



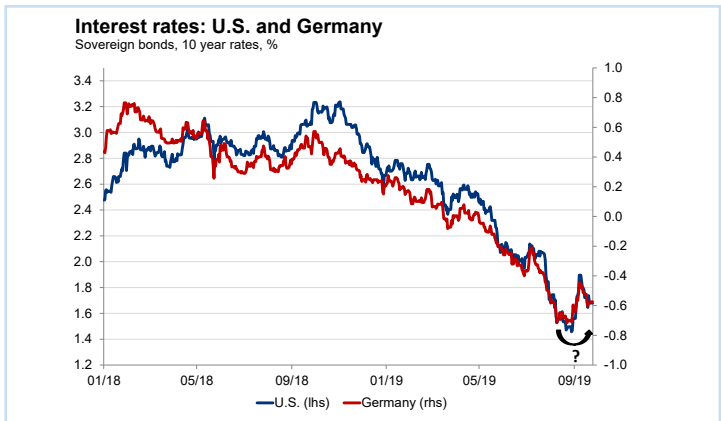
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The Fed: a second rate cut!

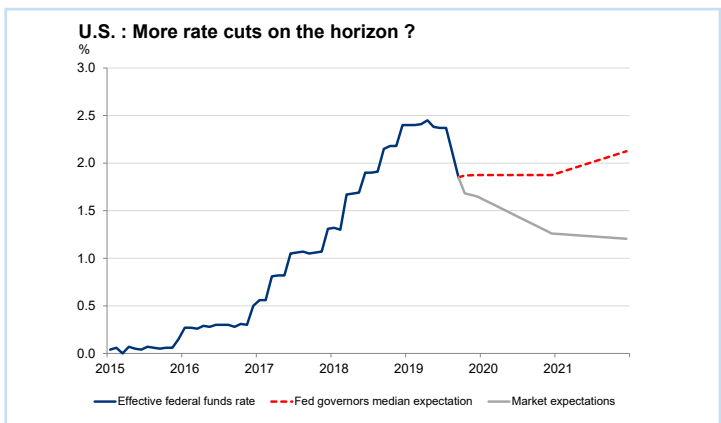
World

Global interest rates were extremely volatile in September, with the U.S. 10-year varying between 1.45% and 1.90% during the month. Rates were driven upward at the beginning of the month as the tone of trade negotiations between U.S. and Chinese leaders improved. As a result, the U.S. and China delayed new tariffs, and a new round of negotiations will begin in Washington, on October 10th. In return, the European Central Bank (ECB) reversed the trend in global interest rates by announcing new monetary accommodation measures. The ECB lowered its leading rate from -0.40% to -0.50% in September and announced a new asset purchase program (quantitative easing) which will last on indefinitely.



North America

In September, the U.S. Federal Reserve (the “Fed”) cut its leading rate by 0.25% for a second consecutive month, changing its target range to 1.75% to 2.00%. The Fed remains optimistic about the national economy over the medium term, but believes that more monetary easing is required to mitigate the risks of a global economic slowdown and geopolitical uncertainty. The market anticipates three more rate cuts in the next 12 months, including one in December 2019. Once again, market expectations are not consistent with the signals the Fed is sending, which suggest instead that it will not need to cut rates but that if a rate cut was required, a single cut would be sufficient for the next year.



Financial markets

Global stock markets rebounded sharply since the beginning of the year, providing returns of over 15%, on average, in local currency. However, when digging deeper into the details, we can see that investors’ risk appetite remains very low, due primarily to concerns about global economic growth. A good example of this is the pronounced underperformance in some sectors that are usually more sensitive to economic cycles, like Energy, Finance, Industrials and Materials. It will be interesting to see whether the impact of recent monetary stimulus measures imposed by several central banks will be enough to reinvigorate investor’s economic outlooks in the coming quarters.



