

Pathways segregated funds

New fund family combines strength, focus and discipline

A new suite of segregated funds unlike any on our shelf today.

With the Canada Life Pathways segregated funds, you can offer your clients a full range of high conviction and concentrated mandates, managed by leading institutional fund managers. Some of these fund managers are **exclusively available** to Canadian segregated fund clients through Pathways funds.



Strength

The eleven Pathways segregated funds consist of five leading fund managers new to the fund shelf as well as four of our current fund managers. Each manager has a competitive advantage and in-depth knowledge in their category. Although the funds they manage are new to Canadian retail investors, each of these fund managers has a **long track record of success** managing the strategy for institutional investors.



Focus

The Pathways segregated funds are focused on specific geographical regions and many are concentrated portfolios. This means that they typically invest in 50 stocks or less, and invest primarily in their asset category or region. This can help you be more effective in building your clients' portfolios and can help ensure that the asset allocation for your clients' portfolios is focused and transparent.

For example, the Pathways Canadian Concentrated Equity Fund generally invests in 20-30 investments and invests primarily (more than 88%) in Canadian equity securities. The portfolios they create don't resemble the benchmark—and that's the point. Pathways managers strive to out-perform their benchmark at every stage in the market cycle, meaning potentially higher returns for your clients.



Discipline

The fund managers who actively manage Pathways funds are **disciplined** when it comes to investing and keep their portfolios concentrated, with high conviction stock picks of their very best ideas.

GWL Investment Management

A division of GLC Asset Management Group—one of Canada's leading investment managers

Specialization: Canadian equity

Investment style: Blends top-down macro-analysis with bottom-up fundamental stock research across the market cap spectrum



Competitive advantages:

- ✓ They're strong in rising market conditions—meaning that they seek to outperform the market when the market's on an upward trend. They also have defensive positioning in down-market conditions, relative to their benchmark (S&P/TSX). This means that they seek to minimize the risk of losing principal, and work to help protect investors against significant losses from major market downturns
- ✓ The team focuses on companies that show accelerating revenue and earnings growth to capture opportunities for long-term growth for investors
- ✓ The team also has a long track record of outperforming benchmark, and this experience lends itself to the management for this fund

What you can expect:

- + A concentrated portfolio with an average of 40 to 75 investments
- + Diversification across the Canadian equity market, with a focus on providing above-average growth potential to help achieve long-term capital appreciation
- + A top-down and bottom-up investment approach: The team takes a top-down approach to analyze macroeconomic themes (like trends in commodities and resources that underpin the Canadian equity market), then, based on these themes, takes a bottom-up approach, seeking companies with growth potential

Brandywine Global

A global, fixed-income specialist that has almost 30 years' experience managing more than \$60 billion in global bond assets

Specialization: Global fixed-income

Investment style: Bottom-up and macro-driven, value-oriented approach



Competitive advantages:

- ✓ They're an independent affiliate of Legg Mason, meaning that they're backed by the resources and infrastructure of one of the world's leading asset managers, but can offer a boutique experience
- ✓ Their global footprint helps the team maintain a broad perspective. This helps deepen their investment insights and informs their decisions
- ✓ They identify valuation inconsistencies by using proprietary models and fundamental country research

What you can expect:

- + A global, multi-sector strategy that looks to allocate across attractive fixed-income sectors around the globe, including, but not limited to: sovereign developed markets, sovereign emerging markets, global investment grade, global high yield, emerging markets corporates, structured credit and bank loans
- + Strong risk-adjusted returns compared to individual fixed-income indices, due to the fund's ability to allocate to, and rotate among, the various fixed-income sectors around the world

New institutional fund managers add bench strength to Pathways funds

A new suite of segregated funds unlike any on our shelf today.

