

Let's Modernize VESP! Your Action is Needed!



Read this letter.



Look for another letter with your PIN in August 2019.



Vote online from September 1 to 21, 2019.

Dear VESP member,

You are receiving this letter because you are a member of the Vancouver Employees' Savings Plan ("VESP"). VESP is part of your overall compensation package. At each pay period, contributions are made to VESP pursuant to your collective bargaining agreement or employment contract. Money in VESP is invested in a fund or funds that you have selected or a default fund if you have not made a choice among the available funds. The money in VESP is your money that can be withdrawn in accordance with the plan rules.

VESP is overseen by the Nominees, a committee consisting of four representatives from CUPE Local 15, two representatives from the City of Vancouver and two representatives from the Vancouver School Board. VESP was established in 1951 and the market has changed dramatically since then, but VESP has not kept up. The Nominees believe that most members would benefit from modernizing VESP and would like to give members more options. The Nominees are proposing a transition of VESP to a new modernized and expanded plan with iA Financial Group.

The Nominees are seeking member approval on the modernization of VESP through an online vote. Another letter will be sent to you by Simply Voting Inc. **This letter will have important instructions on the online vote and will have your personal identification number (PIN) for voting online from September 1 to 21, 2019.** Please vote either "yes" or "no" to the following question:

Do you agree with implementing the Proposed Transition Plan for VESP?

It is important that you participate in the vote. Based on an Order of the BC Supreme Court made August 12, 2019, consent from the Members of VESP to the Proposed Transition Plan will be deemed to be given upon a quorum of 50% plus one of the Members of VESP participating in the Members' vote and upon 50% plus one of those votes cast being in favour of the Proposed Transition Plan.

Schedule A to this letter details the Proposed Transition Plan for VESP and other schedules have been included in this letter to provide additional details of the changes proposed by the Nominees:

- Schedule A – Proposed Transition Plan for VESP
- Schedule B – Features of the Proposed New Plan
- Schedule C – Other Implications of the Transition
- Schedule D – Frequently Asked Questions
- Schedule E – Information on Funds in New VESP with iA

If you have any questions, George & Bell Consulting is assisting VESP with the proposed transition process and can provide further information. Please contact George & Bell at vesp@georgeandbell.com or 604-260-6502 during regular working hours. BenFlex, the current administrator of VESP, will be directing any questions to George & Bell. If you do not receive your PIN from Simply Voting before September 1, 2019, please contact George & Bell.

Yours truly,

Warren Williams
Chair, Nominees of VESP

Schedule A - Proposed Transition Plan for VESP

Proposed Transition Plan – New VESP

New VESP A new plan would be established effective January 1, 2020.

Service Provider iA Financial Group (“iA”) would be the plan administrator to provide administration, communication/education, custodial and record keeping services to new VESP.

Re-enrollment All active/current members would need to re-enroll online with iA before December 31, 2019. iA would provide access to a call centre and online enrolment guide. Your employers would also be available to assist with re-enrollment. The re-enrollment process should take less than 10 minutes. All members who are no longer employed by a participating employer (e.g. retired or previously terminated employment) would not re-enroll since only active/current members who are employed by a participating employer can participate in new VESP.

If you are currently a member of VESP but are no longer employed by a participating employer in VESP, please see “Existing Balances” below.

Future Contributions Effective January 1, 2020, all employee and employer contributions would be directed to a Tax-Free Savings Account in new VESP administered by iA. The Tax-Free Savings Account option is the default option, however, members can direct contributions to a Non-Registered Account or Registered Retirement Savings Plan instead of a Tax-Free Savings Account by providing investment instructions to iA during the re-enrollment process. Only active/current members who are employed by a participating employer would participate in new VESP.

Investment Options Eight investment funds would be made available to members. Details of each investment fund are found in Schedule E. In the New VESP, you will have the option of having your investments in a TFSA, RRSP or in a non-registered account.

No VESP Restrictions on Withdrawals The current minimum balance requirement of \$500 would be eliminated in new VESP. You would be able to access all of your savings at any time (subject to restrictions imposed by rules relating to TFSAs and RRSPs if you choose the TFSA or RRSP options for your investments). There would be no restrictions on the number of withdrawals per calendar year imposed by the rules of the new VESP.

Proposed Transition Plan – Old VESP

Old VESP If the proposed transition plan is approved by members, the current plan would undergo a winding up process as described below. The Nominees would decide the date of the final termination of old VESP based on, but not limited to, the timing of the tax clearances from the Canada Revenue Agency.

Contributions Until the liquidation date in late December 2019 (as described below), all employee and employer contributions would continue being directed to a Non-Registered Account in old VESP administered by BenFlex. These contributions would continue being invested according to your investment instructions or in the default fund if you did not provide any investment instructions. Effective January 1, 2020, no further employee or employer contributions would be directed to old VESP.

Liquidation and Capital Gains or Losses Your existing investments in old VESP would be liquidated in late December 2019 and any capital gains or losses on your investments would be triggered in the 2019 tax year. **If there are capital gains that are triggered as a result of the disposition, you may have taxes to report and pay when you file your tax return for 2019.** You would need to consult your tax advisor for tax advice.

Investments After the liquidation in late December 2019, your money in old VESP would be invested in short term investments. None of the assets in old VESP would be invested in the stock market or the bond market after the liquidation date until your money is transferred to you as follows:

- If you are an **active/current member** of VESP, your existing account balance in old VESP (minus the \$250 held in the reserve account as described below) would be transferred to a Non-Registered Account in new VESP at iA **after you re-enroll in the plan**. Your account balance at iA would be invested according to investment instructions you provided to iA during the re-enrollment process.
- If you are an **inactive/terminated/retired member** of VESP, you would be sent a cheque for your existing account balance in old VESP (minus the \$250 held in the reserve account as described below) in January 2020 if BenFlex has a valid mailing address on record.

Reserve Account Under VESP there is a current minimum balance requirement of \$500. In order to facilitate an orderly plan wind-up of old VESP, this amount will be reduced by half to \$250 of your account balance which would remain in old VESP. You would receive this account balance back, minus expenses and liabilities, after the wind-up of old VESP.

Existing Balances If you are an **active/current member** of VESP, your existing account balance in old VESP (minus \$250 held in the reserve account) would be transferred to a Non-Registered Account in new VESP at iA **after you re-enroll in the plan**, otherwise your assets would stay invested in old VESP until you re-enroll. The transfers from old VESP to new VESP would start in January 2020. Your account balance at iA would be invested according to investment instructions you provided to iA during the re-enrollment process.

If you are an **inactive/terminated/retired member** of VESP, you would be sent a cheque for your existing account balance in old VESP (minus \$250) in January 2020 if BenFlex has a valid mailing address on record, otherwise your assets will remain in trust until either claimed by you or ultimately transferred to the B.C. Unclaimed Property Society. **Note** that inactive/terminated/retired members can withdraw their existing account balances and reserve account balances (if applicable) at any time subject to applicable plan rules. If you are an inactive/terminated/retired member, you may wish to withdraw your existing account balance and cease participation in VESP to avoid transitional costs associated with the transition, if the Proposed Transition Plan is approved by the vote.