Table of net returns as at September 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	16.81	177.0	(0.1)	0.6	6.8	4.0	0.8	1.6	2.4	3.19	Various Managers	
Focus Moderate	17.95	264.8	0.2	0.8	7.5	2.7	1.3	1.8	2.9	3.24	Various Managers	
Focus Balanced	19.04	435.0	0.5	1.0	8.2	1.4	1.7	2.0	3.3	3.26	Various Managers	
Focus Growth	20.05	146.0	0.8	1.1	8.9	(0.1)	2.2	2.1	3.7	3.29	Various Managers	
Focus Aggressive	21.04	55.1	1.1	1.3	9.6	(1.5)	2.6	2.3	4.1	3.33	Various Managers	
Selection Funds												
Selection Prudent	11.62	115.7	0.0	0.3	6.6	3.4	1.3	2.0	-	2.98	Various Managers	
Selection Moderate	11.73	188.2	0.5	0.5	7.2	2.1	1.4	2.1	-	3.13	Various Managers	
Selection Balanced	12.03	251.4	0.9	0.5	7.9	0.8	2.0	2.4	-	3.27	Various Managers	
Selection Growth	12.21	107.6	1.2	0.5	8.6	(0.5)	2.5	2.6	-	3.45	Various Managers	
Selection Aggressive	12.24	34.0	1.5	0.5	9.0	(1.9)	2.4	2.6	-	3.62	Various Managers	
Income Funds												
Money Market	17.23	405.4	0.0	0.1	0.4	0.5	0.4	0.3	0.2	1.66	Industrial Alliance	
Short Term Bond	15.36	209.0	(0.5)	(0.2)	1.4	2.1	(0.5)	0.0	0.5	2.41	Industrial Alliance	
Bond	30.08	3,037.4	(1.0)	0.7	6.2	7.1	0.7	1.9	2.3	2.42	Industrial Alliance	
Core Plus Bond	10.92	61.5	0.0	0.1	2.8	1.2	0.0	0.0	-	2.78	iA Clarington	
SPECIALTY	Strategic Corporate Bond ⁶	13.07	190.3	0.6	0.2	3.7	0.3	2.2	2.0	-	2.73	iA Clarington
	Real Return Bond	9.36	7.2	(1.2)	0.2	7.3	5.2	(1.2)	0.5	2.2*	2.69	Industrial Alliance
Diversified Funds												
Diversified Security	21.67	691.6	(0.4)	0.7	6.4	2.9	0.7	1.9	2.9	3.18	Industrial Alliance	
Diversified	42.61	2,257.7	0.1	0.7	8.7	1.7	1.3	2.6	3.8	3.19	Industrial Alliance	
Diversified Opportunity	27.02	588.7	0.6	1.1	10.6	1.0	1.7	2.4	4.0	3.23	Industrial Alliance	
Canadian Balanced (QV)	13.90	140.7	2.2	1.6	7.7	0.6	(0.3)	(0.2)	3.1*	3.57	QV Investors Inc.	
SRI Balanced (Inhance)	15.17	50.8	0.2	0.8	10.2	3.8	3.1	2.6	-	3.74	Vancity	
Diversified Income	27.68	448.3	0.7	1.1	10.4	1.2	2.4	3.0	5.5	3.07	Industrial Alliance	
Strategic Income	14.19	177.3	1.8	1.0	9.1	3.0	3.5	2.1	-	3.62	iA Clarington	
Global Diversified (Loomis Sayles)	15.31	287.2	0.0	1.0	14.1	6.9	8.0	5.6	6.0	3.39	Loomis Sayles	
Tactical Income	18.91	21.1	1.8	1.0	8.3	3.4	3.2	1.0	3.5*	3.59	iA Clarington	
Canadian Equity Funds												
Strategic Equity Income	17.66	210.5	2.0	0.8	11.1	3.5	4.6	3.6	6.1	2.64	iA Clarington	
Dividend Growth	21.67	971.7	3.6	2.6	16.0	5.4	6.3	4.6	6.3	2.89	Industrial Alliance	
Canadian Conservative Equity	20.09	124.0	3.2	1.3	13.8	5.1	4.4	0.6	4.7	3.23	iA Clarington	
Canadian Equity Index	23.98	424.4	1.6	1.8	15.9	5.0	5.2	2.9	3.9	3.02	Industrial Alliance	
Select Canadian ⁵	29.41	17.3	2.2	1.3	13.9	1.8	2.8	0.4	2.6	3.08	Industrial Alliance	
Canadian Equity Value	46.71	146.0	1.8	1.2	12.5	(0.3)	3.1	1.6	3.0	3.05	Industrial Alliance	
Canadian Equity	17.77	130.5	2.1	2.0	1.2	(14.6)	1.1	(0.9)	0.6	3.01	Industrial Alliance	
Fidelity True North [®]	36.87	275.2	0.8	2.9	14.2	6.4	3.9	3.7	5.7	3.70	Fidelity	
Canadian Equity Growth	31.74	714.5	2.1	1.8	15.8	2.1	4.9	3.5	5.2	3.02	Industrial Alliance	
Fidelity Canadian Opportunities	43.47	145.8	1.3	3.6	16.3	12.0	5.4	5.9	7.3	3.71	Fidelity	
Canadian Equity Small Cap (QV)	21.49	147.3	2.6	(0.8)	9.1	(6.0)	0.6	0.7	7.6*	3.97	QV Investors Inc.	

