iA Investment

Watch

Economic and Market Overview and Featured Funds

For advisor use only

Quarterly / **December**/ 2019

Economic and Market Overview

Clément Gignac

International

It's a done deal: the United States and China have finally come to an agreement, at the final minute of the 11th hour, on a partial "Phase 1" trade agreement. China commits to increase its purchases of U.S. agricultural products in exchange for the partial removal of tariffs imposed by the U.S. in recent years.

The Chinese economy continues to post stable growth at close to 6%. Of note, at year end, the Chinese manufacturing index rebounded nicely and is currently close to peaks reached in 2011. Despite what President Trump's Twitter account might suggest, the 2019 slowdown of the Chinese economy was controlled, and a rebound is already taking shape.

Europe

Will we finally see a resolution on Brexit, after more than 40 months of back and forth? Nothing has been set in stone yet, but a major hurdle was cleared in the British election of December 12, in which Boris Johnson's Conservative Party won the largest majority since the Margaret Thatcher era in 1987.

Work has already begun on an orderly exit by the current deadline of January 31, 2020, but the spectre of a difficult exit still looms, as a new trade agreement between the U.K. and the European Union is set to be negotiated and signed by year end. So the sky is clearing, but we will probably hear more talk about Brexit throughout the year.

United States

Beyond trade tensions, U.S. data continued to show the strength of the world's leading economy in the fourth quarter.

Third quarter GDP growth again showed the U.S. economy firing on all cylinders, with growth of 2% or more on an annualized basis posted for the third consecutive quarter.

We now expect U.S. economic outperformance to come to a close in 2020, as the effects of the tax reform in recent years begin to wane.

Canada

The Canadian economy has once again demonstrated its resilience, smoothly sailing through choppy waters in 2019.

The Canadian labour market is a good example, performing better than the average of the past 20 years, even after taking into account the disastrous November report. Wage growth also remained strong, positively impacting household wealth and providing a strong tailwind for consumption.

Third quarter GDP data highlighted the strength of household spending, which singlehandedly supported Canadian economic growth (1.3% in Q3) with a jump of 1.6%.

/ iA Strategy

With no recession on the horizon in the next 12 to 18 months, we expect the bull market to continue into 2020 and beyond. Against this backdrop, we recommend an overweight position in equities, particularly in cyclical and value-oriented sectors. Geographically, this choice translates into an overweight position in the EAFE, emerging and Canadian markets compared to a neutral or underweight position in the U.S. market. Central banks are still highly accommodating and the economic outlook is improving, so a steeper yield curve should support banks and the materials and energy sectors.

Interest rates are expected to rise slightly over the next 12 months as economic data improves and geopolitical risks gradually subside. Our 2020 bond positioning should remain neutral or underweight, although we believe that this asset class will provide some downside protection in the event of a stock market downturn.

We maintain a hedge on our USD exposure until the loonie returns to its fair value of about 78 cents to the U.S. dollar.

iA Financial Group

No.1 in net segregated fund sales in Canada since 2016

/ iA Managed Solutions

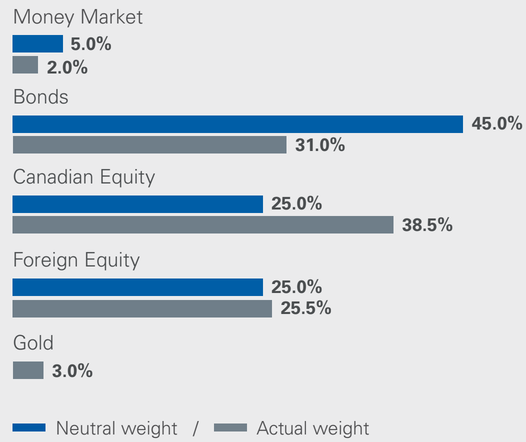
Diversified Funds

We increased the weight of equities in the Diversified Fund from 62.0% to 64.0% in the fourth quarter, taking advantage of the renewed risk appetite of most investors. This weighting was again supported by a small holding of index put options in order to protect the portfolios in the event of a negative outcome in trade tensions.

Improved global economic data and the signing of an initial U.S.-China trade agreement encouraged us to reduce our fixed-income holdings during the quarter. As a result, the weight of fixed-income securities fell from 32.5% to 31.0%.

We maintained a position in gold during the quarter (purchases of gold bullion futures and a gold equity ETF), again as protection against geopolitical risks and as a source of potential gains, given the strong performance of the yellow metal in an environment of declining interest rates. Exposure to gold bullion represented 3.0% in late December.

Finally, the strength of Canada data combined with heightened expectations of a drop in U.S. policy rates prompted us to stay hedged on the Canadian dollar (against the U.S. dollar) in order to take advantage of a potential appreciation of the loonie.