Service Providers It is expected that BenFlex would continue to provide administration and record keeping services and Canadian Western Trust would provide custodial services to old VESP until the wind-up of the plan.

Schedule B - Features of the Proposed New Plan

New Plan



Effective January 1, 2020, all employee and employer contributions would be directed to a new plan administered by iA Financial Group.

Anticipated Lower Fees



The anticipated total fees paid by the entire plan are expected to decrease. The total fees include the cost of administration, auditing, communication/education, consulting, legal, custodial/trustee services, fund operations, insurance and investment management. The fees paid by each member will depend on the specific fund(s) selected.

More Plan Choice with Tax Free Savings



You would have access to three different types of plans in new VESP; a Tax-Free Savings Account (tax-free savings), a Registered Retirement Savings Plan (tax deferral plan) and a Non-Registered Plan (same as today). Currently, all contributions are being directed to a Non-Registered Account in old VESP which means you have to pay tax on any capital gains and dividends/income.

No Restrictions Imposed by VESP



There would be no minimum balance requirement in new VESP and no limits imposed by VESP on the number of withdrawals that you can make. You would be able to access all of your savings at any time (unless restricted under the rules of a TFSA or RRSP if you choose to have the TFSA or RRSP options for your investments). Currently, there is a minimum balance requirement of \$500 and you can only make one withdrawal per calendar year.

More Investment Choice



The number of investment funds would increase from four to eight. These eight funds include three socially responsible investment (SRI) funds.

More Tools and Resources



You would have access to iA Financial Group's mobile application, online tools and resources, and a member website. In addition, your investments would be valued on a daily basis as opposed to twice monthly.

Voluntary Contributions



Lump sum voluntary contributions would be permitted to the Tax-Free Savings Account and/or Registered Retirement Savings Plan in new VESP. This is not possible under the current plan.

Schedule C - Other Implications of the Transition

Triggering of Any Capital Gains or Losses



Your existing investments in old VESP would be liquidated in late December 2019 and any capital gains or losses on your investments would be triggered in the 2019 tax year. **If there are capital gains that are triggered as a result of the disposition, you may have taxes to report and pay when you file your tax return for 2019.** You would need to consult your tax advisor for tax advice.

Reserve Account



Under VESP there is a current minimum balance requirement of \$500. In order to facilitate an orderly plan wind-up of old VESP, this amount will be reduced by half to \$250 of your account balance which would remain in old VESP. You would receive this account balance back, minus expenses and any liabilities, after the wind-up of old VESP.

Re-enrollment



If you are an active/current member, you would need to re-enroll with iA, otherwise your existing account balance would stay in old VESP until you re-enroll. The employers would assist with the re-enrollment.

Out of the Market



After the liquidation in late December 2019, your money in old VESP would be invested in short term investments. None of the assets in old VESP would be invested in the stock market or the bond market after the liquidation date until your money is transferred to you as follows:

- If you are an **active/current member** of VESP, your existing account balance in old VESP (minus the \$250 held in the reserve account) would be transferred to a Non-Registered Account in new VESP at iA **after you re-enroll in the plan.** Your account balance at iA would be invested according to investment instructions you provided to iA during the re-enrollment process.
- If you are an **inactive/terminated/retired member** of VESP after the liquidation of investments in late December 2019, you would be sent a cheque for your existing account balance in old VESP (minus the \$250 held in the reserve account) in January 2020 if BenFlex has a valid mailing address on record.

Schedule D - Frequently Asked Questions - Transition Plan

Here are answers to frequently asked questions if Members approve the Transition Plan.

With respect to the current plan, how do I make a withdrawal?

Please complete a withdrawal request form or make an online withdrawal request through BenFlex's website at www.vesp.ca. Completed withdrawal request forms can be returned to BenFlex by one of the following means:

Mail: VESP Administrator BenFlex Services Inc.
#280 - 2025 West 42nd Avenue
Vancouver, BC V6M 2B5

Fax: 604-266-1530

Email: vespadmin@benflex.com

If you have any questions about making a withdrawal, please contact BenFlex's Call Centre at 604-261-2444.

How do I determine if I am an active/current member or an inactive/terminated member?

If you are currently employed by a participating employer in VESP and are currently making contributions to VESP, you are an active/current member.

If you are currently employed by a participating employer in VESP and on leave, you are an active/current member.

If you are no longer employed by a participating employer in VESP, you are an inactive/terminated/retired member.

How much can I withdraw?

Under the Current Plan

Until December 31, 2019, in accordance with the current plan rules, if you are an active/current member, you can elect to make a withdrawal from VESP once per calendar year subject to the condition that you maintain a minimum balance of \$500.

Active/Current Members who enroll with iA Financial Group

If you are an active/current member of VESP and you enroll in the new plan with iA Financial Group, your funds in new VESP may be withdrawn at any time (subject to any rules of a TFSA or RRSP if you choose to have the TFSA or RRSP options for your investments).

Active/Current Members who do not enroll with iA Financial Group

After January 1, 2020, if you are an active/current member who does not re-enroll with iA Financial Group, you can withdraw your entire account balance, minus \$250 (for the reserve account) from old VESP.

All contributions starting January 1, 2020 will be made in the new plan with iA Financial Group. If you are an active/current member who does re-enroll with iA Financial Group, you can withdraw your entire balance which would be made up of new contributions after January 1, 2020 at iA Financial Group at any time.

Inactive/Terminated/Retired Members

Inactive/terminated/retired members are not eligible to participate in the new plan with iA Financial Group.

If you are an inactive/terminated/retired member, you can withdraw your entire balance at any time. There is no minimum account balance requirement for inactive/terminated/retired members. However, if you take no action and continue to leave your funds in VESP, you will continue to incur your proportion of the expenses associated with VESP, including the ongoing transition costs.

Any withdrawals may be subject to administration fees as described further below.

What happens if I cease employment at a participating employer in VESP?

You would get access to all of your money in old VESP and new VESP, if applicable. Note that if you cease to be employed in 2020 and re-enrolled in new VESP with iA, you would receive the balance in your reserve account in old VESP (e.g. \$250 minus expenses and any liabilities). If you are a member of new VESP with iA when you cease employment, you may keep your account balance with iA.

How do I change my contact information?

Please contact BenFlex's Call Centre at 604-261-2444 or email vespadmin@benflex.com.

What are my options if I am an inactive/terminated/retired member and there is a favourable vote for the Proposed Transition Plan?

Inactive/terminated/retired members can withdraw their entire balance at any time.

If an inactive/terminated/retired member takes no action, they would be sent a cheque for their existing account balance in old VESP (minus the \$250 held in the reserve account) in January 2020, and another cheque for the \$250, minus expenses and any liabilities, after the wind-up of old VESP if BenFlex has a valid address on record. If BenFlex has no valid address on record, the assets would remain in trust until claimed by the inactive/terminated/retired member or ultimately transferred to the B.C. Unclaimed Property Society. It is important for you to ensure that your address is up to date with BenFlex.

Do I need to re-enroll if I am an inactive/terminated/retired member?

No, inactive/terminated/retired members do not need to re-enroll since they would not be permitted to participate in the new plan with iA Financial Group.

