



A look at our participating account investment strategy

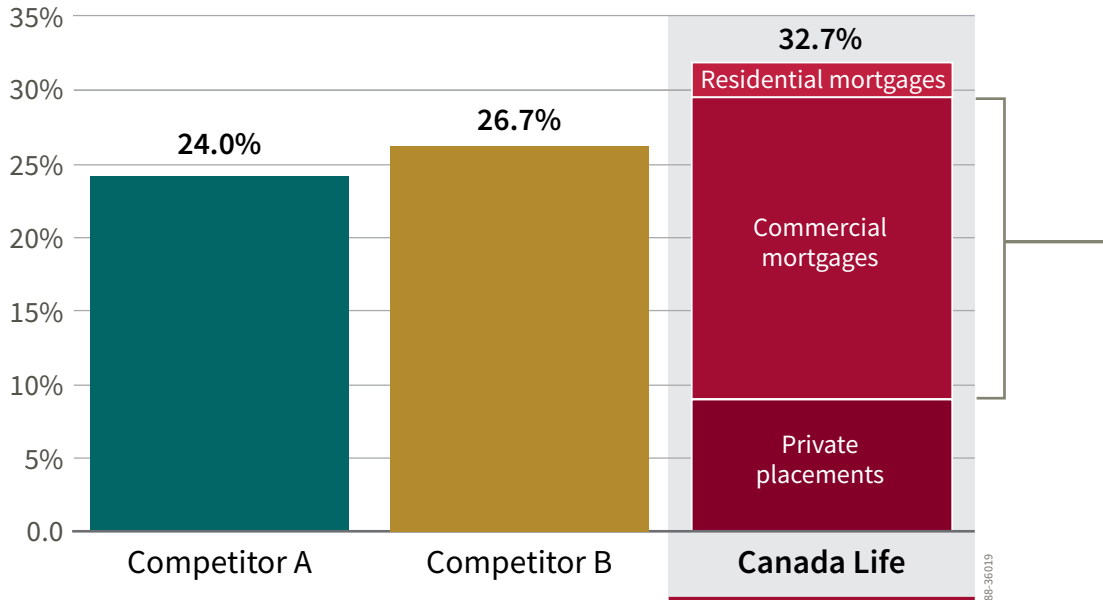
Canada Life's competitive advantages in commercial mortgages, real estate and private equity

The Canada Life™ combined open participating account is the largest open participating account in Canada, with more than \$47 billion in assets as of Sept. 30, 2021. We've achieved this growth in part by investing in asset classes with strong risk-adjusted return potential. Let's take a closer look at three asset classes where our expertise sets us apart from the competition: commercial mortgages, real estate and private equity.

Commercial mortgages

A key part of our industry leading private fixed income

Private fixed income



As of Dec. 31, 2020.

88-36019

The size of the participating account gives us **industry-leading access to quality private fixed income assets** that can offer better yields and lower volatility compared to traditional fixed income.

The biggest piece of our private fixed income exposure is a **diversified commercial mortgage portfolio**. The size of our commercial mortgage portfolio lowers our exposure to individual mortgage credit risk and helps create liquidity by laddering, or spreading, maturities across a wider range of mortgages.

An investment team like no other

Canada Life's commercial mortgage team of more than 40 investment professionals has delivered strong risk-adjusted returns since 1966. They draw on years of experience to recognize market trends early, so they can shift sector exposures and term lengths to help withstand economic cycles. The team's expertise has paid off for Canada Life participating policyowners, with no defaults* over the past two decades – including during the COVID-19 pandemic.

Uniquely, Canada Life's commercial mortgage team can originate mortgages up to **\$250 million** to create better return opportunities.

