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## The stock market bounced back in January

### World

The lack of vigour in the eurozone's economy attracted particular attention over the last few months, as evidenced by the Purchasing Manager's Index, which is dangerously close to 50 (a level under 50 represents a contraction of economic activity). Moreover, in the fourth quarter of 2018, Germany's GDP fell for the first time in three years, affected by lower foreign demand (primarily in Asia) and weak industrial production following the introduction of new environmental standards in the auto industry. With expected economic growth in the eurozone of around 1.6% in 2019 and an inflation rate fixed below 2%, it would not be surprising to see the European Central Bank wait until the end of the year or in early 2020 to raise its key interest rate for the first time.

### North America

As expected, the Bank of Canada (BoC) left its key interest rate unchanged in January. The BoC expects growth to slow temporarily in the first quarter of 2019 due to the drop in global oil prices, which should affect the terms of trade and investments in Canada. Coincidentally, the BoC continues to monitor adjustments to the economy to higher interest rates and changes to mortgage rules in the housing market. The BoC is also of the opinion that the economy will become stronger throughout the year and expects growth of 1.7% in 2019 and 2.1% in 2020, which should point toward a higher key interest rate.

### Financial markets

Global stock markets recovered significantly in January, as reflected in the 7.2% increase in the MSCI All Country World Index. Investors concerns in terms of equities, which increased significantly in December due to growing concerns regarding global economic perspectives, were allayed drastically. This sudden resurgence of investor sentiment seems to be associated in large part to comments made by the Federal Reserve (Fed) in January that it could now be more patient with respect to monetary policy tightening. In fact, we believe that a more pragmatic Fed and indications of stabilizing economies around the world could push for better equity performance in 2019 while valuation levels remain attractive.

**Eurozone: Economic growth in deceleration**

Purchasing Managers' Index (Markit Eurozone Composite PMI)



