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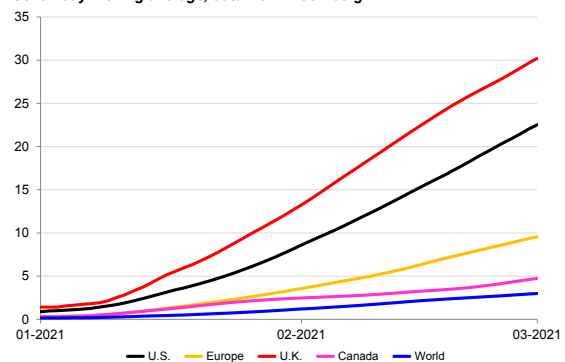
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Is the U.S. economy at risk of overheating?

World

The number of cases of COVID-19 continues to drop and efforts to develop vaccines over the last few months appear to be paying off. However, now the issue is the production and delivery of the vaccines. As the graph shows, vaccination campaigns seem to be moving at different speeds in different countries. In fact, countries that do not produce vaccines domestically, and Canada is a good example, are lagging behind. That said, the availability of vaccines should improve in the coming months with the approval by public authorities of new alternatives, specifically the AstraZenica vaccine.

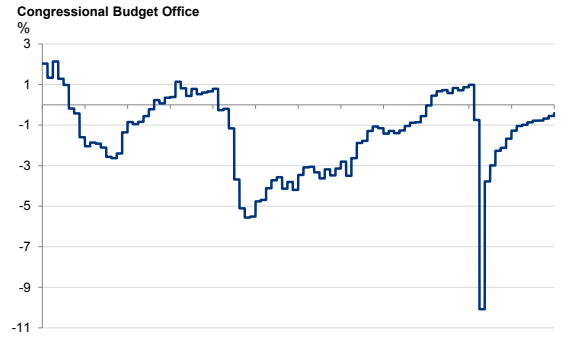
COVID-19: number of vaccinations per 100 people
Seven-day moving average, data from Bloomberg



North America

In the United States, concerns regarding the scope of the recovery plan and its impact on the economy are beginning to be felt. One point nine billion dollars will be injected into the U.S. economy, on top of the 900 billion dollars approved in December 2020. Many experts suggest that the size of the U.S. stimulus package is now too big. As shown in the graph, the Congressional Budget Office's projection regarding the gap between the size of the economy and its full potential (if the economy was operating at full employment) would close up in 2024, excluding the additional 1.9 billion in stimulus money. The anticipated injection could therefore create strong inflationary pressure.

U.S.: spread between actual GDP and potential GDP
Congressional Budget Office



Financial markets

The last few weeks have seen a lot of movement in the bond market. We anticipated a steepening of the yield curve; however, it was surprisingly fast, with an increase of 60 basis points for the 10-year rates in less than two months. This sharp movement can be explained by a sharp revision of the expectations of investors, who now see that the U.S. Federal Reserve will possibly be forced to tighten its monetary policy as early as the end of 2022. The result? For the first time since the start of the pandemic, the gap between 10-year bond rates and the S&P500 dividend rate has closed, indicating that bonds offer a rate similar to share dividends, with a lower level of risk. As the graph shows, shares have been more attractive since March 2020 but that this trend has now reversed.

U.S.: spread between S&P 500 dividend yield and 10-year government bond yield
Data From Bloomberg