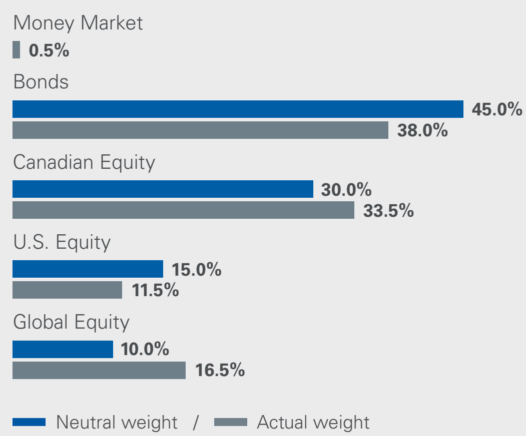
Selection Funds

As with the Diversified Funds, the Selection Funds displayed an increasingly aggressive strategy in the fourth quarter. The significant improvement in economic data coupled with the easing of trade tensions created a favourable environment for risk taking.

Equity exposure gradually increased from 51.0% to 61.5% for the Balanced Selection Fund.

Conversely, the weighting of fixed income securities decreased by five percentage points, from 43.5% to 38.0%, for this same fund. With global manufacturing cycle data picking up steam, we expect interest rates to rise moderately, acting as a headwind for the bond market.

Finally, cash was reduced very close to its target, at 0.5% of the outstanding assets of the Selection Balanced Fund.



Focus Funds

Focus Funds introduced a new asset class in December: emerging market equities. The Jarislowsky Fraser Emerging Markets Equity Fund was added to the list of foreign equity funds already in the Focus family, with a weighting ranging from 1.5% in the conservative profile to 4.5% in the aggressive profile. The relative weight of Canadian and U.S. equity funds managed by Donny Moss was also increased at the expense of other funds in order to better position the Focus Funds for renewed interest in value stocks, which appear poised for a positive 2020.

/ Featured Funds

Fidelity Insights

Offered in
IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)
My Education+ (including Prestige Preferential Pricing)
Ecofl*extra* (Classic Series 75/75)

Portfolio manager
Fidelity Investments

CIFSC Fund Category
U.S. Equity

Lead portfolio manager

Will Danoff

— Has also managed Fidelity Contrafund in the U.S. since 1990, the equivalent of the Fidelity Insights Fund and the largest solely managed active equity mutual fund in the U.S.
— Joined Fidelity in 1986
— Over 30 years of investment experience
— MBA, Wharton School, University of Pennsylvania
— BA, Harvard University

Why consider this fund?

— iA is the first to make it available as a segregated fund
— Best selling U.S. equity mutual fund in Canada in 2018
— Renowned and experienced portfolio manager:
  – Will Danoff personally meets with hundreds of companies each year to help uncover the best investment opportunities
  – With nearly 35,000 meetings logged in his career, he has forged a deep understanding of what it takes to deliver strong growth over the long term
  – He manages over $150 billion
— Emphasis on the U.S. market, but also has the flexibility to seek opportunities worldwide

Investment style & other characteristics

— Large capitalization equity fund with a growth style bias
— Diversified portfolio of more than 250 securities
— Seeks “best of breed” firms poised for sustained, above-average earnings growth with superior business models
— Focuses on companies with high return on capital, solid free cash flow generation, prudently managed balance sheets and that are less economically sensitive
— Leverages Fidelity’s global equity research platform

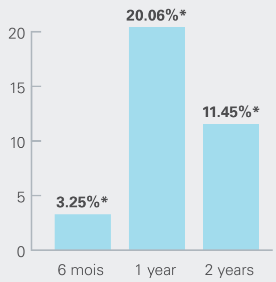
Current fund strategy

The Fund’s holdings in the Communication Services sector and underweight exposure to Utilities contributed to the fund’s added value over the fourth quarter. In communication services, overweight allocation to Netflix and Facebook contributed. Among other sectors, out-of-benchmark exposure to RingCentral and overweight exposure to Advanced Micro Devices contributed. The main factors that detracted from the Fund’s relative performance over the fourth quarter were lack of exposure to Apple and out-of-benchmark exposure to Veeva Systems.

Portfolio manager Will Danoff believes that the U.S. is in the later stages of the economic cycle, however the near-term risk of recession in the U.S. is relatively low, with lower interest rates boosting housing activity and keeping consumers’ debt service manageable. He continues to focus on companies with improving growth prospects that are overlooked. Will remains bullish on technology companies, since businesses are implementing digital transformation strategies in their efforts to engage more meaningfully with their customers who continue to increase their internet usage. Another area of focus for Will is in technology infrastructure, as there continue to be substantial investments spent on technology infrastructure, specifically in the cloud, as customers continue to shift online. He believes these trends will continue for the foreseeable future, and thus has maintained a large commitment to tech, with an emphasis on large franchise companies.

