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More accommodation to come from central banks?

World

Inflation has weakened again in the Eurozone. The president of the European Central Bank (ECB), Mario Draghi, surprised the markets in June by affirming that the ECB was ready to implement new stimulus measures if inflation continues to slow. Draghi didn't offer details, but the bond market quickly integrated the possibility of a cut in the policy rate starting this summer. The ECB already has one of the most accommodating monetary policies in the world, with a policy rate of -0.40%. The ECB also hammered home in June that governments need to do their part and use their fiscal flexibility to provide greater support to the European economy.

Eurozone: Inflation expectations hit bottom

5-year, 5-year EUR inflation swap rate



North America

The Federal Reserve (Fed) held its key rate steady in June but opened the door to a possible reduction in the near future. Despite the Fed's continued anticipation of sustained growth in economic activity and the labour market, it notes that uncertainty regarding its economic outlook has increased, mainly with respect to inflation, which it sees as reason to proceed with caution in setting its monetary policy. In Canada, GDP and inflation data continue to exceed expectations and the Bank of Canada appears uninclined to lower its rates anytime soon. This difference is starting to show as a decrease in interest rate spreads between the two countries.

Canada and United States: Interest rate spread

2-year interest rate spread (Can - U.S.)



Financial markets

The month of June was characterized by a massive decline in global interest rates, a rebound in global stocks and a U.S. dollar under pressure. Meanwhile, investors continued to anticipate more accommodations from the world's central banks. The bond market is now anticipating a rate cut in the U.S. as soon as July and about four cuts in the next twelve months. Expectations of monetary stimulus combined with the presence of geopolitical risk has created a windfall for the gold market. The price of gold jumped over a hundred dollars during the month (nearly 8%) to reach \$1,400 per ounce, a new high dating back to 2013.

Gold price: Strong bounce in June 2019



Table of net returns as at June 30, 2019

Ecoflex / My Education

	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	16.70	166.6	1.2	1.5	6.1	2.1	1.2	1.4	2.8	3.19	Various Managers	
Focus Moderate	17.81	253.9	1.4	1.3	6.6	1.0	1.9	1.5	3.3	3.24	Various Managers	
Focus Balanced	18.86	435.2	1.7	1.0	7.2	(0.1)	2.5	1.6	3.9	3.26	Various Managers	
Focus Growth	19.84	146.2	1.9	0.7	7.7	(1.3)	3.1	1.7	4.4	3.29	Various Managers	
Focus Aggressive	20.78	54.9	2.2	0.5	8.3	(2.5)	3.7	1.7	4.8	3.33	Various Managers	
Selection Funds												
Selection Prudent	11.58	92.7	1.0	1.2	6.2	2.2	1.8	2.0	-	2.98	Various Managers	
Selection Moderate	11.67	183.2	1.2	1.0	6.7	1.2	2.0	2.1	-	3.13	Various Managers	
Selection Balanced	11.97	243.8	1.5	0.7	7.3	0.3	2.8	2.4	-	3.27	Various Managers	
Selection Growth	12.15	108.0	1.7	0.6	8.0	(0.6)	3.4	2.6	-	3.45	Various Managers	
Selection Aggressive	12.18	32.4	1.9	0.3	8.4	(1.8)	3.4	2.6	-	3.62	Various Managers	
Income Funds												
Money Market	17.20	336.0	0.0	0.1	0.3	0.5	0.3	0.3	0.2	1.66	Industrial Alliance	
Short Term Bond	15.40	194.7	0.0	0.4	1.6	1.8	(0.3)	0.0	0.8	2.41	Industrial Alliance	
Bond	29.88	2,854.2	0.8	2.1	5.5	4.7	0.8	1.9	2.4	2.42	Industrial Alliance	
Core Plus Bond	10.90	59.9	0.1	0.5	2.7	1.1	0.3	(0.1)	-	2.78	iA Clarington	
SPECIALTY	Strategic Corporate Bond ⁶	13.05	198.4	0.5	(0.1)	3.5	0.1	3.6	1.9	-	2.73	iA Clarington
	Real Return Bond	9.34	7.1	0.9	2.7	7.1	1.9	(0.8)	0.6	2.4*	2.69	Industrial Alliance
Diversified Funds												
Diversified Security	21.53	687.2	1.4	1.6	5.7	1.0	0.6	1.9	3.3	3.18	Industrial Alliance	
Diversified	42.32	2,298.7	1.9	1.6	7.9	(0.1)	1.6	2.5	4.4	3.19	Industrial Alliance	
Diversified Opportunity	26.72	602.4	2.3	1.7	9.4	(1.0)	2.1	2.2	4.7	3.23	Industrial Alliance	
Canadian Balanced (QV)	13.69	139.7	0.3	(0.1)	6.0	(2.8)	(0.3)	(0.6)	3.4*	3.57	QV Investors Inc.	
SRI Balanced (Inhance)	15.05	45.0	1.8	2.1	9.3	3.5	3.9	2.6	-	3.74	Vancity	
Diversified Income	27.38	441.6	2.2	1.7	9.2	(0.7)	2.6	2.9	6.5	3.07	Industrial Alliance	
Strategic Income	14.05	162.0	1.4	1.1	8.1	4.2	4.5	1.9	-	3.62	iA Clarington	
Global Diversified (Loomis Sayles)	15.16	247.0	2.8	3.3	13.0	5.9	9.5	4.9	6.6	3.39	Loomis Sayles	
Tactical Income	18.73	20.8	1.4	1.1	7.2	3.9	3.8	0.5	4.4*	3.59	iA Clarington	
Canadian Equity Funds												
Strategic Equity Income	17.52	209.9	1.9	1.5	10.2	5.4	5.6	3.4	6.9	2.64	iA Clarington	
Dividend Growth	21.11	948.4	1.9	1.5	13.0	3.3	6.7	4.4	6.8	2.89	Industrial Alliance	
Canadian Conservative Equity	19.84	129.2	1.6	0.8	12.3	6.6	5.1	0.1	5.3	3.23	iA Clarington	
Canadian Equity Index	23.55	408.2	1.9	1.9	13.8	1.8	6.2	2.5	4.5	3.02	Industrial Alliance	
Select Canadian ⁵	29.03	16.8	2.2	1.6	12.4	(0.7)	4.3	(0.7)	3.4	3.08	Industrial Alliance	
Canadian Equity Value	46.18	149.4	2.4	1.5	11.3	(1.9)	4.5	0.6	3.7	3.13	Industrial Alliance	
Canadian Equity	17.43	136.1	0.0	(4.8)	(0.8)	(12.0)	2.9	(2.4)	1.9	3.01	Industrial Alliance	
Fidelity True North [®]	35.82	271.8	0.8	1.6	11.0	2.0	4.1	3.2	6.3	3.70	Fidelity	
Canadian Equity Growth	31.19	697.5	2.5	1.9	13.8	0.0	6.2	2.8	6.2	3.02	Industrial Alliance	
Fidelity Canadian Opportunities	41.96	134.3	0.8	1.5	12.3	8.1	5.4	5.2	8.8	3.71	Fidelity	
Canadian Equity Small Cap (QV)	21.67	149.2	1.5	1.1	10.0	(4.4)	2.3	0.4	9.0*	3.97	QV Investors Inc.	