What happens if an active/current member does not re-enroll with iA Financial Group?

All active/current members should re-enroll with iA Financial Group.

If an active/current member does not re-enroll with iA Financial Group, their existing balance in old VESP would stay in old VESP and effective January 1, 2020 contributions would be directed to new VESP at iA Financial Group into a default TFSA until you re-enroll.

If you cease employment with a participating employer, your entire balance from old VESP will be paid out to you by contacting BenFlex and your entire balance from new VESP will be paid out to you by providing iA Financial Group the required information.

What happens if I have my own TFSA account or RRSP already?

Your existing TFSA account(s) and/or RRSP(s) can stay with your current financial institution(s). Nothing needs to happen to these accounts. You will still need to comply with the contribution rules related to TFSAs and/or RRSPs, as applicable. Note that contribution limits are for all of your contributions (contributions to VESP reduce the contributions that you can make elsewhere). If you prefer to make all contributions to your TFSAs or RRSPs outside of VESP, you can instruct iA to direct your VESP contributions to a non-registered account.

How do the features of old VESP compare with new VESP?

The table below show the features of old VESP compared to new VESP.

| Feature | Old VESP | New VESP |
|-------------------------------------|------------------------|--|
| Available Plan Types | Non-Registered Account | Non-Registered Account Registered Retirement Savings Plan Tax-Free Savings Account |
| Minimum Account Balance Requirement | \$500 | None |
| Limit on Withdrawals | One per calendar year | None |
| Number of Funds Options | Four | Eight |
| Member Website | Yes | Yes |
| Online Tools | Some | Many |
| Valuation Frequency of Investments | Bi-monthly | Daily |
| Mobile Application | No | Yes |
| Call Centre | Yes | Yes |
| Statements | Yes | Yes |

What investment options would be available in new VESP?

The table below shows the funds currently available in VESP and the funds in new VESP at iA.

| Type of Fund | Current Fund | Fund in New VESP at iA |
|---------------------|--|-------------------------------|
| Balanced | <i>Not currently available</i> | iA Balanced Asset Allocation |
| Canadian Equity | VESP Equity (PH&N Canadian Equity Plus Pension Trust) | PH&N Canadian Equity Value |

| | | |
|---------------------|--|---------------------------------|
| Canadian Equity SRI | VESP Ethical (NEI Canadian Equity) | MFS Canadian Equity Responsible |
| Global Equity | <i>Not currently available</i> | Mawer Global Equity |
| Global Equity SRI | <i>Not currently available</i> | Vancity Global Equity SRI |
| Bond | VESP Income (PH&N Bond) | PH&N Bond |
| Bond SRI | <i>Not currently available</i> | iA Bond SRI |
| Money Market | VESP Savings (PH&N Canadian Money Market and GIC) | iA Money Market |

Note: Underlying investments of the current VESP Funds are in parentheses.

What are the anticipated expenses and liabilities in old VESP?

A reserve account will be maintained in old VESP to pay for plan wind-up expenses and liabilities.

The Nominees are anticipating \$25 per member per year. Please note that this is an approximate estimate of the costs for services required for the operation of the plan (e.g. administration, audit, consulting and custodial services) based on the service providers' fee schedule for old VESP and anticipated plan activity or the service providers' fees in a previous year, and the estimated balance in all reserve accounts as of May 15, 2019, assuming the number of members remains the same. Above this amount, any unanticipated expenses and liabilities (e.g. tax liabilities) would also be paid from the plan.

The reserve account to be maintained in old VESP will be used for plan windup expenses (e.g. administration, audit, legal, custodial and consulting costs) and liabilities.

At this time, the Nominees do not anticipate any reassessments from the Canada Revenue Agency, but they have to maintain the minimum balance in the plan until the Canada Revenue Agency gives clearance for the wind-up.

Once they receive clearance certificates from the Canada Revenue Agency, the remaining account balances (i.e. \$250 minus expenses and any liabilities) would be returned to members, which is anticipated at the end of 2020. Active/current members would see a transfer into their account with iA Financial Group (provided they re-enroll with iA). Inactive/terminated/retired members would receive a cheque.

What are the fees in new VESP?

iA Financial Group charges management fees and transaction fees.

Management fees are expressed as a percentage of assets and are on an annual basis. For example, a management fee of 1.46% means that approximately \$1.46 would be charged on a \$100 investment in the iA Balance Asset Allocation Fund over one year (assumes 0% net-of-fee return). Management fees cover the cost of administration, communication/education, consulting, legal, custody, insurance and investment management, but exclude operating expenses paid within the funds which are already factored into gross-of-fee returns.

The table below shows the annual management fees for the funds that would be available in new VESP at iA effective January 1, 2020.

| Fund | Annual Management Fee * |
|--|--------------------------------|
| iA Balanced Asset Allocation | 1.46% |
| PH&N Canadian Equity Value (same type of fund as the VESP Equity Fund) | 1.40% |
| MFS Canadian Equity Responsible (same type of fund as the VESP Ethical Fund) | 1.35% |
| Mawer Global Equity | 1.77% |
| Vancity Global Equity SRI | 1.72% |
| PH&N Bond (same type of fund as the VESP Income Fund) | 1.40% |
| iA Bond SRI | 1.35% |
| iA Money Market (same type of fund as the VESP Savings Fund) | 1.25% |

* Management fees include GST, but exclude operating expenses paid within the funds and withdrawal fees.

The most common transactions that members are expected to make are withdrawals and rebalancing investments. iA Financial Group charges \$25 (plus GST) for each withdrawal and nothing for rebalancing (e.g. changing your fund allocations or purchasing units of one fund and selling units of another fund).

Management fees are subject to change due to, but not limited to, negotiations with iA Financial Group and changes to the costs of consulting, legal and insurance services required for the operation of the plan.

What were the fees paid in old VESP?

The table below shows the total plan expenses excluding withdrawal fees and expense ratios over the last five years. Withdrawal fees (e.g. \$25,205 in 2018) were excluded to make the plan expense ratios more comparable to iA's annual management fees.

| Date | Net Assets Attributable to Holders of Redeemable Units at Year End | Total Plan Expenses Excluding Withdrawal Fees for the Calendar Year * | Plan Expense Ratio for the Calendar Year ** |
|-------------------|---|--|--|
| December 31, 2014 | \$26,211,789 | \$375,260 | 1.49% |
| December 31, 2015 | \$26,419,556 | \$442,122 | 1.68% |
| December 31, 2016 | \$29,480,167 | \$410,459 | 1.47% |
| December 31, 2017 | \$31,215,544 | \$476,402 | 1.57% |
| December 31, 2018 | \$30,765,121 | \$389,710 | 1.26% |

Sources of data: Net assets and total plan expenses from 2014 to 2017 were obtained from VESP's audited financial statements. Net assets and total plan expenses for 2018 were obtained from VESP's draft financial statements as at December 31, 2018. Withdrawal fees from 2014 to 2018 were provided by BenFlex.