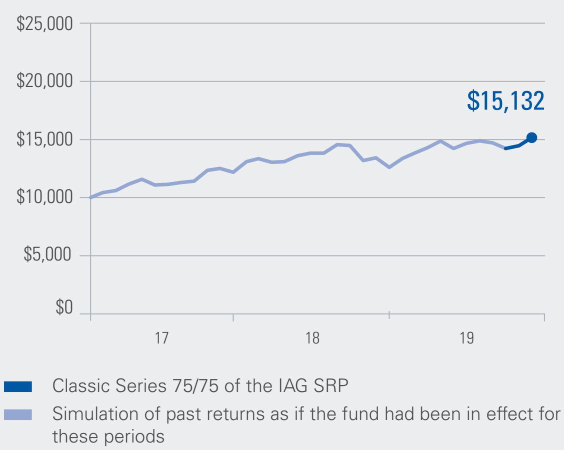
Fidelity Insights

Net compound returns[1]
As at December 31, 2019



[1] These returns are on a net basis, for the Classic Series 75/75 of the IAG SRP
* Simulation of past returns as if the Fund had been in effect for these periods

Growth of $10,000
Since inception



Fidelity Investments snapshot

- Founded in 1946: over 70 years of growth and innovation backed by a proven approach to investing
- Global investment network spanning North America, Europe, the Middle East, Africa and Asia-Pacific
- One of the world's largest providers of financial services
- Managed assets of more than US$2 trillion
- Over 750 investment professionals worldwide

Sector allocation*
As at December 31, 2019

Sector	Fidelity Insights (%)	S&P 500 (%)	Deviation (%)
Information Technology	35.2	23.2	12.0
Financials	16.0	13.0	3.1
Communication Services	11.9	10.4	1.5
Consumer Discretionary	10.4	9.8	0.7
Health Care	14.7	14.2	0.5
Materials	2.5	2.7	-0.1
Real Estate	0.9	2.9	-2.0
Utilities	0.1	3.3	-3.2
Energy	1.1	4.3	-3.2
Consumer Staples	3.4	7.2	-3.8
Industrials	3.7	9.1	-5.4

* Cash not included

Top 10 holdings of the Fund
As at December 31, 2019

Microsoft Corp.	
Facebook Inc., Class A	
Berkshire Hathaway, Class A	
Amazon.com Inc.	
Salesforce.com Inc.	
Bank of America Corp.	
American Express Co.	
Visa Inc.	
Adobe Systems Inc.	
JPMorgan Chase & Co.	
Total	**36.6%**

/ Featured Funds

American (Dynamic)

Offered in:
IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)
My Education+ (including Prestige Preferential Pricing)
Ecofl*extra* (Classic Series 75/75)

Portfolio manager
Dynamic Funds

CIFSC Fund Category
U.S. Equity

Lead portfolio manager

David Fingold

- Vice-President and Portfolio Manager
- Also manages Global Dividend (Dynamic) Fund
- Expertise: International and U.S. equities
- Joined Dynamic's investment team in 2002
- Over 30 years of experience
- Bachelor of Science with High Distinction in Management, Babson College

Why consider this fund?

- Invests in U.S. equity securities with many of them paying a dividend and growing their dividend
- Very experienced Portfolio Management team
- High active share. Willing to zero-weight multiple sectors
- Flexibility of market exposure

Investment style & other characteristics

- Value style approach
- Searches for companies that trade below their intrinsic value
- Bottom-up analysis to find companies with healthy or improving balance sheets and with a clearly understood dividend policy
- High-conviction portfolio (between 25 and 30 securities)

Current fund strategy

Our fund invests in quality by focusing on companies with strong balance sheets, superior and consistent profitability. It is our belief that quality outperforms in periods of elevated volatility and in the long-term. The only time this doesn't work is when there is a dash-to-trash and that is certainly not what is going on right now. We have no targets for market averages and do not manage money relative to the indexes. Our fund invests in a concentrated portfolio of high-quality companies that we think will do well over the next 3 –5 years.

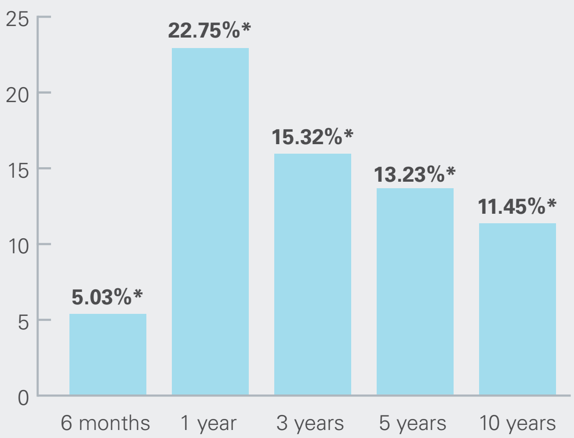
When we own companies that are in cyclical industries we do have a positive medium-term view of the industry. The industries we presently like include, but are not limited to, Life Science Tools, Construction, Defense, and Semiconductors.