**Price of a barrel of crude oil**

West Texas Intermediate (WTI), in U.S. dollars



**World equities: A lower valuation level**

Price-to-Earnings ratio of the MSCI All Country World Index



# Table of net returns as at January 31, 2019

## Ecoflex / My Education

	Unit Value \$	Net assets <sup>1</sup> in millions \$	Simple returns <sup>2</sup>			Compound annual returns				MER <sup>3</sup> %	Investment Advisor	
			1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %			
<b>Focus Funds</b>												
Focus Prudent	16.07	169.6	2.0	2.0	2.0	(1.6)	0.7	1.1	3.1	3.19	Various Managers	
Focus Moderate	17.14	250.8	2.6	1.6	2.6	(2.5)	1.4	1.4	3.9	3.24	Various Managers	
Focus Balanced	18.16	431.5	3.2	1.1	3.2	(3.5)	2.0	1.6	4.6	3.26	Various Managers	
Focus Growth	19.11	143.3	3.8	0.6	3.8	(4.6)	2.6	1.9	5.4	3.29	Various Managers	
Focus Aggressive	20.03	53.8	4.4	0.1	4.4	(5.6)	3.3	2.1	6.1	3.33	Various Managers	
<b>Selection Funds</b>												
Selection Prudent	11.15	84.8	2.3	1.9	2.3	(1.1)	1.9	2.0	-	2.98	Various Managers	
Selection Moderate	11.24	172.0	2.8	1.3	2.8	(2.0)	2.3	2.2	-	3.13	Various Managers	
Selection Balanced	11.53	227.0	3.4	0.9	3.4	(2.8)	3.1	2.6	-	3.27	Various Managers	
Selection Growth	11.68	98.7	3.9	0.3	3.9	(3.7)	3.6	3.0	-	3.45	Various Managers	
Selection Aggressive	11.70	30.1	4.2	(0.2)	4.2	(5.0)	3.5	3.1	-	3.62	Various Managers	
<b>Income Funds</b>												
Money Market	17.17	372.9	0.0	0.1	0.0	0.5	0.3	0.2	0.2	1.66	Industrial Alliance	
Short Term Bond	15.23	178.0	0.5	1.5	0.5	0.6	(0.6)	(0.2)	0.9	2.41	Industrial Alliance	
Bond	28.66	2,825.0	1.2	2.9	1.2	0.9	0.3	1.3	2.3	2.42	Industrial Alliance	
Tactical Bond	10.72	61.2	0.9	0.1	0.9	(1.3)	0.2	(0.3)	-	2.78	iA Clarington	
SPECIALTY	Strategic Corporate Bond <sup>6</sup>	12.79	206.4	1.5	(0.6)	1.5	(1.2)	6.2	2.2	-	2.73	iA Clarington
	Real Return Bond	8.82	6.7	1.1	1.5	1.1	(1.2)	(1.2)	0.3	2.6*	2.69	Industrial Alliance
<b>Diversified Funds</b>												
Diversified Security	20.81	681.3	2.2	1.4	2.2	(2.4)	0.5	2.0	4.0	3.18	Industrial Alliance	
Diversified	40.69	2,258.7	3.8	1.4	3.8	(3.5)	1.9	2.7	5.4	3.19	Industrial Alliance	
Diversified Opportunity	25.62	589.7	4.9	1.3	4.9	(4.6)	2.2	2.8	6.2	3.23	Industrial Alliance	
Canadian Balanced (QV)	13.35	140.7	3.4	0.5	3.4	(5.3)	0.1	(0.1)	5.0*	3.57	QV Investors Inc.	
SRI Balanced (Inhance)	14.23	39.2	3.4	1.4	3.4	(1.7)	2.6	2.3	-	3.74	Vancity	
Diversified Income	26.23	426.1	4.6	1.3	4.6	(4.3)	2.9	3.5	7.8	3.07	Industrial Alliance	
Strategic Income	13.49	129.5	3.8	1.2	3.8	0.1	5.8	2.8	-	3.65	iA Clarington	
Global Diversified (Loomis Sayles)	13.91	187.8	3.7	2.5	3.7	(1.2)	6.2	3.9	6.4	3.39	Loomis Sayles	
Tactical Income	18.11	19.5	3.7	2.0	3.7	0.3	4.5	1.3	5.3*	3.59	iA Clarington	
<b>Canadian Equity Funds</b>												
Strategic Equity Income	16.69	199.5	5.0	2.1	5.0	0.5	5.9	4.8	7.6	2.64	iA Clarington	
Dividend Growth	20.07	886.3	7.4	3.8	7.4	(0.1)	7.5	5.2	8.4	2.89	Industrial Alliance	
Canadian Conservative Equity	18.86	128.3	6.8	3.3	6.8	0.9	7.3	1.5	5.8	3.23	iA Clarington	
Canadian Equity Index	22.36	370.8	8.0	3.9	8.0	(1.2)	7.2	3.4	5.9	3.02	Industrial Alliance	
Select Canadian <sup>5</sup>	27.72	16.6	7.4	2.5	7.4	(3.7)	5.7	0.7	5.7	3.08	Industrial Alliance	
Canadian Equity Value	43.86	205.8	5.7	0.8	5.7	(5.8)	4.3	1.5	5.3	3.13	Industrial Alliance	
Canadian Equity (Taylor AM)	18.05	209.8	2.8	(5.4)	2.8	(10.6)	8.8	0.1	4.4	3.40	Taylor AM	
Fidelity True North <sup>®</sup>	33.85	264.9	4.9	2.8	4.9	(0.9)	3.7	3.5	7.5	3.70	Fidelity	
Canadian Equity Growth	29.59	665.9	7.9	2.2	7.9	(3.0)	6.7	3.8	8.1	3.02	Industrial Alliance	
Fidelity Canadian Opportunities	39.25	118.6	5.0	3.8	5.0	3.7	9.2	4.2	10.4	3.71	Fidelity	
Canadian Equity Small Cap (QV)	20.69	139.0	5.0	(5.4)	5.0	(7.7)	4.3	1.5	9.1*	3.97	QV Investors Inc.	