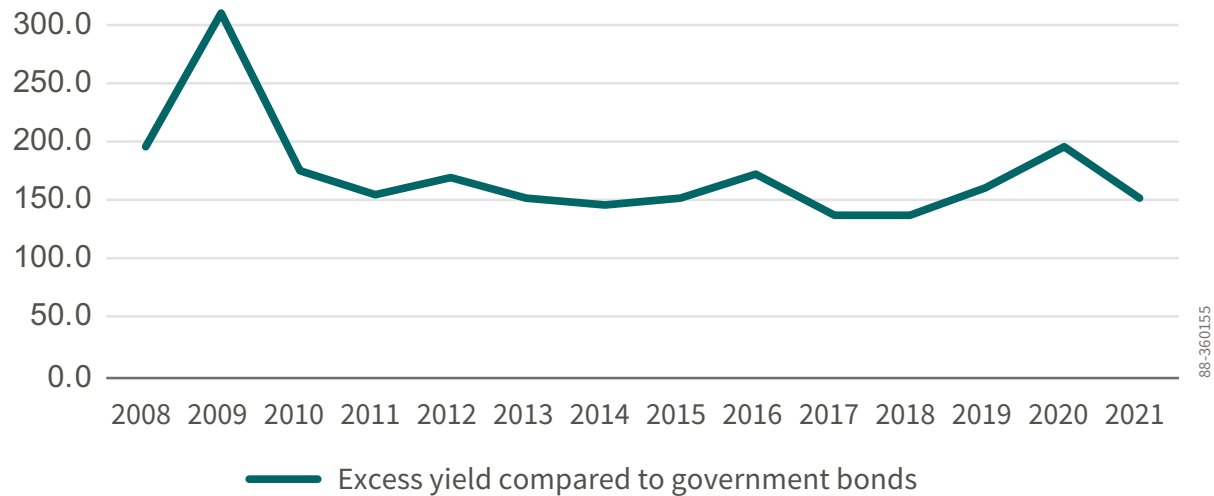
“Our boots-on-the-ground approach puts us first in line for quality investments in major markets across Canada. Those local relationships are what set our team apart.”

– Ruth Ann McConkey

Senior Vice-President,
Commercial Mortgages

*failure to meet the legal obligations of a mortgage

Commercial mortgage new business spreads (basis points)



Commercial mortgage spreads are calculated as the weighted average yield differential between new business mortgage originations and government bonds of similar term length. Results are shown for illustrative purposes only and are based on Canada Life's entire commercial mortgage new business program. Therefore, calculated spreads may not reflect actual performance in the Canada Life open participating account.

Commercial mortgages and the participating account

The participating account's commercial mortgage portfolio is diversified across geographies and sectors to limit the account's exposure to any single borrower, industry or region. The portfolio is investment grade-rated and well-positioned to withstand economic uncertainty. The commercial mortgage team manages counterparty risk by focusing on the financial strength of the ultimate sponsor, such as high-net-worth private borrowers or institutional borrowers like pension plans or Real Estate Investment Trusts (REITs).



Real estate

Reaching local markets

Real estate is a unique asset class offering stable long-term cash flow and protection against inflation. These features make real estate a great fit for a long-term product like participating life insurance.

Canada Life's participating account benefits from our relationships with industry-leading asset managers: GWL Realty Advisors in Canada and EverWest Real Estate Investors in the U.S. With more than 900 professionals in 17 regional offices across North America, this broad coverage offers the local market knowledge needed to succeed. These teams are supported by an internal, proprietary research group that analyzes evolving trends to inform investment strategy and portfolio positioning.

GWL Realty Advisors and EverWest Real Estate Investors regional offices



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Hands-on management

GWL Realty Advisors and EverWest Real Estate Investors are vertically integrated real estate platforms, meaning they can control each stage of the real estate value chain: from development and acquisition through to asset management, property management and leasing execution. Access to these platforms provides participating policyowners the ability to participate in developing and executing property level strategies that create value - not simply accumulating assets.