Many of the industries we have invested in are not deeply cyclical. They include but are not limited to Animal Health (Zoetis), Retail (Costco), Payments (MasterCard, Visa).

When we are negative about an industry we do not invest in it at all and assess the impact of negative developments in that industry on our other investments. We are presently negative about automotive, energy and mining therefore we have no investments there at all. We are also concerned about the extremely high valuation and lack of growth of companies in the Utility and REIT industries and therefore we have no investments there at all.

American (Dynamic)

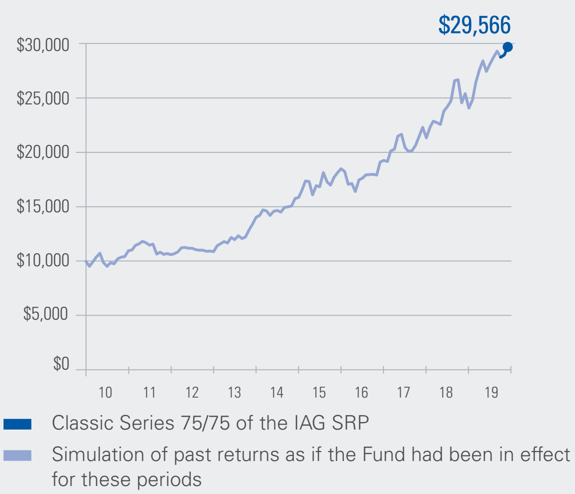
Net compound returns[1]
As at December 31, 2019



[1] These returns are on a net basis, for the Classic Series 75/75 of the IAG SRP

* Simulation of past returns as if the Fund had been in effect for these periods

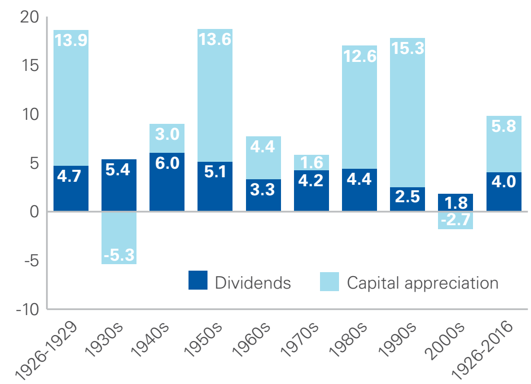
Growth of $10,000
Since inception



Dynamic Funds snapshot

— Founded in 1957
— Investment team of more than 60 employees
— Firm emphasis on fundamental analysis and long-term investment
— One of the country's largest and most recognized wealth management brands

Dividend stocks lead to stronger long-term results
Historically, dividend payers and growers have provided a higher return over the long term along with lower volatility: dividends have contributed over 40% to the S&P 500 Index Total Return over a 90-year time period.



Source: JP Morgan Asset Management

Top 10 holdings of the Fund
As at December 31, 2019

Microsoft Corp.	6.1%
JPMorgan Chase & Co.	5.3%
Bank of America Corp.	5.1%
Danaher Corp.	5.0%
Alphabet Inc.	5.0%
Raytheon Company	4.9%
Keysight Technologies Inc.	4.9%
MasterCard Inc.	4.6%
Nvidia Corp.	4.5%
Nike Inc., Class B	4.3%
Total	**49.7%**

Sector allocation*
As at December 31, 2019

Sector	American (Dynamic) (%)	S&P 500 (%)	Deviation (%)
Financials	18.4	13.0	5.5
Health Care	19.4	14.2	5.2
Information Technology	28.2	23.2	5.0
Industrials	12.8	9.1	3.8
Materials	4.0	2.7	1.4
Consumer Discretionary	8.3	9.8	-1.4
Communication Services	8.8	10.4	-1.6

* Cash not included

/ Featured Funds

Floating Rate Income

Offered in
IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)
My Education+ (including Prestige Preferential Pricing)
Ecofl*extra* (Classic Series 75/75)

Portfolio manager

IA Clarington Investments Inc.

CIFSC Fund Category

Floating Rate Loan

Lead portfolio managers

Jeff Sujitno

— Also manages the Core Plus Bond Fund
— Joined iA Clarington in 2013
— Over 18 years of investment experience
— HBA, Ivey Business School, Western University

Amar Dhanoya, CFA

— Also manages the Core Plus Bond Fund
— Joined iA Clarington in 2013
— MBA, Ivey Business School, Western University
— Bachelor of Science, Pepperdine University

iA Clarington Investments™

Why consider this fund?

