



Sébastien Mc Mahon, MEcon., PRM, CFA
Frédéric Gagnon, MFin, CFA

economics@ia.ca or ia.ca/economy

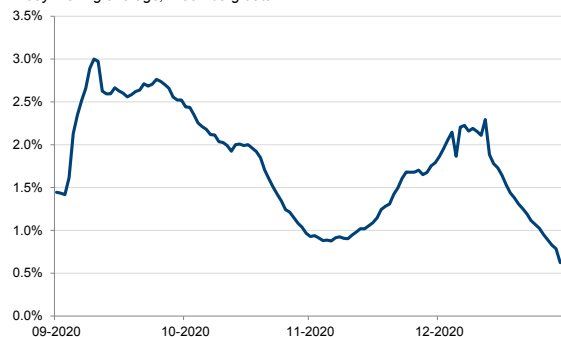
Signs of complacency in the stock market?

World

The beginning of 2021 has been marked by new measures to limit the spread of COVID-19. In fact, in North America and in Europe, several curfews have been implemented to limit travel by the populace. These measures appear to be having a positive impact on the variant rate of new cases. A new strain of the virus has appeared in several places around the world and is 70% more contagious than the initial virus discovered in China. We will have to watch the development and effectiveness of vaccines to fight this new strain in the coming months.

COVID-19: Growth rate of new confirmed cases in United Kingdom

7-day moving average, Bloomberg data

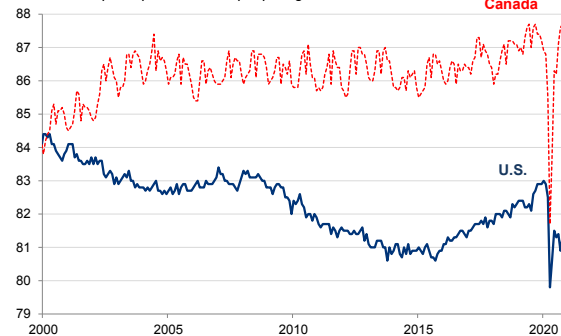


North America

Although the jobs rate has rebounded in North America since the low of March 2020, the situation does not seem to be evolving at the same speed in Canada and the United States. In fact, the participation rate for workers 25 to 54 in the United States has only made up half of the ground lost since last year's low whereas the participation rate in Canada is back to a record high. We are now seeing that the federal government's gamble on maintaining the employment relationship between employers and employees, while definitely costly, has paid off so far.

Canada: Participation rate of prime-aged workers at record

Labour force participation rate for people aged 25-54



Financial markets

The year 2021 is off to a strong start in terms of the stock market; however, volatility returned at the end of the month. As evidenced by the volume of stock options traded on the U.S. market, the significant increase in the transaction volume reflects signs of investor exuberance. In January the number of speculative positions taken in the options market reached levels never before seen, the result of a new group of investors demonstrating a higher risk appetite, which favours options rather than more traditional investment tools. This environment may be more conducive to increased volatility in the coming months.

