P/TSX Capped Composite Index	(1.2)	(0.7)	3.8	5.8	12.6	8.1
IN037	S&P/TSX SmallCap Index	0.3	1.0	4.8	(7.2)	4.6	3.4
IN008	MSCI - World Index (Can. \$) (net ret.)	3.2	0.7	12.9	21.2	24.6	16.9
IN104	MSCI - World Index (Local \$) (net ret.)	1.3	1.9	7.3	13.2	19.8	13.5
IN079	MSCI - World Small Cap Index (Can. \$)	4.4	2.4	15.1	22.8	26.3	18.6

### Composite indexes (portfolios)

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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## United States: rate hike in June highly unlikely

The minutes of the Federal Open Market Committee (FOMC) meeting on April 28–29 were hotly awaited by investors keen for clues as to when the Federal Reserve would raise its rates. However, the Fed chose to perpetuate the uncertainty, with the Committee hinting that a rate increase was highly unlikely, although not impossible. Although we are of the opinion that if positive surprises occur in the consumer and employment markets, the Fed may be spurred into action sooner rather than later, our most probable scenario remains that of an initial increase as of September.

Things are gradually looking up on the job front. 223,000 jobs were gained in April, falling slightly short of expectations but up significantly from the 85,000 jobs created in March (number revised for previous month). The unemployment rate is now 5.4%, close to what the Fed defines as full employment.

Retail sales were up slightly by 0.1% in April, consumers apparently more inclined to bank than to spend the savings resulting from lower gas prices. While consumers are proving exceedingly cautious in their everyday spending, observations suggest that the savings trickling down from lower prices at the pump are being channeled into the real estate market, which has seen a strong start to the year.

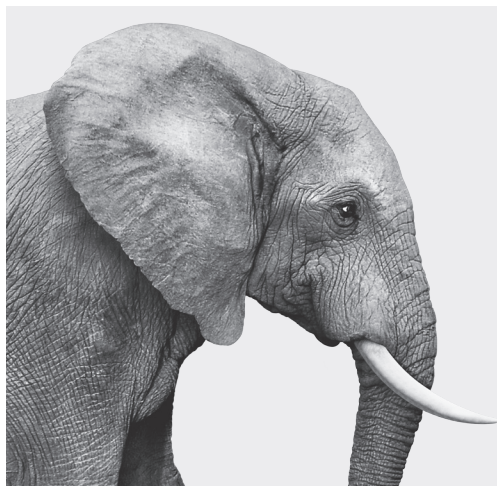
Construction starts in April skyrocketed to the highest level since 2007, 1.14 million, surprising many. Although the residential construction sector only accounts for less than 4% of the economy, this surge in activity bodes well for an acceleration in growth over the coming quarters.

## Europe: the economy is still gaining momentum

A positive sign in the euro zone, the economy grew 0.4% over the first quarter—the fastest in nearly two years (see graph). France, in particular, exceeded expectations by moving up 0.6%. Italy and Spain also performed well with gains of 0.3% and 0.9%, respectively. Germany, the most powerful country in the euro zone, saw its economy decline by 0.3%, however. Notably, the European region profited from the marked drop in oil prices, a weak currency and a surge in confidence around the expected benefits of the quantitative easing program launched by the European Central Bank (ECB), which could last until the end of September 2016. Moreover, the ECB announced that it would be bringing forward its asset purchases in anticipation of low market liquidity over the summer, a move that has had a negative impact on the relative value of the euro.

## Global: China wants to open up more

China has announced guidelines for capital markets reform. Part of its plan involves a liberalization of the financial markets as well as international recognition of its currency, the yuan. This plan comes in addition to the expansionary measures undertaken by the People's Bank of China (PBoC) to stimulate the economy, which has bolstered the strong growth seen in the Shanghai Composite Index since last year. The index has advanced by nearly 12% in the last month and some analysts are even fearful the stock market bubble there may burst.



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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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## Financial markets: the loonie slides again

- The S&P/TSX Composite Index dipped into the red in May. The Canadian index declined 1.2% over the month, despite a gain of 1.1% drop in U.S. crude prices, although overall performance remains negative since the beginning of the quarter (-0.7%) and positive in 2015 in general (3.8%).
- The U.S. S&P 500 Index is still in the green, posting a total return of 1.3% (+4.2% in Canadian dollars). The loonie's depreciation—2.9% in May alone—is in fact working to Canadian investors' benefit in 2015, boosting the total U.S. market yield of 3.2% in local currency to 10.9% in Canadian dollars.
- The global MSCI - EAFE and MSCI - World indexes climbed respectively 1.6% and 1.3% (2.3% and 3.2% in Canadian dollars). Emerging markets, measured by the MSCI - Emerging Markets Index, slipped 2.5% (-1.2% in Canadian dollars). Since the beginning of the year, total returns for the MSCI - EAFE, MSCI - World and MSCI - Emerging Markets indexes are, respectively, 13.9%, 7.3% and 8.2% (16.7%, 12.9% and 13.7% in Canadian dollars).
- The Canadian bond market, measured by the FTSE TMX Canada Universe Bond Index, gained 0.2% in May. The overall return since the beginning of the year remains positive at 2.9%.

## NEWS

### TFSA contribution limit increased

The federal government tabled its budget April 21, 2015, and announced the following change:

The TFSA annual contribution limit increases to \$10,000 and is applicable as of January 1, 2015. Also, the annual contribution limit will no longer be indexed to inflation. Hence, only one annual contribution limit will apply in the future.

Cumulative limit\*

\$10,000: 2015

\$5,500: 2013 and 2014

\$5,000: from 2009 to 2012

\* When withdrawals are made, contribution room is restored in the following calendar year.