Table of net returns as at June 30, 2019

Ecoflex / My Education

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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)	24.37	179.8	2.7	0.5	9.2	1.8*	8.1*	7.1*	7.6*	3.48	BlackRock
Global Dividend (Dynamic)	23.79	581.7	2.5	3.6	16.3	12.9	14.9	13.4	11.5	3.54	Dynamic
Global Equity	17.73	28.1	3.3	1.3	8.7	(4.6)	5.0	5.8	8.0	3.54	Industrial Alliance
Global Equity (Templeton)	16.40	241.6	3.0	(2.4)	3.3	(8.4)	5.1	2.5	6.4	3.68	Templeton
Global Opportunities (Radin)	14.32	21.0	2.8	(6.0)	(1.2)	(16.0)	0.0	0.7	-	3.96	Radin Capital Partners
Fidelity NorthStar®	17.87	186.3	(0.3)	(4.3)	(1.3)	(7.4)	(0.9)	3.1	8.1	3.75	Fidelity
International Equity Index (BlackRock)	10.35	78.2	2.2	0.8	7.7	(2.3)	6.3	3.5	5.3	3.03	BlackRock
International Equity	19.49	594.6	3.1	1.3	9.2	(6.1)	4.7	3.5	5.4*	3.70	Industrial Alliance
International Equity (Templeton)	16.51	53.3	2.1	(2.9)	1.0	(9.2)	3.7	0.7	3.8	3.70	Templeton
Fidelity European Equity	13.26	64.1	3.2	0.8	10.0	(2.7)	6.2	2.2	5.8	3.77	Fidelity
U.S. Equity Index (BlackRock)	20.38	217.4	3.2	1.2	11.5	6.1	10.7	11.6	12.4	3.04	BlackRock
U.S. Dividend Growth	18.40	201.0	3.2	3.3	10.1	(2.1)	4.5	7.5	8.5	3.53	Industrial Alliance
U.S. Equity ⁴	11.89	38.0	3.2	1.8	8.6	(3.7)	4.3	7.4	9.7	3.40	Industrial Alliance
Thematic Innovation - Currency Neutral	19.43	64.0	6.5	4.1	10.9	(3.0)	1.2	0.2	6.6*	3.97	Industrial Alliance
Specialty Funds											
Asian Pacific (Dynamic)	8.98	79.2	4.6	(2.2)	11.9	(2.1)	7.5	5.8	7.3	3.34	Dynamic
Emerging Markets (Mackenzie)	13.08	32.8	5.2	2.9	8.3	(3.5)	4.0	(1.4)	2.6	4.44	Mackenzie Cundill
Global Health Care (Renaissance)	34.84	173.0	2.7	(2.7)	4.8	5.1	4.1	9.2	12.6	3.81	CIBC
Real Estate Income	35.60	63.8	0.3	(1.4)	10.8	7.3	5.1	5.3	10.3	2.95	Industrial Alliance
U.S. DAQ Index	16.14	195.4	3.7	1.1	14.4	5.8	17.7	17.0	16.8	3.20	Industrial Alliance
Education Savings Plan											
Diploma Elementary	17.39	972.9	1.6	1.5	8.9	2.7	4.1	3.4	4.6	3.61	Industrial Alliance
Diploma Secondary	11.81	278.3	0.6	1.0	3.8	1.5	0.0	0.2	0.8	3.60	Industrial Alliance
Not offered to new contract subscribers											
Diploma	14.80	182.9	1.7	1.6	9.0	3.0	4.4	3.9	5.0	3.63	Industrial Alliance
Dividend	53.44	1,098.7	1.9	1.5	12.9	2.8	6.6	4.7	7.3	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.

