

Canada Life participating account – total account

Excludes former New York Life and Crown Life blocks



Account details as of March 31, 2010

Account size: \$ 2,522.4 million

Account objective: The primary objective is to provide stable long-term growth. A secondary objective is to provide returns that are partially responsive to changing economic conditions.

Investment guidelines

The company's investment division manages the participating account assets. The investment guidelines recognize the business objectives, liability characteristics, liquidity requirements, tax considerations and interest rate risk tolerance of the participating business. The company's asset/liability management group (ALM) monitors the overall asset mix and guides investment activity within the parameters of the investment guidelines. The board of directors must approve any change to the investment guidelines.

A large portion of the participating account assets is invested in fixed-income assets to support long-term stable growth and the core guarantees within participating policies. ALM employs cash-flow-matching techniques so that asset cash flows are sufficient to meet obligations. In addition, a portion of the portfolio is reinvested each year so returns reflect the trend in interest rates.

Our investment strategy helps stabilize the variation in the investment returns used to determine dividends.

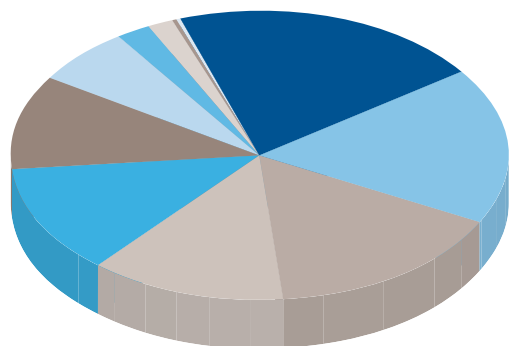
Asset mix as of March 31, 2010

	\$ Millions	Percentage
Short term		
Cash and equivalents	\$ 50.5	2.0%
Total short-term	\$ 50.5	2.0%
Fixed income		
Government bonds	\$ 400.5	15.9%
Corporate bonds	\$ 512.6	20.3%
Private placements	\$ 319.0	12.6%
Residential mortgages	\$ 163.6	6.5%
Commercial mortgages	\$ 308.0	12.2%
Total fixed income	\$ 1,703.8	67.5%
Equities		
Real estate	\$ 46.4	1.8%
Common stock	\$ 443.1	17.6%
Preferred stock	\$ 5.4	0.2%
Total equities	\$ 494.9	19.6%
Total invested assets	\$ 2,249.2	89.2%
Policy loans	\$ 267.9	10.6%
Other assets*	\$ 5.2	0.2%
Total participating assets	\$ 2,522.4	100.0%

* Other assets are composed primarily of investment income due and accrued, outstanding premiums (receivables) and future income tax assets. Asset values follow the provisions of the Canadian Institute of Chartered Accountants (CICA) Handbook on accounting for Financial Instruments in effect since Jan. 1, 2007.

Account composition as of March 31, 2010

This account composition is for total participating account assets.



Corporate bonds	20.3%
Common stock	17.6%
Government bonds	15.9%
Private placements	12.6%
Commercial mortgages	12.2%
Policy loans	10.6%
Residential mortgages	6.5%
Cash and equivalents	2.0%
Real estate	1.8%
Preferred stock	0.2%
Other assets	0.2%

Note: Throughout report totals may not add up due to rounding.

Investment guidelines

The company has guidelines in place to manage the level of invested assets by asset class. These ranges do not include policy loans or other assets. Any change to the guidelines must be approved by the board of directors.

	\$ Millions	Percentage	Guideline
Short term			
Cash and equivalents	\$ 50.5	2.2%	0% to 5%
Fixed income			
Public and private bonds	\$ 1,232.1	54.8%	40% to 75%
Residential mortgages	\$ 163.6	7.3%	} 10% to 40%
Commercial mortgages	\$ 308.0	13.7%	
<i>Total fixed income</i>	\$ 1,703.8	75.8%	
Equities			
Real estate	\$ 46.4	2.1%	} 0% to 20%
Common stock	\$ 443.1	19.7%	
Preferred stock	\$ 5.4	0.2%	0% to 5%
<i>Total equities</i>	\$ 494.9	22.0%	
Total invested assets	\$ 2,249.2	100.0%	

Comments

- Total participating account assets are up 1.6 per cent, or \$40.6 million, from year-end 2009.
- Common stock equities increased 4.0 per cent, or \$17 million, from year-end 2009.
- Government bonds increased by \$41.8 million and corporate bonds decreased by \$17 million from year-end 2009.
- A portion of Canada Life's participating account invested assets are non-Canadian assets. Where bonds and mortgages are denominated in foreign currency, a currency swap is in place to minimize exposure to currency movements.

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