U.S. stock market: Total option call volumes

Number of options transacted, 4-week sum

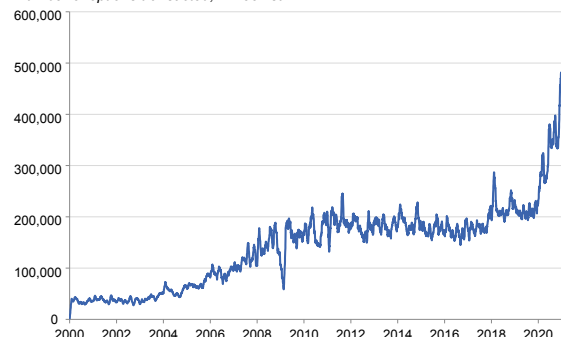


Table of net returns as at January 31, 2021

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	17.82	241.3	(0.7)	3.9	(0.7)	3.7	3.0	2.5	2.5	3.20	Various Managers
Focus Moderate	19.28	285.7	(0.6)	5.5	(0.6)	4.5	3.1	3.2	3.0	3.26	Various Managers
Focus Balanced	20.71	415.1	(0.4)	7.2	(0.4)	5.4	3.2	3.9	3.4	3.28	Various Managers
Focus Growth	22.12	147.1	(0.3)	8.8	(0.3)	6.3	3.4	4.6	3.7	3.31	Various Managers
Focus Aggressive	23.42	47.2	(0.3)	10.2	(0.3)	6.7	3.3	5.2	4.1	3.36	Various Managers
Selection Funds											
Selection Prudent	11.94	106.3	(0.8)	3.3	(0.8)	0.8	1.9	2.5	-	2.99	Various Managers
Selection Moderate	12.10	184.6	(0.6)	4.9	(0.6)	0.8	1.8	2.9	-	3.14	Various Managers
Selection Balanced	12.48	243.1	(0.5)	6.8	(0.5)	0.6	1.7	3.5	-	3.28	Various Managers
Selection Growth	12.90	98.9	(0.2)	9.3	(0.2)	1.9	2.1	4.2	-	3.46	Various Managers
Selection Aggressive	13.14	25.7	0.1	11.8	0.1	2.9	2.2	4.5	-	3.63	Various Managers
Income Funds											
Money Market ⁵	17.37	678.5	0.0	0.1	0.0	0.6	0.5	0.4	0.3	1.68	Industrial Alliance
Short Term Bond	15.87	215.3	(0.1)	0.2	(0.1)	2.7	1.6	0.4	0.6	2.42	Industrial Alliance
Bond ⁵	31.28	3,411.8	(1.2)	0.0	(1.2)	2.5	3.3	2.0	2.4	2.44	Industrial Alliance
Core Plus Bond (Wellington Square)	11.29	40.7	0.2	2.9	0.2	2.6	1.3	1.2	1.1*	2.77	Wellington Square
Diversified Funds											
Diversified Security	22.66	663.5	(0.7)	3.5	(0.7)	2.4	2.1	2.0	2.8	3.18	Industrial Alliance
Diversified ⁵	45.93	2,123.7	(0.5)	6.8	(0.5)	4.5	2.9	3.6	3.8	3.18	Industrial Alliance
Diversified Opportunity	29.42	450.1	(0.3)	9.0	(0.3)	5.2	3.1	4.2	3.8	3.18	Industrial Alliance
SRI Moderate (Inhance)	10.34	17.5	(0.4)	5.7	(0.4)	6.2*	4.4*	3.9*	3.3	3.67	Vancity
SRI Balanced (Inhance)	17.37	117.7	(0.3)	7.8	(0.3)	10.3	6.2	5.7	4.4	3.75	Vancity
SRI Growth (Inhance)	10.60	11.6	(0.3)	8.9	(0.3)	12.8*	7.4*	7.0*	5.3	3.86	Vancity
Diversified Income	29.69	287.1	(0.4)	8.6	(0.4)	3.7	2.7	4.3	4.1	3.04	Industrial Alliance
Strategic Income	14.34	207.5	0.6	8.1	0.6	(1.7)	2.1	4.7	-	3.63	iA Clarington
Global Diversified (Loomis Sayles)	17.41	671.7	(1.1)	4.3	(1.1)	7.7	7.3	8.5	5.5	3.39	Loomis Sayles
Canadian Equity Funds											
Strategic Equity Income	17.86	164.4	0.3	10.5	0.3	(3.0)	2.4	4.9	4.7	2.65	iA Clarington
Dividend Growth	21.37	952.7	(0.5)	11.3	(0.5)	(4.3)	2.1	5.8	4.6	2.91	Industrial Alliance
Canadian Equity Index	24.82	536.1	(0.8)	10.4	(0.8)	0.1	3.1	6.5	2.9	3.02	Industrial Alliance
Fidelity True North®	40.20	249.8	(0.7)	11.7	(0.7)	5.3	5.6	5.8	5.2	3.71	Fidelity
Canadian Equity Growth ⁵	34.27	804.6	(0.3)	13.1	(0.3)	4.6	3.9	7.1	3.9	3.03	Industrial Alliance
Fidelity Canadian Opportunities	55.54	315.3	(1.7)	11.9	(1.7)	22.4	13.6	13.0	6.7	3.72	Fidelity
North American Equity	52.63	115.7	0.2	13.8	0.2	8.3	4.1	6.3	2.9	3.05	Industrial Alliance