— Diversification of a traditional fixed-income portfolio: because of their unique characteristics, floating rate loans have low correlations to other debt instruments and equities
— Attractive yields: since their quality is rated lower, floating rate loans and high-yield bonds offer a higher yield to maturity than investment-grade government and corporate bonds
— Less sensitive to interest rate movements than longer dated bonds: floating rate loans have a duration of under 1 year
— Maximized risk-adjusted return potential through rigorous stock selection

Investment style & other characteristics

— Diversified portfolio composed of 100 to 125 securities distributed across a large number of issuers
— Investment process combining a top-down analysis of economic and credit market conditions and a bottom-up analysis of company fundamentals and creditworthiness
— Investments primarily in North American corporate debt securities with a lower investment grade rating
— Seeks securities of companies led by experienced executives with high cash flows and issuing debt securities with a strong equity

Current fund strategy

Equities and risk assets rallied during the final quarter of 2019 as the geopolitical risks that influenced the markets for much of the year faded. The main catalyst for the reduced market uncertainty was the improving prospects of a "phase one" U.S.-China trade deal. Economic data, namely GDP growth and the unemployment rate, continued to remain stable with leading indicators pointing towards a continued, modest economic expansion.

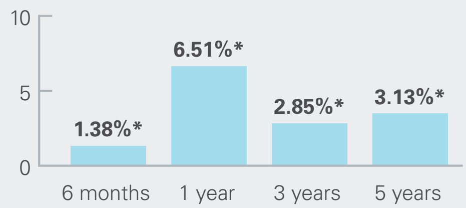
The exodus from the senior loan space continued in the fourth quarter with U.S. loan funds and ETFs posting their 15th consecutive month of outflows. The catalyst for retail investors was the Fed's dovish stance and multiple rate cuts during the year. However, with the Fed signaling a pause to its rate cuts, we believe the meaningful selling of senior loans by retail investors may halt in 2020.

We remain constructive on the loan market. Concerns about higher default rates, poor underwriting and weak protections do not apply universally to the asset class, in our view. Active management will help investors avoid the borrowers that will experience a ratings downgrade, default and principal loss.

Our positive overall outlook for credit is based on the absence of signs of a recession or a spike in default rates over the next 12 months. However, we do believe we are in the latter stages of the credit cycle and, as a result, the Fund is positioned conservatively in order to limit price volatility and surprise risk. Our loans are focused on issuers that we believe can weather an economic downturn. We also favour larger issues to enhance the liquidity within our portfolio. As usual, we avoid companies with cash flows linked to commodity prices, which are inherently volatile.

Floating Rate Income

Net compound returns[1]
As at December 31, 2019



[1] These returns are on a net basis, for the Classic Series 75/75 of the IAG SRP
* Simulation of past returns as if the Fund had been in effect for these periods

What are floating rate loans?

— Also known as senior loans or bank loans, they are secured by the company's assets, such as its real estate.

— Repayment priority is given to floating rate loans over high-yield bonds, preferred shares and common shares.

— The interest rate on these loans is generally reset quarterly and calculated based on the benchmark variable rate plus a fixed premium. Since senior loans have variable interest rates, their prices are generally stable in a context of rising interest rates.

	Senior loans		Fixed rate bonds	
	The income is linked to interest rates.		The price is linked to interest rates.	
	Price	Income	Price	Income
Interest rate increase	■	▲	▼	■
Interest rate decrease	■	▼	▲	■

■ Stability ▲ Increase ▼ Decrease

IA Clarington Investments Inc. snapshot

— Over $15 billion in assets managed as of December 31, 2019

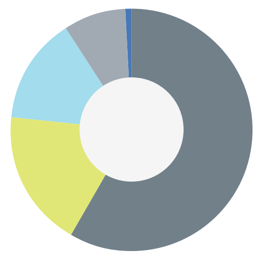
— Offices in Montreal, Toronto, Calgary and Vancouver

— Wholly-owned subsidiary of iA Financial Group

Portfolio characteristics
As at December 31, 2019

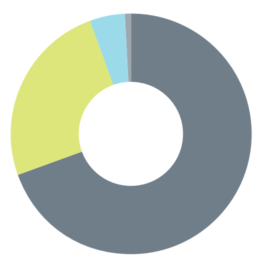
Average credit quality	B
Yield to maturity	4.80%
Average coupon	5.10%
Modified duration	0.6 years
Average term	4.1 years