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

⁵ Not offered in registered contracts and TFSA's

⁶ 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 indexes²

Returns as at June 30, 2019

	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	0.1	0.4	0.8	1.6	1.0	0.9	0.9
FTSE Canada Short Term Bond Index	0.1	0.9	2.7	4.1	1.5	1.9	2.5
FTSE Canada Universe Bond Index	0.9	2.5	6.5	7.4	2.7	3.9	4.5
SB - World Government Bonds (Can. \$)	(1.1)	1.3	0.8	4.8	1.2	5.0	3.4
Indexes related to Canadian Equity Funds							
S&P/TSX 60	2.2	3.0	15.9	4.9	9.5	5.7	7.6
S&P/TSX Completion Index	3.6	1.2	17.2	0.8	5.1	1.8	8.6
S&P/TSX Composite Index	2.5	2.6	16.2	3.9	8.4	4.7	7.8
S&P/TSX Capped Composite Index	2.5	2.6	16.2	3.9	8.4	4.7	7.8
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$) (Reuters)	3.5	2.0	13.4	9.7	14.4	15.3	16.1
MSCI - World (Can. \$)	3.0	1.7	11.9	5.6	11.9	11.0	12.0
MSCI - World Small Cap. (Can. \$)	2.3	(0.1)	11.2	(2.9)	11.2	10.6	14.0
MSCI - EAFE (Can. \$)	2.4	1.4	9.1	0.4	9.3	6.5	8.2
MSCI - EAFE (Can. \$) (Reuters)	2.4	1.4	9.1	0.4	9.3	6.5	8.2
MSCI - Europe (Can. \$)	3.2	2.6	11.4	1.9	10.0	6.1	8.9
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	1.9	(1.3)	5.9	(1.4)	10.6	9.0	8.6
MSCI - Emerging Markets (Can. \$)	2.8	(1.5)	6.0	0.9	11.2	7.1	7.4
MSCI - World Health Care (Can. \$)	3.2	(0.6)	5.4	10.7	9.2	12.4	15.1
NASDAQ 100 (Can. \$)	4.0	1.7	15.9	8.2	20.4	19.5	19.3
S&P/TSX Capped REIT Index	0.2	(1.5)	14.0	14.3	8.9	8.4	13.6
Exchange Rate (Can. \$ / US \$)							
As at June 30, 2019: 1.31	(3.3)	(2.2)	(4.3)	(0.7)	0.2	4.2	1.2
Exchange Rate (US \$ / Can. \$)							
As at June 30, 2019: 0.77	3.5	2.2	4.5	0.7	(0.2)	(4.0)	(1.2)

¹ The rates for the period are non-annualized.

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

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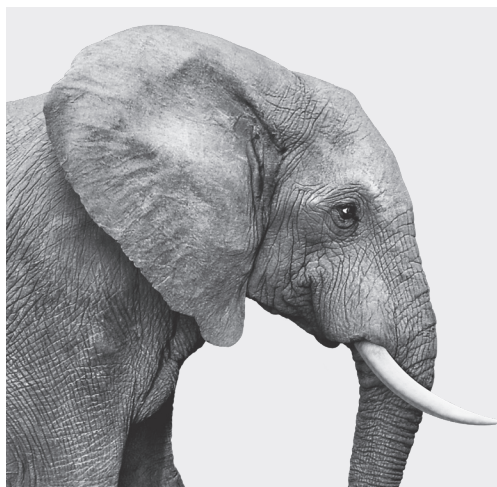
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Economic and Financial Statistics as at June 30, 2019

	As at 2019-06-30 ¹	As at 2018-12-31
Canada - Unemployment rate	5.4%	5.6%
Canada - CPI (year/year variation)	2.4%	1.7%
Canada - GDP (year/year variation)	1.5%	2.2%
U.S. - Unemployment rate	3.6%	3.7%
U.S. - CPI (year/year variation)	1.8%	2.2%
U.S. - GDP (year/year variation)	3.2%	3.0%
2-year Canada Bonds	1.47%	1.86%
10-year Canada Bonds	1.47%	1.96%
Oil (West Texas) (US \$)	58.47	45.41
Gold (US \$)	1,412.3	1,281.3
CRB Commodities Index (US \$)	181.0	169.8
Exchange rate Can. \$/US \$	1.3068	1.3658

¹ Most recent data available at such date.



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