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## A rough October for the stock markets

### World

After reaching nearly \$75 at the end of the third quarter, the price for a barrel of oil dropped more than 10% during the month of October. The decrease is in part related to comments made by the Saudi Arabian Energy Minister, Khalid Al-Falih, to the effect that the Organization of Petroleum Exporting Countries (OPEC) and its allies were in “produce as much as you can” mode to offset the production losses caused by the economic sanctions the U.S. will impose on Iran. We are also seeing a significant increase in oil stocks in the U.S., which is putting temporary upward pressure on the oil supply. However, demand remains strong worldwide, leading us to believe that the market should stabilize in the coming months.

**Oil price fell sharply in October !**

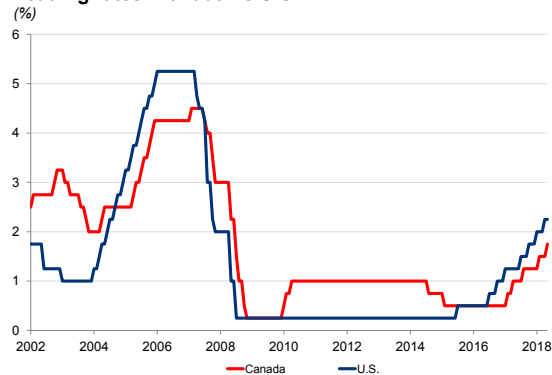
WTI price in US dollar



### North America

In October, the Bank of Canada (BoC) raised its leading rate by 0.25% to 1.75%. The BoC is expecting the Canadian economy to grow 2.1% this year and next, which is slightly above its potential rhythm over the long term. In addition, the core inflation measures used by the BoC pointing to 2% are in line with an economy running at full capacity. On our side, we will be closely watching data related to corporate investments across the country. The new U.S.-Mexico-Canada Agreement (USMCA) has dissolved a cloud of uncertainty that was weighing on the Canadian economy, which should boost corporate confidence and lead to a quicker renewal of investment.

**Leading rates: Canada vs U.S.**

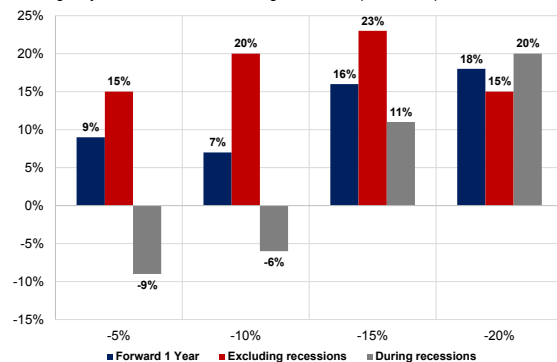


### Financial markets

October was marked by severe volatility across all markets with multiple indexes posting corrections of over 10% during the month. All in all, the benchmark indexes of Bay Street (S&P/TSX) and Wall Street (S&P 500) dropped 6.5% and 6.9% respectively. Investors suddenly showed their concern over trade tensions and the normalization of interest rates. Even though it's highly likely that we will see a slowdown in economic growth in the coming quarters, the leading indicators are still not signalling a recession at our doorstep. In this context, we believe the current correction could be a buying opportunity for investors with a mid- to long-term outlook.

**History would suggest investors can profit from the dip**

Average 1-year forward return following corrections (1987-2017)



