

Canada Life combined open participating account – total account

Excludes former New York Life, former Crown Life, and Canada Life closed blocks



Account details as of June 30, 2020

Account size: \$42,833.3 million

Account investment objectives:

- Primary objective: Provide stable, long-term growth.
- Secondary objective: Provide returns that are partially responsive to changing economic conditions.

Investment guidelines

The company's investment division manages participating account assets. Our asset/liability management group monitors the overall asset mix and manages investment activity within investment guideline parameters. Investment guidelines must be formally approved and consider business objectives, liability characteristics, liquidity requirements, tax considerations and interest rate risk tolerance.

A large portion of the open participating account's assets is invested in fixed income assets to support long-term, stable growth and core guarantees within participating life insurance policies.

Our asset/liability management group uses cash flow matching techniques, so asset cash flows are sufficient to meet obligations. A portion of the portfolio is reinvested each year so returns reflect interest rate trends.

Our investment strategy helps stabilize the variation in the investment returns. We use the returns on the assets backing participating account liabilities to determine the investment portion of participating policyowner dividends.

Asset mix	\$ Millions	Percentage
Short term		
Cash and equivalents	\$1,063.5	2.7%
Total short term	\$1,063.5	2.7%
Fixed income		
Public bonds		
Government	\$6,077.2	14.2%
Corporate	\$11,319.6	26.4%
Private placements	\$2,664.2	6.8%
Mortgages		
Residential	\$1,415.6	3.3%
Commercial	\$8,211.1	19.2%
Total fixed income	\$29,687.7	69.3%
Equities		
Real estate	\$2,830.1	6.6%
Public equities		
Common stock	\$5,632.6	13.2%
Preferred stock	\$3.5	0.0%
Private equities*	\$63.0	0.1%
Total equities	\$8,529.2	19.9%
Total invested assets	\$39,280.4	91.7%
Policy loans	\$2,605.5	6.1%
Other assets**	\$947.4	2.2%
Total participating assets	\$42,833.3	100.0%

Account composition

for total participating account assets

Asset class	Percentage
Corporate bonds	26.4%
Commercial mortgages	19.2%
Government bonds	14.2%
Common stock	13.2%
Private placements	6.8%
Real estate	6.6%
Policy loans	6.1%
Residential mortgages	3.3%
Cash and equivalents	2.7%
Private equities	0.1%
Preferred stock	0.0%
Other assets	2.2%

*Private equities are included in the investment guidelines for common stock.

**Includes assets such as investment income due and accrued, outstanding premiums (receivables), future income tax and reinsurance assets.

Canada Life combined open participating account – total account

Excludes former New York Life, former Crown Life, and Canada Life closed blocks



We follow these guidelines to manage the allocation of invested assets for the participating account by asset class. The guideline column in the table below shows the investment guidelines applicable to the assets backing participating account liabilities. These ranges don't include surplus assets or the categories of policy loans or other assets found in the table on the previous page. The assets backing participating account surplus are primarily invested in fixed income investments.

	\$ Millions	Percentage	Guideline
Short term			
Cash and equivalents	\$1,063.5	2.7%	0-5%
Fixed income			
Public bonds and private placements	\$20,061.0	51.1%	40-75%
Residential and commercial mortgages	\$9,626.7	24.5%	15-40%
Total fixed income	\$29,687.7	75.6%	
Equities			
Real estate	\$2,830.1	7.2%	0-15%
Common stock and private equities	\$5,695.6	14.5%	5-20%
Preferred stock	\$3.5	0.0%	0-5%
Total equities	\$8,529.2	21.7%	
Total invested assets	\$39,280.4	100.0%	

Notes:

- Asset values are based on International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), effective Jan. 1, 2011.
- Totals throughout this report may not add up to 100% due to rounding.
- Assets backing the Canada Life Open liabilities are pooled with the assets backing Canada Life closed liabilities (all Canada Life policies issued prior to demutualization on Nov. 5, 1999). The asset values provided are approximate splits and are provided for informational purposes only.