Table of net returns as at January 31, 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 %		
U.S. & International Equity Funds											
Global Equity Index ACWI (BlackRock)	28.03	77.4	(0.5)	10.5	(0.5)	8.0	5.2*	7.3*	7.7	3.63	BlackRock
Global Dividend (Dynamic)	26.97	1,150.9	(2.4)	3.1	(2.4)	7.0	9.6	10.7	10.6	3.55	Dynamic
Global Equity	25.61	114.1	(0.2)	10.1	(0.2)	10.0	4.1	5.6	7.8	3.52	Industrial Alliance
Global Opportunities (Loomis Sayles)	10.17	20.3	(1.4)	5.3	(1.4)	10.1*	10.0*	10.5*	10.8*	3.96	Loomis Sayles
Fidelity NorthStar®	22.22	127.0	0.2	14.3	0.2	20.1	4.7	2.8	7.9	3.75	Fidelity
International Equity Index (BlackRock)	11.03	180.8	(1.0)	13.7	(1.0)	2.2	0.8	3.8	4.8	3.04	BlackRock
International Equity	21.63	569.0	(1.0)	12.0	(1.0)	6.1	1.1	3.3	4.7*	3.68	Industrial Alliance
Fidelity European Equity	12.82	41.3	(2.5)	13.6	(2.5)	(5.6)	(2.1)	0.3	3.7	3.77	Fidelity
U.S. Equity Index (BlackRock)	24.60	325.3	(1.0)	8.4	(1.0)	9.7	9.6	10.2	12.6	3.04	BlackRock
Thematic Innovation	21.59	659.7	1.7	14.5	1.7	27.0	14.2*	-	-	3.97	Industrial Alliance
U.S. Equity	22.69	94.4	0.3	9.0	0.3	12.5	5.4	5.9	9.9	3.41	Industrial Alliance
U.S. Dividend Growth	20.61	188.2	(0.9)	5.0	(0.9)	2.5	3.1	4.9	8.3	3.54	Industrial Alliance
Specialty Funds											
Asian Pacific (Dynamic)	15.21	199.3	4.5	14.4	4.5	52.8	17.3	16.3	9.0	3.34	Dynamic
Emerging Markets (Jarislowsky Fraser)	12.85	45.4	5.5	14.8	5.5	24.2	5.1*	8.8*	-	4.42	Jarislowsky Fraser
Global Health Care (Renaissance)	42.22	284.8	1.2	6.6	1.2	9.9	9.3	5.9	14.0	3.82	CIBC
Real Estate Income	33.62	72.3	0.1	12.4	0.1	(12.8)	2.0	4.7	5.3	2.96	Industrial Alliance
U.S. DAQ Index	25.52	596.7	0.3	11.1	0.3	35.1	21.6	19.6	19.2	3.24	Industrial Alliance
Education Savings Plan											
Diploma Elementary	18.94	1,180.2	(0.9)	6.4	(0.9)	4.5	4.1	4.8	4.3	3.62	Industrial Alliance
Diploma Secondary	12.14	436.3	(0.9)	2.4	(0.9)	1.4	1.3	0.8	0.8	3.61	Industrial Alliance
Not offered to new contract subscribers											
Diploma	16.11	128.5	(1.2)	4.8	(1.2)	4.0	4.2	4.8	4.6	3.64	Industrial Alliance
Dividend	54.56	993.1	(0.4)	11.2	(0.4)	(3.7)	2.2	6.0	5.1	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 January 31, 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	0.7	1.3	1.0	0.9
FTSE Canada Short Term Bond Index	0.1	0.6	0.1	4.3	3.5	2.2	2.5
FTSE Canada Universe Bond Index	(1.1)	0.3	(1.1)	4.4	5.5	3.9	4.4
SB - World Government Bonds (Can. \$)	(1.0)	(2.6)	(1.0)	3.3	5.4	2.2	4.7
Indexes related to Canadian Equity Funds							
S&P/TSX 60	(0.5)	11.4	(0.5)	2.9	6.3	9.7	6.0
S&P/TSX Completion Index	0.5	14.8	0.5	5.7	5.9	9.0	4.6
S&P/TSX Composite Index	(0.3)	12.1	(0.3)	3.4	6.1	9.5	5.6
S&P/TSX Capped Composite Index	(0.3)	12.1	(0.3)	3.4	6.1	9.5	5.6
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$) (Reuters)	(0.7)	9.3	(0.7)	13.3	13.2	13.9	16.3
MSCI - World (Can. \$)	(0.7)	11.5	(0.7)	11.5	9.8	11.2	12.2
MSCI - World Small Cap. (Can. \$)	2.4	21.2	2.4	18.1	9.5	12.3	12.9
MSCI - EAFE (Can. \$)	(0.8)	14.6	(0.8)	5.2	3.6	6.7	7.7
MSCI - EAFE (Can. \$) (Reuters)	(0.8)	14.6	(0.8)	5.2	3.6	6.8	7.8
MSCI - Europe (Can. \$)	(1.2)	15.7	(1.2)	3.4	3.3	6.5	8.0
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	2.3	14.1	2.3	21.8	7.8	11.8	9.6
MSCI - Emerging Markets (Can. \$)	3.4	15.9	3.4	24.0	6.2	13.2	7.2
MSCI - World Health Care (Can. \$)	1.4	8.9	1.4	13.0	13.2	10.3	16.9
NASDAQ 100 (Can. \$)	0.6	12.0	0.6	38.8	24.6	22.3	21.9
S&P/TSX Capped REIT Index	0.3	15.0	0.3	(16.5)	4.3	7.8	7.1
Exchange Rate (Can. \$ / US \$)							
As at January 31, 2021: 1.2775	0.3	(4.2)	0.3	(3.4)	1.4	(1.9)	2.5
Exchange Rate (US \$ / Can. \$)							
As at January 31, 2021: 0.7828	(0.3)	4.4	(0.3)	3.5	(1.3)	2.0	(2.4)