# Table of net returns as at October 31, 2018

## 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                      | 15.76                                 | 173.5                                  | (2.5)                       | (3.3)      | (4.0) | (3.8)                   | (0.1)     | 1.1       | 2.9        | 3.20               | Various Managers    |                     |
| Focus Moderate                     | 16.87                                 | 249.7                                  | (3.5)                       | (4.3)      | (4.4) | (4.1)                   | 0.4       | 1.6       | 3.5        | 3.24               | Various Managers    |                     |
| Focus Balanced                     | 17.96                                 | 434.7                                  | (4.4)                       | (5.3)      | (4.8) | (4.4)                   | 0.9       | 2.1       | 4.1        | 3.26               | Various Managers    |                     |
| Focus Growth                       | 18.99                                 | 143.5                                  | (5.3)                       | (6.2)      | (5.3) | (4.7)                   | 1.4       | 2.5       | 4.6        | 3.29               | Various Managers    |                     |
| Focus Aggressive                   | 20.01                                 | 54.8                                   | (6.3)                       | (7.2)      | (5.7) | (5.0)                   | 1.8       | 2.9       | 5.1        | 3.33               | Various Managers    |                     |
| <b>Selection Funds</b>             |                                       |  |                             |            |       |                         |           |           |            |                    |                     |                     |
| Selection Prudent                  | 10.95                                 | 83.4                                   | (2.5)                       | (3.1)      | (3.3) | (3.1)                   | 0.8       | -         | -          | 2.98               | Various Managers    |                     |
| Selection Moderate                 | 11.10                                 | 170.9                                  | (3.4)                       | (3.9)      | (3.5) | (3.2)                   | 1.1       | -         | -          | 3.13               | Various Managers    |                     |
| Selection Balanced                 | 11.43                                 | 224.5                                  | (4.3)                       | (4.7)      | (3.7) | (3.2)                   | 1.8       | -         | -          | 3.28               | Various Managers    |                     |
| Selection Growth                   | 11.65                                 | 97.5                                   | (5.1)                       | (5.5)      | (3.8) | (3.2)                   | 2.3       | -         | -          | 3.46               | Various Managers    |                     |
| Selection Aggressive               | 11.73                                 | 29.7                                   | (6.0)                       | (6.4)      | (4.5) | (3.7)                   | 2.3       | -         | -          | 3.63               | Various Managers    |                     |
| <b>Income Funds</b>                |                                       |  |                             |            |       |                         |           |           |            |                    |                     |                     |
| Money Market                       | 17.14                                 | 312.0                                  | 0.0                         | 0.1        | 0.4   | 0.4                     | 0.2       | 0.2       | 0.2        | 1.66               | Industrial Alliance |                     |
| Short Term Bond                    | 15.01                                 | 162.2                                  | (0.3)                       | (0.4)      | (1.2) | (1.7)                   | (1.1)     | (0.4)     | 0.9        | 2.41               | Industrial Alliance |                     |
| Bond                               | 27.84                                 | 2,725.1                                | (0.9)                       | (1.4)      | (2.8) | (2.6)                   | (0.3)     | 1.0       | 2.4        | 2.42               | Industrial Alliance |                     |
| Tactical Bond                      | 10.71                                 | 62.1                                   | (0.7)                       | (0.6)      | (1.5) | (1.7)                   | 0.0       | (0.2)     | -          | 2.77               | iA Clarington       |                     |
| SPECIALIZED                        | Strategic Corporate Bond <sup>6</sup> | 12.87                                  | 216.0                       | (1.2)      | (1.2) | (0.2)                   | (0.8)     | 3.8       | 2.8        | -                  | 2.72                | iA Clarington       |
|                                    | Real Return Bond                      | 8.69                                   | 7.0                         | (2.3)      | (3.1) | (3.3)                   | (2.3)     | (1.2)     | (0.1)      | 2.5*               | 2.71                | Industrial Alliance |
| <b>Diversified Funds</b>           |                                       |  |                             |            |       |                         |           |           |            |                    |                     |                     |
| Diversified Security               | 20.52                                 | 693.7                                  | (2.6)                       | (3.5)      | (3.6) | (3.4)                   | (0.3)     | 2.2       | 3.7        | 3.18               | Industrial Alliance |                     |