Asset mix
As at December 31, 2019



Senior loans: **58.4%**
Canadian High Yield Corporate Bonds: **18.3%**
Cash and other net assets: **14.2%**
U.S. High Yield Corporate Bonds: **8.5%**
Canadian Investment Grade Corporate Bonds: **0.6%**

Geographic allocation*
As at December 31, 2019



United States: **69.6%**
Canada: **24.9%**
Europe: **4.9%**
Caribbean: **0.6%**

*Cash not included

/ Featured Funds

Emerging Markets (Jarislowsky Fraser)

Offered in
IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)
My Education+ (including Prestige Preferential Pricing)
Ecoflextra (Classic Series 75/75)

Portfolio manager
Jarislowsky, Fraser Limited

CIFSC Fund Category
Emerging Markets Equity

Lead portfolio manager

Marc Novakoff, CFA

— Leads the firm's Emerging Markets Equity strategies and co-manages the Global Equity and All Countries Equity strategies
— Joined the firm in 2003
— 18 years industry experience
— Member of the Investment Strategy Committee
— Has an Engineering Degree (Mechanical) from McGill University and an MBA from Harvard Business School

JARISLOWSKY FRASER
GLOBAL INVESTMENT MANAGEMENT

Why consider this fund?

— iA is the first to make it available as a segregated fund
— Aimed to invest in high-quality companies whose growth is not cyclical, thus reducing volatility during periods of declining markets
— Excellent risk management despite the specialized nature of the Fund
  - Jarislowsky Fraser manages mainly for large institutions, foundations and private clients, generally recognised for their strict risk requirements
— Fundamental analysis approach that integrates ESG (environmental, social and governance) principles

Investment style & other characteristics

— Investments in companies located in emerging markets or that have exposure to the growth of these markets
— Management style: Growth at Reasonable Price (GARP)
— Approach that combines country analysis (top-down) and company analysis (bottom-up)
— In-depth stock analysis based on four key criteria: competitive advantages, quality management team, strong finances and reasonable valuation
— The Investment Strategy Committee, the central risk and investment monitoring group, oversees the entire investment process to ensure that investment decisions are consistent with the firm's philosophy and process
— Diversified portfolio comprising from 30 to 70 securities

Current fund strategy

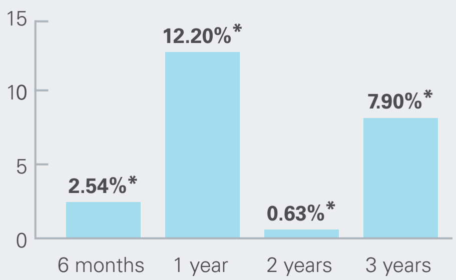
Emerging markets performed strongly in the fourth quarter of 2019, with improved optimism around global growth and expectations of the first U.S.-China trade deal. The latest activity data points continue to reflect a bottoming environment with slow industrial production, consumer spending, and exports. However, the lower base effect for 2020, coupled with the potential removal of some growth headwinds (delayed investment decisions in the face of uncertain tariffs and the product/inventory cycle in the electronics sector) is helping sentiment. Furthermore, most markets are benefitting from easier monetary policies and subdued inflationary pressures. Although China's growth rate is slowing, there are structural improvements in India. In Latin America, we are closely monitoring political developments as they could pose a risk to structural reforms and long-term growth prospects.

We are also paying attention to the U.S. protectionist agenda and the responses of targeted countries (especially China). The tariffs imposed thus far will have limited negative impact on most of the emerging world, but the uncertainty around further government actions has eroded corporate spending intentions. The tariffs could also have redistributive effects, and some markets could see an offsetting positive impact from a shift in U.S. and Chinese import demands.

We continue to focus on higher quality companies with strong fundamentals and sustainable business models. These companies typically have superior growth rates, high returns on invested capital and strong balance sheets. The portfolio's positioning emphasizes long-term secular growth end markets, and limits exposure to countries with questionable fundamentals.

Emerging Markets (Jarislowsky Fraser)

Net compound returns[1]
As at December 31, 2019



[1] These returns are on a net basis, for the Classic Series 75/75 of the IAG SRP

* Simulation of past returns as if the Fund had been in effect for these periods

Growth of $10,000
Since inception

Classic Series 75/75 of the IAG SRP

Simulation of past returns as if the fund had been in effect for these periods

Jarislowsky, Fraser Limited snapshot

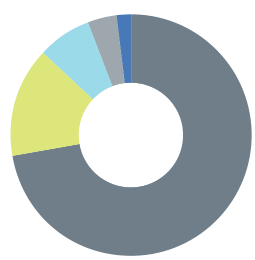
— Founded in 1955: More than 60 years of expertise in fundamental research and portfolio management
— Main objective: Increase client capital while maintaining low risk
— Long-time leader in the management of pension funds and endowment funds
— Headquarters in Montreal with offices in Toronto, Calgary, Vancouver and New York
— More than 42 billion dollars in assets under management
— Team of more than 45 investment professionals

