



Canada Life Sustainable Portfolios

Advisor guide



Invest for returns while reshaping the future

Our world is changing faster than ever.

Environmental issues are growing more acute and social pressures are thrust into public view every day. Meanwhile, corporate success and long-term survival rests on an organization's ability to navigate this turbulent world. A growing body of research suggests that investors want to generate competitive returns while knowing that their investment choices consider the impact on people and planet. Many of your clients may have this responsibly focused mindset as they work towards reaching their financial goals.

**Responsible investing is one way
Canadians can influence positive change.**



Why responsible investing?

There may be costs to ignoring environmental, social and governance risks

Responsible investing isn't just about investor values. It's also about managing risks that affect all portfolios. Systemic risks – changes in the business cycle or interest rates – are more well known and understood by the market. However, the market doesn't do as well with risks that are difficult to predict or quantify. Environmental, social and governance (ESG) risks fall into this category – and they're becoming top of mind for investors looking to better manage risk.

Examples of ESG risks:

In April 2010, the Deepwater Horizon oil rig exploded in the Gulf of Mexico, creating an environmental disaster and significantly impacting biodiversity. The total bill for the company topped an estimated **USD \$65 billion** between fines and cleanup costs.¹

In 2011, severe flooding in Thailand disrupted automotive and technology supply chain networks. The World Bank estimated **USD \$46.5 billion** in economic damages and losses due to this flooding.²

Poor governance resulted in millions of cars being recalled after a company admitted to falsifying emissions tests. As of mid-2020, the scandal had cost the company **EUR \$33.3 billion** in fines, penalties, financial settlements, and buyback costs.³



An investment approach that takes ESG factors into consideration can uncover risks that may not have been seen previously, helping to better manage risk in your client's portfolios.



Rising investor demand

Investors care about making the world a better place – for life as they know it today, and for life as they want it to be in the future. The products they buy, the companies they do business with and the places where they work must all show a commitment to the greater good if those companies and brands want to gain a share of investors’ hearts, minds and wallets.

A growing body of research suggests investors are asking more of their investments:

Although **72%** of Canadians are interested in responsible investing solutions, only **28%** of advisors are having the responsible investing conversation.⁴

It’s clear that Responsible Investing (RI) growing influence can no longer be ignored. Total RI assets under management in Canada now exceed **\$3.2 trillion**. That figure represents **61.8%** of assets invested in Canada, up from **50.6%** just a few years ago.⁵

97% of respondents expect moderate to high levels of growth in responsible investing over the next two years showing that Canadian investors increasingly view ESG factors as important components of investment decisions.⁶



Considering ESG risk in investment analysis is becoming more mainstream. Investors are changing how they look at companies; where they once only considered risk and return, they’re now often looking at a third element – ESG risk. Taking this approach can enhance risk and return characteristics in a portfolio.

Canada Life Sustainable Portfolios

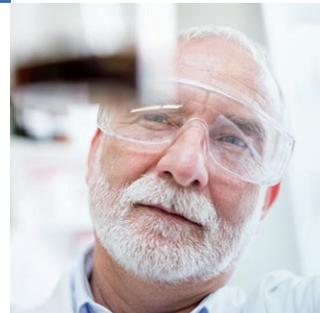
Performance focused yet socially conscious

Our **multi-asset total portfolio solution** is a sophisticated all-in-one approach that combines the best of two worlds – the investment benefits of a multi-asset portfolio and a positive ESG influence – to help clients invest in a way that aligns with their values without sacrificing potential returns.

Think of it as balancing purpose with performance.



Canada Life Sustainable Portfolios



Portfolios that deliver three pillars of strength



Purpose-driven... to align with clients' ESG values

Invests in companies that demonstrate strong environmental, social and governance practices to help your clients make a positive influence for a more sustainable world.

- 1 Our **multi-strategy technique** blends several key responsible investing approaches into one portfolio. This technique helps create more opportunities to enhance returns and deliver positive ESG influence on a global scale.
- 2 Continuous **monitoring and oversight** by four distinct teams of experts from world-class investment management firm J.P. Morgan Asset Management and Canada Life will help ensure your client's investments stay purpose-driven, performance-focused and aligned with sustainability trends.
- 3 J.P. Morgan Asset Management actively engages with companies with the goal of shaping corporate agendas towards more sustainable practices.



Performance-focused... to deliver confidence

Strategically engineered **multi-asset total portfolio solution** with the elements needed to help navigate challenging markets while seeking to deliver stronger risk-adjusted returns.