Table of net returns as at September 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 %		
U.S. & International Equity Funds											
Global Equity Index ACWI (BlackRock)	24.48	194.9	1.5	0.5	9.6	0.4*	6.4*	6.8*	6.9*	3.48	BlackRock
Global Dividend (Dynamic)	24.03	643.5	(0.8)	1.0	17.5	7.5	14.0	13.1	10.6	3.54	Dynamic
Global Equity	17.88	27.0	0.6	0.8	9.5	(4.8)	4.0	5.6	7.4	3.54	Industrial Alliance
Global Equity (Templeton)	16.23	240.0	3.2	(1.0)	2.3	(8.9)	1.9	2.3	5.3	3.68	Templeton
Global Opportunities (Radin)	13.19	15.4	2.1	(7.9)	(9.0)	(17.3)	(5.1)	(1.7)	-	3.96	Radin Capital Partners
Fidelity NorthStar®	17.66	168.6	0.2	(1.1)	(2.4)	(6.0)	(2.1)	2.4	6.9	3.75	Fidelity
International Equity Index (BlackRock)	10.30	75.6	2.2	(0.5)	7.1	(1.7)	3.8	3.8	4.3	3.03	BlackRock
International Equity	19.46	601.8	0.7	(0.2)	9.0	(3.5)	2.6	3.9	4.4*	3.64	Industrial Alliance
International Equity (Templeton)	16.14	47.5	3.8	(2.2)	(1.2)	(10.3)	0.4	0.5	2.5	3.70	Templeton
Fidelity European Equity	12.66	57.1	1.9	(4.5)	5.1	(5.3)	2.9	2.0	4.3	3.77	Fidelity
U.S. Equity Index (BlackRock)	20.83	226.7	1.2	2.2	14.0	3.3	9.9	10.9	11.9	3.04	BlackRock
U.S. Dividend Growth	19.04	202.5	1.5	3.5	13.9	(2.9)	5.2	7.2	8.2	3.53	Industrial Alliance
U.S. Equity ⁴	12.07	36.2	0.5	1.5	10.3	(6.5)	4.0	6.7	8.9	3.40	Industrial Alliance
Thematic Innovation - Currency Neutral	19.16	59.2	0.6	(1.4)	9.4	(6.9)	0.0	0.2	6.4*	3.97	Industrial Alliance
Specialty Funds											
Asian Pacific (Dynamic)	9.22	80.8	2.1	2.7	14.8	8.1	5.6	5.1	6.4	3.34	Dynamic
Emerging Markets (Mackenzie)	12.08	29.4	0.8	(7.7)	0.0	(7.0)	(1.1)	(2.6)	0.6	4.44	Mackenzie Cundill
Global Health Care (Renaissance)	34.28	167.2	(1.7)	(1.6)	3.1	(5.2)	3.2	7.3	12.2	3.81	CIBC
Real Estate Income	37.48	78.7	2.1	5.3	16.7	10.4	7.6	6.6	9.2	2.95	Industrial Alliance
U.S. DAQ Index	16.44	202.1	0.3	1.9	16.6	1.9	14.5	15.2	16.2	3.20	Industrial Alliance
Education Savings Plan											
Diploma Elementary	17.55	999.5	0.5	1.0	9.9	4.0	3.4	3.4	4.2	3.61	Industrial Alliance
Diploma Secondary	11.84	290.9	(0.3)	0.2	4.1	2.7	(0.1)	0.2	0.6	3.60	Industrial Alliance
Not offered to new contract subscribers											
Diploma	14.96	164.1	0.5	1.0	10.1	4.2	3.7	3.8	4.6	3.63	Industrial Alliance
Dividend	54.86	1,126.8	3.6	2.7	15.9	5.0	6.1	4.9	6.7	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 September 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	1.2	1.7	1.1	0.9	0.9
FTSE Canada Short Term Bond Index	(0.4)	0.3	3.0	4.4	1.5	1.9	2.4
FTSE Canada Universe Bond Index	(0.8)	1.2	7.8	9.7	2.7	3.9	4.4
SB - World Government Bonds (Can. \$)	(1.7)	2.2	3.0	10.8	1.5	5.2	3.9
Indexes related to Canadian Equity Funds							
S&P/TSX 60	2.0	2.7	19.0	8.4	8.4	6.1	7.0
S&P/TSX Completion Index	0.7	1.7	19.3	2.9	4.1	2.8	7.0
S&P/TSX Composite Index	1.7	2.5	19.1	7.1	7.4	5.3	7.0
S&P/TSX Capped Composite Index	1.7	2.5	19.1	7.1	7.4	5.3	7.0
Indexes related to U.S. & International Equity Funds							
S&P 500 (Can. \$) (Reuters)	1.5	3.0	16.9	6.8	13.7	14.7	15.6
MSCI - World (Can. \$)	1.8	1.9	14.0	4.3	10.5	10.8	11.3
MSCI - World Small Cap. (Can. \$)	1.7	0.6	11.9	(2.7)	8.5	11.1	12.6
MSCI - EAFE (Can. \$)	2.5	0.2	9.4	1.1	6.8	6.8	7.1
MSCI - EAFE (Can. \$) (Reuters)	2.5	0.2	9.4	1.1	6.7	6.8	7.1
MSCI - Europe (Can. \$)	2.4	(0.5)	10.9	2.3	7.6	6.5	7.5
Index related to Specialty Funds							
MSCI - AC Asian Pacific Free (Can. \$)	2.3	0.1	6.0	(0.2)	7.0	8.6	8.0
MSCI - Emerging Markets (Can. \$)	1.6	(2.8)	3.0	0.8	6.7	6.2	5.9
MSCI - World Health Care (Can. \$)	(0.4)	0.2	5.5	1.1	8.9	10.5	14.7
NASDAQ 100 (Can. \$)	0.4	2.4	18.7	4.1	17.1	17.7	18.7
S&P/TSX Capped REIT Index	2.7	8.6	23.8	19.8	13.3	10.4	12.2
Exchange Rate (Can. \$ / US \$)							
As at September 30, 2019: 1.3240	(0.4)	1.3	(3.1)	2.4	0.2	3.4	2.1
Exchange Rate (US \$ / Can. \$)							
As at September 30, 2019: 0.7553	0.4	(1.3)	3.2	(2.4)	(0.2)	(3.3)	(2.1)