Sector allocation*
As at December 31, 2019

Sector	Emerging Markets (Jarislowsky Fraser) (%)	MSCI EM (%)	Deviation (%)
Consumer Staples	10.8	6.3	4.5
Information Technology	20.1	15.7	4.4
Financials	27.8	24.2	3.5
Industrials	7.3	5.3	2.0
Consumer Discretionary	15.7	14.2	1.5
Health Care	3.0	2.8	0.1
Communication Services	10.8	11.0	-0.2
Utilities	0.9	2.6	-1.7
Real Estate	0.0	3.0	-3.0
Materials	2.2	7.4	-5.2
Energy	1.3	7.4	-6.0

* Cash not included

Geographic allocation*
As at December 31, 2019



Emerging Asia: **72.4%**
Latin America: **14.6%**
Non-MSCI EM: **7.4%**
Middle East and Africa: **3.8%**
East Europe and Russia: **1.8%**

* Cash not included

Sustainable investing is at the heart of the company's investment practices

Founding Member of:

CCGG Canadian Coalition for Good Governance · igopp Institute for governance of private and public organizations · FAIR Canadian Foundation for Advancement of Investor Rights — Dedicated to Putting Investors First

Signatory or Member of:

PRI Principles for Responsible Investment · RIA Responsible Investment Association · SASB Alliance Organizational Member · CDP Driving Sustainable Economies

/ Featured Funds

Global Infrastructure (Dynamic)

Offered in:
IAG SRP (Classic Series 75/75, Series 75/100 and Prestige Series)
My Education+ (including Prestige Preferential Pricing)
Ecofl*extra* (Classic Series 75/75)

Portfolio manager

Dynamic Funds

CIFSC Fund Category

Global Infrastructure Equity

Lead portfolio managers

Frank Latshaw, CFA

- Lead Portfolio Manager
- Expertise: Global infrastructure, telecommunications, financials, and equity income investments
- Joined Dynamic's investment team in 2011
- Over 25 years of experience
- Bachelor of Commerce, Queen's University

Oscar Belaiche, CFA

- Portfolio Manager & Head of the Equity Income team
- Joined Dynamic's investment team in 1997
- Over 35 years of experience
- Bachelor of Business Administration, Western Ontario University

Dynamic Funds®
Invest with advice.

Why consider this fund?

- A conservative specialty fund that invests in quality listed infrastructure companies globally
- Infrastructure investments are appealing to investors due to their highly visible nature of cash flows, inflation protection embedded in the business models, and sustainable growth potential due to significant investment needed in the sector
- A long-term track record of portfolio diversification benefits due to having a low correlation to stocks and bonds
- Portfolio management is backed by the Equity Income Team at 1832 Asset Management L.P., which has deep research and sector expertise on a global basis with a focus on quality, capital preservation, and long-term compounding potential using a process called QUARP® (Quality at a Reasonable Price)

Investment style & other characteristics

- Disciplined approach to selecting from the management team, requiring a strict definition of infrastructure, a supportive regulatory environment and a long-term growth investment opportunity
- Risk management through actively hedging foreign currency exposures, diversification across geographies and infrastructure sub-sectors, maintaining a balanced mix of highly regulated, long-term contracted and GDP-sensitive infrastructure sector investments
- Single stock exposure limited to 5%

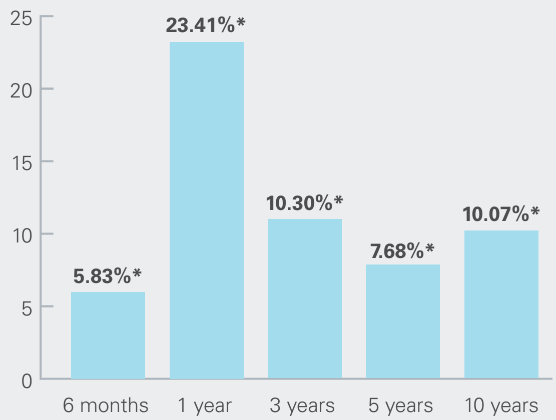
Current fund strategy

Looking forward, the probability of a more pronounced economic slowdown may have been greatly reduced by recent positive developments (e.g., signing of Phase One trade agreement), yet this just increases the likelihood of continued "muddling along" versus a higher probability of materially stronger GDP growth on the horizon. The various late-cycle factors (e.g., full employment, high debt levels, etc.) along with geopolitical uncertainty have also not disappeared. This is supportive of investor demand for infrastructure assets given the stability and visibility of cash flows and sustainable growth potential over the long term.