Table of net returns as at February 28, 2021

Ecoflex / My Education / APEX

	Unit Value \$	Net assets ¹ in millions \$	Simple returns ²			Compound annual returns				MER ³ %	Investment Advisor
			1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %		
Focus Funds											
Focus Prudent	17.67	248.0	(0.9)	(0.5)	(1.5)	4.4	2.9	2.5	2.4	3.20	Various Managers
Focus Moderate	19.22	294.9	(0.3)	0.5	(0.8)	6.9	3.4	3.4	2.8	3.26	Various Managers
Focus Balanced	20.79	427.4	0.4	1.7	0.0	9.5	3.8	4.3	3.3	3.28	Various Managers
Focus Growth	22.31	151.9	0.9	2.6	0.6	12.0	4.3	5.2	3.7	3.31	Various Managers
Focus Aggressive	23.76	48.4	1.4	3.4	1.2	14.1	4.5	6.0	4.0	3.36	Various Managers
Selection Funds											
Selection Prudent	11.82	98.5	(1.0)	(1.0)	(1.8)	1.6	1.8	2.5	-	2.99	Various Managers
Selection Moderate	12.03	184.1	(0.6)	(0.1)	(1.2)	3.1	1.8	2.9	-	3.14	Various Managers
Selection Balanced	12.46	241.1	(0.1)	0.8	(0.6)	4.7	2.0	3.7	-	3.28	Various Managers
Selection Growth	12.97	99.4	0.6	2.3	0.3	7.7	2.6	4.6	-	3.46	Various Managers
Selection Aggressive	13.23	25.6	0.6	3.2	0.7	10.0	2.8	4.9	-	3.63	Various Managers
Income Funds											
Money Market ⁵	17.37	685.5	0.0	0.0	0.0	0.6	0.5	0.4	0.3	1.68	Industrial Alliance
Short Term Bond	15.72	206.8	(0.9)	(0.9)	(1.0)	1.4	1.2	0.3	0.6	2.42	Industrial Alliance
Bond ⁵	30.53	3,397.2	(2.4)	(3.4)	(3.6)	(0.4)	2.5	1.5	2.1	2.44	Industrial Alliance
Core Plus Bond (Wellington Square)	11.21	41.4	(0.7)	0.3	(0.4)	2.1	1.1	1.3	1.0*	2.77	Wellington Square
Diversified Funds											
Diversified Security	22.54	659.5	(0.5)	(0.5)	(1.2)	3.0	1.9	2.1	2.6	3.18	Industrial Alliance
Diversified ⁵	46.47	2,124.0	1.2	2.0	0.7	9.0	3.5	4.0	3.7	3.18	Industrial Alliance
Diversified Opportunity	30.08	459.4	2.2	3.5	1.9	12.1	4.1	4.9	3.8	3.18	Industrial Alliance
SRI Moderate (Inhance)	10.23	30.4	(1.0)	0.0	(1.4)	7.1*	4.3*	3.9*	3.2*	3.67	Vancity
SRI Balanced (Inhance)	17.26	141.7	(0.7)	1.2	(1.0)	12.4	6.3	5.9	4.3*	3.75	Vancity
SRI Growth (Inhance)	10.56	20.9	(0.4)	1.9	(0.6)	16.0*	7.6*	7.4*	5.1*	3.86	Vancity
Diversified Income	30.25	290.8	1.9	3.0	1.5	10.1	3.7	4.9	3.9	3.04	Industrial Alliance
Strategic Income	14.44	210.3	0.7	2.4	1.3	4.7	2.9	5.2	-	3.63	iA Clarington
Global Diversified (Loomis Sayles)	17.42	723.5	0.1	0.3	(1.0)	13.2	7.4	9.3	5.4	3.39	Loomis Sayles
Canadian Equity Funds											
Strategic Equity Income	18.09	165.5	1.3	3.2	1.6	5.9	3.6	5.3	4.5	2.65	iA Clarington
Dividend Growth	21.84	972.4	2.2	2.8	1.7	4.1	4.0	6.4	4.4	2.91	Industrial Alliance
Canadian Equity Index	25.95	515.0	4.6	4.9	3.8	11.0	5.8	7.4	2.9	3.02	Industrial Alliance
Fidelity True North®	41.45	258.6	3.1	4.7	2.4	14.8	7.4	6.6	5.0	3.71	Fidelity
Canadian Equity Growth ⁵	35.63	817.4	4.0	5.8	3.6	15.3	6.3	8.1	4.0	3.03	Industrial Alliance
Fidelity Canadian Opportunities	57.33	350.1	3.2	5.1	1.5	29.8	15.5	13.5	6.7	3.72	Fidelity
North American Equity	54.14	118.8	2.9	5.9	3.1	18.9	6.0	7.4	2.8	3.05	Industrial Alliance