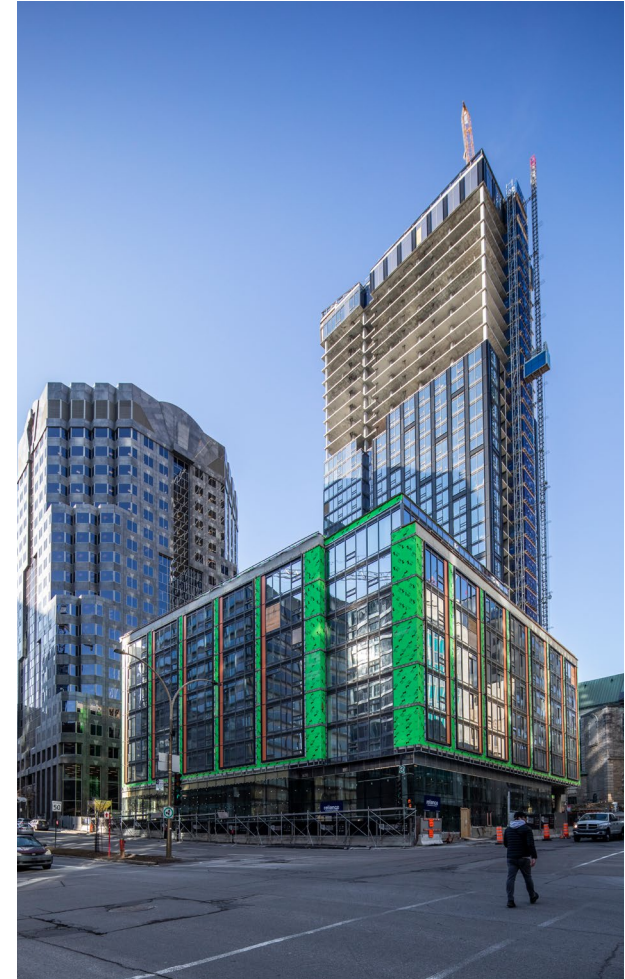


Real estate and the participating account

The Canada Life participating account holds a diversified portfolio of **70 directly owned, institutional grade properties** located in major urban centres across Canada and the United States. These properties generate stable income and offer capital growth potential. The participating account's real estate holdings do not employ leverage, thereby helping to lower total risk by protecting the portfolio against market disruptions.

Canada Life aims to grow the participating account's real estate allocation to 12% of assets backing liabilities by 2023 with a target mix of 75% Canadian and 25% American real estate. The participating account's scale and exposure to American markets has helped diversify the real estate portfolio across economic drivers, industries, markets and tenants. Few of our competitors have achieved that level of diversification.

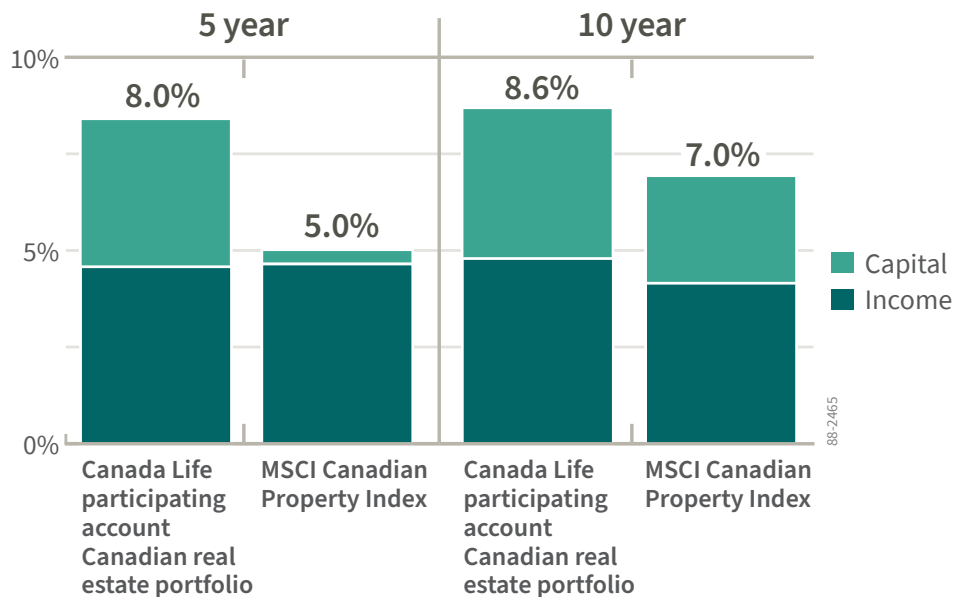
The Canada Life participating account has a current direct development pipeline of **\$2.0 billion** in core real estate projects.