Northcape Capital

An employee-owned, Australian-based company with deep expertise in emerging markets

Specialization: Emerging markets

Investment style: Top-down and bottom-up, quality at a reasonable price



Competitive advantages:

- ✓ They're a 100% independent, privately owned, boutique fund manager, and are focused solely on investment management – aligning their interests with their clients
- ✓ They have a singular and dedicated focus on emerging market equity investing
- ✓ Their proven multi-manager approach gives their portfolio managers the freedom to use their experience and judgment to make investment decisions individually—instead of by consensus. This helps encourage diverse thinking, accountability and knowledge-sharing, and provides clients with access to the expertise of the whole investment team

What you can expect:

- + A highly concentrated portfolio of 15 to 40 companies (typically 25 to 35)
- + A portfolio that is very different from the benchmark and most other emerging market strategies
- + Historically a lower beta and lower volatility portfolio relative to its benchmark, which has tended to provide strong downside protection

Mackenzie Investments – Emerging markets

An emerging market equity specialist, with decades of experience and an institutional track-record using a quantitative investment approach

Specialization: Emerging market equity

Investment style: Quantitative, large-cap core



Competitive advantages:

- ✓ The team has a quantitative advantage in emerging markets investing: They can systematically analyze vast amounts of information across thousands of stocks—something that's very important with a universe of more than 5,000 stocks. This helps ensure that they're exploring as many opportunities as possible
- ✓ They use a holistic process, and focus on generating returns above the benchmark through ranking and trading, risk control, and a focus on implementation and transaction costs
- ✓ They also use proprietary risk models, including a constraint-based approach that focuses on alpha while neutralizing many common factors such as value, earnings revision and quality

What you can expect:

- + A core investing style that balances the fundamental factors between value, growth and quality
- + A high active share strategy
- + A team that captures strong upsides during market advances and protects capital during market declines

Mackenzie Investments – Global/Canadian fixed-income

A seasoned global fixed-income team managing \$37 billion in fixed-income assets in various disciplines

Specialization: Fixed-income

Investment style: Top-down strategy with a bottom-up focus on security selection



Competitive advantages:

- ✓ The team has a Canadian perspective of global fixed-income markets
- ✓ They also have a holistic understanding of the forces that drive the markets they're investing or looking to invest in
- ✓ They're focused on extensive collaboration when forming portfolios and managing risk

What you can expect:

- + A team that roams the global fixed-income universe, looking for the best risk-adjusted opportunities based on credit quality, duration, interest-rate environment, sector and currency
- + Up to 25% of net assets invested in fixed-income securities rated below investment grade, which may offer a higher yield
- + A team that actively manages foreign currency exposure

C WorldWide Asset Management

A team of experts in international equity investing based in Copenhagen, Denmark

Specialization: International equity

Investment style: Bottom-up and top-down, large cap, quality growth



Competitive advantages:

- ✓ They have a 30-year institutional track record supported by a highly specialized team of 20 international equity experts
- ✓ Their unique investment approach leverages a trend-based stock picking tool that incorporates bottom-up stock picking with a trend- and theme-influenced top-down overlay
- ✓ They have a highly disciplined process and follow a one-stock-in-one-stock-out philosophy, which translates into a constant high-conviction portfolio

What you can expect:

- + A highly concentrated portfolio of roughly 30 companies
- + Benchmark-agnostic management with a low-turnover approach
- + Historically a lower beta portfolio relative to its benchmark, which has tended to provide strong downside protection while adding value during up markets

Setanta Asset Management

A dedicated value manager that follows a value framework laid out by Benjamin Graham

Specialization: International equity

Investment style: Predominately large-cap, value



Competitive advantages:

- ✓ They focus their strategy on undervalued stocks, and employ a value-based, active stock-picking approach that explicitly rejects market efficiency
- ✓ Each investment specialist focuses on a particular sector and becomes a subject matter expert on that sector. This helps the team better assess the relative attractiveness of an investment
- ✓ Setanta believes valuation is the main factor that determines long-term returns, and keeps its focus there, rather than focusing on valuation over short periods

What you can expect:

- + A high active share strategy
- + A highly concentrated offering
- + Low turnover, with the team generally holding investments for a minimum of five years
- + A team that avoids a permanent loss of capital. Historically, this has led to strong performance during market sell-offs