There is a balanced mix in the Fund at the moment between fully regulated assets of water and power utilities, long-term contracted assets of cell towers, renewable power, and energy infrastructure assets, and GDP sensitive ones like toll roads, airports and rails, with diversification across these sectors. We only invest in proper infrastructure and apply a very strict, conservative definition when selecting investments. Sector and cyclical risk exposure may be well diversified, yet the portfolio is relatively concentrated holding less than 30 names that represent the highest conviction and quality names in the infrastructure sector based on our approach.

Global Infrastructure (Dynamic)

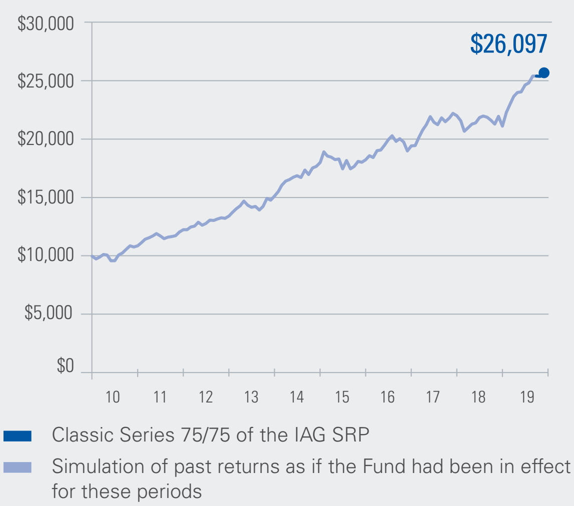
Net compound returns[1]
As at December 31, 2019



[1] These returns are on a net basis, for the Classic Series 75/75 of the IAG SRP

* Simulation of past returns as if the Fund had been in effect for these periods

Growth of $10,000
Since inception



Dynamic Funds snapshot

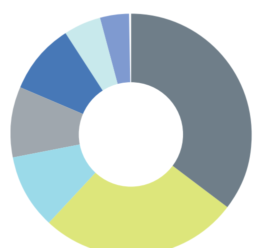
- Founded in 1957
- Investment team of more than 60 employees
- Firm emphasis on fundamental analysis and long-term investment
- One of the country's largest and most recognized wealth management brands

Industrial allocation*
As at December 31, 2019

Energy Infrastructure	20.9%
Regulated Electric/Gas Utility	17.6%
Airports	17.6%
Toll Roads	15.4%
Power	12.1%
Communications	7.7%
Rail/Ports	5.5%
Water	3.3%
Diversified	0.0%

* Cash not included

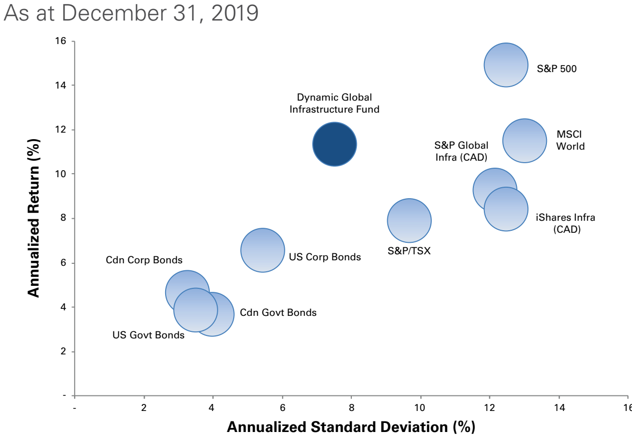
Geographic allocation*
As at December 31, 2019



- United States: **35.5%**
- Canada: **26.7%**
- France: **10.0%**
- Australia: **9.5%**
- Spain: **9.5%**
- Denmark: **5.0%**
- New Zealand: **3.9%**

* Cash not included

10 Year Risk/Reward vs. Various Asset Classes
As at December 31, 2019



/ Useful links

Fund Performance and overview

https://ia.ca/funds-performance

Booklet "Know your funds"

https://iaa.secureweb.inalco.com/cw/-/media/documents-repository/individual-insurance-savings-and-retirement/individual-savings-and-retirement/2019/12/know-your-funds-brochure.pdf

Economic news with Clément Gignac and his team (ia.ca)

https://ia.ca/economic-publications/posts

Economic and financial publications (ia.ca)

https://ia.ca/individuals/individualsavings/publications-savings

IAG Savings and Retirement Plan (ia.ca)

https://ia.ca/iag-savings-and-retirement-plan

Prestige Preferential Pricing

https://iae.interneweb.inalco.com/MKMWPVP5/Produits/Epargne/PerIAG_FondsDistinct/SeriesPrestige

Morningstar

http://www2.morningstar.ca/homepage/h_ca.aspx?byrefresh=yes&culture=en-CA

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