| Diversified                        | 40.11                                 | 2,272.5                                | (4.2)                       | (5.6)      | (4.6) | (4.1)                   | 0.6       | 3.2       | 4.8        | 3.18               | Industrial Alliance |                     |
| Diversified Opportunity            | 25.30                                 | 591.1                                  | (5.5)                       | (6.7)      | (5.3) | (4.8)                   | 0.7       | 3.3       | 5.2        | 3.20               | Industrial Alliance |                     |
| Canadian Balanced (QV)             | 13.28                                 | 142.0                                  | (3.9)                       | (6.0)      | (7.4) | (7.7)                   | (0.7)     | 0.0       | 4.2*       | 3.59               | QV Investors Inc.   |                     |
| SRI Balanced (Inhance)             | 14.04                                 | 36.5                                   | (4.0)                       | (4.1)      | (3.2) | (3.4)                   | 1.4       | 2.6       | -          | 3.68               | Vancity             |                     |
| Diversified Income                 | 25.90                                 | 430.6                                  | (5.3)                       | (6.4)      | (5.2) | (4.6)                   | 1.5       | 3.9       | 6.6        | 3.06               | Industrial Alliance |                     |
| Strategic Income                   | 13.34                                 | 113.0                                  | (3.2)                       | (3.1)      | (2.1) | (2.1)                   | 3.4       | 2.8       | -          | 3.65               | iA Clarington       |                     |
| Global Diversified (Loomis Sayles) | 13.58                                 | 174.2                                  | (5.2)                       | (5.6)      | (0.6) | (1.0)                   | 4.5       | 3.2       | 5.1        | 3.39               | Loomis Sayles       |                     |
| Tactical Income                    | 17.75                                 | 18.8                                   | (2.9)                       | (2.9)      | (2.7) | (3.3)                   | 2.3       | 0.9       | -          | 3.60               | iA Clarington       |                     |
| <b>Canadian Equity Funds</b>       |                                       |  |                             |            |       |                         |           |           |            |                    |                     |                     |
| Strategic Equity Income            | 16.35                                 | 201.1                                  | (4.1)                       | (4.2)      | (2.6) | (2.3)                   | 4.0       | 4.6       | 5.7        | 2.64               | iA Clarington       |                     |
| Dividend Growth                    | 19.35                                 | 846.2                                  | (5.9)                       | (6.6)      | (5.0) | (3.9)                   | 4.8       | 4.6       | 6.5        | 2.89               | Industrial Alliance |                     |
| Canadian Conservative Equity       | 18.26                                 | 126.8                                  | (4.5)                       | (4.1)      | (3.1) | (3.3)                   | 4.3       | 0.9       | 4.4        | 3.23               | iA Clarington       |                     |
| Canadian Equity Index              | 21.52                                 | 356.4                                  | (5.7)                       | (8.2)      | (6.4) | (5.2)                   | 4.1       | 3.1       | 4.2        | 3.01               | Industrial Alliance |                     |
| Select Canadian <sup>5</sup>       | 27.04                                 | 16.3                                   | (6.4)                       | (8.6)      | (7.6) | (7.1)                   | 2.7       | 0.8       | 4.0        | 3.08               | Industrial Alliance |                     |
| Canadian Equity Value              | 43.51                                 | 209.8                                  | (7.2)                       | (8.8)      | (6.9) | (6.3)                   | 2.5       | 2.0       | 3.9        | 3.14               | Industrial Alliance |                     |
| Canadian Equity (Taylor AM)        | 19.08                                 | 222.2                                  | (8.3)                       | (5.3)      | (8.6) | (6.1)                   | 5.7       | 1.6       | 4.1        | 3.40               | Taylor AM           |                     |
| Fidelity True North <sup>®</sup>   | 32.94                                 | 262.6                                  | (4.9)                       | (6.8)      | (4.5) | (4.2)                   | 1.9       | 3.7       | 6.1        | 3.70               | Fidelity            |                     |
| Canadian Equity Growth             | 28.94                                 | 624.3                                  | (6.9)                       | (8.5)      | (6.2) | (5.3)                   | 4.1       | 4.1       | 6.8        | 3.02               | Industrial Alliance |                     |
| Fidelity Canadian Opportunities    | 37.81                                 | 116.4                                  | (2.5)                       | (2.8)      | (1.2) | (0.4)                   | 6.7       | 4.3       | 9.5        | 3.71               | Fidelity            |                     |
| Canadian Equity Small Cap (QV)     | 21.86                                 | 147.4                                  | (4.4)                       | (5.0)      | (3.7) | (2.7)                   | 5.1       | 4.0       | 8.9*       | 3.96               | QV Investors Inc.   |                     |