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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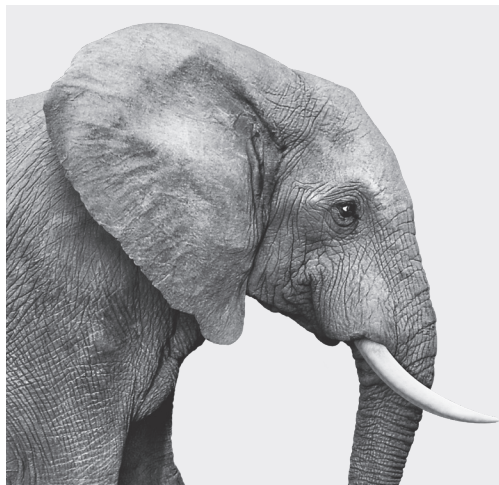
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Economic and Financial Statistics as at September 30, 2019

	As at 2019-09-30 ¹	As at 2018-12-31
Canada - Unemployment rate	5.7%	5.6%
Canada - CPI (year/year variation)	1.9%	1.7%
Canada - GDP (year/year variation)	1.3%	2.2%
U.S. - Unemployment rate	3.5%	3.7%
U.S. - CPI (year/year variation)	1.7%	2.2%
U.S. - GDP (year/year variation)	2.3%	3.0%
2-year Canada Bonds	1.58%	1.86%
10-year Canada Bonds	1.36%	1.96%
Oil (West Texas) (US \$)	54.07	45.41
Gold (US \$)	1,473.9	1,281.3
CRB Commodities Index (US \$)	173.9	169.8
Exchange rate Can. \$/US \$	1.3240	1.3658

¹ Most recent data available at such date.



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