* The total plan expenses reported in the audited and draft financial statements included the cost (including GST) of administration, auditing, communication/education, consulting, legal, custodial/trustee services, insurance and investment management, and withdrawal fees, but exclude the operating expenses paid within the funds. Withdrawal fees provided by BenFlex were deducted from the total plan expenses so the calculated expense ratios are more comparable to iA's annual management fees.

** The plan expense ratios were calculated and are equal to the total plan expenses excluding withdrawal fees divided by the average of the net assets at the beginning of the year and net assets at the end of the year. For example, the 1.26% expense ratio for 2018 is equal to \$389,710 divided by $(\$30,765,121 + 31,215,544)/2$. In general, the historical expense ratios for each fund were different from each other and different from the plan expense ratios due mainly to different investment management fees charged to each fund.

The total plan expenses include consulting and legal expenses incurred in connection with the Nominees' oversight of the operation of VESP. In 2018, these expenses were lower than the previous four years, and administration and investment management fees accounted for the majority of the total plan expenses.

The most common transactions that members are expected to make are withdrawals and rebalancing investments. BenFlex charges \$8 (plus GST) for each electronic withdraw, \$12 (plus GST) for each cheque withdraw, and \$5 (plus GST) for each rebalancing of your investments (e.g. changing your fund allocations).

What is the timeline for the transition?

The table below shows the timeline for the transition assuming a favourable vote.

| Date | Task |
|------------------------------------|---|
| August 15, 2019 | Date of record for eligible voters |
| Late August 2019 | Voting packages mailed to eligible voters |
| September 1 to 21, 2019 | Membership vote |
| <i>Assuming a favourable vote:</i> | |
| Early/mid-November 2019 | Member re-enrollment campaign starts |
| Late December 2019 | Assets in old VESP are sold and held in a savings account / GIC |
| January 1, 2020 | All new contributions sent to iA |
| Mid/late January 2020 | Assets start to be transferred from old VESP to new VESP |

Who is iA Financial Group?

iA Financial Group is the fourth largest insurance company in Canada. The company was founded in 1892 and has been managing group savings and retirement plans since 1942. iA Financial Group employs more than 6,900 employees to provide services to over 4 million Canadians. The company is publicly traded on the Toronto Stock Exchange and has the same S&P credit rating at the province of Alberta and Ontario. For more information about iA Financial Group, please go to: ia.ca/about-us.

Is my data safe with iA Financial Group?

To mitigate cybersecurity risks, iA Financial Group has set up and regularly maintains a security risk log for tracking changes in cyberthreats, countermeasures and regulatory requirements. In addition, iA Financial Group has adopted a digital information security authority framework outlining roles and responsibilities with respect to cybersecurity. It has also approved a cybersecurity investment program that includes policies, procedures and technologies for preventing, detecting and eliminating threats against its assets and operations. These measures are complemented by information security awareness campaigns and training for all employees.

Beyond the requirements of the law, iA Financial Group has a professional obligation to respect the confidentiality of the personal information concerning each participant enrolled under a plan. They are committed to managing this personal information with all the discretion and diligence required. In compliance with the above commitment, they have established a corporate privacy policy governing the management and protection of personal information.

Privacy and protection of personal information are part of iA Financial Group's Code of Business Conduct, which all iA employees must read and sign every year. For phone transactions, measures to counter identity fraud are in place. For online transactions, plan members are required to log on using a password of reasonable complexity. iA's website is secured (e.g. firewalls) as well as any documents that are exchanged.

iA Financial Group is able to manage the authorization level so that the right administrators have access to the right information.

What is the history of VESP?

VESP was originally established in 1951 as a non-registered plan (which it still is today) under the name the “Separation Trust Fund”. The purpose of the plan was to provide City of Vancouver employees with an additional benefit as a part of their compensation package and to encourage employees to save money. In 1952, the Vancouver School Board created a similar plan known as the School Board Separation Trust Fund. In 1971, the Separation Trust Fund became known as the Vancouver Employees’ Savings Plan and the participants and assets from the School Board Separation Trust Fund were transferred to VESP. Other groups of employees have been added to VESP since its establishment.

Today, VESP covers over 5,700 members working for over a dozen employers in Vancouver including the City of Vancouver and the Vancouver School Board.

The Plan currently has a trust structure under the Trust Agreement which has been amended a number of times since 1951 for various reasons which include dividing the fund into the fixed income fund and the equity fund in 1971, adding the savings fund in 1975 and adding the ethical fund in 1987.

How is VESP currently structured and managed?

The VESP is overseen by a group of eight Nominees; four representatives from CUPE Local 15, two representatives from the City of Vancouver and two representatives from the Vancouver School Board.

The Nominees oversee VESP, and ensure the plan complies with applicable laws. The Nominees’ powers include, but are not limited to, appointing an administrator for VESP, executing the Trust Agreement, employing investment managers for VESP and amending the policies and procedures for VESP to operate in a manner consistent with the Trust Agreement and applicable legislation. In order to do this, the Nominees currently employ several third-parties which include, but are not limited to; BenFlex as administrator, Canadian Western Trust as custodian and Trustee, PH&N and NEI as investment managers, Miller Thomson as legal counsel, Deloitte as auditors and George & Bell Consultants as consultants.

What if I lose my PIN or don’t receive a letter from Simply Voting?

If you do not receive your PIN from Simply Voting before September 1, 2019, please contact George & Bell at vesp@georgeandbell.com or 604-260-6502 during regular working hours.

Schedule E - Information on Funds in New VESP with iA

Asset Allocation - Balanced

Fund Code: 508
Inception date: December 2004

Investment Advisor



Asset Allocation

Management team composed of several managers

Objectives of the Fund

- Combines different managers with different management styles in a same fund
- Diversification of the risk between the asset classes
- Active allocation of investments by asset classes
- Conforms to a medium and long term investment horizon

Investment style

Asset mix favouring a fair balance between asset classes and multi-management

Investment limits

| | Min. | Max. |
|----------------------------|------|------|
| Money market | 0% | 15% |
| Fixed income | 25% | 65% |
| Canadian equity securities | 10% | 40% |
| Foreign equity securities | 10% | 40% |
| Alternative/Specialty | 0% | 8% |

Risk level



Total net assets: \$383.5 million

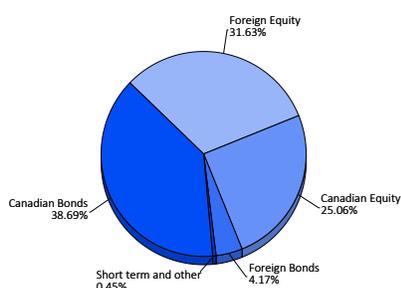
Group savings and retirement

Commentary

The Fund aims to generate superior long term growth while minimizing risk through diversity in its investments and the integration of several portfolio managers. The Fund is invested in fixed income, Canadian equity, foreign equity and alternative funds. Its neutral positioning is as follows: 45% in fixed incomes securities, 25% in Canadian equities, 25% in foreign equities and 5% in alternative. This allocation varies according to the asset allocation committee responsible for such decisions.