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			1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %		
<b>U.S. &amp; International Equity Funds</b>											
Global Equity Index ACWI (BlackRock)	23.08	163.2	3.4	0.9	3.4	(4.3)*	5.4*	6.8*	8.0*	3.46	BlackRock
Global Dividend (Dynamic)	20.86	417.9	2.0	(0.8)	2.0	1.7	8.7	10.6	10.4	3.54	Dynamic
Global Equity	16.68	27.6	2.2	(2.6)	2.2	(10.2)	1.4	5.2	8.8	3.54	Industrial Alliance
Global Equity (Templeton)	16.39	315.1	3.3	(2.2)	3.3	(9.4)	2.4	3.1	7.5	3.68	Templeton
Global Opportunities (Radin)	15.09	24.0	4.1	1.5	4.1	(13.8)	1.1	2.1	-	3.96	Radin Capital Partners
Fidelity NorthStar®	18.30	212.1	1.1	0.7	1.1	(5.5)	(1.9)	4.7	9.8	3.75	Fidelity
International Equity Index (BlackRock)	9.82	75.4	2.2	0.5	2.2	(8.9)	2.3	3.1	5.7	3.03	BlackRock
International Equity	18.22	453.4	2.1	(1.2)	2.1	(12.9)	(0.3)	2.5	5.3*	3.70	Industrial Alliance
International Equity (Templeton)	16.74	56.4	2.4	(0.5)	2.4	(10.8)	1.6	1.4	5.1	3.70	Templeton
Fidelity European Equity	12.40	68.2	2.9	(0.5)	2.9	(9.2)	(0.5)	0.7	6.3	3.77	Fidelity
U.S. Equity Index (BlackRock)	18.93	189.6	3.6	(0.5)	3.6	1.2	7.8	10.9	12.0	3.04	BlackRock
U.S. Dividend Growth	17.08	194.6	2.2	(4.0)	2.2	(9.1)	1.7	7.0	8.5	3.53	Industrial Alliance
U.S. Equity <sup>4</sup>	11.20	38.9	2.3	(4.4)	2.3	(9.3)	1.1	7.3	10.6	3.40	Industrial Alliance
U.S. Equity (Sarbit) - Currency Neutral	19.14	67.6	9.2	2.3	9.2	(9.7)	0.4	0.6	-	3.97	Sarbit
<b>Specialty Funds</b>											
Asian Pacific (Dynamic)	8.41	72.7	4.7	10.8	4.7	(10.7)	5.5	5.8	10.9	3.34	Dynamic
Emerging Markets (Mackenzie)	12.51	31.7	3.6	4.9	3.6	(19.9)	3.3	(3.0)	4.5	4.44	Mackenzie Cundill
Global Health Care (Renaissance)	34.31	158.8	3.2	1.8	3.2	6.1	2.8	9.5	12.0	3.81	CIBC
Real Estate Income	34.02	47.3	5.9	2.6	5.9	7.5	8.4	6.0	11.4	2.95	Industrial Alliance
U.S. DAQ Index	14.74	168.6	4.5	(1.4)	4.5	3.9	12.2	15.8	17.5	3.20	Industrial Alliance
<b>Education Savings Plan</b>											
Diploma Elementary	16.56	891.8	3.7	2.2	3.7	(1.3)	3.3	3.3	5.0	3.61	Industrial Alliance
Diploma Secondary	11.52	239.1	1.3	1.4	1.3	(1.2)	(0.4)	(0.1)	0.8	3.60	Industrial Alliance
<b>Not offered to new contract subscribers</b>											
Diploma	14.07	183.0	3.5	2.0	3.5	(1.2)	3.4	3.6	5.3	3.63	Industrial Alliance
Dividend	50.77	968.7	7.3	3.4	7.3	(0.6)	7.5	5.5	8.9	2.40	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.

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

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

<sup>3</sup> Management expense ratio (GST and HST included).

<sup>4</sup> Industrial Alliance has managed this fund since March 2010. Prior to that date, it was managed by Legg Mason.

<sup>5</sup> Not offered in registered contracts and TFSA's

<sup>6</sup> Fund closed to new investments as of June 30th, 2015.

\* 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.