- 1 **Instant diversification across a number of dimensions** – including across asset classes, geographies, market capitalizations, sectors and responsible investing strategies.
- 2 **Strategic asset allocation** – designed to provide investors with an appropriate risk/return profile over the long term.
- 3 **Active asset allocation** – allows the portfolios to adapt to changing market conditions by tactically tilting the asset mix to take advantage of short-term opportunities and manage risk.
- 4 **Professionally monitored and automatically rebalanced** – to stay aligned with clients' objectives and risk tolerance.
- 5 **Robust risk management framework** – employs a rigorous, disciplined and objective approach to monitoring all elements – including ESG factors – of the portfolios.



Powerful Partnerships... to produce continuing success

An investment process that harnesses the collective thinking of an entire global network of experts who look after your client's money and look out for their values.

This partnership approach of 1,000+ investment professionals across J.P. Morgan Asset Management and Canada Life means ideas and insights are shared and linked, helping to drive robust, well-informed investment decisions every step of the way.

- 1 **J.P. Morgan Multi-Asset Solutions Team**
- 2 **J.P. Morgan Sustainable Investment Leadership team**
- 3 **J.P. Morgan dedicated asset class specialists** – including Global Equity and Global Fixed Income teams
- 4 **Canada Life Investment Manager Research Team**

Strategically engineered total portfolio solution

Canada Life Sustainable Portfolios™ are designed by setting a strong strategic asset allocation, followed by selecting high-conviction strategies, then actively managing the asset allocation and risk of the portfolios. The portfolios go beyond simply managing risk and return – they consider real-world impact and ESG factors. Constructing portfolios in this holistic way helps to improve their resilience by better managing risks, identifying opportunities and ultimately delivering the potential for strong returns.

Multi-strategy approach to responsible investing

A mix of several responsible investing strategies delivers distinct benefits:

ESG integration:

Embeds ESG risk analysis within existing fundamentals analysis to provide greater clarity on the risks and opportunities companies face (both in the short and long term)

Potential for higher risk adjusted return

ESG focused:

Exclusionary ESG screening: Excluding certain sectors or companies based on specific ESG business practices, values or norms-based criteria

ESG best in class: companies that lead in their peer groups with respect to ESG practices

Positive ESG tilt: companies that exhibit positive ESG characteristics

Potential for greater sustainability-related influence alongside strong risk-adjusted returns

ESG thematic investing:

Focus on long-term trends related to ESG factors, and invests in companies likely to benefit from these trends

Potential to enhance returns through exposure to forward looking trends, while contributing solutions on ESG issues



- Drives strong risk-adjusted returns for the portfolio as a whole
- A diversified approach helps to dampen portfolio volatility
- Creates more opportunities to enhance positive ESG influence on a global scale



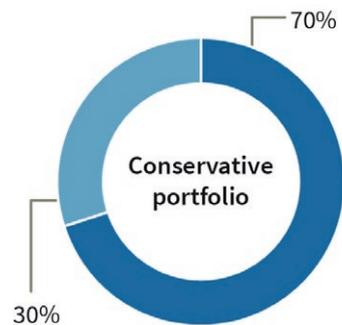
Simplicity of a complete, diversified portfolio in a single fund

Our three sustainable portfolios allow you to reach both new and existing clients seeking a responsible investment solution. With three different asset allocations – **Conservative**, **Balanced** and **Growth** – you can continue to meet your clients’ needs, even as those needs grow and change.

Each fund is diversified globally across equities and fixed income, and has the right portfolio management tools in place to navigate volatile markets.

Canada Life Sustainable Conservative Portfolio

The fund seeks to generate a moderate level of income with the potential for some long-term capital growth.



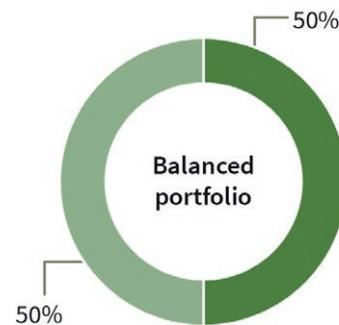
Risk rating - Low

- Fixed income 70%
- Equity 30%

88-2504A

Canada Life Sustainable Balanced Portfolio

The fund seeks to generate a balance of income and long-term capital growth.



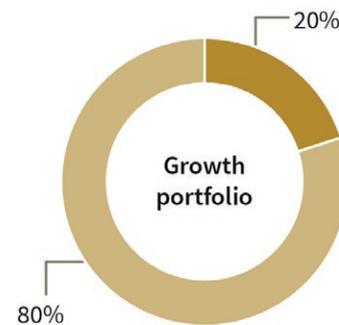
Risk rating - Low to Medium

- Fixed income 50%
- Equity 50%

88-2504B

Canada Life Sustainable Growth Portfolio

The fund seeks to generate long-term capital growth with some income.