Aristotle Capital Management

A U.S.-based institutional value investor with a history of outstanding results in the U.S. equity category

Specialization: U.S. equity

Investment style: Bottom-up value



Competitive advantages:

- ✓ They're an independent, employee-owned firm, backed by an experienced leadership team that has worked together for more than 25 years
- ✓ They take a private equity approach to public market investing: instead of taking a short-term view, they look for companies where business values may change over several years, for long-term growth
- ✓ They've applied their process and philosophy for more than 20 years, with a highly specialized team of 17 investment professionals

What you can expect:

- + A highly concentrated portfolio of 34 to 45 investments
- + Strong downside protection, with the team adding value during up markets
- + A high active share

Putnam Investments

A global asset manager with more than 80 years of experience

Specialization: U.S. equity

Investment style: Active, value-oriented, and focused on businesses that generate high cash flow



Competitive advantages:

- ✓ They have the resources and reach of a large global firm, combined with the collaboration and agility of a smaller boutique
- ✓ The Putnam team uses a disciplined investment process that combines the strength of their equity research team with quantitative screening and risk-management tools
- ✓ They seek increased stability by investing in U.S. companies with the benefit of global exposure, and have a strong track record of down-market protection

What you can expect:

- + A U.S. equity portfolio of 90 to 120 investments
- + A focus on U.S. businesses that generate high cash flow—the Putnam team believes that long-term cash flow generation helps drive returns
- + Unique portfolios based on a disciplined screening process and proprietary, in-house research, with Putnam's experts reviewing the top-performing stocks in the investable universe

Galibier Capital Management Ltd.

An institutional, absolute-return-focused investor with an experienced team dedicated to Canadian and global equity investing

Specialization: Canadian equity

Investment style: Bottom-up growth at a reasonable price



Competitive advantages:

- ✓ They're employee-owned, and their employees make significant investments in the products that the team manages. This means that the employees' interests are completely aligned with their clients' interests
- ✓ They're a boutique firm that's nimble in managing portfolios
- ✓ They outsource everything but the "judgement," which translates into a laser-sharp focus on investing

What you can expect:

- + A pure Canadian equity, all-cap offering
- + A highly concentrated portfolio of 20 to 30 investments
- + A benchmark-agnostic approach with high active share

Investment options

Pathways funds are available in:

- Standard series
- Partner series
- Preferred series 1 and 2
- Preferred partner series

With Pathways funds, you can select one of two guarantee levels:

- 75/75 guarantee
- 75/100 guarantee

Canadian equity funds

Canada Life Pathways Canadian Concentrated Equity Fund (Galibier Capital Management Ltd.)

Canada Life Pathways Canadian Equity Fund (GWL Investment Management)*

Fixed income funds

Canada Life Pathways Core Plus Bond Fund (Mackenzie Investments Corporation)

Canada Life Pathways Global Core Plus Bond Fund (Mackenzie Investments Corporation)

Canada Life Pathways Global Multi-Sector Bond Fund (Brandywine Global Investment Management)

U.S. equity funds

Canada Life Pathways U.S. Concentrated Equity Fund (Aristotle Capital Management)

Canada Life Pathways U.S. Equity Fund (Putnam)

Global and regional equity funds

Canada Life Pathways International Equity Fund (Setanta Asset Management)

Canada Life Pathways International Concentrated Equity Fund (C WorldWide Asset Management)**

Canada Life Pathways Emerging Markets Large Cap Equity Fund (Mackenzie Investments Corporation)

Canada Life Pathways Emerging Markets Equity Fund (Northcape Capital)***

Minimum investments for Pathways funds follow the existing minimum investments for the Standard series, Partner series, Preferred series 1, Preferred series 2 and Preferred partner series.

*GWL Investment Management is a division of GLC Asset Management Group Ltd.

**C WorldWide is available through Pier 21 Asset Management.

***Northcape is available through Pier 21 Asset Management.

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