Asset mix of the Fund

As at June 30, 2019



Target fund allocation[†]

Income Funds

| | |
|--------------------------------------|---------|
| Money Market | 0.000% |
| Bond | 40.500% |
| Global Fixed Income (PIMCO) | 3.000% |
| Floating Rate Bank Loans (AlphaFixe) | 1.500% |

Canadian Equity Funds

| | |
|-------------------------------|--------|
| Dividend | 7.500% |
| Canadian Equity Growth | 7.500% |
| Canadian Equity (Jarislowsky) | 7.500% |
| Canadian Equity Small Cap | 2.500% |

Foreign Equity Funds

| | |
|----------------------------------|--------|
| Global Equity (Templeton) | 5.625% |
| Global Equity (Hexavest)* | 5.625% |
| Global Equity (Mawer) | 5.625% |
| Global Equity | 5.625% |
| Global Equity Small Cap (Fisher) | 2.500% |

Alternative/Specialty Funds

| | |
|--|--------|
| Global Direct Real Estate - 100% (UBS) | 3.333% |
| Global Infrastructure Equity Index (BlackRock) | 1.667% |

100.000%

[†] The asset allocation funds are either invested in the funds identified in the table above or their respective underlying funds.

* The Global Equity (C\$ - Hedged) (Hexavest) Fund can also be used, as determined by the Fund's asset allocation committee.

Performance - Gross returns

Returns before deduction of management and administration fees

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Dec. 2004 |
|------------------------------|-------|---------|----------|----------|--------|---------|---------|---------|---------|----------|-----------------|
| Fund | 9.70 | 2.00 | 2.20 | 9.70 | 4.86 | 5.52 | 6.48 | 5.89 | 6.02 | 7.77 | 6.74 |
| Composite index ¹ | 10.28 | 1.93 | 2.23 | 10.28 | 5.67 | 6.03 | 6.52 | 5.61 | 5.71 | 7.17 | |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|--------|------|------|------|-------|-------|------|------|-------|-------|
| Fund | (2.33) | 7.54 | 8.29 | 5.18 | 9.70 | 15.99 | 7.98 | 0.14 | 8.02 | 18.00 |
| Composite Index ¹ | (1.95) | 7.25 | 7.78 | 3.24 | 10.20 | 9.76 | 6.68 | 1.25 | 10.07 | 15.25 |

¹ FTSE Canada Universe Bond Index (47.5%), MSCI - World Index (Can. \$) (net ret.) (25%), S&P/TSX Composite Index (22.5%), MSCI - World Small Cap Index (Can. \$) (2.5%), S&P/TSX SmallCap Index (2.5%). Please refer to the Legal Notices at the end of this publication for more information about these indexes.

Past performance is not a guarantee of future returns.

Canadian Equity Value (PH&N)

Fund Code: 633
 First offering: November 2015
 Inception date: September 2015

Total net assets: \$5.7 million

**Group savings
and retirement**

Investment Advisor



Doug Raymond
Stu Kedwell, CFA

Objectives of the Fund

- Long term capital growth mainly through investments in Canadian equity securities
- Conforms to investment horizons that are sufficiently distant to tolerate the volatility of the market values

Investment style

Value

Investment limits

Industrial Alliance Fund

| | Min. | Max. |
|------------------------------|------|------|
| Short term | 0% | 20% |
| Units of the underlying fund | 80% | 100% |

Risk level



Underlying Fund

PH&N Canadian Equity Value Fund

Asset mix of the Industrial Alliance Fund

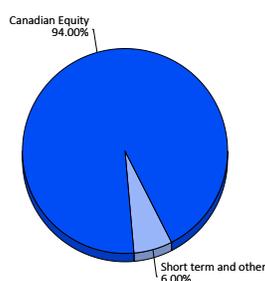
| As at June 30, 2019 | Distribution |
|------------------------------|----------------|
| Short term | (0.17)% |
| Units of the underlying fund | 100.17% |
| | 100.00% |

Commentary

A diversified, actively managed portfolio that aims to provide long-term capital growth by investing in common shares of Canadian corporations. A majority of the stocks held in the fund will be constituents of the S&P/TSX Capped Composite Index. The fund's investment process is primarily based in fundamental research while stock selection and decisions are ultimately based on an understanding of the company, its business and its outlook.

Asset mix of the underlying fund

As at June 30, 2019



Sector Allocation of the underlying fund

As at June 30, 2019

Canadian Equity Portfolio

| | |
|------------------------|---------------|
| Financials | 35.24% |
| Energy | 18.05% |
| Industrials | 12.69% |
| Materials | 7.99% |
| Communication Services | 6.02% |
| Consumer Staples | 5.55% |
| Real Estate | 2.44% |
| Utilities | 2.26% |
| Consumer Discretionary | 1.88% |
| Information Technology | 1.88% |
| | 94.00% |

Top 10 Holdings of the underlying fund

As at June 30, 2019

| | | | |
|---------------------------|-------|---|---------------|
| The Toronto-Dominion Bank | 6.90% | Canadian National Railway Co. | 3.10% |
| Royal Bank of Canada | 6.50% | Brookfield Asset Management Inc.. Class A | 2.90% |
| Bank of Nova Scotia | 4.30% | TC Energy Corp. | 2.90% |
| Enbridge Inc. | 3.90% | Canadian Pacific Railway Co. | 2.70% |
| Suncor Energy Inc. | 3.20% | Bank of Montreal | 2.50% |
| | | | 38.90% |

Performance of the Industrial Alliance Fund - Gross returns

Returns before deduction of management and administration fees

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Sept. 2015 |
|------------------------------|-------|---------|----------|----------|--------|---------|---------|---------|---------|----------|------------------|
| Fund | 14.44 | 1.95 | 1.74 | 14.44 | 3.23 | 7.02 | 8.95 | 7.61* | 6.14* | - | 9.85 |
| Benchmark index ¹ | 16.22 | 2.53 | 2.58 | 16.22 | 3.87 | 7.09 | 8.39 | 6.18 | 4.67 | - | |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|--------|------|-------|---------|--------|--------|--------|---------|--------|----|
| Fund | (7.43) | 9.34 | 21.89 | (5.77)* | 13.60* | 15.96* | 13.65* | (4.28)* | 18.04* | - |
| Benchmark index ¹ | (8.89) | 9.10 | 21.08 | (8.32) | 10.55 | 12.99 | 7.19 | (8.71) | 17.61 | - |

¹ S&P/TSX Composite Index. Please refer to the Legal Notices at the end of this publication for more information about the Index.
 * Simulation of past returns as if the Fund had been in effect for these periods.

Past performance is not a guarantee of future returns.