Table of net returns as at February 28, 2021

Ecoflex / My Education / APEX

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			1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %		
U.S. & International Equity Funds											
Global Equity Index ACWI (BlackRock)	28.35	80.2	1.1	3.1	0.7	17.2	5.7*	8.6*	7.9*	3.63	BlackRock
Global Dividend (Dynamic)	26.92	1,191.3	(0.2)	(0.8)	(2.6)	11.9	9.2	12.0	10.3	3.55	Dynamic
Global Equity	25.90	116.1	1.1	2.8	0.9	18.4	4.6	6.9	7.9	3.52	Industrial Alliance
Global Opportunities (Loomis Sayles)	10.24	24.8	0.7	1.2	(0.7)	18.9*	10.1*	11.9*	11.0*	3.96	Loomis Sayles
Fidelity NorthStar®	22.76	133.4	2.4	6.4	2.7	29.8	5.5	4.1	8.2	3.75	Fidelity
International Equity Index (BlackRock)	11.16	186.8	1.1	2.7	0.1	12.2	1.3	5.2	4.9	3.04	BlackRock
International Equity	21.55	563.3	(0.4)	1.5	(1.4)	11.9	1.2	4.5	4.6*	3.68	Industrial Alliance
Fidelity European Equity	12.98	40.6	1.2	2.0	(1.3)	2.7	(1.1)	2.2	3.8	3.77	Fidelity
U.S. Equity Index (BlackRock)	24.99	341.9	1.6	2.4	0.6	19.9	10.0	11.5	12.7	3.04	BlackRock
Thematic Innovation	21.83	714.4	1.1	5.8	2.8	35.6	13.9*	-	-	3.97	Industrial Alliance
U.S. Equity	23.13	98.3	1.9	3.4	2.2	22.7	6.1	7.6	10.1	3.41	Industrial Alliance
U.S. Dividend Growth	20.58	186.4	(0.1)	(0.1)	(1.0)	10.5	2.9	5.8	8.4	3.54	Industrial Alliance
Specialty Funds											
Asian Pacific (Dynamic)	14.51	226.4	(4.6)	5.2	(0.3)	45.2	15.5	16.4	8.6	3.34	Dynamic
Emerging Markets (Jarislowsky Fraser)	12.76	54.0	(0.7)	9.1	4.8	27.7	5.3*	9.7*	-	4.42	Jarislowsky Fraser
Global Health Care (Renaissance)	40.66	287.2	(3.7)	(1.4)	(2.5)	12.0	8.1	6.1	13.7	3.82	CIBC
Real Estate Income	34.60	76.6	2.9	1.8	3.0	(6.4)	3.2	5.1	5.3	2.96	Industrial Alliance
U.S. DAQ Index	25.21	637.6	(1.2)	2.1	(0.9)	40.3	20.0	20.7	19.1	3.24	Industrial Alliance
Education Savings Plan											
Diploma Elementary	19.13	1,197.3	1.0	1.3	0.0	9.6	4.8	5.3	4.2	3.62	Industrial Alliance
Diploma Secondary	12.06	439.4	(0.6)	(1.1)	(1.5)	2.5	1.3	0.8	0.7	3.61	Industrial Alliance
Not offered to new contract subscribers											
Diploma	16.11	123.9	0.0	(0.2)	(1.1)	7.0	4.5	5.2	4.5	3.64	Industrial Alliance
Dividend	55.77	1,002.7	2.2	2.9	1.8	4.8	4.2	6.5	4.8	2.41	Industrial Alliance

Returns after deduction of MER (Management expense ratio). Past performance is not a guarantee of future returns.

The *EcoStrategist in Brief* | Ecoflex / My Education economic and financial bulletin, produced monthly, and its more exhaustive quarterly version, are available at ia.ca, under Individuals, Savings and Retirement, Economic and Financial Publications.

¹ Total net assets of the fund including individual and group contracts.

² The rates for the period are non-annualized.

³ Management expense ratio (GST and HST included).

⁴ Fund closed to new investments as of June 30th, 2015.

⁵ Only these Funds are offered in the APEX product

* Simulation of past returns as if the Fund or Series 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.