# Table of net returns as at October 31, 2018

## 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>U.S. &amp; International Equity Funds</b>   |               |  |                             |            |        |                         |           |           |            |                    |                        |
| Global Equity Index ACWI (BlackRock)           | 22.87         | 148.4                                  | (6.2)*                      | (6.3)*     | (2.0)* | (2.0)*                  | 4.4*      | 7.5*      | 6.7*       | 3.49               | BlackRock              |
| Global Dividend (Dynamic)                      | 21.03         | 383.9                                  | (5.9)                       | (2.3)      | 6.5    | 5.0                     | 10.5      | 12.3      | 10.0       | 3.54               | Dynamic                |
| Global Equity                                  | 17.12         | 28.6                                   | (8.8)                       | (9.4)      | (5.5)  | (4.8)                   | 1.6       | 7.2       | 8.0        | 3.51               | Industrial Alliance    |
| Global Equity (Templeton)                      | 16.77         | 308.1                                  | (5.9)                       | (7.9)      | (4.9)  | (5.4)                   | 1.5       | 5.1       | 6.6        | 3.68               | Templeton              |
| Global Opportunities (Radin)                   | 14.87         | 24.2                                   | (6.8)                       | (10.7)     | (12.3) | (9.8)                   | (1.8)     | 2.8       | -          | 3.95               | Radin Capital Partners |
| Fidelity NorthStar®                            | 18.17         | 219.4                                  | (3.4)                       | (5.1)      | (6.1)  | (6.1)                   | (0.9)     | 6.4       | 8.7        | 3.75               | Fidelity               |
| International Equity Index (BlackRock)         | 9.77          | 72.9                                   | (6.7)                       | (8.8)      | (7.1)  | (7.7)                   | 0.8       | 3.8       | 4.9        | 3.03               | BlackRock              |
| International Equity                           | 18.44         | 441.9                                  | (8.5)                       | (11.0)     | (10.0) | (10.1)                  | (0.3)     | 4.0       | -          | 3.69               | Industrial Alliance    |
| International Equity (Templeton)               | 16.82         | 57.9                                   | (6.6)                       | (8.5)      | (8.2)  | (9.5)                   | (0.3)     | 2.4       | 4.2        | 3.70               | Templeton              |
| Fidelity European Equity                       | 12.47         | 74.0                                   | (6.7)                       | (8.8)      | (6.9)  | (8.9)                   | (1.4)     | 2.0       | 5.0        | 3.76               | Fidelity               |
| U.S. Equity Index (BlackRock)                  | 19.03         | 181.0                                  | (5.6)                       | (3.2)      | 5.0    | 5.8                     | 8.0       | 12.8      | 10.4       | 3.05               | BlackRock              |
| U.S. Dividend Growth                           | 17.78         | 205.7                                  | (9.3)                       | (8.3)      | (2.6)  | (0.9)                   | 2.3       | 9.0       | 7.4        | 3.54               | Industrial Alliance    |
| U.S. Equity <sup>4</sup>                       | 11.71         | 42.2                                   | (9.3)                       | (8.2)      | (2.5)  | (0.7)                   | 2.3       | 9.9       | 9.1        | 3.41               | Industrial Alliance    |
| U.S. Equity (Sarbit) - Currency Neutral        | 18.71         | 67.9                                   | (9.1)                       | (7.8)      | (11.3) | (9.9)                   | (2.3)     | 0.6       | -          | 3.98               | Sarbit                 |
| <b>Specialty Funds</b>                         |               |  |                             |            |        |                         |           |           |            |                    |                        |
| Asian Pacific (Dynamic)                        | 7.59          | 63.8                                   | (11.0)                      | (15.3)     | (16.9) | (15.6)                  | 0.4       | 3.4       | 10.4       | 3.34               | Dynamic                |
| Emerging Markets (Mackenzie)                   | 11.92         | 30.0                                   | (8.2)                       | (11.7)     | (19.4) | (17.2)                  | 0.2       | (2.6)     | 2.6        | 4.45               | Mackenzie Cundill      |
| Global Health Care (Renaissance)               | 33.70         | 145.6                                  | (6.8)                       | (2.7)      | 6.9    | 5.5                     | 1.3       | 12.7      | 12.4       | 3.81               | CIBC                   |
| Real Estate Income                             | 33.16         | 40.7                                   | (2.3)                       | (1.3)      | 4.1    | 5.7                     | 6.6       | 5.5       | 10.2       | 2.95               | Industrial Alliance    |
| U.S. DAQ Index                                 | 14.95         | 164.9                                  | (7.3)                       | (3.4)      | 11.9   | 11.0                    | 12.1      | 18.5      | 16.4       | 3.20               | Industrial Alliance    |
| <b>Education Savings Plan</b>                  |               |  |                             |            |        |                         |           |           |            |                    |                        |
| Diploma Elementary                             | 16.21         | 856.2                                  | (3.9)                       | (4.7)      | (3.4)  | (3.0)                   | 2.1       | 3.5       | 4.2        | 3.61               | Industrial Alliance    |
| Diploma Secondary                              | 11.36         | 217.5                                  | (1.4)                       | (2.1)      | (3.0)  | (3.0)                   | (1.0)     | (0.1)     | 0.6        | 3.59               | Industrial Alliance    |
| <b>Not offered to new contract subscribers</b> |               |  |                             |            |        |                         |           |           |            |                    |                        |
| Diploma  | 13.79         | 181.6                                  | (3.9)                       | (4.5)      | (2.9)  | (2.5)                   | 2.2       | 3.9       | 4.5        | 3.63               | Industrial Alliance    |
| Dividend                                       | 49.11         | 925.1                                  | (6.0)                       | (7.0)      | (5.3)  | (4.0)                   | 5.1       | 5.0       | 7.0        | 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 October 31, 2018