Risk rating - Low to Medium

- Fixed income 20%
- Equity 80%

88-2504C

[Read more about underlying funds in the Investment Principles document](#)

These target allocations may change based on active management of the funds. The portfolio manager uses strategic asset allocation to help achieve the fundamental investment objective of the fund. Each fund’s neutral asset mix will generally provide exposure to the asset mix percentages of equities and fixed income indicated inside the circle. The asset allocation will generally be maintained in the ranges (outside the circle) indicated for each fund.

The asset mix is:

- 1 Responsibly focused:** to invest in companies that follow strong ESG principles and avoid those that don’t.
- 2 Globally diversified:** to provide exposure to a broader range of global asset classes; delivering the potential to increase returns and lower expected volatility.
- 3 Actively managed:** identify and incorporate only those investments with the greatest potential to deliver alpha and/or limit market drawdowns.
- 4 Tactically tilted:** to take account of market developments over shorter timeframes; allowing the portfolios to respond effectively to opportunities and threats at various stages of a market cycle.
- 5 Professionally monitored and rebalanced:** to make sure the asset allocation of the portfolios stay aligned with investor goals and risk tolerance; helping to keep your clients’ investment plans on track as markets move up and down.

Multi-asset investing done responsibly

J.P. Morgan Asset Management has managed multi-asset portfolios for more than 50 years. This depth of experience in multi-asset investing and extensive resources dedicated to ESG analysis produces excellence in multi-asset investing done responsibly.



A globally recognized asset manager

Top 10 ranked global multi-asset manager⁷

USD \$282 billion in assets under management AUM across 69 multi asset strategies⁸

Signatory of United Nations Principles of Responsible Investment (PRI) since 2007

Rated A+ UN PRI Assessment 2020

450+ ESG integrated strategies across equities, fixed income, alternatives and liquidity

Proprietary ESG scoring system helps each team identify, quantify, and navigate sustainability risks and impacts



Canada Life Sustainable Portfolios

Contact your
Canada Life
wealth
wholesaling
team for more
information.

Visit canadalife.com

    @CanadaLifeCo

¹ Bousso, Ron. (2018, January 16). *BP Deepwater Horizon costs balloon to \$65 billion*. Reuters. <https://www.reuters.com/article/us-bp-deepwaterhorizon-idUSKBN1F50NL>

² The World Bank. (2012). *Thai Flood 2011*. World Bank Document. <https://documents1.worldbank.org/curated/en/677841468335414861/pdf/698220WP0v10P106011020120Box370022B.pdf>

³ Wilmot, Stephen. (2019, September 24). *The Long-Term Costs of Volkswagen's Emissions Scandal*. *Wall Street Journal*. <https://www.wsj.com/articles/the-long-term-cost-of-volkswagens-emissions-scandal-11569343060>

⁴ Responsible Investment Association (RIA). (2020, October). *2020 RIA Investor Opinion Survey – Canadian Investor Perspectives on Diversity and Inclusion*. RIA Canada. <https://www.riacanada.ca/research/2020-ria-investor-opinion-survey/>

⁵ 2020 Canadian Responsible Investment Trends Report, RIA Canada. As at Dec. 31, 2019.

⁶ Responsible Investment Association (RIA) Canada. (2020). *2020 Canadian RI Trends Report*. RIA Canada.

⁷ Active long-term open-ended mutual funds and ETFs only. ISS Market Intelligence Simfund as of March 2022 for US; Non-US as of February 2022.

⁸ As at June 30, 2022.

Portfolios are managed based on the strategic asset mixes shown, however actual allocations may vary. Strategic asset mixes, portfolio holdings, and their percentage weightings are subject to change.

The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of the date of publication. Future changes to tax legislation and interpretations may affect this information. This information is general in nature and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.

Canada Life Sustainable Portfolios are available through a segregated funds policy issued by The Canada Life Assurance Company or as a mutual fund managed by Canada Life Investment Management Ltd. offered exclusively through Quadrus Investment Services Ltd. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated. A description of the key features of the segregated fund policy is contained in the information folder. Any amount allocated to a segregated fund is invested at the risk of the policyowner and may increase or decrease in value.

J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide. J.P. Morgan Asset Management (Canada) Inc. is the sub-advisor to the funds mentioned herein. J.P. Morgan Asset Management is not affiliated with Canada Life.