Total Return Reference indexes²

Returns as at February 28, 2021

	Simple returns ¹			Compound annual returns			
	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %
Indexes related to Income Funds							
FTSE Canada 91 Day T-Bill Index	0.0	0.0	0.0	0.6	1.2	1.0	0.9
FTSE Canada Short Term Bond Index	(0.8)	(0.4)	(0.7)	2.8	3.2	2.1	2.5
FTSE Canada Universe Bond Index	(2.5)	(3.2)	(3.6)	1.1	4.6	3.3	4.1
SB - World Government Bonds (Can. \$)	(3.3)	(4.6)	(4.3)	(2.5)	2.9	1.8	4.6
Indexes related to Canadian Equity Funds							
S&P/TSX 60	4.8	5.7	4.2	14.3	9.1	10.7	6.0
S&P/TSX Completion Index	2.9	6.4	3.4	16.6	7.9	9.3	4.4
S&P/TSX Composite Index	4.4	5.8	4.0	14.7	8.7	10.3	5.6
S&P/TSX Capped Composite Index	4.4	5.8	4.0	14.7	8.7	10.3	5.6
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$) (Reuters)	1.8	3.2	1.1	23.8	13.7	15.3	16.4
MSCI - World (Can. \$)	1.6	3.4	0.9	22.0	10.3	12.6	12.3
MSCI - World Small Cap. (Can. \$)	4.1	12.5	6.5	33.3	10.8	14.0	13.3
MSCI - EAFE (Can. \$)	1.3	3.4	0.5	15.5	4.2	8.3	7.8
MSCI - EAFE (Can. \$) (Reuters)	1.3	3.4	0.5	15.5	4.2	8.3	7.8
MSCI - Europe (Can. \$)	1.5	3.3	0.4	14.0	4.4	8.1	8.1
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	0.5	7.0	2.8	28.4	7.7	13.2	9.9
MSCI - Emerging Markets (Can. \$)	(0.1)	9.0	3.2	28.7	6.3	14.1	7.6
MSCI - World Health Care (Can. \$)	(3.6)	(0.9)	(2.3)	15.2	11.9	10.7	16.5
NASDAQ 100 (Can. \$)	(1.0)	2.8	(0.5)	43.9	23.0	23.5	21.7
S&P/TSX Capped REIT Index	3.9	1.5	4.3	(10.2)	6.0	8.0	7.1

	Variation			Compound annual variation			
	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %
Exchange Rate (Can. \$ / US \$)							
As at February 28, 2021: 1.2660	(0.9)	(2.3)	(0.6)	(5.7)	(0.4)	(1.3)	2.6
Exchange Rate (US \$ / Can. \$)							
As at February 28, 2021: 0.7899	0.9	2.4	0.6	6.0	0.4	1.4	(2.6)

¹ The rates for the period are non-annualized.

² Please refer to the Legal Notices on page 6 for more information about these indexes.

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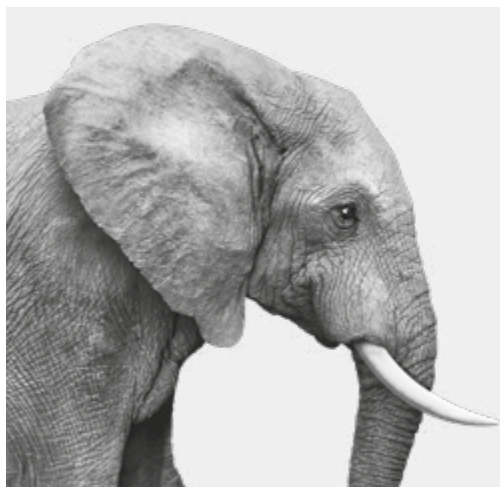
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Economic and Financial Statistics as at February 28, 2021

	As at 2021-02-28 ¹	As at 2020-12-31
Canada - Unemployment rate	9.4%	8.6%
Canada - CPI (year/year variation)	1.0%	1.0%
Canada - GDP (year/year variation)	-3.0%	-3.5%
U.S. - Unemployment rate	6.2%	6.7%
U.S. - CPI (year/year variation)	1.4%	1.2%
U.S. - GDP (year/year variation)	-2.4%	-2.8%
2-year Canada Bonds	0.30%	0.20%
10-year Canada Bonds	1.36%	0.68%
Oil (West Texas) (US \$)	61.50	48.52
Gold (US \$)	1,727.4	1,897.8
CRB Commodities Index (US \$)	190.4	167.8
Exchange rate Can. \$/US \$	1.2660	1.2740

¹ Most recent data available at such date.



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