Responsible Canadian Research Equity (MFS)

Fund Code: 514
Inception date: December 2004

Investment Advisor



Management team composed of several managers

Objectives of the Fund

- Long term capital growth mainly through investments in Canadian equity securities
- Conforms to investment horizons that are sufficiently distant to tolerate the volatility of the market values

Investment style

Blend (Growth and Value)

Investment limits

Industrial Alliance Fund

| | Min. | Max. |
|------------------------------|------|------|
| Short term | 0% | 20% |
| Units of the underlying fund | 80% | 100% |

Underlying fund

| | Min. | Max. |
|----------------------------|------|------|
| Short term | 0% | 10% |
| Canadian equity securities | 90% | 100% |

Risk level



Underlying Fund

MFS Responsible Canadian Research Equity Fund

Asset mix of the Industrial Alliance Fund

| As at June 30, 2019 | Distribution |
|------------------------------|--------------|
| Short term | 0.08% |
| Units of the underlying fund | 99.92% |
| | 100.00% |

Total net assets: 2.4 million

Group savings and retirement

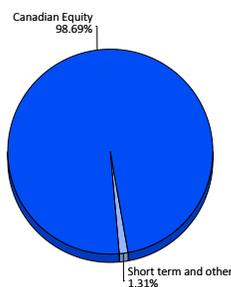
Commentary

The Fund will be invested primarily in Canadian companies that represent the best ideas of the research sector teams. The Fund is designed to be broadly diversified by sector. The Fund is generally comprised of 125 to 175 securities.

The Fund will not invest in securities of any issuer determined by MFS to be engaged principally in: the manufacture of alcoholic beverages, tobacco products, or the manufacture or sale of armaments; the operation of gambling casinos or the production or trade of pornographic materials. In addition, companies determined on the basis of information available to MFS to have significant operations and/or suppliers not adhering to local employment standards; or companies whose negative impact on the environment is greater than their peers in the industry will not be considered eligible for investment.

Asset mix of the underlying fund

As at June 30, 2019



Sector Allocation of the underlying fund

As at June 30, 2019

Canadian Equity Portfolio

| | |
|------------------------|--------|
| Financials | 30.05% |
| Energy | 16.99% |
| Industrials | 16.63% |
| Materials | 11.01% |
| Information Technology | 6.04% |
| Communication Services | 5.32% |
| Consumer Staples | 4.72% |
| Consumer Discretionary | 2.90% |
| Utilities | 2.88% |
| Real Estate | 2.15% |
| | 98.69% |

Top 10 Holdings of the underlying fund

As at June 30, 2019

| | | | |
|------------------------------|-------|--------------------------|--------|
| The Toronto-Dominion Bank | 8.14% | TC Energy Corp. | 3.71% |
| Royal Bank of Canada | 7.97% | Suncor Energy Inc. | 3.69% |
| Enbridge Inc. | 4.68% | Manulife Financial Corp. | 3.11% |
| Canadian Pacific Railway Co. | 4.63% | Agnico Eagle Mines Ltd. | 3.09% |
| Bank of Nova Scotia | 4.54% | Nutrien Ltd. | 2.80% |
| | | | 46.36% |

Performance of the Industrial Alliance Fund - Gross returns

Returns before deduction of management and administration fees

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Dec. 2004 |
|------------------------------|-------|---------|----------|----------|--------|---------|---------|---------|---------|----------|-----------------|
| Fund | 17.17 | 2.00 | 4.34 | 17.17 | 6.09 | 8.85 | 10.17 | 6.62 | 6.18 | 8.42 | 7.34 |
| Benchmark index ¹ | 16.22 | 2.53 | 2.58 | 16.22 | 3.87 | 7.09 | 8.39 | 6.18 | 4.67 | 7.79 | |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|--------|------|-------|--------|-------|-------|-------|---------|-------|-------|
| Fund | (5.98) | 8.79 | 15.91 | (4.42) | 14.24 | 19.16 | 13.15 | (16.05) | 16.74 | 35.50 |
| Benchmark index ¹ | (8.89) | 9.10 | 21.08 | (8.32) | 10.55 | 12.99 | 7.19 | (8.71) | 17.61 | 35.05 |

¹ S&P/TSX Composite Index. Please refer to the Legal Notices at the end of this publication for more information about the Index.

Past performance is not a guarantee of future returns.

Global Equity (Mawer)

Fund Code: 133
 First offering: November 2015
 Inception date: September 2015

Investment Advisor

MAWER

Paul Moroz, CFA
 Christian Deckart, CFA, PhD
 Jim Hall, CFA

Objectives of the Fund

- Targets long term capital appreciation through investments in equity securities from around the world
- Conforms to an investment horizon that is long enough to endure the volatility of the market values

Investment style

Growth at a reasonable price

Investment limits

Industrial Alliance Fund

| | Min. | Max. |
|------------------------------|------|------|
| Short term | 0% | 20% |
| Units of the underlying fund | 80% | 100% |

Underlying fund

| | Min. | Max. |
|---------------------------|------|------|
| Short term | 0% | 10% |
| Foreign equity securities | 90% | 100% |

Risk level



Underlying Fund

Mawer Global Equity Fund

Asset mix of the Industrial Alliance Fund

| As at June 30, 2019 | Distribution |
|------------------------------|--------------|
| Short term | (0.32)% |
| Units of the underlying fund | 100.32% |
| | 100.00% |

Total net assets: \$112.5 million

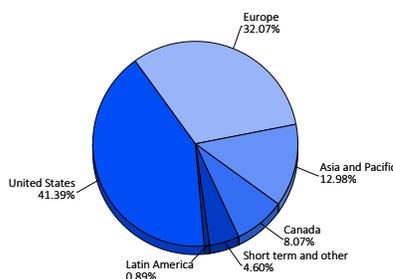
Group savings and retirement

Commentary

The Fund invests in equity securities from around the world. The Manager allocates capital to the best global opportunities, which may include both large and small capitalization companies. Treasury bills or short-term investments, not exceeding three years to maturity, may also be used from time to time. In order to achieve his investment strategy objectives, the Manager systematically creates a broadly diversified portfolio of wealth-creating companies with excellent management teams bought at discounts of their intrinsic values. The Manager employs a highly disciplined, research-driven, bottom-up process and a long-term holding period to allow for investor recognition or corporate growth, and to minimize transaction costs.

Asset mix of the underlying fund

As at June 30, 2019



Top 10 Holdings of the underlying fund

As at June 30, 2019

| | | | |
|---|-------|------------------------|--------|
| Aon PLC | 4.42% | Alphabet Inc.. Class C | 2.92% |
| JPMorgan Chase & Co. | 3.73% | Microsoft Corp. | 2.80% |
| Wolters Kluwer NV | 3.48% | Union Pacific Corp. | 2.73% |
| United States Treasury Bill. 1.672%. 2019-08-01 | 3.28% | Air Liquide SA | 2.68% |
| Visa Inc. | 2.97% | S&P Global Inc. | 2.55% |
| | | | 31.56% |

Performance of the Industrial Alliance Fund - Gross returns

Returns before deduction of management and administration fees

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Sept. 2015 |
|------------------------------|-------|---------|----------|----------|--------|---------|---------|---------|---------|----------|------------------|
| Fund | 13.55 | 2.56 | 3.01 | 13.55 | 12.72 | 13.64 | 14.07 | 12.51* | 14.08* | - | 12.96 |
| Benchmark index ¹ | 11.20 | 2.99 | 1.35 | 11.20 | 5.04 | 8.54 | 11.63 | 8.98 | 10.82 | - | - |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|--------|-------|------|--------|--------|--------|--------|--------|-------|----|
| Fund | 5.68 | 19.11 | 0.73 | 23.31* | 15.92* | 35.97* | 18.35* | 4.58* | 7.82* | - |
| Benchmark index ¹ | (1.26) | 15.69 | 3.62 | 18.26 | 14.46 | 35.42 | 13.31 | (3.41) | 6.21 | - |

¹ Since October 1, 2016: MSCI - ACWI Index (Can. \$) (net ret.)