|   | 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 TMX Canada 91 Day T-Bill Index                             | 0.1                         | 0.4        | 1.0    | 1.2                     | 0.7       | 0.8       | 0.8        |
| FTSE TMX Canada Short Term Bond Index                           | (0.1)                       | 0.0        | 0.4    | 0.1                     | 0.7       | 1.5       | 2.7        |
| FTSE TMX Canada Universe Bond Index                             | (0.6)                       | (0.8)      | (1.0)  | (0.6)                   | 1.5       | 2.9       | 4.5        |
| SB - World Government Bonds (Can. \$)                           | 0.5                         | (1.5)      | 1.0    | (0.3)                   | 1.4       | 4.5       | 3.1        |
| <b>Indexes related to Canadian Equity Funds</b>                 |                             |            |        |                         |           |           |            |
| S&P/TSX 60  | (5.7)                       | (7.9)      | (4.3)  | (2.6)                   | 7.2       | 6.3       | 7.4        |
| S&P/TSX Completion Index  | (7.9)                       | (7.8)      | (7.0)  | (6.0)                   | 5.0       | 3.1       | 8.5        |
| S&P/TSX Composite Index   | (6.3)                       | (7.9)      | (5.0)  | (3.4)                   | 6.7       | 5.4       | 7.6        |
| S&P/TSX Capped Composite Index                                  | (6.3)                       | (7.9)      | (5.0)  | (3.4)                   | 6.7       | 5.4       | 7.6        |
| <b>Indexes related to U.S. &amp; International Equity Funds</b> |                             |            |        |                         |           |           |            |
| S&P 500 (Can. \$) (Reuters)                                     | (5.3)                       | (2.4)      | 8.0    | 9.4                     | 11.7      | 16.6      | 14.1       |
| MSCI - World (Can. \$)  | (5.9)                       | (4.9)      | 2.4    | 3.1                     | 8.0       | 11.8      | 10.9       |
| MSCI - World Small Cap. (Can. \$)                               | (8.5)                       | (8.4)      | (0.8)  | 0.1                     | 9.4       | 12.2      | 14.1       |
| MSCI - EAFE (Can. \$)   | (6.5)                       | (8.2)      | (4.9)  | (5.1)                   | 3.8       | 6.8       | 7.7        |
| MSCI - EAFE (Can. \$) (Reuters)                                 | (6.5)                       | (8.2)      | (4.9)  | (5.1)                   | 3.8       | 6.8       | 7.7        |
| MSCI - Europe (Can. \$)   | (6.1)                       | (9.1)      | (5.0)  | (6.0)                   | 3.3       | 6.6       | 8.0        |
| <b>Index related to Specialty Funds</b>                         |                             |            |        |                         |           |           |            |
| MSCI - AC Asian Pacific Free (Can. \$)                          | (8.1)                       | (9.0)      | (7.7)  | (6.9)                   | 6.5       | 8.6       | 9.4        |
| MSCI - Emerging Markets (Can. \$)                               | (7.2)                       | (10.8)     | (11.4) | (10.5)                  | 7.0       | 5.9       | 9.0        |
| MSCI - World Health Care (Can. \$)                              | (5.1)                       | (0.9)      | 11.3   | 10.7                    | 6.7       | 15.0      | 13.8       |
| NASDAQ 100 (Can. \$)  | (7.2)                       | (2.8)      | 14.2   | 13.6                    | 14.6      | 21.0      | 18.9       |
| S&P/TSX Capped REIT Index                                       | (1.7)                       | 0.6        | 8.0    | 12.0                    | 10.1      | 8.0       | 12.8       |
| <b>Exchange Rate (Can. \$ / US \$)</b>                          |                             |            |        |                         |           |           |            |
| As at October 31, 2018: 1.3133                                  | 1.6                         | 0.9        | 4.8    | 1.9                     | 0.1       | 4.7       | 0.8        |
| <b>Exchange Rate (US \$ / Can. \$)</b>                          |                             |            |        |                         |           |           |            |
| As at October 31, 2018: 0.7615                                  | (1.6)                       | (0.9)      | (4.6)  | (1.8)                   | (0.1)     | (4.5)     | (0.8)      |

