

Investment details

at June 30, 2019

Portfolio size: \$3,667.5 million

Proportion of total assets of the Canada Life™ participating account: 48.1 per cent

Investment guidelines

Publicly traded bonds are managed by a specialized public bond unit located in Winnipeg. The guidelines are to invest in high-quality investment grade bonds. Diversification is maintained by sector, geography and by issuer. Public bonds support the long-term stable growth and core guarantees within participating policies and provide liquidity.

Investment mix

at June 30, 2019

	\$ Millions	Percentage
Public bonds		
Government	\$649.5	17.7%
Corporate	\$3,018.0	82.3%
Total public bond assets	\$3,667.5	100.0%

Investments by term

at June 30, 2019

	\$ Millions	Percentage
Years to maturity		
0 to 5 years	\$1,529.0	41.7%
More than 5 years	\$2,138.5	58.3%
Total	\$3,667.5	100.0%

Investments by quality

at June 30, 2019

Rating	Percentage
AAA	22.9%
AA	23.0%
A	32.4%
BBB	21.6%
BB or less	0.1%

Corporate bonds by sector

at June 30, 2019

Sector	Percentage
Utilities	14.6%
Consumer products & merchandising	14.5%
Asset-backed securities	12.4%
Industrial products	12.2%
Real estate & construction	6.3%
All other sectors	40.0%

Note: Throughout the report, totals may not add up to 100 per cent due to rounding

Major holdings

at June 30, 2019

	Percentage of public bond holdings	Percentage of total participating assets
Government of Canada	6.5%	3.1%
Province of British Columbia	2.2%	1.1%
Province of Alberta	1.9%	0.9%
WTH Car Rental ULC	1.6%	0.8%
Nav Canada	1.5%	0.7%
Apple Inc	1.4%	0.7%
Ont. Teachers Cad. Fairview Prop. Trust	1.3%	0.6%
Citibank Credit Card Issuance Trust	1.3%	0.6%
Bank Of Montreal	1.3%	0.6%
United Parcel Service, Inc.	1.2%	0.6%
Total major holdings	20.2%	9.7%

Historical average returns

at Dec. 31, 2018

	1-year (2018)	2-year (2017–2018)	3-year (2016–2018)	4-year (2015–2018)	5-year (2014–2018)	10-year (2009–2018)
Public bonds and private placements	2.0%	2.0%	2.4%	2.6%	3.6%	4.2%
Five-year GICs	1.7%	1.5%	1.5%	1.5%	1.6%	1.7%
Government of Canada five- to 10-year bonds	2.2%	1.9%	1.6%	1.5%	1.6%	2.0%

Performance data are provided for illustrative purposes only and represent past performance, which is not necessarily indicative of future performance.

The return on the bonds of the participating account reflects the return on the bond assets backing liabilities and surplus, after investment expenses are deducted. With the exception of unrealized gains and losses on bonds, which are excluded because bonds in the participating account are generally held until maturity, the return on the bonds of the participating account is in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), effective Jan. 1, 2011.

The return on the bonds contributes to the overall investment performance of the total participating account.

Five-year guaranteed investment certificate (GIC) returns are based on the nominal yields to maturity taken from Statistics Canada, CANSIM table 176-0043, series V122526 (Statistics Canada website) Feb. 8, 2019. For each calendar year, the average of the monthly GIC rates was used.

Government of Canada five- to 10-year bond returns are taken from Statistics Canada, CANSIM table 176-0043, series V122486 (Statistics Canada website) Feb. 8, 2019. For each calendar year, the average of the monthly values was used.