Before October 1, 2016: MSCI - World Index (Can. \$) (net ret.). Please refer to the Legal Notices at the end of this publication for more information about these Indexes.

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

Past performance is not a guarantee of future returns.

Global Equity SRI (Inhance)

Fund Code: 589
Inception date: October 2015

Investment Advisor

Vancity

Objectives of the Fund

- Targets long term capital appreciation through investments in equity securities from around the world
- Conforms to an investment horizon that is long enough to endure the volatility of the market values
- Incorporates environmental, social and corporate governance (ESG) criteria in its investment process

Investment style

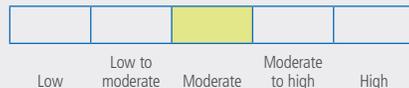
Growth at a reasonable price

Investment limits

Industrial Alliance Fund

| | Min. | Max. |
|-----------------------------|------|------|
| Short term | 0% | 20% |
| Units of an underlying fund | 80% | 100% |

Risk level



Underlying Fund

IA Clarington Inhance Global Equity SRI Class

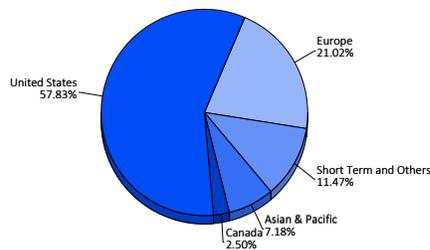
Total net assets: \$16.7 million

Commentary

The Fund uses bottom-up analysis for stock selection and selects reasonably priced equity securities from issuers considered to be leaders in their respective industries that possess above average earnings growth and stability. Through its responsible investment process, the manager identifies companies that are leaders in the area of progressive practices and believes that, by combining ESG (environmental, social and governance) analysis with traditional financial analysis, he can provide superior returns through an extra level of risk mitigation and added value. This highly liquid fund invests primarily in large cap companies.

Asset mix of the underlying fund

As at June 30, 2019



Sector Allocation

As at June 30, 2019

Global Equity Portfolio

| | |
|------------------------|---------------|
| Information Technology | 17.23% |
| Financials | 14.05% |
| Health Care | 13.56% |
| Industrials | 10.28% |
| Consumer Discretionary | 9.62% |
| Communication Services | 5.69% |
| Consumer Staples | 5.59% |
| Materials | 4.89% |
| Utilities | 4.67% |
| Real Estate | 2.95% |
| Total | 88.53% |

Top 10 holdings of the underlying fund

As at June 30, 2019

| | | | |
|----------------------|-------|--------------------|---------------|
| Microsoft Corp. | 3.27% | Adobe Systems Inc. | 1.91% |
| Apple Inc. | 3.21% | AIA Group Ltd. | 1.87% |
| Amazon.com Inc. | 3.08% | Starbucks Corp. | 1.68% |
| Visa Inc. | 2.27% | SoftBank Corp. | 1.59% |
| JPMorgan Chase & Co. | 2.00% | Xylem Inc. | 1.58% |
| | | Total | 22.46% |

Performance of the Industrial Alliance Fund - Gross returns

Returns before deduction of management and administration fees.

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Oct. 2015 |
|------------------------------|------|---------|----------|----------|--------|---------|---------|---------|---------|----------|-----------------|
| Fund | 17.3 | 3.8 | 4.8 | 17.3 | 11.9 | 12.1 | 14.9 | 9.0* | 11.5* | - | 9.5 |
| Benchmark Index ¹ | 11.9 | 3.0 | 1.7 | 11.9 | 5.6 | 9.0 | 11.9 | 9.2 | 11.0 | - | - |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|-------|------|-------|-------|-------|-------|-------|--------|------|----|
| Fund | 1.2 | 18.4 | (2.2) | 16.8* | 12.9* | 35.9* | 16.3* | (4.9)* | 4.1* | - |
| Benchmark Index ¹ | (0.5) | 14.2 | 4.3 | 18.3 | 14.5 | 35.4 | 13.3 | (3.4) | 6.2 | - |

¹ MSCI – World Index (Can. \$) (net ret.). Please refer to the Legal Notices at the end of this publication for more information about the Index.

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

Past performance is not a guarantee of future returns.

Bond (PH&N)

Fund Code: 521
 First offering: November 2007
 Inception date: November 2005



Investment Advisor

Management team composed of several managers

Objectives of the Fund

- Oriented toward current income
- Moderate long term capital growth
- Conforms to a medium to long term investment horizon

Investment style

Interest rate forecasts and spread trading

Investment limits

Industrial Alliance Fund

| | Min. | Max. |
|------------------------------|------|------|
| Short term | 0% | 20% |
| Units of the underlying fund | 80% | 100% |

Underlying fund

| | Min. | Max. |
|------------|------|------|
| Short term | 0% | 25% |
| Bond | 75% | 100% |

Risk level



Underlying Fund

Phillips, Hager & North Bond Fund

Asset mix of the Industrial Alliance Fund

| As at June 30, 2019 | Distribution |
|------------------------------|--------------|
| Short term | 0.10% |
| Units of the underlying fund | 99.90% |
| | 100.00% |

Total net assets: \$40.6 million

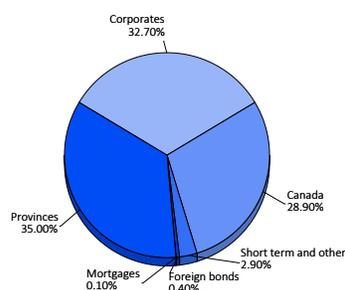
Group savings and retirement

Commentary

To achieve the Fund's investment objectives, the manager invests in high quality Canadian corporate bond and government bond issued in Canadian or U.S. dollars. The average term to maturity of the portfolio is managed within strict guidelines, typically between seven and twelve years. In addition to the standard investment restrictions imposed by securities legislation, the value of any one investment at month-end must not exceed 15% of the Fund's net assets at market value. This does not apply to government or government-guaranteed debt instruments.

Asset mix of the underlying fund

As at June 30, 2019



Characteristics of the underlying fund

As at June 30, 2019

Bond and Short term Portfolios

| | |
|------------------------|------------|
| Average rating - Bonds | AA |
| Average term | 10.7 years |
| Modified duration | 7.9 years |
| Yield at market value | 3.1% |

Performance of the Industrial Alliance Fund - Gross returns

Returns before deduction of management and administration fees

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Nov. 2005 |
|------------------------------|------|---------|----------|----------|--------|---------|---------|---------|---------|----------|-----------------|
| Fund | 6.46 | 0.89 | 2.52 | 6.46 | 7.30 | 4.06 | 2.81 | 3.57 | 4.17 | 4.98 | 4.96 |
| Benchmark index ¹ | 6.52 | 0.91 | 2.51 | 6.52 | 7.37 | 4.01 | 2.66 | 3.30 | 3.88 | 4.53 | |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|------|------|------|------|------|--------|------|------|------|-------|
| Fund | 1.50 | 2.63 | 2.43 | 3.84 | 9.30 | (0.68) | 4.00 | 8.80 | 7.46 | 10.17 |
| Benchmark index ¹ | 1.41 | 2.52 | 1.66 | 3.52 | 8.79 | (1.19) | 3.60 | 9.67 | 6.74 | 5.41 |

¹ FTSE Canada Universe Bond Index. Please refer to the Legal Notices at the end of this publication for more information about the Index.