<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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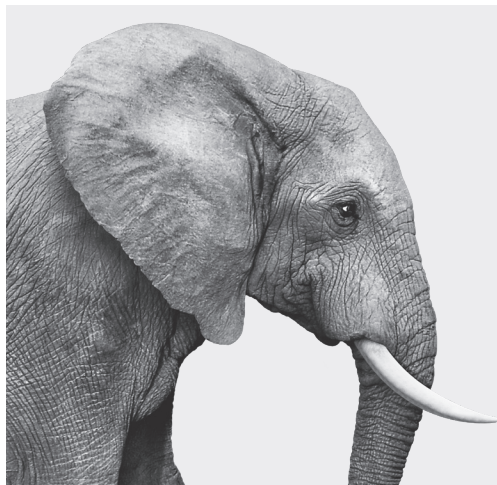
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## Economic and Financial Statistics as at October 31, 2018

|                                    | As at 2018-10-31 <sup>1</sup> | As at 2017-12-31 |
|------------------------------------|-------------------------------|------------------|
| Canada - Unemployment rate         | 5.8%                          | 5.9%             |
| Canada - CPI (year/year variation) | 2.2%                          | 2.1%             |
| Canada - GDP (year/year variation) | 2.5%                          | 3.4%             |
| U.S. - Unemployment rate           | 3.7%                          | 4.1%             |
| U.S. - CPI (year/year variation)   | 2.3%                          | 2.2%             |
| U.S. - GDP (year/year variation)   | 3.0%                          | 2.3%             |
| 2-year Canada Bonds                | 2.32%                         | 1.69%            |
| 10-year Canada Bonds               | 2.49%                         | 2.04%            |
| Oil (West Texas) (US \$)           | 65.31                         | 60.42            |
| Gold (US \$)                       | 1,215.5                       | 1,303.5          |
| CRB Commodities Index (US \$)      | 191.0                         | 193.9            |
| Exchange rate Can. \$/US \$        | 1.3133                        | 1.2579           |

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



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