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.

This publication contains information provided by companies not affiliated with iA Financial Group (“Third Party Content Providers”), including, but not limited to, ratings, stock indexes and company-classification systems (“Third Party Content”). Third Party Content is the property of and trademarked by the relevant Third Party Content Provider and has been licensed for use by iA Financial Group.

The information presented in this publication is provided for informational purposes only. iA Financial Group and Third Party Content Providers make no representations or warranties as to the information contained herein and do not guarantee its accuracy, timeliness, completeness or usefulness. iA Financial Group and Third Party Content Providers shall have no liability related to the use or misuse of the information provided herein.

The investment funds offered by iA Financial Group (“Funds”) are not sponsored, endorsed, issued, sold or promoted by Third Party Content Providers. The latter shall bear no liability whatsoever with respect to any such Funds. Third Party Content Providers make no express or implied warranties with respect to the Funds, nor do they make any representation regarding the advisability of investing in the Funds.

Financial and economic publications of iA Financial Group are not written, reviewed or approved by Third Party Content Providers.

Any information contained herein may not be copied, used, or distributed without the express consent in writing of iA Financial Group and/or the relevant Third Party Content Provider.

FTSE

Where FTSE indexes are used, or referenced: FTSE International Limited (“FTSE”) © FTSE [2021]. FTSE® is a trademark of the London Stock Exchange Group companies and is used by FTSE under licence. “NAREIT®” is a trade mark of the National Association of Real Estate Investments Trusts and “EPRA®” is a trademark of the European Public Real Estate Association and all are used by FTSE under licence.

NASDAQ

Nasdaq®, OMX™, NASDAQ-100®, and NASDAQ-100 Index®, are registered trademarks of NASDAQ, Inc. and are licensed for use by iA Financial Group.

GICS Classification

Where the Global Industry Classification Standard (“GICS”) is used, or referenced: the GICS was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and Standard & Poor’s Financial Services LLC (“S&P”) and is licensed for use by iA Financial Group.

MSCI

The International Equity Index Fund, the Global Equity Index ACWI Fund, the Global Stock Account, the European Stock Account and the International Stock Account are each indexed to an MSCI index. MSCI indexes are licenced for use by iA Financial Group.

For more information about the MSCI indexes, visit <https://www.msci.com/indexes>.

Economic and Financial Statistics as at January 31, 2021

	As at 2021-01-31 ¹	As at 2020-12-31
Canada - Unemployment rate	8.8%	8.6%
Canada - CPI (year/year variation)	0.7%	1.0%
Canada - GDP (year/year variation)	-2.8%	-3.5%
U.S. - Unemployment rate	6.7%	6.7%
U.S. - CPI (year/year variation)	1.4%	1.2%
U.S. - GDP (year/year variation)	-2.5%	-2.8%
2-year Canada Bonds	0.15%	0.20%
10-year Canada Bonds	0.89%	0.68%
Oil (West Texas) (US \$)	52.20	48.52
Gold (US \$)	1,858.0	1,897.8
CRB Commodities Index (US \$)	174.2	167.8
Exchange rate Can. \$/US \$	1.2775	1.2740

¹ Most recent data available at such date.



ia.ca

iA Financial Group is a business name and trademark of **Industrial Alliance Insurance and Financial Services Inc.**

INVESTED IN YOU.