Past performance is not a guarantee of future returns.

Bond SRI

Fund Code: 587
Inception date: October 2015

Investment Advisor



Lead Manager:
Alexandre Morin, CFA
Manager:
Louis Gagnon, CFA

Objectives of the Fund

- Oriented toward current income
- Moderate long term capital growth
- Conforms to a medium to long term investment horizon
- Invests in companies that are considered socially responsible

Investment style

Interest rate forecasts

Investment limits

Industrial Alliance Fund

| | Min. | Max. |
|-----------------------------|------|------|
| Short term | 0% | 20% |
| Units of an underlying fund | 80% | 100% |

Risk level



Underlying Fund

IA Clarington Bond Fund

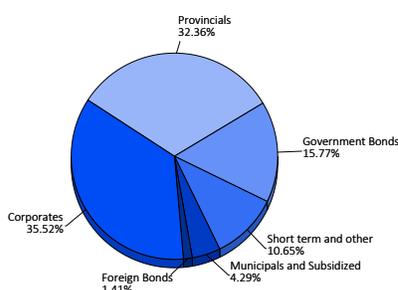
Total net assets: \$35.6 million

Commentary

Fund management is based mainly on anticipated movement in interest rates based on the manager's analysis of macroeconomic trends. Managing the duration and curve positioning are the main sources of added value, with sector selection and the selection of issuers also contributing. When it comes to the selection of issuing companies, the manager aims to select companies that are considered socially responsible. On occasion, the manager can add securities denominated in foreign currencies or real return bonds or take advantage of other special situations that can help enhance portfolio returns or reduce volatility.

Asset mix of the underlying fund

As at June 30, 2019



Characteristics of the underlying fund

As at June 30, 2019

Bond and Short Term Portfolios

| | |
|------------------------|------------|
| Average rating - Bonds | AA- |
| Average term | 10.8 years |
| Modified duration | 8.0 years |
| Average coupon | 3.2% |
| Yield at market value | 2.2% |

Top 10 holdings of the underlying fund

As at June 30, 2019

| | | | |
|--|-------|---|-------|
| Government of Canada, 1.656%, 2019-09-19 | 5.85% | Province of Quebec, 3.500%, 2045-12-01 | 2.21% |
| Government of Canada, 2.750%, 2048-12-01 | 5.54% | Province of Ontario, 2.900%, 2028-06-02 | 2.01% |
| Canada Housing Trust, 2.900%, 2024-06-15 | 3.47% | The Toronto-Dominion Bank, 2.496%, 2024-12-02 | 1.87% |
| Province of Quebec, 4.500%, 2019-12-01 | 3.44% | Province of Ontario, 2.900%, 2046-12-02 | 1.86% |
| Province of British Columbia, 5.700%, 2029-06-18 | 2.27% | Province of Alberta, 2.900%, 2028-12-01 | 1.80% |

30.32%

Performance of the Industrial Alliance Fund - Gross returns

Returns before deduction of management and administration fees.

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Oct. 2015 |
|------------------------------|-----|---------|----------|----------|--------|---------|---------|---------|---------|----------|-----------------|
| Fund | 6.8 | 1.0 | 2.8 | 6.8 | 7.3 | 4.3 | 3.2 | 3.9* | 4.4* | 4.8* | 4.3 |
| Benchmark Index ¹ | 6.5 | 0.9 | 2.5 | 6.5 | 7.4 | 4.0 | 2.7 | 3.3 | 3.9 | 4.5 | |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|-----|-----|-----|------|------|--------|------|------|------|------|
| Fund | 1.3 | 3.3 | 2.6 | 4.0* | 8.9* | (1.0)* | 4.1* | 9.5* | 6.4* | 6.4* |
| Benchmark Index ¹ | 1.4 | 2.5 | 1.7 | 3.5 | 8.8 | (1.2) | 3.6 | 9.7 | 6.7 | 5.4 |

¹ FTSE Canada Universe Bond Index. Please refer to the Legal Notices at the end of this publication for more information about the Index.

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

Past performance is not a guarantee of future returns.

Money Market

Fund Code: 070
Inception date: September 1991

Investment Advisor



Management team composed of several managers

Objectives of the Fund

- Oriented on short term revenues
- Priority placed on capital protection
- Conforms to a short term investment horizon

Investment style

Interest rate forecasts

Investment limits

Short term 100%

Risk level



Total net assets: \$336.0 million

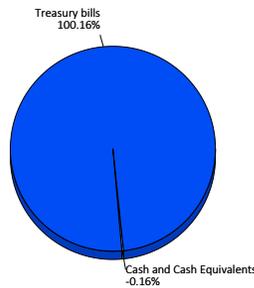
Group savings and retirement

Commentary

The Fund seeks to maintain excellent protection of capital and a high level of liquidity, while maximizing the total return. It is composed essentially of quality securities, with a maximum term of one year, guaranteed by the provinces, governments and some companies. The management style focuses on interest rate forecasts which are based on careful analysis of the economic outlook.

Asset mix of the Fund

As at June 30, 2019



Characteristics of the Fund

As at June 30, 2019

| | |
|---------------------------|----------|
| Average rating | |
| - Money Market securities | R3 High |
| Average term to maturity | 105 days |
| Yield at market value | 1.7% |

Performance - Gross returns

Returns before deduction of management and administration fees

Compound returns

| As at June 30, 2019 | YTD | 1 month | 3 months | 6 months | 1 year | 2 years | 3 years | 4 years | 5 years | 10 years | Since Sept. 1991 |
|------------------------------|------|---------|----------|----------|--------|---------|---------|---------|---------|----------|------------------|
| Fund | 0.87 | 0.14 | 0.42 | 0.87 | 1.68 | 1.36 | 1.09 | 0.95 | 0.95 | 0.90 | 3.17 |
| Benchmark index ¹ | 0.81 | 0.13 | 0.41 | 0.81 | 1.58 | 1.28 | 1.00 | 0.87 | 0.87 | 0.85 | |

Annual returns

| As at December 31 | 18 | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 09 |
|------------------------------|------|------|------|------|------|------|------|------|------|------|
| Fund | 1.37 | 0.72 | 0.58 | 0.68 | 0.99 | 1.03 | 0.99 | 1.09 | 0.58 | 0.49 |
| Benchmark index ¹ | 1.38 | 0.56 | 0.51 | 0.63 | 0.91 | 1.01 | 1.01 | 1.00 | 0.54 | 0.62 |

¹ FTSE Canada 91 Day T-Bill Index. Please refer to the Legal Notices at the end of this publication for more information about the Index.

Past performance is not a guarantee of future returns.

Legal Notices

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 [2019]. 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>.