## Total Return Reference indexes<sup>2</sup>

### Returns as at January 31, 2019

	Simple returns <sup>1</sup>			Compound annual returns			
	1 month %	3 months %	YTD %	1 year %	3 years %	5 years %	10 years %
<b>Indexes related to Income Funds</b>							
FTSE Canada 91 Day T-Bill Index	0.1	0.5	0.1	1.4	0.8	0.8	0.8
FTSE Canada Short Term Bond Index	0.7	2.1	0.7	2.8	1.1	1.7	2.6
FTSE Canada Universe Bond Index	1.3	3.8	1.3	3.6	2.2	3.3	4.4
SB - World Government Bonds (Can. \$)	(2.5)	4.3	(2.5)	5.9	0.3	4.2	2.7
<b>Indexes related to Canadian Equity Funds</b>							
S&P/TSX 60	8.4	4.7	8.4	1.6	10.5	6.6	9.1
S&P/TSX Completion Index	9.9	3.0	9.9	(2.9)	7.9	2.9	9.6
S&P/TSX Composite Index	8.7	4.3	8.7	0.5	9.8	5.6	9.2
S&P/TSX Capped Composite Index	8.7	4.3	8.7	0.5	9.8	5.6	9.2
<b>Indexes related to U.S. &amp; International Equity Funds</b>							
S&P 500 (Can. \$) (Reuters)	3.9	0.3	3.9	4.6	11.4	14.7	15.7
MSCI - World (Can. \$)	3.6	0.7	3.6	0.0	8.7	10.6	12.2
MSCI - World Small Cap. (Can. \$)	6.1	0.8	6.1	(1.3)	10.4	10.4	15.2
MSCI - EAFE (Can. \$)	2.5	1.3	2.5	(6.3)	5.3	6.1	8.8
MSCI - EAFE (Can. \$) (Reuters)	2.5	1.3	2.5	(6.3)	5.3	6.1	8.7
MSCI - Europe (Can. \$)	2.5	0.8	2.5	(7.2)	4.9	5.5	9.4
<b>Index related to Specialty Funds</b>							
MSCI - AC Asian Pacific Free (Can. \$)	2.7	5.2	2.7	(6.3)	9.3	9.5	10.1
MSCI - Emerging Markets (Can. \$)	4.6	10.3	4.6	(7.8)	12.7	8.7	10.7
MSCI - World Health Care (Can. \$)	1.1	2.0	1.1	9.9	7.4	12.8	14.2
NASDAQ 100 (Can. \$)	4.9	(0.9)	4.9	6.4	14.6	18.3	20.0
S&P/TSX Capped REIT Index	7.4	5.8	7.4	14.0	13.5	9.1	14.8
<b>Exchange Rate (Can. \$ / US \$)</b>							
As at January 31, 2019: 1.31	(3.8)	0.0	(3.8)	7.0	(2.3)	3.3	0.6
<b>Exchange Rate (US \$ / Can. \$)</b>							
As at January 31, 2019: 0.76	4.0	0.0	4.0	(6.6)	2.3	(3.2)	(0.6)

<sup>1</sup> The rates for the period are non-annualized.

<sup>2</sup> Please refer to the Legal Notices on page 5 for more information about these indexes.

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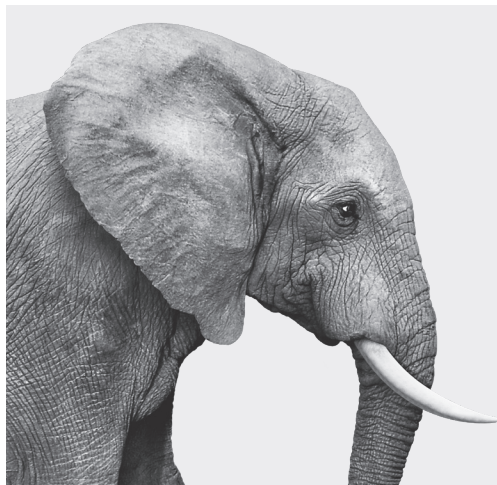
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## Economic and Financial Statistics as at January 31, 2019

	As at 2019-01-31 <sup>1</sup>	As at 2018-12-31
Canada - Unemployment rate	5.6%	5.6%
Canada - CPI (year/year variation)	2.0%	1.7%
Canada - GDP (year/year variation)	1.7%	2.2%
U.S. - Unemployment rate	4.0%	3.7%
U.S. - CPI (year/year variation)	1.9%	2.2%
U.S. - GDP (year/year variation)	3.0%	3.0%
2-year Canada Bonds	1.82%	1.86%
10-year Canada Bonds	1.88%	1.96%
Oil (West Texas) (US \$)	53.79	45.41
Gold (US \$)	1322.6	1281.3
CRB Commodities Index (US \$)	179.6	169.8
Exchange rate Can. \$/US \$	1.3133	1.3658

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



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