455 Rene Levesque Blvd., Montreal, a development project by GWLRA, wholly owned by Canada Life; the Canada Life participating account having an 80% interest. Photo courtesy of GWL Realty Advisors

Canada Life Participating account direct real estate performance relative to the MSCI Canadian Property Index

Five- and 10-year historical average total returns (at Dec. 31, 2021)



Historical average annual returns are geometric means. Performance is specific to directly-held real estate in the Canada Life participating account.

The purpose of this chart is to highlight the strong performance of Canada Life participating account Canadian real estate portfolio relative to the MSCI Canadian Property Index benchmark and should not be used to extrapolate the direct impact on the dividend scale or dividend scale interest rate.

MSCI Canadian Property Index© MSCI Inc. and its licensors 2022. All rights reserved, Used with permission granted by Investment Property Databank Ltd., an MSCI-branded company. Neither MSCI nor IPD accepts or has liability to any person for any losses, damages, costs or expenses suffered as a result of any reliance place upon this index.

The participating account's direct real estate assets have **outperformed** the MSCI Canadian Property Index benchmark over the past five- and 10-year periods.

“There are two major factors driving the participating account's outperformance of the MSCI benchmark: our development program and our favourable portfolio composition, with notable outsized industrial and multi-family allocations and a below benchmark exposure to retail assets.”

– **Steven Marino**

Executive Vice-President, Portfolio Management, GWL Realty Advisors



Private equity

As an industry leader, Canada Life's participating account invests through some of the world's top private equity managers. In Canada, this includes Northleaf Capital Partners, Sagard and Power Sustainable.

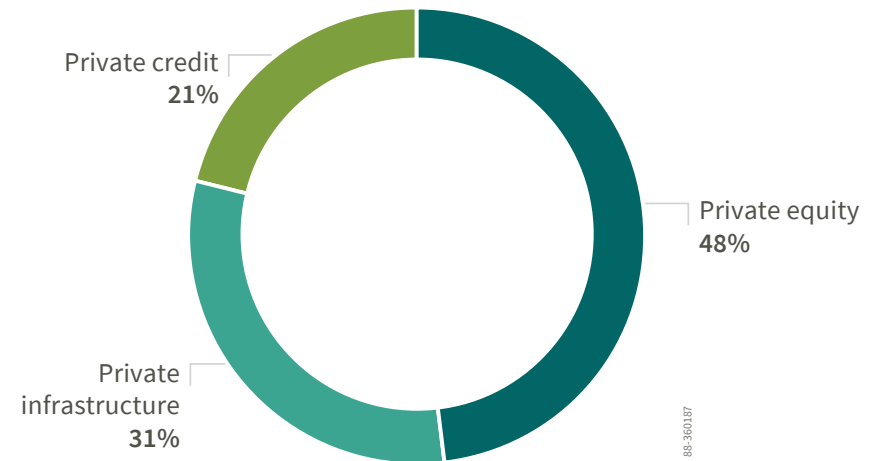
As of year-end 2021, the participating account has committed over \$1.2 billion through our partner firms across a range of private capital strategies, including private equity/buyout, private credit and infrastructure equity.

This range of investments, private equity managers and strategies further diversifies our participating account. The participating account's size also gives Canada Life the ability to invest in private assets through separately managed accounts (SMAs). SMAs allow customized investment decisions, lower fees and often provide a capital efficient structure.



Example of solar project owned by Power Sustainable Energy Infrastructure Partnership. Henryton Solar, Marriotsville, Maryland. Photo courtesy of Power Sustainable.

Participating account private equity commitments



As of Dec. 31, 2021.

88-360187

Learn more about Canada Life participating life insurance

For more information about participating life insurance and the participating account, read our annual Financial facts and quarterly participating account investment reports at canadalife.com > **Insurance** > **Life insurance** > **Permanent life insurance** > **Participating life insurance**

Dive deeper into our private equity strategy in a future issue of Investing with conviction.

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